IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
TRUE RELIGION APPAREL, INC., *et al.*,[1]	Case No. 17-11460 (___)
Debtors.	(Joint Administration Requested)

DISCLOSURE STATEMENT FOR DEBTORS' JOINT CHAPTER 11 PLAN OF REORGANIZATION

THIS IS NOT A SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL, BUT HAS NOT BEEN APPROVED BY THE COURT.

IMPORTANT DATES

- Date by which Ballots must be received: **[_____], 2017at 5:00 p.m. (EST)**
- Plan Confirmation Objection Deadline: **[_____], 2017 at 4:00 p.m. (EST)**
- Hearing on Confirmation of the Plan: **[_____], 2017 at [____ _].m. (EST)**

Dated: July 5, 2017

PACHULSKI STANG ZIEHL & JONES LLP
Laura Davis Jones (DE Bar No. 2436)
Richard M. Pachulski (CA Bar No. 90073)
Robert B. Orgel (CA Bar No. 101875)
David M. Bertenthal (CA Bar No. 167624)
James E. O'Neill (DE Bar No. 4042)
919 North Market Street, 17th Floor
Wilmington, DE 19899-8705 (Courier 19801)
Telephone: 302/652-4100
Facsimile: 302/652-4400
E-mail: ljones@pszjlaw.com
rpachulski@pszjlaw.com
rorgel@pszjlaw.com
dbertenthal@pszjlaw.com
joneill@pszjlaw.com

Proposed Counsel for the Debtors and Debtors in Possession

[1]The Debtors, together with the last four digits of each Debtor's tax identification number, are: True Religion Apparel, Inc. (2633), TRLG Intermediate Holdings, LLC (3150), Guru Denim Inc. (1785), True Religion Sales, LLC (3441), and TRLGGC Services, LLC (8453). The location of the Debtors' headquarters and service address is: 1888 Rosecrans Avenue, Manhattan Beach, CA 90266.

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IMPORTANT INFORMATION FOR YOU TO READ

THE DEADLINE TO VOTE ON THE PLAN IS [_____], 2017, AT 4:00 P.M. EASTERN TIME.

FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE VOTING AGENT BEFORE THE VOTING DEADLINE AS DESCRIBED HEREIN.

This Disclosure Statement provides information regarding the Debtors' Plan, which the Debtors seek to have confirmed by the Bankruptcy Court. A copy of the Plan is attached hereto as **Exhibit A**. Unless otherwise noted, all capitalized terms used but not otherwise defined herein have the meaning ascribed to them in the Plan.

The consummation and effectiveness of the Plan are subject to certain material conditions precedent described herein and set forth in Article IX of the Plan. There is no assurance that the Bankruptcy Court will confirm the Plan or, if the Bankruptcy Court does confirm the Plan, that the conditions necessary for the Plan to go effective will be satisfied or otherwise waived.

You are encouraged to read this Disclosure Statement (including Article VI hereof entitled "Risk Factors") and the Plan in their entirety before submitting your Ballot to vote on the Plan.

The Bankruptcy Court's approval of this Disclosure Statement does not constitute a guarantee by the Bankruptcy Court of the accuracy or completeness of the information contained herein or an endorsement by the Bankruptcy Court of the merits of the Plan. Summaries of the Plan and statements made in this Disclosure Statement are qualified in their entirety by reference to the Plan. The summaries of the financial information and the documents annexed to this Disclosure Statement or otherwise incorporated herein by reference are qualified in their entirety by reference to those documents. The statements contained in this Disclosure Statement are made only as of the date of this Disclosure Statement, and there is no assurance that the statements contained herein will be correct at any time after such date. Except as otherwise provided in the Plan or in accordance with applicable law, the Debtors are under no duty to update or supplement this Disclosure Statement.

The Debtors are providing the information in this Disclosure Statement to Holders of Claims and Equity Interests for purposes of soliciting votes to accept or reject the Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code. In the event of any inconsistency between the Disclosure Statement and the Plan, the relevant provisions of the Plan will govern. Nothing in this Disclosure Statement may be relied upon or used by any entity for any other purpose. Before deciding whether to vote for or against the Plan, each Holder entitled to vote should carefully consider all of the information in this Disclosure Statement, including the Risk Factors described in Article VI.

The Debtors urge each Holder of a Claim or Equity Interest entitled to vote to consult with its own advisors with respect to any legal, financial, securities, tax, or business advice in reviewing this Disclosure Statement, the Plan, and each proposed transaction contemplated by the Plan.

This Disclosure Statement contains, among other things, summaries of the Plan, certain statutory provisions, certain events in the Debtors' Chapter 11 Cases, and certain documents related to the Plan, attached hereto and/or incorporated by reference herein. Although the Debtors believe that these summaries are fair and accurate, they are qualified in their

entirety to the extent that they do not set forth the entire text of such documents or statutory provisions or every detail of such events. In the event of any inconsistency or discrepancy between a description in this Disclosure Statement and the terms and provisions of the Plan or any other documents incorporated herein by reference, the Plan or such other documents will govern for all purposes. Factual information contained in this Disclosure Statement has been provided by the Debtors' management except where otherwise specifically noted.

The Debtors do not represent or warrant that the information contained herein or attached hereto is without any material inaccuracy or omission. The Debtors have prepared this Disclosure Statement in accordance with section 1125 of the Bankruptcy Code, Bankruptcy Rule 3016(b), and Local Bankruptcy Rule 3017 and is not necessarily prepared in accordance with federal or state securities laws or other similar laws.

In preparing this Disclosure Statement, the Debtors relied on financial data derived from the Debtors' books and records and on various assumptions regarding the Debtors' businesses. Although the Debtors believe that such financial information fairly reflects the financial condition of the Debtors as of the date hereof and that the assumptions regarding future events reflect reasonable business judgments, the Debtors make no representations or warranties as to the accuracy of the financial information contained in this Disclosure Statement or assumptions regarding the Debtors' businesses and their future results and operations. The Debtors expressly caution readers not to place undue reliance on any forward looking statements contained herein.

PACHULSKI STANG ZIEHL & JONES LLP ("PSZ&J") IS GENERAL INSOLVENCY COUNSEL TO THE DEBTORS. PSZ&J HAS RELIED UPON INFORMATION PROVIDED BY THE DEBTORS IN CONNECTION WITH PREPARATION OF THIS DISCLOSURE STATEMENT. PSZ&J HAS NOT INDEPENDENTLY VERIFIED THE INFORMATION CONTAINED HEREIN.

This Disclosure Statement does not constitute, and should not be construed as, an admission of fact, liability, stipulation, or waiver. The Debtors may seek to investigate, file, and prosecute Claims and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or objections to Claims.

The Debtors are making the statements and providing the financial information contained in this Disclosure Statement as of the date hereof, unless otherwise specifically noted. Although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so, and expressly disclaim any duty to publicly update any forward looking statements, whether as a result of new information, future events, or otherwise. Holders of Claims and Equity Interests reviewing this Disclosure Statement should not infer that, at the time of their review, the facts set forth herein have not changed since this Disclosure Statement was filed. Information contained herein is subject to completion, modification, or amendment. The Debtors reserve the right to file an amended or modified Plan and related Disclosure Statement from time to time, subject to the terms of the Plan.

The Debtors have not authorized any Entity to give any information about or concerning the Plan other than that contained in this Disclosure Statement. The Debtors have not authorized any representations concerning the Debtors or the value of their property other than as set forth in this Disclosure Statement.

If the Bankruptcy Court confirms the Plan and the Effective Date occurs, the terms of the Plan and the restructuring transactions contemplated by the Plan will bind the Debtors, any Person acquiring property under the Plan, all Holders of Claims and Equity Interests

(including those Holders of Claims and Equity Interests that do not submit Ballots to accept or reject the Plan or that are not entitled to vote on the Plan), and any other Person or Entity as may be ordered by the Bankruptcy Court in accordance with the applicable provisions of the Bankruptcy Code.

SPECIAL NOTICE REGARDING FEDERAL AND STATE SECURITIES LAWS

Neither this Disclosure Statement nor the Plan has been filed with the United States Securities and Exchange Commission (the "SEC") or any state authority. The Plan has not been approved or disapproved by the SEC or any state securities commission and neither the SEC nor any state securities commission has passed upon the accuracy or adequacy of this Disclosure Statement or the merits of the Plan. Any representation to the contrary is a criminal offense.

This Disclosure Statement has been prepared pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(b) and is not necessarily in accordance with federal or state securities laws or other similar laws. The securities to be issued on or after the effective date will not have been the subject of a registration statement filed with the SEC under the Securities Act of 1933, as amended (the "Securities Act") or any securities regulatory authority of any state under any state securities law ("Blue Sky Laws"). The Debtors are relying on the exemptions from the Securities Act and equivalent state law registration requirements provided by section 1145(a) of the Bankruptcy Code, Section 4(a)(2) of the Securities Act, Rule 506 of Regulation D and Rule 701 promulgated under the Securities Act, and similar provisions of Blue Sky Laws to exempt the offer and issuance of new securities in connection with the solicitation and the Plan from registration under the Securities Act and Blue Sky Laws.

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

Making investment decisions based on the information contained in this Disclosure Statement and/or the Plan is therefore highly speculative. The Debtors recommend that potential recipients of any securities issued pursuant to the Plan consult their own legal counsel concerning the securities laws governing the transferability of any such securities.

QUESTIONS AND ADDITIONAL INFORMATION

If you would like to obtain copies of this Disclosure Statement, the Plan, or any of the documents attached hereto or referenced herein, or have questions about the solicitation and voting process or these Chapter 11 Cases generally, please contact the Debtors' Voting Agent by (a) calling the Debtors' restructuring hotline at (844) 224-1136; (b) emailing truereligionballots@primeclerk.com; (c) visiting the Debtors' restructuring website at: https://cases.primeclerk.com/truereligion; and/or (d) writing to the Voting Agent at: True

Religion Voting Agent, c/o Prime Clerk LLC, 830 Third Avenue, 3rd Floor, New York, NY 10022.

EXHIBITS

EXHIBIT A – Plan of Reorganization

EXHIBIT B – Restructuring Support Agreement (with exhibits other than the Plan)

EXHIBIT C – Organizational Chart of the Debtors

EXHIBIT D – Liquidation Analysis

EXHIBIT E – Financial Projections

EXHIBIT F – Valuation Analysis

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

ARTICLE I.
EXECUTIVE SUMMARY

A. INTRODUCTION

True Religion Apparel, Inc., a Delaware corporation, together with its affiliates identified on the title page above, as debtors and debtors in possession (collectively, the "Debtors", and collectively with their non-debtor Affiliates, the "Company"), each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") on July 5, 2017 (the "Petition Date"). The Debtors' Chapter 11 Cases are jointly administered under lead case name True Religion Apparel, Inc. and lead case number 17-[_____].

Before soliciting acceptances of a proposed chapter 11 plan of reorganization, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement that contains information of a kind, and in sufficient detail, to permit a hypothetical reasonable investor to make an informed judgment regarding acceptance of the plan of reorganization. Accordingly, the Debtors submit this disclosure statement (this "Disclosure Statement"), pursuant to section 1125 of the Bankruptcy Code, to Holders of Claims against and Equity Interests in the Debtors in connection with the solicitation of votes for acceptance of the *Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. _], dated [_____], 2017 (as amended, supplemented, or modified from time to time in accordance with its terms, the "Plan"). A copy of the Plan is attached hereto as **Exhibit A** and incorporated herein by reference. The Plan constitutes a separate chapter 11 plan for each of the Debtors.

On [__], 2017, the Bankruptcy Court entered an order [Docket No. [__] (the "Disclosure Statement Order") (a) approving the Disclosure Statement as containing adequate information, (b) approving, among other things, the dates, procedures, and forms applicable to the process of soliciting votes on and providing notice of the Plan and certain vote tabulation procedures, (c) establishing the deadline for filing objections to the Plan, and (d) scheduling the Confirmation Hearing.

A hearing to consider confirmation of the Plan is scheduled to be held before the Honorable [_____] at [____] a.m. prevailing Eastern Time on [_____], 2017 at the Bankruptcy Court, 824 Market Street, 6th Floor, Courtroom [__], Wilmington, Delaware 19801.

Additional information with respect to confirmation of the Plan is provided in Article V of this Disclosure Statement. This Disclosure Statement includes information about, without limitation, (i) the Debtors' business, prepetition operations, financial history, and events leading up to these Chapter 11 Cases, (ii) the significant events that occurred thus far in these Chapter 11 Cases, (iii) the anticipated recoveries of Creditors under the Plan, (iv) the procedures by which the Debtors intend to solicit and tabulate votes on the Plan, (v) the Plan confirmation process, (vi) certain risk factors to be considered before voting on the Plan, and (vi) discussions relating to certain securities registration and tax consequences of the Plan. The descriptions and summaries of certain provisions of, and financial transactions contemplated by, the Plan being proposed by the Debtors relate to the Plan filed with the Bankruptcy Court.

B. RULES OF INTERPRETATION

The following rules for interpretation and construction shall apply to this Disclosure Statement: (1) capitalized terms used in the Disclosure Statement and not otherwise defined shall have the meaning ascribed to such terms in the Plan; (2) unless otherwise specified, any reference in this Disclosure Statement to a contract, instrument, release, indenture, or other

agreement or document shall be a reference to such document in the particular form or substantially on such terms and conditions described; (3) unless otherwise specified, any reference in this Disclosure Statement to an existing document, schedule, or exhibit, whether or not Filed, shall mean such document, schedule, or exhibit, as it may have been or may be amended, modified, or supplemented; (4) any reference to an entity as a Holder of a Claim or Equity Interest includes that Entity's successors and assigns; (5) unless otherwise specified, all references in this Disclosure Statement to Sections are references to Sections of this Disclosure Statement; (6) unless otherwise specified, all references in this Disclosure Statement to exhibits are references to exhibits in this Disclosure Statement; (7) unless otherwise set forth in this Disclosure Statement, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (8) any term used in capitalized form in this Disclosure Statement that is not otherwise defined in this Disclosure Statement or the Plan but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

C. PLAN SUPPORT FROM CONSENTING CREDITORS, SHAREHOLDERS

Prior to the Petition Date, the Debtors engaged in extensive, good-faith negotiations with an ad hoc group of certain Prepetition First Lien Lenders and Prepetition Second Lien Lenders and with their equity sponsors, including TowerBrook and the Equity Parent, to develop a comprehensive financing, restructuring, and recapitalization plan to be implemented through these Chapter 11 Cases. That agreement was memorialized in the Restructuring Support Agreement, attached hereto as **Exhibit B**, executed by parties that collectively hold directly or indirectly on behalf of their managed funds and accounts approximately 86.4% of the Debtors' Prepetition First Lien Claims and 60.5% of the Debtors' Prepetition Second Lien Claims (such parties to the Restructuring Support Agreement from time to time, the "Consenting Creditors"), and by TRLG Holdings, LLC, the parent company of Holdings (the "Equity Parent").

The Plan reflects the agreement reached among the Debtors, Equity Parent, and the Consenting Creditors to reorganize the Debtors as a going-concern business and outlines a consensual deleveraging transaction that will leave the Debtors with a significantly improved capital structure. The Debtors, Equity Parent, and Consenting Creditors believe that the financial restructurings, the operational restructuring (through, among other things, focused lease rejections) and the other transactions reflected in the Plan will position the Reorganized Debtors well to succeed post emergence from bankruptcy. With a sustainable capital structure aligned with the Debtors' revised business plan and adequate operating liquidity, the Reorganized Debtors will be positioned to compete more effectively in the evolving retail industry. The Debtors, Equity Parent, and the Consenting Creditors determined that, notwithstanding that the Debtors did not face imminent debt maturities, it was a better option for the Debtors to file for chapter 11 with an agreement on a Plan that provides the possibility of recoveries to all of the Debtors' stakeholders and allows the Debtors to undertake the necessary financial and operational restructurings now, rather than delay the chapter 11 filing and risk further deterioration to the Debtors' business, which would result in less value for all of the Debtors' stakeholders. Substantially all holders of the Debtors' Prepetition First Lien Claims have signed the Restructuring Support Agreement, even though the Plan contemplates distributions to other creditors and to equityholders, subject to the terms of the Plan.

THE DEBTORS, CONSENTING CREDITORS, AND CONSENTING EQUITY SUPPORT THE PLAN AND BELIEVE THAT THE COMPROMISES CONTEMPLATED UNDER THE PLAN ARE FAIR AND EQUITABLE, MAXIMIZE THE VALUE OF THE DEBTORS' ESTATES, AND MAXIMIZE RECOVERY FOR ALL STAKEHOLDERS. FOR THESE REASONS AND OTHERS DESCRIBED HEREIN, THE DEBTORS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

D. PURPOSE AND EFFECT OF THE PLAN

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

The Debtors are reorganizing pursuant to chapter 11 of the Bankruptcy Code, which is the principal business reorganization chapter of the Bankruptcy Code. As a result, confirmation of the Plan means that the Reorganized Debtors will continue to operate their business going forward and does not mean that the Debtors will be liquidated or forced to go out of business. Additionally, a bankruptcy court's confirmation of a plan binds the debtor, any entity acquiring property under the plan, any holder of a claim or an equity interest in a debtor and all other entities as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code to the terms and conditions of the confirmed plan, whether or not such Entity voted on the plan or affirmatively voted to reject the plan.

2. Financial Restructurings in Connection with the Plan

As of the Petition Date, the Debtors had outstanding funded debt obligations in the aggregate principal amount of approximately $483 million, and related interest and accruals, consisting primarily of approximately (a) $12 million in principal amount outstanding under their Prepetition Revolver; (b) $386 million in principal amount outstanding under their Prepetition First Lien Loan Agreement; and (c) $85 million in principal amount outstanding under their Prepetition Second Lien Loan Agreement. Additionally, as of July 3, 2017, the Debtors had an estimated $8.6 million of outstanding accounts payable, and also owe additional amounts, on an unsecured basis, to vendors, customers, service providers, and landlords.

If the Plan is confirmed, the Debtors will emerge from these Chapter 11 Cases with approximately 72% less funded debt. The Debtors' pro forma exit capital structure will consist of (a) a New ABL Facility, to be provided by the same lenders that have agreed to provide postpetition, senior secured debtor-in-possession financing to the Debtors during the Chapter 11 Cases, (b) up to $114.5 million in aggregate principal amount of Reorganized First Lien Term Loans (less the amount of any Class 5 Swapped Debt, if applicable), as set forth below, and (c) new Equity Securities in Reorganized Holdings:

Prepetition and Post-Emergence Capital Structure

($ millions)	**Prepetition***	**Post-Emergence***
Prepetition Funded Debt		
Prepetition Revolver	$12.00	
Prepetition First Lien Term Loan	$392	
Prepetition Second Lien Term Loan	$89.1	
Post-Emergence Funded Debt		
New ABL Facility		$25.00
Reorganized First Lien Term Loan Facility		$114.5[2]
Total Funded Debt	**$493.1**	**$139.5**

* Dollar amounts are in millions.

[2]This amount is subject to decrease by the amount of the Class 5 Swapped Debt.

3. Plan Overview

Under the Plan, certain Claims are not classified and are entitled under the Bankruptcy Code (and the Plan) to a full recovery (*i.e.*, Administrative Expense Claims, including DIP Facility Claims and Professional Fee Claims, and Priority Tax Claims). For all other Claims against, and all Equity Interests in, the Debtors, the Plan designates Classes of Claims and Classes of Equity Interests and provides treatments that take into account the differing nature and priority under the Bankruptcy Code of the various classified Claims and Equity Interests. In accordance with section 1122 of the Bankruptcy Code, the Plan provides for seven (7) Classes of Claims against and/or Equity Interests in the Debtors.

