

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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: Chapter 11
In re: :
: Case No. 07-10787 (PJW)
TWTR, INC., et al., :
: Jointly Administered
Debtors. :
: :
: Related Docket No. 2622, 2623, 2645, 2646
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NOTICE OF FILING OF (I) BLACKLINED PAGES TO (A) FIRST AMENDED JOINT PLAN OF LIQUIDATION, AND (B) 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, AND (II) APPENDIX “D” (LIQUIDATION ANALYSIS) TO THE DISCLOSURE STATEMENT

PLEASE TAKE NOTICE that, today, the debtors and debtors in possession in the above-captioned jointly administered bankruptcy cases (collectively, the “Debtors”)¹ filed revised versions of the (I) 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 (Docket No. 2645) (the “Plan”), and (II) 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 (Docket No. 2646)

¹ The Debtors are the following entities: TWTR, Inc. (f/k/a Tweeter Home Entertainment Group, Inc.) (“TWTR”), Hillcrest High Fidelity, Inc., NEA Delaware, Inc., New England Audio Co., Inc. (“NEAC”), Sound Advice, Inc., Sound Advice of Arizona, Inc., Sumarc Electronics, Inc., and THEG USA, L.P.



(the “Disclosure Statement”) with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

PLEASE TAKE FURTHER NOTICE THAT blacklined pages from the versions filed with the Bankruptcy Court at docket nos. 2622 and 2623 on July 16, 2014, reflecting modifications that the Debtors propose to make to the Plan and Disclosure Statement, are attached hereto as Exhibit 1 and Exhibit 2, respectively.

PLEASE TAKE FURTHER NOTICE THAT the revised version of the Disclosure Statement filed today contains a new Appendix “D,” which constitutes the Debtors’ Liquidation Analysis, a copy of which is attached hereto as Exhibit 3.

PLEASE TAKE FURTHER NOTICE that copies of the Plan, Disclosure Statement and any other pleadings filed in these chapter 11 cases can be obtained by using the Bankruptcy Court’s electronic case filing system at www.deb.uscourts.gov (password required) or for free on the website maintained by the Debtors’ claims agent at www.kccllc.net/tweeter.

Dated: Wilmington, Delaware
August 18, 2014

/s/ Sarah E. Pierce
Mark S. Chehi (I.D. No. 2855)
Sarah E. Pierce (I.D. No. 4648)
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Counsel for Debtors and Debtors in Possession

EXHIBIT 1

Revised Pages Of Plan

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

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 there is insufficient Cash in the Professional Fee Reserve to pay all Allowed Professional Fee Claims, then Available Cash shall be deposited into the Professional Fee Reserve in an amount to satisfy all Allowed Professional Fee Claims in full. 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. In the event that there is insufficient Cash in the Liquidating Trust Operating Reserve to fund the expenses of the Liquidating Trustee, the Liquidating Trustee Professionals, the Trust Advisory Board, and the Trust Advisory Board Professionals, then Available Cash shall be deposited into the Liquidating Trust Operating Reserve to fund such expenses. In the event that Cash remains in the Liquidating Trust Operating Reserve after payment of all such expenses, such Cash shall become Available Cash and shall be distributed in accordance with the terms of this Plan and 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. The Trust Advisory Board shall have the right to: (a) retain attorneys or other professionals, the reasonable fees and expenses of which shall be paid by the Liquidating Trustee, upon the submission of invoices, without the need for an application or further order of the Bankruptcy Court; (b) consult with the Liquidating Trustee with respect to the timing and amount of Distributions; (c) consult with the Liquidating Trustee with respect to the compromise, settlement, or objection to Claims filed against the Debtors, and file objections to such Claims; (d) review and approve any proposed abandonment or sale of assets by the Debtors, in each instance where the amount in controversy exceeds \$50,000; and (e) perform such additional functions as may be agreed to by the Liquidating Trustee, provided in the Confirmation Order, provided in the Liquidating Trust Agreement, or provided for by order of the Bankruptcy Court entered after the Effective Date.

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

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. [In the event that there is insufficient Cash in the Reserves, then Available Cash shall be deposited into the applicable Reserve. In the event that Cash remains in the Reserves after distributions or payments are made, then such Cash shall become Available Cash and shall be distributed in accordance with the terms of this Plan and the Liquidating Trust Agreement.](#)

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~~250,000.00 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~~250,000.00 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.~~FE~~.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 or deemed abandoned. 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~~sixty (660) ~~months~~days 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 and such distribution shall be abandoned to the Liquidating Trust. 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. No party with an Allowed Claim shall be entitled to a Distribution unless and until it provides the requisite tax information. In the event that the requested tax information is not provided to the Liquidating Trustee within 60 days of the request for such information, the Distribution associated with such Allowed Claim shall be treated as unclaimed and undeliverable under Article VII.C.2 of this Plan and the associated Distribution abandoned to the Liquidating Trust in accordance with Article VII.C.2 of this Plan.