The following chart briefly summarizes the classification and treatment of classified Claims and Equity Interests under the Plan.[3] Amounts listed below are estimated.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND THEREFORE ARE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS OR EQUITY INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN AND THE RISK FACTORS DESCRIBED IN ARTICLE VI BELOW. THE TABLE IS INTENDED FOR ILLUSTRATIVE PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR A REVIEW OF THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY. FOR CERTAIN CLASSES OF CLAIMS, THE ACTUAL AMOUNT OF ALLOWED CLAIMS COULD BE MATERIALLY DIFFERENT THAN THE ESTIMATED AMOUNTS SHOWN IN THE TABLE BELOW BASED UPON, AMONG OTHER THINGS, THE TOTAL AMOUNT OF ALLOWED CLAIMS IN A PARTICULAR CLASS.

[3]This chart is only a summary of the classification and treatment of Claims and Equity Interests under the Plan. References should be made to the entire Disclosure Statement and the Plan for a complete description.

ESTIMATED RECOVERIES AND OTHER MATTERS

Class	Type of Claim or Interest	Estimated Prepetition Claim Amount[4]	Impairment	Entitled to Vote	Estimated Percentage Recovery[5]
1	Non-Tax Priority Claims	$1 -2 million[6]	No	No	100%
2	Miscellaneous Secured Claims	$< 1 million	No	No	100%
3	Prepetition First Lien Claims	$392 million	Yes	Yes	37.2% to 38.2%[7]
4	Continuing Operations Claims	$3 to 5 million	No	No	100%
5	General Unsecured Claims	$104.7 million[8]	Yes	Yes	4.9% to 7.5%[9]
6	Equity Interests in Holdings	N/A	Yes	Yes	N/A[10]

[4]Except as indicated, all Estimated Prepetition Claim Amounts are projected estimates only, estimated as of the Effective Date (after, *inter alia*, reduction for payments or the honoring of Claims pursuant to the First Day Motions or Second Day Motions), and actual amounts may be materially greater or less than those set forth herein.

[5] All percentage recoveries indicated for Impaired Classes are estimates only based upon the proposed treatment of such Claims and Equity Interests in the respective Classes, as more fully set forth below and in the Plan. Actual percentage recoveries for such Classes may be materially greater or less than those set forth herein as a result of, among other things, the total amount of Allowed Claims in a particular Class.

[6]Most or all of the Non-Tax Priority Claims represent wage-related claims or benefits. A portion thereof may be paid or honored in the ordinary course, with the consent of the Required Consenting Creditors, prior to confirmation of the Plan pursuant to the First Day Motions.

[7]The indicated, estimated percentage recovery derives from estimated recovery values for the consideration for Class 3 of (i) $110 million in aggregate principal amount of the Reorganized First Lien Term Loans, and (ii)(x) the number of Exchange Common Shares equal to 90.0% of the maximum number of Exchange Common Shares distributable under the Plan (prior to taking into account any exercise of the Class 5 Equity Cash Out Option), if each of Class 3, Class 5 and Class 6 vote to accept the Plan or (y) the number of Exchange Common Shares equal to 94.5% of the Exchange Common Shares, if either of Class 5 or Class 6 votes to reject the Plan. Equity values are supported by the Company valuation set forth in ARTICLE V.B.3.

[8]Class 5 debt is estimated at $104.6 million and includes, *inter alia*, the Prepetition Second Lien Claims and claims arising from the rejection of any real property leases.

[9]The indicated, estimated percentage recovery derives from estimated recovery values for the consideration for Class 5 of (i) $2.5 million in aggregate principal amount of the Reorganized First Lien Term Loans, (ii) the number of Exchange Common Shares equal to 5.5% of the Exchange Common Shares, (iii) Class A Warrants and (iv) only to the extent Class 5 votes to accept the Plan, (x) $1.0 million in Cash and (y) an additional $2 million in aggregate principal amount of Reorganized First Lien Term Loans. For illustrative purposes only, the high end of the indicated, estimated percentage recovery assumes that no Holder of Class 5 Claims elects the Class 5 Cash Out Option. Equity values are supported by the Company valuation set forth in ARTICLE V.B.3.

[10] The Plan provides that if certain conditions are met, Equity Interests in Holdings may receive up to 4.5% of the maximum number of Exchange Common Shares distributable under the Plan (prior to taking into acount any exercise of the Class 5 Cash out Option, if applicable), Class B Warrants, and Class C Warrants.

ESTIMATED RECOVERIES AND OTHER MATTERS

Class	Type of Claim or Interest	Estimated Prepetition Claim Amount[4]	Impairment	Entitled to Vote	Estimated Percentage Recovery[5]
7	Intercompany Interests	N/A	No	No	100%

Class	Nature of Claim or Interest	Plan Treatment
1	Non-Tax Priority Claims	Each Holder of an Allowed Class 1 Claim will receive in full satisfaction, settlement, discharge and release of, and in exchange for, its Allowed Class 1 Claim: (i) Cash equal to the amount of such Allowed Class 1 Claim on the later of, or, in each case, as soon as reasonably practicable thereafter, (x) the Initial Distribution Date if such Class 1 Claim is an Allowed Class 1 Claim on the Effective Date, (y) the date on which such Class 1 Claim becomes an Allowed Class 1 Claim or (z) the date due in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Class 1 Claim; or (ii) at the election of the Debtors, in consultation with the Required Consenting Creditors, such other less favorable treatment as to which the Holder of such Allowed Class 1 Claim and the Debtors or Reorganized Debtors, as applicable, agree in writing.
2	Miscellaneous Secured Claims	Each Holder of an Allowed Class 2 Claim will receive in full satisfaction, settlement, discharge and release of, and in exchange for, its Allowed Class 2 Claim: (i) Cash equal to the amount of such Allowed Class 2 Claim on the later of, or, in each case, as soon as reasonably practicable thereafter, (x) the Initial Distribution Date if such Class 2 Claim is an Allowed Class 2 Claim on the Effective Date or (y) the date on which such Class 2 Claim becomes an Allowed Class 2 Claim; or (ii) at the election of the Debtors, with the consent of the Required Consenting Creditors or Reorganized Debtors, as applicable, either: (x) Reinstatement (with the Holder, as applicable, retaining the Liens securing its Allowed Miscellaneous Secured Claim as of the Effective Date until full and final payment thereof); (y) return of the Collateral securing such Allowed Class 2 Claim by the Initial Distribution Date; or (z) such other less favorable treatment as to which the Holder of such Allowed Class 2 Claim and the Debtors or Reorganized Debtors, as applicable, will have agreed upon in writing.
3	Prepetition First Lien Claims	On the Effective Date each Holder of an Allowed Prepetition First Lien Claim will receive, in full satisfaction, settlement, discharge and release of, and in exchange for, such Allowed Prepetition First Lien Claim, its Pro Rata share of: (i) Reorganized First Lien Term Loans in the aggregate principal amount of $110 million under the Reorganized First Lien Term Loan Facility; and (ii)(x) if each of Class 3, Class 5 and Class 6 vote to accept the Plan, the number of Exchange Common Shares equal to 90.0% of the maximum number of Exchange Common Shares distributable under the Plan (prior to taking into account any exercise of the Class 5 Equity Cash Out Option) or (y) if either of Class 5 or Class 6 votes to reject the Plan, the number of Exchange Common Shares equal to 94.5% of the Exchange Common Shares. To the extent any Holder of an Allowed General Unsecured Claim exercises the Class 5 Equity Cash Out Option, the percentage of New Common Shares received by Holders of Allowed Class 3 and Class 6 Claims will automatically adjust on a Pro Rata basis to reflect such exercise without the need to issue any additional New Common Shares.
4	Continuing Operations Claims	Each Holder of Allowed Continuing Operations Claims will receive in full satisfaction, settlement, discharge and release of, and partially in exchange for, its Allowed Continuing Operations Claim: (i) Cash or such other consideration due under the applicable Allowed Class 4 Claim equal to the amount of such Allowed Class 4 Claim payable on the later of, or, in each case, as soon as reasonably practicable thereafter, (x) the Initial Distribution Date if such Class 4 Claim is an Allowed Class 4 Claim on the Effective Date, (y) the date on which such Class 4 Claim becomes an Allowed Class 4 Claim, or (z) the date such treatment is due in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Class 4 Claim; (ii) Reinstatement or such other treatment rendering such Claim Unimpaired; or (iii) such other less favorable treatment as to which the Debtors, with the consent of the Required Consenting Creditors (which consent may be obtained by the Debtors by providing reasonable negative notice of their determinations or the principles they will apply in making them), or Reorganized Debtors and the Holder of such Allowed Class 4 Claim will have agreed upon in

Class	Nature of Claim or Interest	Plan Treatment
		writing.
5	General Unsecured Claims	By the later of (x) fourteen (14) days after the Rejection Claim Bar Date and (y) the date from or after the Effective Date on which such General Unsecured Claim first is an Allowed General Unsecured Claim, or, in each case, as soon as reasonably practicable thereafter, each Holder of an Allowed General Unsecured Claim will receive, in full satisfaction, settlement, discharge and release of, and in exchange for, such Allowed General Unsecured Claim, its Pro Rata share of the Class 5 Default Consideration, consisting of: (i) Reorganized First Lien Term Loans in the aggregate principal amount of $2.5 million under the Reorganized First Lien Term Loan Facility; (ii) the number of Exchange Common Shares equal to 5.5% of the maximum number of Exchange Common Shares distributable under the Plan; and (iii) Class A Warrants. In addition and only if Class 5 votes to accept the Plan, by the later of (x) fourteen (14) days after the Rejection Claim Bar Date and (y) the date from or after the Effective Date on which such General Unsecured Claim first is an Allowed General Unsecured Claim, or, in each case, as soon as reasonably practicable thereafter, each Holder of an Allowed General Unsecured Claim also will receive, in full satisfaction, settlement, discharge and release of, and in exchange for, such Allowed General Unsecured Claim, its Pro Rata share of the Class 5 Consensual Plan Consideration, consisting of: (i) $1.0 million in Cash; (ii) additional Reorganized First Lien Term Loans in the aggregate principal amount of $2.0 million under the Reorganized First Lien Term Loan Facility; provided, however, if any Holder of an Allowed General Unsecured Claim is a Class 5 Electing Holder, such Holder will receive the Class 5 Warrants for Debt Treatment with respect to its Class 5 Swapped Debt; and (iii) the Class 5 Equity Cash Out Option, which, as more fully set forth in the Plan definition thereof, is an option permitting each Holder of an Allowed General Unsecured Claim to elect to receive, in lieu of the Exchange Common Shares afforded it as part of the Class 5 Default Consideration, a share of $1,050,000 in Cash.
6	Equity Interests in Holdings	On the Effective Date, and solely to the extent that each of Class 3, Class 5 and Class 6 vote to accept the Plan, each Holder of an Equity Interest in Holdings will receive, in full satisfaction, settlement, discharge and release of, and in exchange for, such Equity Interest in Holdings, its Pro Rata share of: (i) the number of Exchange Common Shares equal to 4.5% of the maximum number of Exchange Common Shares distributable under the Plan (prior to taking into account any exercise of the Class 5 Equity Cash Out Option) (to the extent any Holder of an Allowed General Unsecured Claim exercises the Class 5 Equity Cash Out Option, the percentage of New Common Shares received by Holders of Allowed Class 3 and Class 6 Claims will automatically adjust on a Pro Rata basis to reflect such exercise without the need to issue any additional New Common Shares); (ii) Class B Warrants; and (iii) Class C Warrants. If any of Class 3, Class 5 or Class 6 votes to reject the Plan, Holders of Equity Interests in Holdings shall receive no recovery, and (x) the above-referenced 4.5% of the Exchange Common Shares, shall be distributed Pro Rata to the Holders of Class 3 Prepetition First Lien Claims, as set forth in the Plan and (y) the Class B Warrants and Class C Warrants shall not be issued.
7	Intercompany Interests	Each Allowed Intercompany Interest shall be Reinstated for purposes of the Subsidiary Structure Maintenance.

Below are explanations regarding certain concepts referenced in the above Plan treatment summary:

1. **Certain Plan Distributions Conditioned Upon Class Acceptance**. Certain Plan Distributions are conditioned upon the outcome of how certain Classes vote to accept or reject the Plan.

a. **General Unsecured Claim Holder's Right to Greater Recovery and Option to Elect Cash Instead of Equity if Class 5 Votes to Accept the Plan.** If Class 5 votes to accept the Plan, Holders of Allowed General Unsecured Claims shall be entitled to receive their Pro Rata share of a Plan Distribution greater than if Class 5 votes to reject the Plan. Specifically, in addition to what they would otherwise receive under the Plan (the Class 5 Default Consideration), Holders of Allowed General Unsecured Claims will also be entitled to receive the Class 5 Consensual Plan Consideration, consisting of their Pro Rata share of (a) $1.0 million in Cash, (b) an additional aggregate principal amount of $2.0 million in Reorganized First Lien Term Loans (subject to each Holder's right, instead, to elect the Class 5 Warrants for Debt Treatment), and (c) the Class 5 Equity Cash Out Option.

The Class 5 Equity Cash Out Option entitles each Holder of an Allowed General Unsecured Claim to elect to receive Cash in lieu of Exchange Common Shares equal to such Holder's Pro Rata share of $[1.012 million] (as measured, for the avoidance of doubt, based on such Holder's Allowed General Unsecured Claim as a percentage of all Allowed General Unsecured Claims, and not as a percentage of all Allowed General Unsecured Claims of Holders who elect the Class 5 Equity Cash Out Option). Cash to be paid to such Holder for electing the Class 5 Cash Out Option is in addition to the Cash such Holder already would have a right to receive as part of the Class 5 Consentual Plan Consideration if Class 5 votes to accept the Plan (*i.e.,* its Pro Rata share of the additional aggregate $1.0 million of Cash).

b. **Distribution to Holders of Equity Interests**. In addition, if Class 3, Class 5 and Class 6 vote to accept the Plan, Holders of Equity Interests in Holdings shall be entitled to receive their Pro Rata share of (a) the number of Exchange Common Shares equal to 4.5% of the maximum number of Exchange Common Shares distributable under the Plan (prior to taking into account any exercise of the Class 5 Equity Cash Out Option), (b) the Class B Warrants, and (c) the Class C Warrants.

In that circumstance as well (*i.e.*, if Class 6 receives a Plan Distribution because Class 3, Class 5 and Class 6 vote to accept the Plan), then Holders of Prepetition First Lien Claims shall not be entitled to receive 4.5% of the Exchange Common Shares that otherwise would have gone to such Holders of Prepetition First Lien Claims in Class 3.

To the extent any Holder of an Allowed General Unsecured Claim exercises the Class 5 Equity Cash Out Option, the percentage of New Common Shares received by Holders of Allowed Class 3 and Class 6 Claims will automatically adjust on a Pro Rata basis to reflect such exercise without the need to issue any additional New Common Shares.

2. **Class 5 Warrants for Debt Treatment**. If Class 5 votes to accept the Plan, each Holder of an Allowed General Unsecured Claim may elect to receive Class D Warrants in lieu of receiving their Pro Rata share of the additional $2.0 million of Reorganized First Lien Term Loans that such Holder would otherwise receive on account of its Allowed General Unsecured Claim (such Holder being referred to as a "Class 5 Electing Holder"). For waiving its right to receive its Pro Rata share of such additional $2.0 million of Reorganized

First Lien Term Loans if Class 5 votes to accept the Plan (referred to in the Plan as the "Class 5 Swapped Debt"), a Class 5 Electing Holder will receive, instead, Class D Warrants to purchase 1.0% of the fully-diluted New Common Shares for each $200,000 of Class 5 Swapped Debt of the fully-diluted New Common Shares at an initial exercise price per share struck at a $330 million equity valuation for Reorganized Holdings. Pursuant to the terms of the Restructuring Support Agreement, and as part of the agreements set forth in the Plan, each Holder of an Allowed Prepetition First Lien Claim, that (a) is a Holder of an Allowed Prepetition Second Lien Claim and (b) is party to the Restructuring Support Agreement, has agreed to elect the Class 5 Warrants for Debt Treatment with respect to one hundred percent (100%) of its portion of the aggregate principal amount of the additional $2.0 million of Reorganized First Lien Term Loans that would otherwise be distributed to such Holder in respect of its Allowed General Unsecured Claim if Class 5 votes to accept the Plan. Such election will result in a reduction in the principal amount of the Reorganized First Lien Term Loan Facility without regard to the impact of any other such elections by Holders of Allowed General Unsecured Claims. For the avoidance of doubt, a Class 5 Electing Holder is not waiving its right to any other distributions due to it in respect of any Allowed General Unsecured Claim (including its Pro Rata share of the $2.5 million of Reorganized First Lien Term Loans available to Holders of Allowed General Unsecured Claims regardless of whether Class 5 votes to accept or reject the Plan), any Allowed Prepetition First Lien Claim or any other Claim it may hold.

E. VOTING PROCEDURES AND SOLICITATION MATERIALS

1. Who May Vote on the Plan

Each Holder of an Allowed Claim as of the applicable voting record date in Classes 3, 5, and 6 is entitled to vote either to accept or to reject the Plan. Only those votes cast by Holders of Allowed Claims or Equity Interests in Classes 3, 5, and 6 shall be counted in determining whether acceptances have been received sufficient in number and amount to confirm the Plan. An Impaired Class of Claims shall have accepted the Plan if: (a) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan, and (b) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

Classes 1, 2, 4, and 7 are Unimpaired under the Plan, are each deemed to accept the Plan by operation of law, and are not entitled to vote on the Plan.

Without limiting the foregoing, in the event that any Class of Claims entitled to vote on the Plan fails to accept the Plan as required by section 1129(a) of the Bankruptcy Code, the Plan may be amended or modified in accordance with the terms therein and, in any event, the Debtors, subject to any consent that may be required in the Plan or under the Restructuring Support Agreement, reserve the right to seek confirmation of the Plan over such rejection pursuant to section 1129(b) of the Bankruptcy Code.

2. Voting Record Date

The Bankruptcy Court has approved the close of business on [_____], 2017, as the voting record date (the "Voting Record Date"). The Voting Record Date is the date for determining (1) which Holders of Claims are entitled to vote to accept or reject the Plan and receive the Solicitation Package and (2) whether Claims have been properly assigned or transferred to an assignee pursuant to Bankruptcy Rule 3001(e) such that the assignee can vote as the Holder of a Claim. The Voting Record Date shall apply to all of the Debtors' creditors and other parties in interest.

3. Voting Agent

The Debtors have retained Prime Clerk LLC (the "**Voting Agent**") to, among other things, act as claims and solicitation agent in connection with the solicitation of votes to accept or reject the Plan. Inquiries relating to the solicitation process, voting instructions, related procedures and copies of the solicitation materials may be directed to the Voting Agent at no charge by: (a) accessing the Debtors' restructuring website at https://cases.primeclerk.com/truereligion; (b) calling the Voting Agent at 844-224-1136 (toll free); or (c) emailing truereligionballots@primeclerk.com. The Voting Agent, however, is not authorized to provide, and will not provide, legal or financial advice.

4. Solicitation Package, Ballots and Notices

Voting Classes. The following materials constitute the solicitation package with respect to the Plan enclosed herewith (the "Solicitation Package"):

- a solicitation cover letter from the Company addressed to the voting creditor;
- the appropriate form of Ballot and instructions for completing the Ballot;
- the voting instructions and solicitation procedures approved by the Bankruptcy Court (the "Voting Procedures");
- this Disclosure Statement with all exhibits;
- the Plan (as an exhibit hereto);
- a notice of the Confirmation Hearing approved by the Bankruptcy Court for transmission to Holders of Claims and other parties in interest (the "Confirmation Hearing Notice");
- a copy of the Disclosure Statement Order; and
- such other materials as the Bankruptcy Court may direct.

Only Holders of Prepetition First Lien Claims (Class 3), General Unsecured Claims (Class 5), and Equity Interests in Holdings (Class 6) are entitled to vote to accept or reject the Plan.

Notices of Non-Voting Status. As set forth above, certain Holders of Claims and Equity Interests are not entitled to vote on the Plan. As a result, such parties will not receive Solicitation Packages but, instead, will receive the Confirmation Hearing Notice that explains, among other things, (i) that Classes 1, 2, 4, 7 are Unimpaired under the Plan, and therefore, are presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, (ii) instructions for such Holders of Claims and Equity Interests on how they may obtain a copy of the Plan and this Disclosure Statement, (iii) the deadline by which to object to confirmation of the Plan, and (iv) the Confirmation Hearing date and time.

Contract and Lease Counterparties. Parties to certain of the Debtors' Executory Contracts and Unexpired Leases may not have Claims pending the disposition of their Executory Contracts and Unexpired Leases by assumption or rejection under the Plan. Such parties nevertheless will receive the Confirmation Hearing Notice.

5. Voting Procedures

To be counted as a vote to accept or reject the Plan, such Holder's properly completed and executed Ballot must be received by the Voting Agent by **4:00 p.m. (prevailing Eastern Time) on[___ _____], 2017 (the "Voting Deadline")** and in accordance with the voting instructions attached to each Ballot. The Voting Agent will process and tabulate received Ballots and will File a voting report as soon as practicable on or after the Voting Deadline but prior to the Confirmation Hearing. Parties may contact the Voting Agent with any questions related to the Voting Procedures applicable to their Claims.

THE INFORMATION CONTAINED IN THIS ARTICLE I.E.5 IS INTENDED FOR SUMMARY PURPOSES ONLY. HOLDERS OF CLAIMS IN THE VOTING CLASSES SHOULD REVIEW CAREFULLY IN FULL AND FOLLOW THE SPECIFIC INSTRUCTIONS PROVIDED ON SUCH HOLDER'S BALLOT AND THE ACCOMPANYING VOTING PROCEDURES.

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

ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE SHALL NOT BE COUNTED UNLESS THE COMPANY IN ITS DISCRETION DECIDES OTHERWISE.

EACH HOLDER OF A CLAIM MUST VOTE ALL OF ITS CLAIMS WITHIN A PARTICULAR CLASS EITHER TO ACCEPT OR REJECT THE PLAN AND MAY NOT SPLIT SUCH VOTES. BY SIGNING AND RETURNING A BALLOT, EACH HOLDER OF A CLAIM WILL CERTIFY TO THE BANKRUPTCY COURT AND THE DEBTORS THAT NO OTHER BALLOTS WITH RESPECT TO SUCH CLAIM HAVE BEEN CAST OR, IF ANY OTHER BALLOTS HAVE BEEN CAST WITH RESPECT TO SUCH CLASS OF CLAIMS, SUCH OTHER BALLOTS INDICATED THE SAME VOTE TO ACCEPT OR REJECT THE PLAN.

PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM OR AN EQUITY INTEREST IN A VOTING CLASS IS URGED TO CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE VI HEREIN TITLED, "RISK FACTORS."

6. Exemption from Securities Act Registration Requirements

The Company intends to rely on section 1145 of the Bankruptcy Code to exempt from registration under the Securities Act and Blue Sky Laws the offer and issuance of Reorganized First Lien Term Loans, Exchange Common Shares, and New Warrants under the Plan, including New Common Shares issuable after the Effective Date upon the exercise of the New Warrants.

The Company intends to rely on section 4(a)(2) of the Securities Act and Rule 506 of Regulation D and/or Rule 701 under the Securities Act to exempt from registration under the Securities Act and Blue Sky Laws the offer and the issuance of New Common Shares, New Warrants and other Equity Securities to officers and other key employees of the Company pursuant to the Management Incentive Plan.

7. Filing of the Plan Supplement

The Debtors will file the Plan Supplement no later than five (5) Business Days before the Confirmation Hearing. Parties may request (and obtain at the Debtors' expense) a copy of the Plan Supplement by: (i) accessing the Debtors' restructuring website at https://cases.primeclerk.com/truereligion; (ii) calling the Voting Agent at 844-224-1136 (toll free); or (iii) emailing truereligionballots@primeclerk.com

F. CONFIRMATION OF THE PLAN

1. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing to consider confirmation of a chapter 11 plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to such confirmation.

The Bankruptcy Court has scheduled a Confirmation Hearing to be held on [ ], 2017 at [ ].m. (prevailing Eastern time). The Confirmation Hearing may be continued from time to time by the Bankruptcy Court or the Debtors without further notice other than by such adjournment being announced in open court or by a notice of adjournment filed with the Bankruptcy Court and served on such parties as the Bankruptcy Court may order. Moreover, the Plan or any Exhibit, Plan Schedule or Plan Document may be amended or modified, if necessary, in accordance with the terms therein, pursuant to section 1127 of the Bankruptcy Code, prior to, during or as a result of the Confirmation Hearing, without further notice to parties in interest, in all cases, however, subject to any consent that may be required in the Plan or the Restructuring Support Agreement.

2. Deadline for Objecting to Confirmation of the Plan

The Bankruptcy Court has scheduled the Confirmation Objection Deadline for [ ], 2017 at [ ].m. (prevailing Eastern time). Any objection to confirmation of the Plan must: (i) be in writing; (ii) conform to the Bankruptcy Rules and the Local Rules; (iii) state the name of the applicable Debtor, the name of the objecting party and the amount and nature of the Claim of such Entity in each applicable Chapter 11 Case or the amount of Equity Interests held by such Entity in each applicable Chapter 11 Case; (iv) state with particularity the legal and factual bases and nature of any objection to the Plan and, if practicable, a proposed modification to the Plan that would resolve such objection; and (v) be filed, contemporaneously with a proof of service, with the Bankruptcy Court and served so that it is **actually received** by no later than the Confirmation Objection Deadline by the Notice Parties.

CONFIRMATION OBJECTIONS NOT TIMELY FILED AND SERVED IN THE MANNER SET FORTH HEREIN MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT AND MAY BE OVERRULED WITHOUT FURTHER NOTICE. INSTRUCTIONS WITH RESPECT TO THE CONFIRMATION HEARING AND DEADLINES WITH RESPECT TO CONFIRMATION WILL BE INCLUDED IN THE NOTICE OF CONFIRMATION HEARING TO BE APPROVED BY THE BANKRUPTCY COURT.

3. Notice Parties

All notices, requests, objections, or demands shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows (collectively, the "**Notice Parties**"):

(a) The Debtors, 1888 Rosecrans Avenue, Manhattan Beach, CA 90266 (Attn: Chief

Executive Officer);

(b) Counsel to the Debtors, Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, Wilmington, DE 19899-8705 (Courier 19801) (Attn: Laura Davis Jones, Richard M. Pachulski, Robert Orgel, David Bertenthal);

(d) Counsel to TowerBrook, Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, NY 10019 (Attn: Joshua Feltman);

(e) Counsel to the Consenting Creditors, Akin Gump Strauss Hauer Feld, LLP, One Bryant Park, New York, NY 10036 (Attn: Arik Preis, Jason P. Rubin, Yochun Katie Lee) and Ashby & Geddes, P.A. 500 Delaware Avenue, P.O. Box 1150, Wilmington, DE 19899-1150 (Attn: Karen B. Skomorucha Owens);

(f) Counsel to the DIP Agent, Morgan, Lewis & Bockius LLP, One Federal Street, Boston, MA, 02110-1726 (Attn: Julia Frost-Davies and Christopher L. Carter) and Reed Smith LLP, 1201 Market Street, Suite 1500, Wilmington, DE, 19801, (Attn: Kurt F. Gwynne); and

(g) The Office of the United States Trustee for the District of Delaware, 844 King St., Suite 2207, Wilmington, DE 19801.

4. Effect of Confirmation of the Plan

"Confirmation" is the technical term for the Bankruptcy Court's approval of a plan of reorganization. The timing, standards and factors considered by the Bankruptcy Court in deciding whether to confirm a plan of reorganization are discussed below.

It is a condition to confirmation of the Plan that the Bankruptcy Court shall have entered the Confirmation Order in a form and substance consistent with the form and substance required by any consents and approvals of the Restructuring Support Agreement. Confirmation of a plan of reorganization by the Bankruptcy Court binds the debtor, any issuer of securities under a plan of reorganization, any person acquiring property under a plan of reorganization, any creditor or equity interest holder of a debtor, and any other person or entity as may be ordered by the Bankruptcy Court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the Bankruptcy Court confirming a plan of reorganization discharges a debtor from any debt that arose before the confirmation of such plan of reorganization and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

As more fully set forth in the Plan, and except as expressly provided otherwise therein or in the Confirmation Order, the treatment of Claims and Equity Interests under the Plan shall be in complete satisfaction, settlement, discharge and release of all Claims and Equity Interests or other rights of a Holder of a Claim or Equity Interest relating to any of the Debtors or the Reorganized Debtors or their respective Assets. The Plan also contains certain other provisions relating to (a) the compromise and settlement of Claims and Equity Interests, (b) the mutual release by the Debtors and the Released Parties, (c) the release by Holders of Claims or Equity Interests, and each of their respective Related Persons, and (d) the exculpation of certain parties.

G. CONSUMMATION OF THE PLAN

Following confirmation of the Plan, Consummation of the Plan shall occur on the Business Day as determined by the Debtors with the consent of the Required Consenting Creditors after they reasonably determine that certain conditions have been met or waived

pursuant to ARTICLE IX of the Plan, which date shall be specified in a notice filed by the Reorganized Debtors with the Bankruptcy Court (the "Effective Date").

ON THE EFFECTIVE DATE, AND EFFECTIVE AS OF THE EFFECTIVE DATE, THE PLAN WILL BIND, AND WILL BE DEEMED BINDING UPON, ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS AND SUCH HOLDER'S RESPECTIVE SUCCESSORS AND ASSIGNS, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NOTWITHSTANDING WHETHER OR NOT SUCH HOLDER (A) WILL RECEIVE OR RETAIN ANY PROPERTY OR INTEREST IN PROPERTY UNDER THE PLAN, (B) HAS FILED A PROOF OF CLAIM OR EQUITY INTEREST IN THE CHAPTER 11 CASES OR (C) FAILED TO VOTE TO ACCEPT OR REJECT THE PLAN OR AFFIRMATIVELY VOTED TO REJECT THE PLAN.

H. RISK FACTORS

PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM OR AN EQUITY INTEREST IN A VOTING CLASS HAS BEEN URGED TO CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE VI HEREIN TITLED, "RISK FACTORS."

ARTICLE II.
GENERAL BACKGROUND TO THE CHAPTER 11 CASES

A. THE DEBTORS' ORGANIZATIONAL STRUCTURE

An organizational chart showing the Debtors is attached hereto as **Exhibit C**. The Debtors are five privately held, affiliated companies. TRLG Intermediate Holdings, LLC ("Holdings"), the direct or indirect parent of each of the other Debtors, is a Delaware limited liability company, and is a non-operating holding company. True Religion Apparel, Inc., a Delaware corporation, owns 100% of the interests of Guru Denim, Inc., a California corporation. Guru Denim, Inc. ("Guru"), in turn, owns 100% of the interests of True Religion Sales, LLC ("TR Sales"), a Delaware limited liability company, as well as 100% of the ownership interests in certain non-Debtor foreign affiliates of the Debtors. (Certain of the Debtors' foreign subsidiaries or Affiliates, in turn, own other foreign Affiliates.) True Religion Sales, LLC, which is the main operating company for the U.S. operations, owns 100% of the equity of TRLGGC Services, LLC, a Virginia limited liability company, which holds and manages the Debtors' gift card liability.

Prior to July 2013, shares of the Company were publicly listed. On July 30, 2013, the Company completed a going-private transaction with affiliates of TowerBrook Capital Partners L.P. ("TowerBrook Capital"). As of the Petition Date, Holdings is 100% owned by Equity Parent, which in turn is majority owned by TI Holdings, an affiliate of TowerBrook Capital.

The Debtors understand that, in January 2016, TI Holdings closed its purchase of a portion of the Prepetition First Lien Claims and, as of June 27, 2017, holds approximately 5.9% thereof.

B. OVERVIEW OF THE DEBTORS' BUSINESS

Founded by Jeff Lubell in 2002, the Company was at the forefront of the premium denim movement, turning jeans from a commodity into a fashion statement. The Company designs and retails trendsetting jeans with the iconic and trademarked horseshoe symbol. The True Religion brand offers a wide range of apparel, including jeans, pants, women and knit tops, and outerwear made from denim, fleece, jersey, and other fabrics. The Company is known for its unique fits, washes, and styling details.

The Company's denim products are manufactured in the United States and internationally, depending on the product. True Religion jeans are designed in house by the Company's dedicated team of designers. The Company's products are distributed through wholesale and retail channels in all 50 states across the country, the District of Columbia, and [six] different continents as described in detail below.

The Company leases its corporate headquarters, distribution facilities, and all of its retail stores. The Company's headquarters are located in Manhattan Beach, California. The Company has one distribution center in Fontana, California, as well as one showroom in the United States to display their apparel for buyers.

1. The Debtors' Business Operations

True Religion operates in four segments: (a) Direct to Consumer; (b) Americas Wholesale; (c) International; and (d) Core Services. Each segment is discussed below.

(a) Direct to Consumer

As of the Petition Date, the Company sells directly to consumers (DTC) in the United States and Canada through 128 retail stores, of which 73 are True Religion full-price retail stores, 53 are True Religion outlet stores, and 2 are Last Stitch retail stores. The U.S. retail locations are located in 33 states. The average full-price store is typically 1,700 square feet and showcases the full range of True Religion branded merchandise. The outlet stores are typically 2,500 square feet. The Company also retails its products on the internet through www.truereligion.com and www.last-stitch.com. The Company's retail business competes in the highly competitive fashion industry.

For fiscal year ended January 28, 2017, the Company's DTC business generated net sales totaling approximately $273 million, accounting for 73.9% of the Company's total net sales.

(b) Americas Wholesale

As of the Petition Date, in addition to the True Religion-branded retail stores, True Religion products are sold at nearly 500 locations not operated by the Company across the United States, Canada, Mexico, and South America. The Company has several valuable relationships with leading nationwide premium department stores, specialty retailers and boutiques, and off-price retailers through which its products are sold, including Nordstrom, Bloomingdales, Saks Fifth Avenue, Off 5th, and Nordstrom Rack, e-commerce sites, and others.

For fiscal year ended January 28, 2017, the Company's Americas Wholesale business generated net sales totaling approximately $54 million, accounting for approximately 14.6% of the Company's total net sales.

(c) International

Sales of the Debtors' products are made internationally through a variety of distribution channels, including Company-owned stores and distributor-owned stores. As of the Petition

Date, the international division consists of (i) 11 international stores outside of North America, of which 6 are international True Religion full-price retail stores and 5 are True Religion international outlet stores and (ii) wholesale operations. In 2010, the Company also formed a joint venture with UNIFA Premium GmbH (60% owned by True Religion and 40% owned by UNIFA) that distributes True Religion apparel in select European countries and operates certain of the internationalTrue Religion stores located in Germany and the Netherlands. The Company sells directly to wholesale accounts or has wholesale distribution agreements in various other countries and continents, including in Africa, Australia, Europe, the Middle East, and Asia.

For fiscal year ended January 28, 2017, the Company's International business generated net sales totaling approximately $40.8 million, accounting for approximately 11.1% of the Company's total net sales.

(d) Core Services (Licensing Business)

The Core Services unit records all of the Company's corporate operations, including design, production, marketing, credit, customer services, information technology, accounting, executive, legal, and human services departments.

In addition, the Company selectively licenses to third parties the right to use its various trademarks in connection with the manufacture and sale of designated products. The licenses typically have three-year terms and the Debtors may grant the licensee conditional renewal options. For the fiscal year ended January 28, 2017, the Company recognized $1.7 million in royalty revenue.

2. Intellectual Property Portfolio

The Company has invested heavily in developing and maintaining a large portfolio of copyright, patent, and trademark registrations in the United States and internationally. The Company owns registrations in the United States and certain foreign countries of the "True Religion" "True Religion Brand Jeans", "True Jeans," and the horseshoe trademark, among others. As of the Petition Date, the Company's intellectual property portfolio consists of 7 copyrights, 15 patents, and over 390 registered trademarks worldwide.

3. Employees

As of the Petition Date, the Debtors employed approximately 1,705 employees, of which 621 are employed full-time and 1,084 are employed part-time. The Debtors are not party to any collective bargaining agreement and none of the employees are unionized.

4. Intercompany Transactions

In the ordinary course of business, the Debtors transact business with their Debtor and non-Debtor affiliates. Guru provides corporate back-office support for all affiliates, including accounts receivable, customer service, legal, and IT support. Guru also provides the inventory for purchase by its subsidiary affiliates. These services are generally reflected as intercompany ledger entries between the Debtors and non-Debtors. Generally, the non-Debtor affiliates are independent operators and do not require funding from the Debtors, except with respect to the Hong Kong subsidiary, True Religion Brand Jeans Hong Kong Ltd., which is in the process of being wound down, and certain de minimis expenses that may be advanced on behalf of non-Debtor subsidiaries to maintain their corporate status. To the extent of any positive balances in the Debtors' favor, cash is generally upstreamed to the Debtors from their non-Debtor affiliates.

Guru has a 100% interest in non-Debtor True Religion Brand Jeans International S.a.r.l., a Luxemburg limited liability company ("Luxembourg"). Luxembourg, in turn, owns 100% of True Religion Brand Jeans EMEA Sagl, a Swiss limited liability company ("EMEA"). EMEA is in the process of being wound-down in accordance with applicable foreign law. Prepetition, EMEA owed Guru $18 million (the "Account Receivable"), which was booked between Guru and EMEA as an intercompany account receivable/payable. In order to comply with applicable Swiss law and continue the orderly wind down of EMEA, immediately prior to the Petition Date, the rights to receive the benefits of the Account Receivable were assigned by Guru to its subsidiary, Luxembourg, and replaced by a formal loan agreement whereby Luxembourg (EMEA's parent), as the borrower, agreed to repay Guru, as the lender, the same amount of the Account Receivable, effectively resulting in the debt being subordinated at only the EMEA level.

C. DEBTORS' PREPETITION CAPITAL STRUCTURE

The Debtors are parties to certain financing arrangements, as summarized below:

1. Prepetition Revolver

As of the Petition Date, all of the Debtors, as borrowers or guarantors, were unconditionally indebted under that certain ABL Credit Agreement, dated as of July 30, 2013 (as amended, restated, amended and restated, supplemented or otherwise modified, and together with its related agreements, the "Prepetition Revolver"), among, *inter alia*, True Religion, Guru and TR Sales, as borrowers, Deutsche Bank AG New York Branch, as administrative and collateral agent (the "Prepetition Revolver Agent"), the other arrangers and agents party thereto and the lenders party thereto from time to time (the "Prepetition Revolver Lenders"), in respect of loans in the aggregate outstanding principal amount of not less than $12,000,000 and outstanding letters of credit in the face amount of not less than $5,051,858, together with interest accrued thereon and other fees, costs, expenses, indemnities and other obligations owing under the Prepetition Revolver.

The Prepetition Revolver is secured by a first lien on, essentially, accounts receivable, inventory and cash (collectively, the "Prepetition Revolver Priority Collateral") and a third priority lien on the Term Loan Priority Collateral (as defined below), subject to the terms of the Intercreditor Agreement (as defined below).

As described further below, the Debtors used proceeds of their debtor-in-possession senior secured financing facility to pay in full all outstanding obligations owed under the Prepetition Revolver.