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

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~~twenty (45~~20~~) 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~~twenty (45~~20~~) 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.

- 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~~Board, 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, and the Trust Advisory Board 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.

EXHIBIT 2

Revised Pages Of Disclosure Statement

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 ~~_____~~ OCTOBER 3, 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

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 ~~_____~~ October 23, 2014 at ~~___:___~~ 2:00 p.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 ~~_____~~ October 3, 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.

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. [n/k/a Otterbourg 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

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~~²², 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.

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

Allowed Professional Fee Claim from the Professional Fee Reserve upon entry of a Final Order allowing such Claim. In the event that there is insufficient Cash in the Professional Fee Reserve to pay all Allowed Professional Fee Claims, then Available Cash shall be transferred in to the Professional Fee Reserve in an amount to satisfy all Allowed Professional Fee Claims in full. 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. In the event that there is insufficient Cash in the Liquidating Trust Operating Reserve to fund the expenses of the Liquidating Trustee, the Liquidating Trustee Professionals, the Trust Advisory Board, and the Trust Advisory Board Professionals, then Available Cash shall be deposited into the Liquidating Trust Operating Reserve to fund such expenses. In the event that Cash remains in the Liquidating Trust Operating Reserve after payment of all such expenses, such Cash shall become Available Cash and shall be distributed in accordance with the terms of this Plan and 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. The Trust Advisory Board shall have the right to: (a) retain attorneys or other professionals, the reasonable fees and expenses of which shall be paid by the Liquidating Trustee, upon the submission of invoices, without the need for an application or further order of the Bankruptcy Court; (b) consult with the Liquidating Trustee with respect to the timing and amount of Distributions; (c) consult with the Liquidating Trustee with respect to the compromise, settlement, or objection to Claims filed against the Debtors, and file objections to such Claims; (d) review and approve any proposed abandonment or sale of assets by the Debtors, in each instance where the amount in controversy exceeds \$50,000; and (e) perform such additional functions as may be agreed to by the Liquidating Trustee, provided in the Confirmation Order, provided in the Liquidating Trust Agreement, or provided for by order of the Bankruptcy Court entered after the Effective Date.

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.

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. In the event that there is insufficient Cash in the Reserves, then Available Cash shall be deposited into the applicable Reserve. In the event that Cash remains in the Reserves after distributions or payments are made, then such Cash shall become Available Cash and shall be distributed in accordance with the terms of this Plan and the Liquidating Trust Agreement.

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~~250,000.00 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~~250,000.00 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.~~FE~~FE.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 or deemed abandoned. 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~~sixty (~~60~~660) ~~months~~days 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 and such distribution shall be abandoned to the Liquidating Trust. 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. No party with an Allowed Claim shall be entitled to a Distribution unless and until it provides the requisite tax information. In the event that the requested tax information is not provided to the Liquidating Trustee within 60 days of the request for such information, the Distribution associated with such Allowed Claim shall be treated as unclaimed and undeliverable under Article VII.C.2 of the Plan and the associated Distribution abandoned to the Liquidating Trust in accordance with Article VII.C.2 of the Plan.

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.

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~~twenty (45~~20~~) 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~~ fifty (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.

- (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~~Board, 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, and the Trust Advisory Board 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

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~~5:00 p.m. (prevailing ~~Eastern~~Pacific Time) on ~~October 2~~October 3, 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

EXHIBIT 3

Appendix "D" (Liquidation Analysis)

**TWTR, In et al
Liquidation Analysis**

(000's)	Estimated Proceeds Available For Distribution	
	Ch 11 Plan	Ch 7 Plan
<u>I. Statement of Assets:</u>		
Available Cash on Hand:		
Citibank Checking	\$ 4	\$ 4
Citibank Money Market	3,452	3,452
Sovereign Checking	5	5
Sovereign Money Market	66	66
Gross Available Assets	\$ 3,527	\$ 3,527
Remaining Expenses:		
Accrued - Unpaid Operating Expenses	\$ 221	\$ 221
Projected Professional Fees	422	790
Projected Ch 7 Trustee Fees	-	119
Net Estimated Available Assets	\$ 2,884	\$ 2,397
<u>II. Distribution of Assets</u>		
Estimated Secured Claims	\$ 35	\$ 35
Recovery	100.0%	100.0%
Estimated Recovery Before Administrative Claims	\$ 2,849	\$ 2,362
Estimated Administrative Claims	\$ 450	\$ 450
Recovery	100.0%	100.0%
Estimated Recovery Before Priority Claims	\$ 2,399	\$ 1,912
Estimated Priority Tax Claims	\$ 1,900	\$ 3,600
Estimated Priority Claims	\$ 200	\$ 200
Recovery	100.0%	55.0%
Estimated Cash Available Before Unsecured Claims	\$ 299	\$ -
Estimated Unsecured Claims	\$ 103,656	\$ 103,656
Recovery	0.288%	0.000%