2. Prepetition First Lien Claims

As of the Petition Date, all of the Debtors, as borrowers or guarantors, were unconditionally indebted under that certain First Lien Credit Agreement, dated as of July 30, 2013 (as amended, restated, amended and restated, supplemented or otherwise modified, and together with its related agreements, the "Prepetition First Lien Loan Agreement"), among, *inter alia*, True Religion, as borrower, Delaware Trust, as successor administrative and collateral agent (the "Prepetition First Lien Agent"), the other arrangers and agents party thereto and the lenders party thereto from time to time (the "Prepetition First Lien Lenders"), in respect of loans in the aggregate outstanding principal amount of not less than $386,000,000, together with interest accrued thereon and other fees, costs, expenses, indemnities and other obligations owing under the Prepetition First Lien Facility.

The Prepetition First Lien Loan Agreement is secured by a first priority lien on intellectual property, furniture, fixtures and equipment and certain other assets (collectively, the "Term Loan Priority Collateral") and a second priority lien on the Prepetition Revolver Priority Collateral, subject to the terms of the Intercreditor Agreement.

3. Prepetition Second Lien Claims

As of the Petition Date, all of the Debtors, as borrowers or guarantors, were unconditionally indebted under that certain Second Lien Credit Agreement, dated as of July 30, 2013 (as amended, restated, amended and restated, supplemented or otherwise modified, and together with its related agreements, the "Prepetition Second Lien Loan Agreement"), among, *inter alia*, True Religion, as borrower, Wilmington Trust, as successor administrative and collateral agent (the "Prepetition Second Lien Agent"), the other arrangers and agents party thereto and the lenders party thereto from time to time (the "Prepetition Second Lien Lenders"), in respect of loans in the aggregate outstanding principal amount of not less than $85,000,000, together with interest accrued thereon and other fees, costs, expenses, indemnities and other obligations owing under the Prepetition Second Lien Loan Agreement.

The Prepetition Second Lien Loan Agreement is secured by a second priority lien on the Term Loan Priority Collateral and a third priority lien on the Prepetition Revolver Priority Collateral, subject to the terms of the Intercreditor Agreement.

4. Intercreditor Agreement

The Prepetition Revolver Agent, Prepetition First Lien Agent and Prepetition Second Lien Agent (collectively, the "Prepetition Agents") and each of the Debtors are, *inter alia*, parties to that certain Intercreditor Agreement, dated as of July 30, 2013 (as amended, restated, amended and restated, waived, supplemented or otherwise modified from time to time, the "Intercreditor Agreement"). The Intercreditor Agreement sets forth the relative priority of the respective prepetition liens and security interests of the Prepetition Agents in and to the Prepetition Revolver Priority Collateral and the Term Loan Priority Collateral (collectively, the "Prepetition Collateral") with: (i) the liens and security interests of the Prepetition Revolver Agent having priority over the liens and security interests of the Prepetition First Lien Agent and the Prepetition Second Lien Agent with respect to the Prepetition Revolver Priority Collateral; (ii) the liens and security interests of the Prepetition First Lien Agent having priority over the liens and security interests of the Prepetition Revolver Agent and the Prepetition Second Lien Agent with respect to the Term Loan Priority Collateral; (iii) the liens and security interests of the Prepetition First Lien Agent having priority over the liens and security interests of the Prepetition Second Lien Agent with respect to the Prepetition Revolver Priority Collateral and the Term Loan Priority Collateral; and (iv) the liens and security interests of the Prepetition Second Lien Agent having priority over the liens and security interests of the Prepetition Revolver Agent with respect to the Term Loan Priority Collateral.

5. Other Prepetition Obligations

As of the July 3, 2017, the Debtors had an estimated $8.6 million of aggregate outstanding accounts payable and also owe additional amounts, on an unsecured basis, to vendors, customers, service providers, and landlords.

ARTICLE III.
CHAPTER 11 CASES

A. EVENTS LEADING TO COMMENCEMENT OF THE CHAPTER 11 CASES

1. Negative Shifts in Broader Retail Environment

From 2007 through 2012, the Debtors' business nearly tripled in size with net revenue at $490 million and EBITDA at $92 million in 2013. Beginning in 2013, the Debtors began experiencing declining sales caused by the general trend of consumers away from traditional retail to online shopping. The continuing fundamental shift in consumer behavior away from brick-and-mortar and mall shopping toward online retailing has decreased traffic and negatively impacted sales in the Company's physical locations, as well as the wholesale accounts to which the Company sells. The volume of retailers either going out of business, over-inventoried or closing a significant number of physical locations has created a highly competitive promotional environment wherein the Company must utilize significant promotional efforts to be competitive and attract its fair share of consumer traffic and drive sales.

At the same time, changing consumer preferences in the specialty retail segment, and in particular, premium denim, have compounded the broader retail industry-wide challenges. Denim entered a down cycle in 2013, caused in part by the growth of the "athleisure" trend. Competition has also increased from emerging and established fast fashion and low-priced apparel retailers, which has compressed pricing and put pressure on the Company's gross margin rates. In addition, the rapid rise and high profitability of the premium denim segment before 2013, led in part by the Company, attracted new companies and brands with focused style segmentation/specialization between clean and embellished product, further fragmenting the premium denim consumer base, particularly in the women's category. This increase in available consumer choice and volume of premium denim purveyors eroded overall market share of the Company in the premium denim segment.

In addition to broader industry shifts, the Company's financial performance was further adversely impacted by new product designs launched by the Company that failed to resonate with the consumer and investments in brand repositioning through new store concepts that performed below expectations.

2. Internal Operational Restructuring Initiatives

In response to declining performance, the Company has made several concerted internal restructuring efforts. First, the Company changed senior leadership in 2015, hiring a new Chief Executive Officer, Chief Marketing Officer and Vice President of Sourcing. In order to reduce costs, the Company also accelerated the shift to offshore manufacturing. Moreover, the Company has undertaken a targeted and tenacious reduction in SG&A costs in areas such as reductions in force, modifying retail incentive plans, consolidating delivery, negotiating with vendors, and reducing travel, expense and sample spending, among other cost-cutting efforts.

Such measures showed promise as early results indicated that the business was stabilizing and the decline between current year and prior year EBITDA was shrinking. However, in early 2016, the Company saw further deterioration in customer traffic, top line business, gross margins and EBITDA. As a result, the Company addressed the decline in performance through a variety of additional initiatives, including but not limited to:

- evaluating and reducing the store fleet, including closing 20 unprofitable retail stores in 2016;

- focusing the product range to enhance brand perception and reinforce product messaging;
- redirecting resources in support of digital commerce to drive increased sales in this growth channel, enhance customer intelligence and significantly add customers to the Company's data base;
- increasing brand awareness through social media campaigns;
- streamlining the timeline between design and go-to-market;
- implementing a targeted reduction-in-force at corporate headquarters by approximately 25%; and
- hiring a new Chief Financial Officer in August 2016.

The Debtors have undertaken a critical and extensive evaluation of their lease portfolio, including engaging various real estate professional firms from time to time to assist them in their efforts. As a result, the Debtors have been engaged in landlord discussions either for re-negotiation of terms or a consensual termination of various leases and expect that these discussions will continue post-petition. In recent years, the Debtors have closed 30 underperforming locations worldwide and anticipate closing additional locations in 2017.

Although all these internal efforts have helped the bottom line, the Company could not change its trajectory quickly enough given the broader industry headwinds, looming debt maturity date, and high occupancy costs (even after taking into account the reduced store footprint). While the Company possessed ample liquidity, it realized its long-term prospects would be greatly enhanced by reducing outstanding debt. In March 2016, the Company retained a financial advisory firm, MAEVA Group, LLC ("MAEVA"), to assist and advise the Company in business strategy, financial forecasting, and devising and assessing potential restructuring proposals and any potential restructuring transaction.

3. Creditor Negotiations and Entry into Restructuring Support Agreement

Equity Parent and the Company realized that without a balance sheet restructuring, there would be limited ability for growth going forward. In order to address the Company's over-levered balance sheet and proactively address its 2019 and 2020 debt maturities under the Prepetition First Lien Loan Agreement and Prepetition Second Lien Loan Agreement, the Company, led by Equity Parent, and with the advice and support of MAEVA, reached out to its secured lenders. The Company and Equity Parent began discussions with certain Prepetition First Lien Lenders and Prepetition Second Lien Lenders in September 2016. Since November 2016, the Company and Equity Parent have been in active negotiations with an ad hoc group of Prepetition First Lien Lenders and Prepetition Second Lien Lenders (the "Ad Hoc Group").

The Debtors (with MAEVA), Equity Parent, and the Consenting Creditors, through their lead counsel (Akin Gump Strauss Hauer & Feld LLP) and their financial advisor (Moelis & Company, LLP) (collectively, the "Consenting Creditors' Professionals") attended several in-person meetings and exchanged several comprehensive restructuring proposals to right size the Debtors' balance sheet and enable the Debtors to be well-positioned going forward from an operational perspective.

In addition, in the months leading up to the commencement of these Chapter 11 Cases, the Company executed multiple forbearance agreements and limited waivers with the Prepetition Revolver Lenders, the Prepetition First Lien Lenders and the Prepetition Second Lien Lenders, providing the Company with interim covenant relief as the parties worked towards a consensual restructuring.

The negotiations between the Company, Equity Parent, and the Ad Hoc Group culminated in the entry into that certain Restructuring Support Agreement on July 4, 2017 between the Company, Equity Parent, and the Consenting Creditors (as amended, supplemented or otherwise modified in accordance with its terms from time to time, the "Restructuring Support Agreement").

The Restructuring Support Agreement outlines the terms of a plan of reorganization that will allow the Company to quickly emerge from Chapter 11 with a balance sheet that has $353.6 million less funded debt and other reduction in liabilities while simultaneously providing the Company an opportunity to execute on its operational restructuring strategies outlined above. With a significantly deleveraged balance sheet and support from the Consenting Creditors, the Company will be positioned for long-term growth and be in a position to continue to implement and execute its turnaround plan. Substantially all holders of the Debtors' Prepetition First Lien Claims have signed the Restructuring Support Agreement, even though the Plan contemplates distributions to other creditors and to equityholders, subject to the terms of the Plan.

The Restructuring Support Agreement obligates the Debtors to, among other things, take all necessary action reasonably required to propose and seek confirmation of the Plan in accordance with the following milestones:

(i) (A) the date that is five (5) Business Days following the Petition Date, obtain entry of the Interim DIP Order and (B) the date that is thirty-nine (39) days following the Petition Date, obtain entry of the Final DIP Order;

(ii) sixty-four (64) calendar days following the Petition Date (subject to modification), the Bankruptcy Court shall have entered the Disclosure Statement Order in form and substance reasonably acceptable to the Company and the Required Consenting Creditors;

(iii) the date that is ninety nine (99) calendar days following the Petition Date (subject to modification), unless the Bankruptcy Court shall have entered a Confirmation Order in form and substance acceptable to the Company and the Required Consenting Creditors; and

(iv) the date that is the earlier of one hundred and nineteen (119) calendar days following the Petition Date and October 29, 2017 (subject to modification), unless there shall have occurred a substantial consummation (as defined in section 1101 of the Bankruptcy Code) of the Plan.

In the event that any of these milestones are not satisfied, then the Required Consenting Creditors may seek to terminate the Restructuring Support Agreement in accordance with its terms and, with it, the Consenting Creditors' support of the Plan.

In connection with the Restructuring Support Agreement, the Debtors also obtained the Consenting Creditors' support of the Debtors' use of cash collateral and the Debtors' proposed debtor-in-possession financing facility, as further described below.

Consistent with the Restructuring Support Agreement, on July 5, 2017, the Debtors commenced these voluntary Chapter 11 Cases. The entities that filed for Chapter 11 are obligors

under each of the Debtors' funded debt facilities. The Debtors' foreign non-Debtor affiliates have not been filed as part of these Chapter 11 Cases.

Notwithstanding anything in the Plan or in this Disclosure Statement to the contrary, so long as the Restructuring Support Agreement has not been terminated in accordance with its terms, any and all consents and approval rights of the respective parties as set forth in the Restructuring Support Agreement with respect to (i) the form and substance of the Plan, (ii) the documents to be Filed as part of the Plan Supplement, (iii) the other Plan Documents, (iv) any other orders or documents referenced herein or otherwise to be executed in connection with the transactions contemplated hereunder, and/or (v) any other Restructuring Documents (as defined in the Restructuring Support Agreement), including, in each case, any amendments, restatements, supplements, or other modifications thereto, and any consents, waivers, or other deviations under or from any such documents, are expressly incorporated into the Plan by reference and fully enforceable as if stated in full therein. To the extent that there is any inconsistency between the Restructuring Support Agreement, on the one hand, and the Plan, on the other hand, as to such consents and the approval rights and the Restructuring Support Agreement has not been terminated, then the consents and the approval rights required in the Restructuring Support Agreement shall govern.

Further, notwithstanding any rights of approval that may exist pursuant to the Restructuring Support Agreement or otherwise as to the form or substance of the Disclosure Statement, the Plan or any other document relating to the transactions contemplated hereunder or thereunder, neither the Ad Hoc Group, nor their respective representatives, members, financial or legal advisors, or agents, has independently verified the information contained herein or takes any responsibility therefor and none of the foregoing entities or persons makes any representations or warranties whatsoever concerning the information contained in the Plan or in this Disclosure Statement.

B. DEBTOR IN POSSESSION FINANCING

On the Petition Date, the Debtors sought Bankruptcy Court approval of a senior secured, superpriority debtor-in-possession financing facility (as amended, modified, or supplemented from time to time, the "DIP Facility") extended by Citizens Bank, N.A., a third party lender (the "DIP Lender"). The DIP Facility provides the Debtors access to a $60 million revolving credit facility (the "DIP Revolver"), which includes a $20 million sublimit for the issuance of letters of credit (the "Letters of Credit") issued by the DIP Lender.

On July [•], 2017, the Bankruptcy Court approved the DIP Facility on an interim basis (the "Interim DIP Order") on the terms set forth in the debtor-in-possession credit agreement (as amended, modified, or supplemented from time to time, the "DIP Credit Agreement").

Pursuant to the DIP Credit Agreement and the Interim DIP Order, the Debtors used proceeds of the DIP Facility to pay in full the outstanding obligations under the Prepetition Revolver Facility. The DIP Facility also provided the Company with liquidity to, among other things: (a) continue to operate their business in an orderly manner; (b) maintain their valuable relationships with vendors, shippers, suppliers, customers and employees; (c) pay various administrative professionals' fees to be incurred in the Chapter 11 Cases; and (d) support the Debtors' working capital, general corporate and overall operational needs – all of which are necessary to preserve and maintain the going concern value of the Debtors' business and, ultimately, help ensure a successful reorganization under the Plan.

The DIP Credit Agreement obligates the Debtors to, among other things, take all necessary action reasonably required to propose and seek confirmation of the Plan in accordance with the following milestones:

- On the Petition Date, the Debtors shall file a motion seeking approval of the facility evidenced by the DIP Facility.
- On or before 5 business days after the Petition Date, the Interim Order shall have been entered by the Bankruptcy Court.
- On or before 10 days after the Petition Date, the Debtors shall have filed a motion requesting, and within 35 days after the Petition Date shall have obtained, an order of the Bankruptcy Court extending the lease assumption/rejection period such that the lease assumption/rejection period shall be 210 days.
- On or before 40 days after the Petition Date, the Final Order authorizing and approving the DIP Facility on a final basis shall have been entered by the Bankruptcy Court.
- On the Petition Date, the Debtors shall have filed the Plan and Disclosure Statement, which Plan shall be supported by committed financing and a plan support agreement from the lenders under the Prepetition First Lien Term Loan Agreement and shall provide, among other things, for payment in full in cash of the obligations under the DIP Facility.
- On or before 65 days after the Petition Date, the Debtors shall have obtained an order from the Bankruptcy Court approving the Disclosure Statement and voting and solicitation procedures for the Plan and the DIP Agent shall be satisfied that the Plan is reasonably anticipated to become effective on or prior to the 120th day after the Petition Date (an "Acceptable Plan").
- On or before 100 days after the Petition Date, the Debtors shall have obtained an order from the Bankruptcy Court confirming an Acceptable Plan.
- On or before the earlier of (a) 120 days after the Petition Date and (b) October 30, 2017, the effective date of the Acceptable Plan shall have occurred in accordance with its terms, and the Debtors shall have emerged from Chapter 11.
- On or before 65 days after the Petition Date, the Debtors shall have filed with the Bankruptcy Court proposed bid procedures for a sale of the Debtors' assets consistent with the remedies provided in the DIP Agreement.

Concurrent with its commitment to enter into the DIP Facility, Citizens Bank, N.A. also committed to provide the exit financing required by the Debtors to consummate the Plan.

C. FIRST AND SECOND DAY RELIEF

Upon commencing the Chapter 11 Cases, the Debtors filed a number of motions (the "First Day Motions") with the Bankruptcy Court seeking relief designed to, among other things, prevent interruptions to the Debtors' business, ease the strain on the Debtors' relationships with certain essential constituents, including employees, vendors, customers and utility providers, provide access to much needed working capital and allow the Debtors to retain certain advisors to assist them with the administration of the Chapter 11 Cases. A first day hearing was held on July [•], 2017. A second day hearing is scheduled for July [•], 2017, at which the Bankruptcy Court will consider approval of the First Day Motions on a final basis and certain additional relief requested by the Debtors.

1. Procedural Motions

To facilitate a smooth and efficient administration of these Chapter 11 Cases, the Debtors have filed certain "procedural" motions requesting orders for:

- joint administration of the Debtors' Chapter 11 Cases;
- preparing a list of creditors and filing a consolidated list of their thirty (30) largest unsecured creditors;
- filing a consolidated list of creditors in lieu of submitting separate mailing matrices for each Debtor;
- enforcing the automatic stay and bankruptcy termination provisions of the Bankruptcy Code; and
- establishing procedures for interim compensation and reimbursement of expenses for Professionals and Committee members.

2. Stabilizing Operations

Recognizing that any interruption of the Debtors' business, even for a brief period of time, would negatively impact their operations, customer relationships, revenue and profits, and facilitate a stabilization of their businesses and effectuate a smooth transition into operating as debtors in possession, the Debtors sought and obtained orders authorizing them to:

- maintain and administer customer programs and honor their obligations arising under or relating to those customer programs
- pay prepetition wages, salaries and other compensation, reimbursable employee expenses and employee medical and similar benefits;
- determine adequate assurance for future utility service and establish procedures for utility providers to object to such assurance;
- continue insurance coverage, including performance under their self-insurance programs, and enter into new insurance policies, if necessary;
- establish certain procedures for certain transfers with respect to Equity Interests;
- pay claims held by shippers/warehousemen who may be in possession of the Debtors' goods as of the Petition Date;
- maintain their existing cash management systems;
- remit and pay certain taxes and fees;
- pay administrative expense claims arising under Bankruptcy Code section 503(b)(9).

In addition to the foregoing relief, to prevent the imposition of the automatic stay from disrupting their business and to ensure continued deliveries on favorable credit terms, the Debtors sought and obtained Bankruptcy Court approval to pay the prepetition claims of certain vendors and third-party service providers who the Debtors believed were essential to the ongoing operation of their business. Importantly, the Debtors had discretion to condition payments of these prepetition claims on the vendor's execution of a vendor agreement, which, among other things, provided the Debtors with the opportunity to obtain customary trade terms throughout the

pendency of these Chapter 11 Cases. The Debtors' ability to pay the Claims of these vendors and service providers was critical to maintaining their ongoing business operations at the early stages of their Chapter 11 Cases.

3. Retention of Chapter 11 Advisors

The Debtors are in the process of retaining these advisors to assist them in carrying out their duties and to represent their interests in the Chapter 11 Cases:

(a) Pachulski Stang Ziehl and Jones LLC, as restructuring counsel;

(b) MAEVA Group, LLC as financial advisor; and

(c) Prime Clerk LLC, as voting and solicitation agent.

D. OTHER MATERIAL EVENTS IN THE CHAPTER 11 CASES

1. Claims Bar Date

On the Petition Date, the Debtors filed a motion (the "Bar Date Motion") seeking to establish September 15, 2017, as the deadline by which all persons and entities must file and serve proofs of claim asserting claims that arose on or prior to the Petition Date, including claims asserted pursuant to section 503(b)(9) of the Bankruptcy Code against the Debtors in these Chapter 11 Cases (the "Claims Bar Date"). By the same motion, the Debtors also requested that the Court establish January 2, 2018, as the deadline by which all governmental units must file and serve proofs of claim asserting prepetition claims against any of the Debtors in these Chapter 11 Cases (the "Government Bar Date"). The Bankruptcy Court is scheduled to hear the Bar Date Motion at the hearing on [_____], 2017.

2. Executory Contract and Unexpired Lease Rejection Procedures Motion

In connection with their restructuring efforts, the Debtors are attempting to enhance the competitiveness of their global operations, which, among other things, involves a careful and comprehensive evaluation of all aspects of the Debtors' leases and supply chain. The Debtors intend to utilize the tools afforded a chapter 11 debtor to achieve the necessary cost savings and operational effectiveness envisioned in their revised strategic business plan, including modifying or, in some cases eliminating, burdensome or under-utilized or burdensome agreements and leases. As such, the Debtors are conducting a comprehensive analysis of their executory contracts and unexpired leases and have engaged, and intend to continue to engage, in extensive discussions with contract and lease counterparties regarding the contributions such parties are making to the restructuring process and can make to the post-emergence businesses.

In order to aid these efforts, on the Petition Date, the Debtors filed the *Debtors' Motion for an Order Establishing Procedures for(I) the Rejection of Executory Contracts and Unexpired Leases of Nonresidential Real Property and (II) the Abandonment of any Personal Property that Remains on the Leased Premises* (the "Rejection Procedures Motion") seeking to establish a streamlined set of procedures for the efficient rejection of executory contracts and unexpired leases.

For the executory contracts and unexpired leases that the Debtors have already determined to reject, the Debtors have filed the *Motion for the Entry of an Order Authorizing the Debtors to Reject Certain Executory Contracts and Unexpired Leases Pursuant to 11 U.S.C. § 365, (B) Abandon Any Remaining Personal Property Located at the Leased Premises Pursuant to 11 U.S.C. § 554; and (C) Fix A Bar Date for Claims of Counterparties.*

3. Appointment of the Creditors' Committee

[On [_____], 2017, the United States Trustee appointed the Creditors' Committee pursuant to section 1102 of the Bankruptcy Code. As of the date hereof, the Creditors' Committee consists of (a) [_____]; (b) [____]; and (c) [____].

The Creditors' Committee is in the process of retaining the following professionals: [_____]. [or] [No Creditors' Committee was formed in these Chapter 11 Cases.]

4. Meeting of Creditors

The meeting of creditors pursuant to section 341 of the Bankruptcy Code will be held on [_____ _], 2017. In accordance with Bankruptcy Rule 9001(5) (which requires, at a minimum, that one representative of the Debtors appear at such meeting of creditors for the purpose of being examined by the United States Trustee and other attending parties in interest), one representative of the Debtors, as well as counsel to the Debtors, will attend the meeting and answer questions posed by the United States Trustee and other parties in interest present at the meeting.

ARTICLE IV.
SUMMARY OF THE PLAN

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

A. ADMINISTRATIVE, DIP FACILITY, AND PRIORITY TAX CLAIMS

1. Administrative Expense Claims

On the later of the Effective Date or the date on which an Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or, in each such case, as soon as practicable thereafter, each Holder of an Allowed Administrative Expense Claim, subject to ARTICLE II.B and ARTICLE II.C of the Plan, will receive, in full satisfaction, settlement, discharge and release of, and in exchange for, such Claim either (i) payment in full in Cash for the unpaid portion of such Allowed Administrative Expense Claim; or (ii) such other less favorable treatment as agreed to in writing by the Debtors or Reorganized Debtors, as applicable, and such Holder; provided, however, that Administrative Expense Claims incurred by the Debtors in the ordinary course of business may be paid in the ordinary course of business in the discretion of the Debtors or Reorganized Debtors in accordance with such applicable terms and conditions relating thereto without further notice to or order of the Bankruptcy Court. All statutory fees payable under 28 U.S.C. § 1930(a) shall be paid as such fees become due.

2. Professional Fee Claims

Professionals or other Entities asserting a Professional Fee Claim for services rendered through the Effective Date must File, within seventy-five (75) days after the Effective Date, and serve on the Reorganized Debtors and such other Entities who are designated by the Bankruptcy Rules, the Confirmation Order or other order of the Bankruptcy Court an application for final allowance of such Professional Fee Claim; provided that the Reorganized Debtors will pay Professionals in the ordinary course of business, for any work performed after the Effective Date, including those fees and expenses incurred by Professionals in connection with the implementation and consummation of the Plan, in each case without further application or notice to or order of the Bankruptcy Court in full, in Cash; provided, further, that any professional who may receive compensation or reimbursement of expenses pursuant to the Ordinary Course Professionals Order may continue to receive such compensation and reimbursement of expenses for services rendered before the Effective Date, without further Bankruptcy Court order, pursuant to the Ordinary Course Professionals Order.

Objections to any Professional Fee Claim must be Filed and served on the Reorganized Debtors and the requesting party by the later of (a) ninety (90) days after the Effective Date and (b) thirty (30) days after the Filing of the applicable request for payment of the Professional Fee Claim. Each Holder of an Allowed Professional Fee Claim will be paid by the Reorganized Debtors in Cash within five (5) Business Days of entry of the order approving such Allowed Professional Fee Claim.

3. DIP Facility Claims

If there is a DIP Facility, unless otherwise agreed to by the DIP Lenders, all DIP Facility Claims will be indefeasibly paid and satisfied in full in Cash on the Effective Date in full satisfaction, settlement, discharge and release of, and in exchange for, such DIP Facility Claims. Except as otherwise expressly provided in the DIP Facility, upon indefeasible payment and satisfaction in full of all DIP Facility Claims, the DIP Facility Loan Agreement and all related loan documents, and all Liens and security interests granted to secure the DIP Facility Claims, will be immediately terminated, extinguished and released, and the DIP Agent will promptly execute and deliver to the Reorganized Debtors, at the Reorganized Debtors' sole cost and expense, such instruments of termination, release, satisfaction and/or assignment (in recordable form) as may be reasonably requested by the Reorganized Debtors to effectuate the foregoing. Notwithstanding the foregoing, the DIP Facility Loan Agreement shall continue in effect solely for the purpose of preserving the DIP Agent's and the DIP Lenders' right to any contingent or indemnification obligations of the Debtors pursuant and subject to the terms of the DIP Facility Loan Agreement or DIP Orders.

4. Priority Tax Claims

On the later of (i) the Initial Distribution Date if such Priority Tax Claim is an Allowed Priority Tax Claim as of the Effective Date or (ii) the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim will receive in full satisfaction, settlement, discharge and release of, and in exchange for, such Allowed Priority Tax Claim, at the election of the Debtors, with the consent of the Required Consenting Creditors, or Reorganized Debtors: (1) Cash in an amount equal to the amount of such Allowed Priority Tax Claim; (2) Cash in an amount agreed to by such Holder and the Debtors or Reorganized Debtors, as applicable, with the consent of the Required Consenting Creditors; provided, however, that such parties may further agree for the payment of such Allowed Priority Tax Claim at a later date; or (3) at the option of the Debtors, with the consent of the Required Consenting Creditors, Cash in an aggregate amount of such Allowed Priority Claim payable in installment payments over a period not more than five years after the Petition Date,

pursuant to section 1129(a)(9)(C) of the Bankruptcy Code. Payment of statutory fees due pursuant to 28 U.S.C. § 1930(a)(6) will be made at all appropriate times until the entry of a final decree; provided, however, that the Debtors, with the consent of the Required Consenting Creditors, or Reorganized Debtors, as applicable, may prepay any or all such Claims at any time, without premium or penalty.

B. CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

1. Summary

All Claims and Equity Interests, except Administrative Expense Claims (including DIP Facility Claims and Professional Fee Claims) and Priority Tax Claims, are classified in the Classes set forth below. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims have not been classified.

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

Summary of Classification and Treatment of Classified Claims and Equity Interests

Class	Claim	Status	Voting Rights
1	Non-Tax Priority Claims	Unimpaired	Deemed to Accept
2	Miscellaneous Secured Claims	Unimpaired	Deemed to Accept
3	Prepetition First Lien Claims	Impaired	Entitled to Vote
4	Continuing Operations Claims	Unimpaired	Deemed to Accept
5	General Unsecured Claims	Impaired	Entitled to Vote
6	Equity Interests in Holdings	Impaired	Entitled to Vote
7	Intercompany Interests	Unimpaired	Deemed to Accept

2. Elimination of Vacant Classes

Any Class that, as of the commencement of the Confirmation Hearing, does not have at least one Holder of a Claim or Equity Interest that is Allowed in an amount greater than zero for voting purposes shall be considered vacant, deemed eliminated from the Plan for purposes of voting to accept or reject the Plan, and disregarded for purposes of determining whether the Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to such Class.

3. Voting; Presumptions; Solicitation in Good Faith

Holders of Allowed Claims in Class 3, Class 5, and Class 6 are entitled to vote to accept or reject the Plan. Holders of Claims in Classes 3, 5, and 6 will receive ballots containing detailed voting instructions. An Impaired Class of Claims shall have accepted the Plan if (i) the Holders of at least two-thirds (2/3) in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (ii) the Holders of more than one-half (1/2) in number of the Allowed Claims actually voting in such Class have voted to accept the Plan. If Equity Interests in an Impaired Class were to receive any consideration in exchange for the Equity Interests, then such Impaired Class of Equity Interests shall have accepted the Plan if the Holders of at least two-thirds (2/3) in amount of the Allowed Equity Interests actually voting in such Class have voted to accept the Plan.

Claims in Class 1, Class 2 and Class 4 are Unimpaired, and the Holders of Class 1 Claims, Class 2 Claims and Class 4 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Class 1 Claims, Class 2 Claims, and Class 4 Claims are not entitled to vote to accept or reject the Plan and will not receive Ballots.

The Debtors have, and upon the Effective Date the Reorganized Debtors shall be deemed to have, solicited votes on the Plan from the Voting Classes in good faith and in compliance with the applicable provisions of the Bankruptcy Code. Accordingly, the Debtors and the Reorganized Debtors and each of their respective Related Persons shall be entitled to, and upon the Confirmation Date are hereby granted, the protections of section 1125(e) of the Bankruptcy Code.

Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date, no Claim or Equity Interest will become an Allowed Claim or Allowed Equity Interest unless and until such Claim or Equity Interest is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order in the Chapter 11 Cases allowing such Claim or Equity Interest. Notwithstanding anything to the contrary in the Plan, after the Effective Date and subject to the other provisions of the Plan, the Reorganized Debtors will have and will retain any and all rights and defenses under bankruptcy or nonbankruptcy law that the Debtors had with respect to any Claim, except with respect to any Claim Allowed by order of the Bankruptcy Court.

4. Cramdown

If any Class of Claims or Interests is deemed to reject the Plan or is entitled to vote on the Plan and does not vote to accept the Plan, the Debtors may, subject to the terms of the Restructuring Support Agreement, (i) seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code or (ii) amend or modify the Plan in accordance with the terms thereof and the Bankruptcy Code. If a controversy arises as to whether any Claims or Interests, or any class of Claims or Interests, are impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

C. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

1. Class 1 – Non-Tax Priority Claims

Classification: Class 1 consists of the Non-Tax Priority Claims.

Treatment: Each Holder of an Allowed Class 1 Claim will receive in full satisfaction, settlement, discharge and release of, and in exchange for, such Allowed Class 1 Claim:

(a) Cash equal to the amount of such Allowed Class 1 Claim on the later of (a) the Initial Distribution Date if such Class 1 Claim is an Allowed Class 1 Claim on the Effective Date, (b) the date on which such Class 1 Claim becomes an Allowed Class 1 Claim or (c) the date due in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Class 1 Claim; or

(b) At the election of the Debtors, in consultation with the Required Consenting Creditors, such other less favorable treatment as to which the Holder of such Allowed Class 1 Claim and the Debtors or Reorganized Debtors, as applicable, agree in writing.

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

2. Class 2 – Miscellaneous Secured Claims

Classification: Class 2 consists of the Miscellaneous Secured Claims.

Treatment: Each Holder of an Allowed Class 2 Claim will receive in full satisfaction, settlement, discharge and release of, and in exchange for, such Allowed Class 2 Claim:

(a) Cash equal to the amount of such Allowed Class 2 Claim on the later of (a) the Initial Distribution Date if such Class 2 Claim is an Allowed Class 2 Claim on the Effective Date or (b) the date on which such Class 2 Claim becomes an Allowed Class 2 Claim; or

(b) At the election of the Debtors, with the consent of the Required Consenting Creditors or Reorganized Debtors, as applicable, either:

i. Reinstatement (with the Holder, as applicable, retaining the Liens securing its Allowed Miscellaneous Secured Claim as of the Effective Date until full and final payment thereof);

ii. Return of the Collateral securing such Allowed Class 2 Claim by the Initial Distribution Date; or

iii. Such other less favorable treatment as to which the Holder of such Allowed Class 2 Claim and the Debtors or Reorganized Debtors, as applicable, will have agreed upon in writing.

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

3. Class 3 – Prepetition First Lien Claims

Classification: Class 3 consists of the Prepetition First Lien Claims.

Allowance: Notwithstanding any provisions of the Plan to the contrary, the Prepetition First Lien Claims will be deemed Allowed Claims in the aggregate amount of $386,000,000, plus accrued and unpaid interest, fees and expenses.

Treatment: On the Effective Date each Holder of an Allowed Prepetition First Lien Claim will receive, in full satisfaction, settlement, discharge and release of, and in exchange for, such Allowed Prepetition First Lien Claim, its Pro Rata share of:

(a) Reorganized First Lien Term Loans in the aggregate principal amount of $110 million under the Reorganized First Lien Term Loan Facility; and;

(b) (i) if each of Class 3, Class 5 and Class 6 vote to accept the Plan, the number of Exchange Common Shares equal to 90.0% of the maximum number of Exchange Common Shares distributable under the Plan (prior to taking into account any exercise of the Class 5 Equity Cash Out Option, if applicable). To the extent any Holder of an Allowed General Unsecured Claim exercises the Class 5 Equity Cash Out Option, the percentage of New Common Shares received by Holders of Allowed Class 3 and Class 6 Claims will automatically adjust on a Pro Rata basis to reflect such exercise without the need to issue any additional New Common Shares; or (ii) if either of Class 5 or Class 6 votes to reject the Plan, the number of Exchange Common Shares equal to 94.5% of the Exchange Common Shares.

Impairment and Voting: Class 3 is Impaired, and Holders of Class 3 Claims are entitled to vote to accept or reject the Plan and will receive Ballots.

4. Class 4 – Continuing Operations Claims

Classification: Class 4 consists of the Continuing Operations Claims.

Treatment: Each Continuing Operations Creditor will receive in full satisfaction, settlement, discharge and release of, and partially in exchange for, its Allowed Continuing Operations Claim:

(a) Cash or such other consideration due under the applicable Allowed Class 4 Claim equal to the amount of such Allowed Class 4 Claim payable on the later of (a) the Initial Distribution Date if such Class 4 Claim is an Allowed Class 4 Claim on the Effective Date, (b) the date on which such Class 4 Claim becomes an Allowed Class 4 Claim, or (c) the

date such treatment is due in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Class 4 Claim;

(b) Such other less favorable treatment as to which the Debtors, with the consent of the Required Consenting Creditors (which consent may be obtained by the Debtors by providing reasonable negative notice of their determinations or the principles they will apply in making them), or Reorganized Debtors and the Holder of such Allowed Class 4 Claim will have agreed upon in writing; or

(c) Reinstatement or such other treatment rendering such Claim Unimpaired.

Impairment and Voting: Continuing Operations Creditors will not receive Ballots and will not be entitled to vote. Class 4 is Unimpaired, and the Holders of Class 4 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Thus, Class 4 Claims are not entitled to vote to accept or reject the Plan.

5. Class 5 – General Unsecured Claims

Classification: Class 5 consists of the General Unsecured Claims.

Allowance of Prepetition Second Lien Claims. Notwithstanding any provisions of the Plan to the contrary the Prepetition Second Lien Claims will be deemed Allowed General Unsecured Claims in the aggregate amount $85,000,000, plus accrued and unpaid interest, fees and expenses.

Treatment: By the later of (x) fourteen (14) days after the Rejection Claim Bar Date and (y) the date from or after the Effective Date on which such General Unsecured Claim first is an Allowed General Unsecured Claim, or, in each case, as soon as reasonably practicable thereafter, each Holder of an Allowed General Unsecured Claim will receive, in full satisfaction, settlement, discharge and release of, and in exchange for, such Allowed General Unsecured Claim its Pro Rata share of the Class 5 Default Consideration, consisting of:

(a) Reorganized First Lien Term Loans in the aggregate principal amount of $2.5 million under the Reorganized First Lien Term Loan Facility;

(b) the number of Exchange Common Shares equal to 5.5% of the maximum number of Exchange Common Shares distributable under the Plan; and

(c) Class A Warrants.

Only if Class 5 votes to accept the Plan, by the later of (x) fourteen (14) days after the Rejection Claim Bar Date and (y) the date from or after the Effective Date on which such General Unsecured Claim first is an Allowed General Unsecured Claim, or, in each case, as soon as reasonably practicable thereafter, each Holder of an Allowed General Unsecured Claim, in full satisfaction, settlement, discharge and release of, and in

exchange for, such Allowed General Unsecured Claims, also will receive the Class 5 Consensual Plan Consideration, consisting of:

(a) its Pro Rata share of $1,000,000 in Cash;

(b) its Pro Rata share of additional Reorganized First Lien Term Loans in the aggregate principal amount of $2.0 million under the Reorganized First Lien Term Loan Facility; provided, however, if any Holder of an Allowed General Unsecured Claim is a Class 5 Electing Holder, such Holder will receive the Class 5 Warrants for Debt Treatment with respect to its Class 5 Swapped Debt; and

(c) the Class 5 Equity Cash Out Option.

Impairment and Voting: Class 5 is Impaired, and Holders of Class 5 Claims are entitled to vote to accept or reject the Plan and will receive ballots.

6. Class 6 – Equity Interests in Holdings

Classification: Class 6 consists of the Equity Interests in Holdings.

Treatment: On the Effective Date, and solely to the extent that each of Class 3, Class 5 and Class 6 vote to accept the Plan, each Holder of an Equity Interest in Holdings will receive, in full satisfaction, settlement, discharge and release of, and in exchange for, such Equity Interest in Holdings, its Pro Rata share of:

(a) The number of Exchange Common Shares equal to 4.5% of the maximum number of Exchange Common Shares distributable under the Plan (prior to taking into account any exercise of the Class 5 Equity Cash Out Option, if applicable). To the extent any Holder of an Allowed General Unsecured Claim exercises the Class 5 Equity Cash Out Option, the percentage of New Common Shares received by Holders of Allowed Class 3 and Class 6 Claims will automatically adjust on a Pro Rata basis to reflect such exercise without the need to issue any additional New Common Shares;

(b) Class B Warrants; and

(c) Class C Warrants.

If any of Class 3, Class 5 or Class 6 votes to reject the Plan, Holders of Equity Interests in Holdings shall receive no recovery, and (x) the above-referenced 4.5% of the Exchange Common Shares shall be distributed Pro Rata to the Holders of Class 3 Prepetition First Lien Claims, as set forth in ARTICLE III.C.3 hereof and (y) the Class B Warrants and Class C Warrants shall not be issued.

Impairment and Voting: Class 6 is Impaired, and Holders of Class 6 Claims are entitled to vote to accept or reject the Plan.

7. Class 7 – Intercompany Interests

Classification: Class 7 consists of the Intercompany Interests.

Treatment: Each Allowed Intercompany Interest shall be Reinstated for purposes of the Subsidiary Structure Maintenance.

Impairment and Voting: Class 7 is Unimpaired, and Holders of Intercompany Interests are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Thus, the Holders of the Intercompany Interests are not entitled to vote to accept or reject the Plan and will not receive Ballots.

D. SPECIAL PROVISION GOVERNING CLAIMS RELATED TO ASSUMED EXECUTORY CONTRACTS OR UNEXPIRED LEASES AND UNIMPAIRED CLAIMS

Obligations with respect to assumed Executory Contracts and Unexpired Leases are separately addressed in ARTICLE VI of the Plan. Except as otherwise provided in the Plan, nothing under the Plan will affect the Debtors' rights in respect of any Unimpaired Claims, cure obligations as to any arrears or defaults that may exist with respect to contracts to be assumed under the Plan, or the performance of assumed obligations under such Executory Contracts or Unexpired Leases, including, without limitation, all rights in respect of legal and equitable defenses thereto, or setoffs or recoupments there against.

E. ACCEPTANCE OR REJECTION OF THE PLAN

1. Presumed Acceptance of Plan

Classes 1, 2, and 4 are Unimpaired under the Plan, and are, therefore, presumed to have accepted the Plan pursuant to section 1126 of the Bankruptcy Code.

2. Voting Classes

Each Holder of an Allowed Claim or Allowed Equity Interest in Holdings as of the applicable Voting Record Date in the Voting Classes (Classes 3, 5, and 6) will be entitled to vote to accept or reject the Plan.

3. Acceptance by Impaired Classes of Claims and Equity Interests

Except as otherwise provided in section 1126(e) of the Bankruptcy Code, (i) pursuant to section 1126(c) of the Bankruptcy Code, an Impaired Class of Claims has accepted the Plan if (x) the Holders of at least two-thirds (2/3) in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (y) the Holders of more than one-half (1/2) in number of the Allowed Claims actually voting in such Class have voted to accept the Plan and (ii) pursuant to section 1126(d) of the Bankruptcy Code, an Impaired Class of Equity Interests has accepted the Plan if Holders of at least two-thirds (2/3) in amount of the Allowed Equity Interests actually voting in such Class have voted to accept the Plan.

4. Cramdown; Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code

If any Class of Claims or Equity Interests is deemed to reject the Plan or is entitled to vote on the Plan and does not vote to accept the Plan, the Debtors may, subject to any consent that may be required in the Plan or under the Restructuring Support Agreement, (i) seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code or (ii) amend or modify the Plan, or any Exhibit, Plan Schedule or Plan Document, in accordance with the terms hereof and the Bankruptcy Code, in order to satisfy the requirements of section 1129(b) of the

Bankruptcy Code, if necessary. If a controversy arises as to whether any Claims or Equity Interests, or any class of Claims or Equity Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

5. Continuing Susceptibility to Claim Objection; Solicitation in Good Faith

The Debtors have, and upon the Effective Date the Reorganized Debtors shall be deemed to have, solicited votes on the Plan from the Voting Classes in good faith and in compliance with the applicable provisions of the Bankruptcy Code. Accordingly, the Debtors and the Reorganized Debtors and each of their respective Related Persons shall be entitled to, and upon the Confirmation Date are hereby granted, the protections of section 1125(e) of the Bankruptcy Code.

Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date, no Claim or Equity Interest will become an Allowed Claim or Allowed Equity Interest unless and until such Claim or Equity Interest is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order in the Chapter 11 Cases allowing such Claim or Equity Interest. Notwithstanding anything to the contrary in the Plan, after the Effective Date and subject to the other provisions of the Plan, the Reorganized Debtors will have and will retain any and all rights and defenses under bankruptcy or nonbankruptcy law that the Debtors had with respect to any Claim, except with respect to any Claim Allowed by order of the Bankruptcy Court.

F. MEANS FOR IMPLEMENTATION OF THE PLAN

1. General Settlement of Claims

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan will constitute a good faith and integrated compromise and global settlement of all Claims and Equity Interests and controversies resolved pursuant to the Plan.

2. Corporate Existence

The Debtors all will continue to exist after the Effective Date as separate legal entities, with all of the powers of corporations, limited liability companies, memberships and partnerships pursuant to the applicable law in their states of incorporation or organization subject to the terms of the Plan and the Alternative Structures. The respective articles or certificate of incorporation and bylaws (or other applicable formation documents) in effect prior to the Effective Date for each Debtor shall continue to be in effect after the Effective Date, except (i) with respect to Reorganized Holdings, as to which there shall be new articles of incorporation and by-laws or other applicable organizational documents as set forth in the Amended Organization Documents Filed as an Exhibit with the Plan Supplement and (ii) other Debtor's articles or certificate of incorporation or bylaws (or other formation documents) may be amended pursuant to the Plan.

On or after the Confirmation Date or as soon thereafter as is reasonably practicable, the Debtors or Reorganized Debtors, as applicable, may undertake the Restructuring Transactions and, to the extent determined necessary or appropriate by the Debtors, with the consent of the Required Consenting Creditors, or the Reorganized Debtors, as applicable or their successors, may take all other actions to effect any transaction described in, approved by, or necessary or appropriate to effectuate the Plan and that is consistent with the Restructuring Support Agreement, including, without limitation: (i) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition,

transfer, dissolution, name change, Chapter 11 Case closing, plans of reorganization, transfer or extinguishment of Intercompany Interests among the Reorganized Debtors or other successors to, or Affiliates of, the Debtors, or liquidation, containing terms that are consistent with the terms of the Plan and the Plan Documents and that satisfy the requirements of applicable law and any other terms to which the applicable entities may agree (the "Alternative Structures"); (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any Asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms to which the applicable parties agree; (iii) the filing of appropriate certificates or articles of formation or incorporation and amendments thereto, reincorporation, merger, consolidation, conversion, or dissolution pursuant to applicable law; (iv) the Restructuring Transactions; and (v) all other actions that the applicable entities determine to be necessary or appropriate, including, without limitation, making filings or recordings that may be required by applicable law in connection with such transactions.

3. Vesting of Assets in the Reorganized Debtors

Except as otherwise provided in the Plan or the Confirmation Order, on or after the Effective Date, all property and Assets of the Estates (including, without limitation, Causes of Action and, unless otherwise waived or released pursuant to an order of the Bankruptcy Court or the Plan, Avoidance Actions) and any property and Assets acquired by the Debtors pursuant to the Plan will vest in the Reorganized Debtors or their successor, including under the Alternative Structures, free and clear of all Liens, Claims, charges or other encumbrances. Except as may be otherwise provided in the Plan, on and after the Effective Date, the Reorganized Debtors or their successors may operate their businesses and may use, acquire or dispose of property and compromise or settle any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the Confirmation Order. Without limiting the foregoing, the Reorganized Debtors will pay the charges that they incur after the Effective Date for Professionals' fees, disbursements, expenses or related support services (including reasonable fees relating to the preparation of Professional fee applications) in the ordinary course of business and without application or notice to, or order of, the Bankruptcy Court.

4. New ABL Facility

The Debtors shall use their best efforts to enter into the New ABL Facility on or before the Effective Date. The DIP Lenders may become the New ABL Lenders and the DIP Facility Loan Agreement may be amended to become the New ABL Facility. Regardless, the New ABL Facility shall be in form and substance reasonably acceptable to the Required Consenting Creditors. The Confirmation Order shall be deemed approval of the New ABL Facility and the New ABL Facility Documents, as applicable, and all transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized Debtors in connection therewith, including the payment of all fees, indemnities, and expenses provided for therein, and authorization of the Reorganized Debtors to enter into and execute the New ABL Facility Documents and such other documents as may be required to effectuate the treatment afforded by the New ABL Facility. If the Debtors enter into the New ABL Facility on the Effective Date, then, on the Effective Date, all of the Liens and security interests to be granted in accordance with the New ABL Facility Documents (a) shall be deemed to be granted, (b) shall be legal, binding, and enforceable Liens on, and security interests in, the collateral granted thereunder in accordance with the terms of the New ABL Facility Documents, (c) shall be deemed perfected on the Effective Date, subject only to such Liens and security interests as may be permitted under the New ABL Facility Documents, and (d) shall not be subject to recharacterization or equitable subordination for any purposes whatsoever and shall not constitute preferential transfers or fraudulent conveyances under the Bankruptcy Code or any applicable non-bankruptcy law.

The New ABL Facility shall provide, as of the Effective Date, sufficient funding or deemed funding, together with the Debtors' Cash on hand, to satisfy any DIP Facility Claims and obligations to pay Cash on the Effective Date of the Plan in full.

5. Reorganized First Lien Term Loan Facility

As provided in the Plan's treatment of certain Allowed Claims, on the Effective Date, Reorganized Holdings shall issue to certain Holders of Allowed Claims in partial exchange for their Allowed Claims, the Reorganized First Lien Term Loans under the Reorganized First Lien Term Loan Facility. The Reorganized First Lien Term Loan Facility shall be governed by the Reorganized First Lien Term Loan Documents, which shall be consistent with, and subject to the approvals and consents as to form and substance set forth in the Restructuring Support Agreement. The obligations of the Reorganized Debtors under the Reorganized First Lien Term Loan Facility shall be secured by substantially all of their assets, whether now existing or hereinafter acquired, subject to certain exceptions. Such security interests and Liens shall be perfected and have a first priority, other than as to certain of the collateral for the New ABL Facility, as to which the security interests and Liens shall have a second priority.

6. Authorized Financing

On the Effective Date, the applicable Reorganized Debtors shall be and are authorized to execute and deliver the New ABL Facility Documents, the Reorganized First Lien Term Loan Documents and any related loan documents, and shall be and are authorized to execute, deliver, file, record and issue any other notes, guarantees, deeds of trust, security agreements, documents (including UCC financing statements), amendments to the foregoing, or agreements in connection therewith, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Entity, subject to any lien limitations set forth in the Plan.

Except as otherwise provided in the Plan or the Confirmation Order, all Cash necessary for the Reorganized Debtors to make payments required pursuant to the Plan will be obtained from the New ABL Facility and the Reorganized Debtors' Cash balances, including Cash from operations. Cash payments to be made pursuant to the Plan will be made by the Reorganized Debtors.

7. Management Incentive Plan

On the Effective Date, 10% of the New Common Shares on a fully diluted basis shall be reserved for issuance as grants of stock, warrants, options, or other Equity Securities in connection with the Reorganized Debtors' Management Incentive Plan (such reserve, the "MIP Pool"), and issuances of the New Common Shares in respect thereof will dilute the Exchange Common Shares issued on the Effective Date. The remaining terms of the Management Incentive Plan shall be determined by the New Board.

8. Issuance of Reorganized First Lien Term Loans, New Common Shares, New Warrants and Related Documentation

From and after the Effective Date, Reorganized Holdings will be authorized to and will issue the Reorganized First Lien Term Loans, New Common Shares and New Warrants to the Holders of Claims and Equity Interests, as applicable, as set forth in the Plan without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Entity. On the Effective Date one-hundred percent (100%) of the Exchange Common Shares are to be distributed (or issuable under the Amended Organizational Documents), as provided in the Plan, to Holders of Allowed

Prepetition First Lien Claims and, if applicable, to Holders of Allowed General Unsecured Claims, to Holders of Allowed Equity Interests in Holdings, and on account of the Class 5 Reserve. The issuance of New Common Shares by Reorganized Holdings is authorized without the need for any further corporate action or without any further action by the Debtors or the Reorganized Debtors, as applicable. All of the shares of New Common Shares issued pursuant to the Plan shall be duly authorized and validly issued.

On the Effective Date, Reorganized Holdings and all the Holders of the Exchange Common Shares and New Warrants shall be deemed to be parties to the Amended Organizational Documents, substantially in the form contained in the Plan Supplement, without the need for execution by any such Holder. The Amended Organizational Documents shall be binding on Reorganized Holdings and all parties receiving, and all holders of, New Common Shares and New Warrants; provided, that regardless of whether such parties execute the Amended Organizational Documents, such parties will be deemed to have signed the Amended Organizational Documents which shall be binding on such parties as if they had actually signed it.

As of the Petition Date, no class of Equity Securities of Holdings was registered under the Securities Exchange Act, and Holdings was not subject to any of the periodic reporting obligations of such Act. Except as otherwise provided under the Amended Organizational Documents, in each case consistent with the Restructuring Support Agreement, or unless otherwise determined by the New Board in accordance with applicable non-bankruptcy law, it is not intended that, from or after the Effective Date, Reorganized Holdings will have any class of its Equity Securities registered under or become subject to any of the periodic reporting obligations of such Act.

To the extent that any such instruments constitute "securities" under applicable securities laws, the offer and sale of Reorganized First Lien Term Loans, Exchange Common Shares, and New Warrants pursuant to the Plan, including any shares of New Common Shares issuable after the Effective Date thereof upon exercise of the New Warrants, shall be effected without registration under Section 5 of the Securities Act, and without registration under any applicable state securities or "blue sky" law, in reliance upon the exemption from such registration requirements afforded by section 1145 of the Bankruptcy Code.

The offer and sale of Equity Securities to officers and other key employees of the Reorganized Debtors pursuant to the Management Incentive Plan shall be effected without registration under Section 5 of the Securities Act, and without registration under any applicable state securities or "blue sky" law, in reliance upon available exemptions from such registration requirements afforded by section 4(a)(2) of the Securities Act and Rule 506 of Regulation D and/or Rule 701 promulgated thereunder.

The New Common Shares of Reorganized Holdings shall constitute a single class of Equity Security in Reorganized Holdings and, other than as contemplated through the New Warrants or under the Management Incentive Plan, there shall exist no other Equity Securities, warrants, options, or other agreements to acquire any equity interest in Reorganized Holdings. From and after the Effective Date, after giving effect to the transactions contemplated hereby, the authorized capital stock or other equity securities of Reorganized Holdings will be that number of shares of New Common Shares as may be designated in the Amended Organizational Documents.

9. Substantive Consolidation for Plan Purposes

The Plan serves as a motion by the Debtors seeking entry, pursuant to section 105 of the Bankruptcy Code, of an order authorizing, on the Effective Date, the substantive consolidation of

the Estates of all of the Debtors for purposes of classifying and treating all Claims under the Plan, including for voting, confirmation, and distribution purposes only. Substantive consolidation will not (i) alter the state of incorporation of any Debtor for purposes of determining applicable law of any of the Causes of Action, Litigation Claim or Avoidance Action (ii) alter or impair the legal and equitable rights of the Debtors to enforce any of the Causes of Action, Litigation Claims or Avoidance Actions or (iii) otherwise impair, release, discharge, extinguish or affect any of the Causes of Action, Litigation Claims or Avoidance Actions, or issues raised as a part of any thereof.

If substantive consolidation is ordered, then on and after the Effective Date, all Assets and liabilities of the Debtors shall be treated as though they were merged into a single estate solely for purposes of treatment of and distributions on Claims. All duplicative Claims (identical in both amount and subject matter) Filed against more than one of the Debtors shall automatically be expunged so that only one Claim survives against the consolidated Debtors. All guarantees by any Debtor of the obligations of any other Debtor shall be eliminated so that any Claim and any guarantee thereof by any other Debtor, as well as any joint and/or several liability of any Debtor with respect to any other Debtor, shall be treated as one collective obligation of the Debtors. Any alleged defaults under any applicable agreement with the Debtors arising from substantive consolidation under the Plan shall be deemed cured as of the Effective Date.

10. Release of Liens, Claims and Equity Interests

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan, all Liens, Claims, Equity Interests, mortgages, deeds of trust, or other security interests against the property of the Estates will be fully released, terminated, extinguished and discharged, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Entity. Any Entity holding such Liens or Equity Interests will, pursuant to section 1142 of the Bankruptcy Code, promptly execute and deliver to the Reorganized Debtors such instruments of termination, release, satisfaction and/or assignment (in recordable form) as may be reasonably requested by the Reorganized Debtors.

11. Amended Organizational Documents

The Amended Organizational Documents shall amend, amend and restate or succeed the limited liability company agreements, certificates or articles of incorporation, by-laws and other organizational documents of Holdings to satisfy the provisions of the Plan and the Bankruptcy Code, and will (i) include, among other things, pursuant to section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting the issuance of non-voting equity securities, but only to the extent required by section 1123(a)(6) of the Bankruptcy Code; (ii) authorize the issuance of New Common Shares in an amount not less than the amount necessary to permit the distributions thereof required or contemplated by the Plan; (iii) to the extent necessary or appropriate as determined by the Required Consenting Creditors, include restrictions on the Transfer of New Common Shares; (iv) to the extent necessary or appropriate, include such provisions as may be needed to effectuate and consummate the Plan and the transactions contemplated in the Plan; and (v) be in form and substance acceptable to the Required Consenting Creditors in their sole discretion. After the Effective Date, the Reorganized Debtors may amend and restate their limited liability company agreements, certificates or articles of incorporation and by-laws, and other applicable organizational documents, as permitted by applicable law and their respective charters, by-laws and other organizational documents.

12. Directors and Officers of Reorganized Holdings

The New Board will be comprised initially of seven directors, who will consist of: (i) the Chief Executive Officer of Reorganized Holdings, (ii) a director selected by TI Holdings (with an initial term of one year, after which the members of the New Board will be appointed as provided in the Amended Organizational Documents), and (iii) five directors selected by the Consenting Creditors, in consultation with the Chief Executive Officer. Any directors designated pursuant to this section will be subject to approval of the Bankruptcy Court pursuant to section 1129(a)(5) of the Bankruptcy Code.

In addition, TI Holdings, and each Person or Entity that holds more than 5% of the New Common Shares on a fully diluted basis as of the time of a meeting of the New Board as of the time of distribution of materials to the New Board in connection with such a meeting, as applicable, shall have the right to be represented by one non-voting observer at each such meeting of the New Board and receive all materials distributed to the New Board, subject to customary exceptions; provided that for this purpose, New Board meetings shall not include committee meetings.

As of the Effective Date, the initial officers of the Reorganized Debtors will be the officers of the Debtors existing immediately prior to the Effective Date. Except as set forth in the Plan, any other directors or officers of the Debtors shall be deemed removed as of the Effective Date.

Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose, in a Plan Supplement or on the record at the Confirmation Hearing, the identity and affiliations of any Person proposed to serve on the initial board of directors or as an officer of the Reorganized Debtors, and, to the extent such Person is an insider other than by virtue of being a director or officer, the nature of any compensation for such Person. Each such director and each officer will serve from and after the Effective Date pursuant to applicable law and the terms of the Amended Organizational Documents and the other constituent and organizational documents of the Reorganized Debtors. The existing board of directors of Holdings will be deemed to have resigned on and as of the Effective Date, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Entity.

13. Corporate Action

Each of the Debtors and the Reorganized Debtors, as applicable, may take any and all actions to execute, deliver, File or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and implement the provisions of the Plan or to effectuate the Alternative Structures, including, without limitation, the distribution of the securities to be issued pursuant to the Plan in the name of and on behalf of the Reorganized Debtors, and, in each case, except as expressly required pursuant to the Plan or the Restructuring Support Agreement, without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote or other approval or authorization by the security holders, officers or directors of the Debtors or the Reorganized Debtors, as applicable, or by any other Person.

Other actions necessary to effect the Alternative Structures may include: (i) the execution and delivery of appropriate agreements or other documents of merger, amalgamation, consolidation, restructuring, conversion, disposition, transfer, arrangement, continuance, dissolution, sale, purchase or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to

which the applicable Debtors or Reorganized Debtors may agree; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, debt or obligation on terms consistent with the terms of the Plan and having other terms to which the applicable parties agree; (iii) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, amalgamation, arrangement, continuance or dissolution pursuant to applicable state or provincial law; and (iv) all other actions that the applicable Debtors or Reorganized Debtors determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law in connection with the Alternative Structures. If and to the extent necessary, any controlling organization or formation documents or agreements for the Reorganized Debtors shall be deemed amended to authorize the foregoing.

Prior to, on or after the Effective Date (as appropriate), all matters provided for pursuant to the Plan that would otherwise require approval of the stockholders, directors, managers or members of any Debtor (as of prior to the Effective Date) will be deemed to have been so approved and will be in effect prior to, on or after the Effective Date (as appropriate) pursuant to applicable law and without any requirement of further action by the stockholders, directors, managers or members of such Debtors, or the need for any approvals, authorizations, actions or consents of any Person (except as expressly required pursuant to the Restructuring Support Agreement).

All matters provided for in the Plan involving the legal or corporate structure of any Debtor or any Reorganized Debtor, as applicable, and any legal or corporate action required by any Debtor or any Reorganized Debtor as applicable, in connection with the Plan, will be deemed to have occurred and will be in full force and effect in all respects, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote or other approval or authorization by the security holders, officers or directors of any Debtor or any Reorganized Debtor, as applicable, or by any other Person (except as expressly required pursuant to the Restructuring Support Agreement). On the Effective Date, the appropriate officers of each Debtor and each Reorganized Debtor, as applicable, are authorized to issue, execute, deliver, and consummate the transactions contemplated by, the contracts, agreements, documents, guarantees, pledges, consents, securities, certificates, resolutions and instruments contemplated by or described in the Plan in the name of and on behalf of the Debtor and each Reorganized Debtor, as applicable, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote or other approval or authorization by any Person (except as expressly required pursuant to the Restructuring Support Agreement). The secretary and any assistant secretary or managing member of each Debtor and each Reorganized Debtor, as applicable, will be authorized to certify or attest to any of the foregoing actions.

14. Cancellation of Notes, Certificates and Instruments

Except for the purpose of evidencing a right to a distribution under the Plan and except as otherwise set forth in the Plan, on the Effective Date, all agreements, instruments, Securities and other documents evidencing any prepetition Claim or Equity Interest in Holdings and any rights of any Holder in respect thereof shall be deemed cancelled, discharged, and of no force or effect, including any relating to the Equity Interests in Holdings. The holders of or parties to such cancelled instruments, Securities, and other documentation will have no rights arising from or related to such instruments, Securities, or other documentation or the cancellation thereof, except the rights provided for pursuant to the Plan and the obligations of the Debtors thereunder or in any way related thereto will be fully released, terminated, extinguished and discharged, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote or other approval or

authorization by any Person. Notwithstanding such cancellation and discharge, each of the Prepetition First Lien Loan Agreement and the Prepetition Second Lien Loan Agreement shall continue in effect to the extent necessary to: (1) allow Holders of Claims and Equity Interests to receive Plan Distributions; (2) allow the Reorganized Debtors to make distributions pursuant to the Plan; (3) allow the Prepetition First Lien Agent and Prepetition Second Lien Agent to receive distributions under the Plan on account of the Prepetition First Lien Claims and Prepetition Second Lien Claims, respectively, for further distribution in accordance with the Prepetition First Lien Loan Agreement and Prepetition Second Lien Loan Agreement, respectively; (4) allow the Prepetition First Lien Agent and the Prepetition Second Lien Agent to seek compensation and/or reimbursement of fees and expenses in accordance with the Plan; and (5) preserve any rights of the Prepetition First Lien Agent and the Prepetition Second Lien Agent to payment of fees, expenses, and indemnification obligations as against any parties other than the Debtors or the Reorganized Debtors, and any money or property distributable to the beneficial holders under the relevant instrument, including any rights to priority of payment or to exercise charging liens. Except as provided pursuant to the Plan, each of the Prepetition First Lien Agent and the Prepetition Second Lien Agent, and their respective agents, successors, and assigns shall be discharged of all of their obligations associated with the Prepetition First Lien Loan Agreement and the Prepetition Second Lien Loan Agreement, respectively. The commitments and obligations (if any) of the Prepetition First Lien Lenders and Prepetition Second Lien Lenders to extend any further or future credit or financial accommodations to any of the Debtors, any of their respective subsidiaries or any of their respective successors or assigns under the Prepetition First Lien Loan Agreement and Prepetition Second Lien Loan Agreement, respectively, shall fully terminate and be of no further force or effect on the Effective Date.

15. Cancellation of Existing Instruments Governing Security Interests

Upon the full payment or other satisfaction of an Allowed Miscellaneous Secured Claim, or promptly thereafter, the Holder of such Allowed Miscellaneous Secured Claim shall deliver to the Debtors or Reorganized Debtors, as applicable, any Collateral or other property of a Debtor held by such Holder, together with any termination statements, instruments of satisfaction, or releases of all security interests with respect to its Allowed Miscellaneous Secured Claim that may be reasonably required to terminate any related financing statements, mortgages, mechanics' or other statutory Liens, or lis pendens, or similar interests or documents.

On the Effective Date, any Lien in Collateral of any Debtor or Reorganized Debtor, as applicable, held for the DIP Facility Claims, the Prepetition First Lien Claims and the Prepetition Second Lien Claims shall be cancelled and of no further force or effect. Notwithstanding any other provision hereof, as a condition of any distribution for the benefit of Holders of DIP Facility Claims, Prepetition First Lien Claims and Prepetition Second Lien Claims, the respective collateral agents therefore shall deliver to the Debtors or Reorganized Debtors, as applicable, any Collateral or other property of a Debtor or Reorganized Debtor, as applicable, held for DIP Facility Claims, Prepetition First Lien Claims and Prepetition Second Lien Claims, together with any termination statements, instruments of satisfaction, or releases of all Liens that may be reasonably required to terminate any related financing statements, mortgages, mechanics' or other statutory Liens, or lis pendens, or similar interests or documents.

16. Intercompany Claims; Intercompany Interests; Corporate Reorganization

On the Effective Date, or as soon thereafter as is practicable, without the need for any further corporate action or approval of any board of directors, management, or shareholders of any Debtor or Reorganized Debtor, as applicable, and notwithstanding the provisions of the Plan in ARTICLE II and ARTICLE III (a) the certificates and all other documents representing the Intercompany Interests shall be deemed to be in full force and effect (and shall be retained by the Holders thereof prior to the Effective Date), and (b) all Intercompany Claims and Intercompany

Interests will be reinstated in full or in part (collectively, the "Subsidiary Structure Maintenance") except, to the extent that the Debtors, Reorganized Debtors, their Affiliates or their successors, as applicable, as they determine necessary or appropriate with the consent of the Required Consenting Creditors, may effectuate Alternative Structures, which may include, without limitation, merger or dissolution of certain Debtors or Reorganized Debtors and the cancellation of certain Intercompany Interests, the transfer of Intercompany Interests among Reorganized Debtors, their successors or their Affiliates, or cancellation or discharge in full or in part of, or contribution, distribution or other transfer between and among the Debtors or their Affiliates in full or in part of Intercompany Claims.

17. Restructuring Transactions

On or after the Confirmation Date, the Debtors or Reorganized Debtors, as applicable, may undertake the Restructuring Transactions and take all other actions consistent with the Plan as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Restructuring Transactions under and in connection with the Plan, including effectuation of the Alternative Structures.

In each case in which the surviving, resulting, or acquiring Entity in any such transaction is a successor to a Debtor, such surviving, resulting, or acquiring Entity shall perform the obligations of such Debtor pursuant to the Plan to satisfy the Allowed Claims against, or Allowed Interests in, such Debtor, except as provided in any contract, instrument, or other agreement or document effecting a disposition to such surviving, resulting, or acquiring Entity, which may provide that another Debtor shall perform such obligations.

18. Restructuring Expenses

On the Effective Date, to the extent not previously paid pursuant to the DIP Orders, the Debtors or the Reorganized Debtors, as applicable, shall pay in full in Cash all outstanding Restructuring Expenses incurred, or estimated to be incurred, through the Effective Date, in accordance with the terms of the applicable orders (including the DIP Orders), engagement letters, or other applicable contractual arrangements, but without regard to any notice or objection period as may be contained in such applicable orders, engagement letters, or other applicable contractual arrangements, subject to adjustment, if necessary, for the actual Restructuring Expenses incurred.

19. Agent Fee Claims

On the Effective Date, to the extent not paid pursuant to the DIP Orders, the Debtors or Reorganized Debtors, as the case may be, shall pay in Cash, without the need for the filing of any fee or retention applications in the Chapter 11 Cases, the reasonable and documented fees and expenses (including fees of counsel) of the Prepetition First Lien Agent and the Prepetition Second Lien Agent.

G. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

1. Assumption and Rejection of Executory Contracts and Unexpired Leases

On the Effective Date, all Executory Contracts and Unexpired Leases of the Debtors will be deemed assumed by the applicable Reorganized Debtor in accordance with, and subject to, the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, except for those Executory Contracts (including, without limitation, employment agreements) and Unexpired Leases that:

- have previously expired or terminated pursuant to their own terms or by agreement of the parties thereto;
- have been rejected by order of the Bankruptcy Court;
- are the subject of a motion to reject pending on the Effective Date;
- are identified in the Rejected Executory Contract/Unexpired Lease List; or
- are rejected pursuant to the terms of the Plan.

Without amending or altering any prior order of the Bankruptcy Court approving the assumption or rejection of any Executory Contract or Unexpired Lease, entry of the Confirmation Order by the Bankruptcy Court will constitute approval of such assumptions and rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code. To the maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed or assumed and assigned pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the Reorganized Debtors' assumption or assumption and assignment of such Executory Contract or Unexpired Lease, then such provision will be deemed modified such that the transactions contemplated by the Plan will not entitle the non-debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto. Each Executory Contract and Unexpired Lease assumed pursuant to Article of the Plan will revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable law.

2. Assignment of Executory Contracts or Unexpired Leases

In the event of an assignment of an Executory Contract or Unexpired Lease to an Entity other than a Debtor or its successor, at least ten (10) days prior to the Confirmation Hearing, the Debtors will serve upon counterparties to such Executory Contracts and Unexpired Leases a notice of the proposed assumption and assignment that will: (a) list the applicable monetary cure amount, if any; (b) identify the party to which the Executory Contract or Unexpired Lease will be assigned; (c) describe the procedures for filing objections thereto; and (d) explain the process by which related disputes will be resolved by the Bankruptcy Court. Additionally, the Debtors will file with the Bankruptcy Court a list of such Executory Contracts and Unexpired Leases to be assigned and the proposed monetary cure amounts, which list (including any proposed cure amounts set forth therein) shall be in form and substance reasonably satisfactory to the Required Consenting Creditors. Any applicable cure will be satisfied as set forth in ARTICLE VI.D of the Plan.

3. Rejection of Executory Contracts or Unexpired Leases

All Executory Contracts and Unexpired Leases identified in the Rejected Executory Contract/Unexpired Lease List shall be deemed rejected as of the Effective Date. The Confirmation Order will constitute an order of the Bankruptcy Court approving the rejections identified in the Rejected Executory Contract/Unexpired Lease List and in the Plan pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date.

All Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Bankruptcy Court within twenty-one (21) days after the date of entry of an order

of the Bankruptcy Court (including the Confirmation Order) approving such rejection or such other time as may be set by such order (the "Rejection Claim Bar Date"). The Debtors or Reorganized Debtors, as the case may be, will provide notice of such rejection and specify the appropriate deadline for the filing of such Proof of Claim. The deadline for filing a Proof of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases pursuant to a prior order of the Bankruptcy Court shall be as set forth in such order; provided, however if such order does not set such a deadline, the deadline shall the Rejection Claim Bar Date. Each Claim arising from the rejection of any Executory Contract or Unexpired Lease shall be treated as a General Unsecured Claim subject to any applicable limitation or defense under the Bankruptcy Code and applicable law.

Any Entity that is required to File a Proof of Claim arising from the rejection of an Executory Contract or an Unexpired Lease that fails to timely do so will be forever barred, estopped and enjoined from asserting such Claim, and such Claim will not be enforceable, against the Debtors, the Reorganized Debtors or the Estates, and the Debtors, the Reorganized Debtors and their Estates and property will be forever discharged from any and all indebtedness and liability with respect to such Claim unless otherwise ordered by the Bankruptcy Court or as otherwise provided in the Plan. All such Claims will, as of the Effective Date, be subject to the permanent injunction set forth in ARTICLE X.E.2 of the Plan.

Notwithstanding anything to the contrary in the Plan, all rights of the Debtors, the Reorganized Debtors, and any counterparty to any Executory Contract or Unexpired Lease are reserved in the event that the Debtors, with the consent of the Required Consenting Creditors (which consent shall not be unreasonably withheld), or the Reorganized Debtors, as applicable, amend their decision with respect to the rejection of any Executory Contract or Unexpired Lease.

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

Any monetary amounts by which any Executory Contract or Unexpired Lease to be assumed hereunder is in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by the Debtors or Reorganized Debtors, as applicable, upon assumption thereof, by payment of the default amount in Cash on the later of the Initial Distribution Date, or the date as and when such amount is due in the ordinary course, or on such other terms as the parties to such Executory Contract or Unexpired Lease may otherwise agree, subject to ARTICLE VI.E of the Plan. Following the Petition Date, the Debtors may serve a notice on parties to Executory Contracts and Unexpired Leases to be assumed reflecting the Debtors' intention to assume the Executory Contract or Unexpired Lease in connection with the Plan and setting forth the proposed cure (if any). If a counter party to any Executory Contract or Unexpired Lease, that the Debtors or Reorganized Debtors, as applicable, intend to assume, does not receive such a notice, the proposed cure for such Executory Contract or Unexpired Lease shall be deemed to be zero dollars ($0).

5. Objections to Assumption, Assignment or Cure of Executory Contracts or Unexpired Leases

Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or assignment or any related monetary cure amount must be Filed, served and actually received by the Debtors at least five (5) Business Days prior to the Confirmation Hearing. Any counterparty to an Executory Contract and Unexpired Lease that fails to object timely to the proposed assumption, assignment or cure amount will be deemed to have consented to such assumption or assumption and assignment, and to such cure, of its Executory Contract or Unexpired Lease. The Confirmation Order will constitute an order of the Bankruptcy Court approving any proposed assignments of Executory Contracts or Unexpired Leases pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. In the event of a dispute

regarding assumption, assumption and assignment, or cure of any Executory Contract or Unexpired Lease, any applicable cure payments will be made following the entry of a Final Order or orders resolving the dispute and approving the assumption or assumption and assignment, and cure. The Reorganized Debtors reserve the right to reject any Executory Contract or Unexpired Lease at any time in lieu of assuming or assuming and assigning it.

6. Assumption of Existing Senior Leadership Employment Agreements/Incentive Compensation

On the Effective Date, the Reorganized Debtors will assume all of the Existing Senior Leadership Employment Agreements pursuant to section 365(a) of the Bankruptcy Code, subject to the applicable employee agreeing to amendments thereto on terms that already have been negotiated between the Debtors and the Required Consenting Creditors. Nothing in the Plan shall prevent or prohibit the Debtors, with the consent of the Required Consenting Lenders, or the Reorganized Debtors from entering into new management employment agreements with their key management to be effective as of the Effective Date, covering, without limitation, base salary, incentives, and executive benefits.

7. Director and Officer Insurance Policies

Upon the Effective Date, the Reorganized Debtors will have similar insurance coverage to the D&O Liability Insurance Policies in effect upon the Petition Date. If, as of the Effective Date, the Debtors do not have a six (6) year discovery period (referred to as a "Tail Policy") in place under such D&O Liability Insurance Policies, the Reorganized Debtors shall acquire such six (6) year Tail Policy, which shall be in form and substance reasonably satisfactory to the Required Consenting Lenders, TI Holdings and the Debtors. If, as of the Effective Date, the Debtors have already acquired such a Tail Policy, such policy shall be deemed an assumed contract to the extent executory. For the avoidance of doubt, any new D&O Liability Insurance Policies that are to be purchased and effective as of the Effective Date shall be in form and substance reasonably satisfactory to the Required Consenting Creditors and the Debtors.

8. Indemnification Provisions

All indemnification provisions in place immediately prior to the Effective Date (whether in the by-laws, certificate of incorporation, board resolutions, contracts, or otherwise) for the current and former directors, officers and employees of the Debtors who served in such capacity with respect to the Debtors or Equity Parent, or based upon any act or omission taken or omitted in such capacities for or on behalf of the Debtors or Equity Parent, will be Reinstated (or assumed, as the case may be), and will survive effectiveness of the Plan. No such Reinstatement or assumption shall in any way extend the scope or term of any indemnification provision beyond that contemplated in the underlying contract or document as applicable; provided, further, that the Reorganized Debtors shall have no indemnification obligations for any losses, liabilities, or expenses arising out of conduct determined by a Final Order to have constituted actual fraud, gross negligence, bad faith, or willful misconduct.

9. Compensation and Benefit Programs

The Debtors shall file, as part of the Plan Supplement, the Schedule of Assumed Compensation and Benefit Programs. Except as otherwise provided in the Plan or in the Existing Senior Leadership Employment Agreements (as amended, if applicable), all employment and severance policies, and all compensation and benefit plans, policies, and programs of the Debtors applicable to its employees, retirees, and non-employee directors and the employees and retirees of its subsidiaries, including, without limitation, all savings plans, retirement plans, healthcare plans, disability plans, vacation and paid time off programs, severance benefit plans, incentive

plans (other than equity incentive plans providing for the distribution of equity in the Reorganized Debtors, which will replaced by the Management Incentive Plan), life, and accidental death and dismemberment insurance plans, are treated as Executory Contracts under the Plan and on the Effective Date will be assumed pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code, in each case to the extent listed on the Schedule of Assumed Compensation and Benefit Programs. Any payment obligations under any assumed employment contracts and benefit plans that have been or purport to have been accelerated as a result of the commencement of the Chapter 11 Cases or the consummation of any transactions contemplated by the Plan will be Reinstated and such acceleration will be rescinded and deemed not to have occurred.

10. Workers' Compensation Benefits

Except as otherwise provided in the Plan, as of the Effective Date, the Debtors and the Reorganized Debtors will continue to honor their obligations under: (i) all applicable workers' compensation laws in states in which the Reorganized Debtors operate; and (ii) the Debtors' written contracts, agreements, agreements of indemnity, self-insurer workers' compensation bonds, and any other policies, programs, and plans regarding or relating to workers' compensation and workers' compensation insurance. All such contracts and agreements are treated as Executory Contracts under the Plan and on the Effective Date will be assumed pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code. Notwithstanding anything to the contrary contained in the Plan, confirmation of the Plan will not impair or otherwise modify any rights of the Reorganized Debtors under any such contracts, agreements, policies, programs or plans regarding or relating to workers' compensation or workers' compensation insurance.

11. Insurance Policies

Other than the insurance policies otherwise discussed in the Plan, all other insurance policies to which any Debtor is a party as of the Effective Date shall be deemed to be and treated as Executory Contracts and shall be assumed by the applicable Debtor or Reorganized Debtor and shall continue in full force and effect thereafter in accordance with their respective terms.

H. PROVISIONS GOVERNING DISTRIBUTIONS

1. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided in the Plan, a Final Order or as agreed to by the relevant parties and subject to the establishment of the Class 5 Reserve, the Distribution Agent shall make initial distributions under the Plan on account of Claims Allowed before the Effective Date on or as soon as practicable after the Initial Distribution Date.

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

(a) Payments and Distributions on Disputed Claims.

Except as otherwise provided in the Plan, a Final Order or as agreed to by the relevant parties and subject to the establishment of the Class 5 Reserve, if a Disputed Claim becomes an Allowed Claim after the Effective Date, distributions that would be past due under the Plan on account of such Disputed Claim if it had previously been an Allowed Claim shall be made within thirty (30) days after the Disputed Claim becomes an Allowed Claim, or as soon as practicable thereafter, without any interest to be paid on account of such Claim unless it is a Secured Clam and such payment is required under applicable bankruptcy law.

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

Notwithstanding any provision otherwise in the Plan and except as otherwise agreed to by the relevant parties no partial payments and no partial distributions shall be made with respect to a Disputed Claim until all such disputes in connection with such Disputed Claim have been resolved by settlement or Final Order, and such Claim has become an Allowed Claim. In the event that there are Disputed Claims requiring adjudication and resolution, the Reorganized Debtors shall establish appropriate reserves for potential payment of such Claims pursuant to ARTICLE IV.B.2(c) hereof.

(c) The Class 5 Reserve.

On the Effective Date, pending resolution of Disputed General Unsecured Claims, the Reorganized Debtors or applicable Reorganized Debtor shall withhold from distributions as a reserve of the Class 5 Default Consideration and, if applicable, the Class 5 Consensual Plan Consideration, as set forth in this section of the Disclosure Statement (the "Class 5 Reserve"). For the benefit of Holders of Allowed General Unsecured Claims, and to enable the distribution of the Class 5 Default Consideration and the Class 5 Consensual Plan Consideration: (A) the Amended Organizational Documents shall provide for the issuance of (1) a number of shares of Exchange Common Shares equal to 5.5% of the maximum number thereof issuable under the Plan, provided that such number of shares shall be reduced by any reduction resulting if the Class 5 Equity Cash Out Option is available and elected by any eligible Holders and (2) the Class A Warrants; (B) the Reorganized First Lien Term Loan Agreement shall provide for the issuance of (1) $2.5 million of Reorganized First Lien Term Loans and (2) if Class 5 votes to accept the Plan, an additional $2.0 million of Reorganized First Lien Term Loans (less any Class 5 Swapped Debt); and (C) if Class 5 votes to accept the Plan, the Reorganized Debtors shall be obligated to pay $1,000,000 in Cash plus up to an additional $1,050,000 in Cash if the Class 5 Equity Cash Out Option is available and elected by any eligible Holders of Allowed General Unsecured Claims. Subject to the foregoing limits, the amount of Exchange Common Shares, Class A Warrants, Reorganized First Lien Term Loans and Cash to be withheld as a part of the Class 5 Reserve for the benefit of a Holder of a Disputed Claim in Class 5 shall be equal to the lesser of the amount set forth in the following clause (a) and the amount set forth in the following clause (b): (a) (i) if no estimation is made by the Bankruptcy Court pursuant to Article VIII.C.2. of the Plan, the number of shares of Exchange Common Shares and the amount of Class A Warrants, Reorganized First Lien Term Loans and Cash necessary to satisfy the distributions required to be made pursuant to the Plan based on the asserted amount of the Disputed Claim or, if the Claim is denominated as contingent or unliquidated as of the Distribution Record Date, the amount that the Debtors, with the consent of the Required Consenting Creditors (which consent shall not be unreasonably withheld) elect to withhold on account of such Claim in the Class 5 Reserve; or (ii) the number of shares of Exchange Common Shares and the amount of Class A Warrants, Reorganized First Lien Term Loans and Cash necessary to satisfy the distributions required to be made pursuant to the Plan for such Disputed Claim based on an amount as estimated by and set forth in an order of the Bankruptcy Court for purposes of allowance and distributions; and (b) the number of shares of Exchange Common Shares and the amount of Class A Warrants, Reorganized First Lien Term Loans and Cash necessary to satisfy the distributions required to be made pursuant to the Plan based on an amount as may be agreed upon by the Holder of such Disputed Claim and the Reorganized Debtors, with the consent of the Required Consenting Creditors, which consent may not be unreasonably withheld. As Disputed Claims are Allowed, the Distribution Agent shall distribute, in accordance with the terms of the Plan, Exchange Common Shares, Class A Warrants, Reorganized First Lien Term Loans and Cash to Holders of Allowed General Unsecured Claims, and the Class 5 Reserve shall be adjusted accordingly.

3. Delivery and Distributions and Undeliverable or Unclaimed Distributions

(a) Record Date for Distributions

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

At the close of business on the Distribution Record Date, the transfer ledgers for the Equity Interests in Holdings shall be closed, and there shall be no further changes in the record holders of such Claims or Equity Interests.

The Reorganized Debtors, the Distribution Agent, and each of their respective agents, successors, and assigns shall have no obligation to recognize the transfers of Claims or Equity Interests not occurring timely in accordance herewith and shall be entitled instead to recognize and deal for all purposes hereunder with only those record holders on the Claims Register or transfer ledgers, as applicable, as of the close of business on the Distribution Record Date irrespective of the number of distributions to be made under the Plan to such Persons or the date of such distributions.

(b) Delivery of Distributions in General

Distributions of Cash may be made either by check drawn on a domestic bank or wire transfer from a domestic bank, at the option of the Reorganized Debtors, except that, permissively, Cash payments made to foreign Creditors may be made in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

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

All distributions to Holders of Prepetition First Lien Claims and Prepetition Second Lien Claims shall be deemed completed when made to such Holders. Notwithstanding any provisions in the Plan to the contrary, Prepetition First Lien Loan Agreement and Prepetition Second Lien Loan Agreement shall continue in effect to the extent necessary to allow the Debtors or Reorganized Debtors, as applicable, either directly or through the Distribution Agent to make Plan Distributions pursuant to the Plan on account of the Prepetition First Lien Claims and Prepetition Second Lien Claims.

(c) Distributions by Distribution Agents

Except as otherwise set forth in ARTICLE IV.B.2 of the Plan, all Plan Distributions shall be made by the Reorganized Debtors as Distribution Agent, or by such other Entity designated by the Debtors as a Distribution Agent on the Effective Date or thereafter, unless the Plan specifically provides otherwise. The Reorganized Debtors, or such other Entity designated by the Debtors to be the Distribution Agent, shall not be required to give any bond or surety or other

security for the performance of such Distribution Agent's duties unless otherwise ordered by the Bankruptcy Court.

The Distribution Agent shall be empowered to (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all Plan Distributions contemplated hereby; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Distribution Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Distribution Agent to be necessary and proper to implement the provisions hereof.

(d) Minimum Distributions

Notwithstanding anything in the Plan to the contrary, the Reorganized Debtors shall not be required to make distributions or payments of less than $50 (whether Cash or otherwise) and shall not be required to make partial distributions or payments of fractions of dollars, shares or warrants. Whenever any payment or distribution of a fraction of a dollar, fraction of a share of New Common Shares or fraction of a New Warrant under the Plan would otherwise be called for, the actual payment or distribution will reflect a rounding of such fraction to the nearest whole dollar, whole share of New Common Shares or whole New Warrant (up or down), with half dollars, half shares of New Common Shares and half New Warrants or less being rounded down.

(e) Undeliverable Distributions

(i) Holding of Certain Undeliverable Distributions

If any distribution to a Holder of an Allowed Claim made in accordance herewith is returned to the Reorganized Debtors (or their Distribution Agent) as undeliverable, no further distributions shall be made to such Holder unless and until the Reorganized Debtors (or their Distribution Agent) are notified in writing of such Holder's then current address, at which time all currently due missed distributions shall be made to such Holder within thirty (30) days following such notification or as soon as practicable thereafter. Undeliverable distributions shall remain in the possession of the Reorganized Debtors, subject to the following subsection hereof, until such time as any such distributions become deliverable. Undeliverable distributions shall not be entitled to any interest, dividends or other accruals of any kind.

(ii) Failure to Claim Undeliverable Distributions

Any Holder of an Allowed Claim, irrespective of when a Claim becomes an Allowed Claim, that does not notify the Reorganized Debtors of such Holder's then current address in accordance herewith within the latest of (i) one year after the Effective Date, (ii) 60 days after the attempted delivery of the undeliverable distribution and (iii) 180 days after the date such Claim becomes an Allowed Claim shall have its Claim for such undeliverable distribution discharged and shall be forever barred, estopped and enjoined from asserting any such Claim against the Reorganized Debtors or their property. In such cases, (i) any Exchange Common Shares, New Warrants, Reorganized First Lien Term Loans or Cash held for distribution on account of Allowed Claims in Class 3 or Class 5, as applicable, shall be redistributed to Holders of Allowed Claims in the applicable Class entitled to such form of consideration, and as may be limited by the Plan, within seventy-five days thereafter and (ii) any Cash held for distribution to any other creditors shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and become property of the Reorganized Debtors, free of any Claims of such Holder with respect thereto. Nothing contained in the Plan shall require the Reorganized Debtors to attempt to locate any Holder of an Allowed Claim.

(iii) Failure to Present Checks

Checks issued by the Distribution Agent on account of Allowed Claims shall be null and void if not negotiated within 120 days after the issuance of such check. Requests for reissuance of any check shall be made directly to the Distribution Agent by the Holder of the relevant Allowed Claim with respect to which such check originally was issued. Any Holder of an Allowed Claim holding an un-negotiated check that does not request reissuance of such un-negotiated check within 180 days after the date of mailing or other delivery of such check shall have its Claim for such un-negotiated check discharged and be discharged and forever barred, estopped and enjoined from asserting any such Claim against the Reorganized Debtors or their property. In such cases, any Cash held for payment on account of such Claims shall be property of the Reorganized Debtors, free of any Claims of such Holder with respect thereto. Nothing contained in the Plan shall require the Reorganized Debtors to attempt to locate any Holder of an Allowed Claim.

4. Compliance with Tax Requirements/Allocations

In connection with the Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized Debtors and the Distribution Agent shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, and related liens and encumbrances. Notwithstanding the foregoing, each Holder of an Allowed Claim that is to receive a distribution hereunder shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Government Unit, including income, withholding and other tax obligations, on account of such distribution. The Reorganized Debtors have the right, but not the obligation, not to make a distribution until such Holder has made arrangements satisfactory to the Reorganized Debtors for payment of any such tax obligations. The Reorganized Debtors may require, as a condition to the receipt of a distribution, that the Holder of an Allowed Claim complete the appropriate Form W-8 or Form W-9, as applicable to each Holder. If such Holder fails to comply with such request within one year, such distribution shall be deemed an unclaimed distribution.

In connection with the distribution of New Common Shares to current or former employees of the Debtors, Reorganized Holdings will take whatever actions are necessary to comply with applicable U.S. federal, state, local and non-U.S. tax withholding obligations, including, when applicable, withholding from distributions a portion of the New Common Shares, selling such securities or requiring Holders of such securities to contribute the Cash necessary to satisfy tax withholding obligations including, without limitation, income, social security and Medicare taxes, and Reorganized Holdings shall pay such withheld taxes to the appropriate Governmental Unit.

To the extent that any Allowed Claim entitled to distribution under the Plan consists of indebtedness and accrued but unpaid interest thereon, such distributions shall, for all income tax purposes, be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

5. Timing and Calculation of Amounts to Be Distributed

On the Effective Date or as soon as reasonably practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), or at such other time as may be specified in the Plan, each Holder of an Allowed Claim against the Debtors shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class, provided that, in the event that any payment or act under the Plan is required to be made or performed on a date that is not on a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII of the Plan hereof. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest, dividends or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date.

6. Setoffs

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

7. Surrender of Canceled Instruments or Securities

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

8. Lost, Stolen, Mutilated or Destroyed Securities

In addition to any requirements under any applicable agreement and applicable law, any Holder of a Claim or Equity Interest evidenced by a security or note that has been lost, stolen, mutilated, or destroyed will, in lieu of surrendering such security or note to the extent required by the Plan, deliver to Reorganized Holdings and other applicable Distribution Agent: (x)

evidence reasonably satisfactory to Reorganized Holdings and other applicable Distribution Agent of such loss, theft, mutilation, or destruction; and (y) such security or indemnity as may be required by Reorganized Holdings and other applicable Distribution Agent to hold such party harmless from any damages, liabilities, or costs incurred in treating such individual as a Holder of an Allowed Claim or Equity Interest. Upon compliance with the Plan as determined by the Debtors or Reorganized Debtors by a Holder of a Claim or Equity Interest evidenced by a security or note, such Holder will, for all purposes under the Plan, be deemed to have surrendered such security or note to Reorganized Holdings and other applicable Distribution Agents.

I. PROCEDURES REGARDING DISPUTED CLAIMS AND EQUITY INTERESTS

1. Rights of Reorganized Debtors with Respect to Allowance of Claims and Equity Interests

Notwithstanding anything to the contrary in the Plan, after the Effective Date and subject to the other provisions of the Plan, the Reorganized Debtors will have and will retain any and all rights and defenses under bankruptcy or nonbankruptcy law that the Debtors had with respect to any Claim or Equity Interest, except with respect to any Claim or Equity Interest deemed Allowed under the Plan (including the Prepetition First Lien Claims and Prepetition Second Lien Claims) or by orders of the Bankruptcy Court.

2. No Distributions to Holders of Disputed Claims or Equity Interests Pending Resolution of the Dispute

Under no circumstances will any distributions be made on account of any Claim or Equity Interest that is not an Allowed Claim or Equity Interest. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date (including, without limitation, the Confirmation Order and the DIP Orders), no Claim or Equity Interest will become an Allowed Claim unless and until such Claim or Equity Interest is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including, without limitation, the Confirmation Order, in the Chapter 11 Cases allowing such Claim or Equity Interest. No payment or other distribution or treatment shall be made on account of a Disputed Claim or Equity Interest, even if a portion of the Claim or Equity Interest is not disputed, unless and until such Disputed Claim or Equity Interest becomes an Allowed Claim or Equity Interest and the amount of such Allowed Claim or Equity Interest is determined by a Final Order, provided, however, that the Reorganized Debtors and the subject Holder, may determine allowance of a Disputed Claim or Equity Interest after the Effective Date without further order of the Bankruptcy Court. Notwithstanding any other provision of the Plan, the Reorganized Debtors and any Distribution Agent shall have no obligation to make any distribution to a specific Holder of an Allowed Claim if such Holder is also the Holder of a Disputed Claim.

3. Resolving Disputed Claims and Equity Interests

All of the following objection, estimation and resolution procedures are cumulative and not exclusive of one another.

(a) Generally

The Debtors and Reorganized Debtors intend to attempt to resolve Disputed Claims and Equity Interests consensually or through judicial means outside the Bankruptcy Court. Nevertheless, from and after the Confirmation Date but before the Effective Date, the Debtors, and, after the Effective Date, the Reorganized Debtors, shall have the exclusive right to object to

Claims and Equity Interests and resolve such objections pending as of the Confirmation Date and, may, in their discretion, file with the Bankruptcy Court an objection to the allowance of any Disputed Claim or Equity Interest or any other appropriate motion or adversary proceeding with respect thereto and prosecute all such pending objections, motions or adversary proceedings; provided, however, (i) the Debtors shall consult with the Required Consenting Lenders prior to filing any such objection, motion or adversary proceeding and (ii) the consent of the Required Consenting Lenders (which consent shall not be unreasonably withheld) shall be required with respect to the resolution of any objection that results in (x) and Allowed Administrative Expense Claim greater than or equal to $100,000 or (y) an Allowed General Unsecured Claim greater than or equal to $200,000. All such matters pending as of the Confirmation Date shall be litigated to Final Order, provided, however, that, except to the extent otherwise provided in the Confirmation Order, the Reorganized Debtors are authorized to settle, or withdraw any such matters with respect to any Disputed Claim or Equity Interest following the Effective Date without further notice or authorization of the Bankruptcy Court, in which event such Claim or Equity Interest shall be deemed to be an Allowed Claim or Equity Interest in the amount compromised for purposes of the Plan. The Reorganized Debtors will have the sole authority to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order or approval of the Bankruptcy Court.

(b) Estimation

After the Confirmation Date but before the Effective Date, the Debtors, with the consent of the Required Consenting Creditors (which consent shall not be unreasonably withheld), and, after the Effective Date, the Reorganized Debtors may, at any time, request that the Bankruptcy Court estimate (a) any Disputed Claim or Equity Interest pursuant to applicable law and (b) any contingent or unliquidated Claim or Equity Interest pursuant to applicable law, including, without limitation, section 502(c) of the Bankruptcy Code, and the Bankruptcy Court will retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to estimate any Disputed Claim or Equity Interest, contingent Claim or Equity Interest or unliquidated Claim or Equity Interest, including during the litigation concerning any objection to any Claim or Equity Interest or during the pendency of any appeal relating to any such objection. Claims or Equity Interests may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court. The rights and objections of all parties are reserved in connection with any such estimation proceeding.

4. Distributions after Allowance of Disputed Claims or Equity Interests

Following the date on which a Disputed Claim or Equity Interest becomes an Allowed Claim or Equity Interest after the Distribution Date, the Reorganized Debtors shall pay directly to the Holder of such Allowed Claim or Equity Interest the amount or consideration provided for under the Plan, as applicable, and in accordance therewith.

J. CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The failure to satisfy or waive a condition to Consummation may be asserted, as applicable, by the Debtors and the Required Consenting Creditors regardless of the circumstances giving rise to the failure of such condition to be satisfied.

1. Conditions Precedent to Confirmation

Consummation of the Plan shall occur on the Business Day as determined by the Debtors with the consent of the Required Consenting Creditors after they reasonably determine that the

following conditions have been met or waived pursuant to the provisions of ARTICLE IX of the Plan:

(a) The Bankruptcy Court has entered the Confirmation Order and it is a Final Order, and such order is in form and substance acceptable to the Debtors and the Required Consenting Creditors.

(b) The Confirmation Order provides that, among other things, the Debtors or the Reorganized Debtors, as appropriate, are authorized and directed to take all actions necessary or appropriate to consummate the Plan, including, without limitation, entering into, implementing and consummating the contracts, instruments, releases, leases, indentures and other agreements or documents or Alternative Structures created in connection with or described in the Plan.

(c) All actions, documents, certificates and agreements necessary to implement the Plan have been effected or executed and delivered to the required parties and, to the extent required, Filed with the applicable Governmental Units in accordance with applicable laws.

(d) The Plan Documents are consistent with, and in form and substance as required by the approvals and consents set forth in, the Restructuring Support Agreement; provided, however, for the avoidance of doubt, any Plan Documents regarding organizational and governance matters of the Reorganized Debtors, including, without limitation, the Amended Organizational Documents, shall be acceptable to the Required Consenting Creditors in their sole discretion.

(e) All documents and agreements necessary to implement the Plan, including, without limitation, the New ABL Facility Documents, the Reorganized First Lien Term Loan Documents, the Amended Organizational Documents and the New Warrants have (a) all conditions precedent to such documents and agreements satisfied or waived pursuant to the terms of such documents or agreements, (b) been tendered for delivery and/or (c) been effected or executed, as applicable.

(f) The Restructuring Support Agreement is in full force and effect.

(g) All Restructuring Expenses and all Agent Fee Claims have been paid in accordance with ARTICLE V.R and ARTICLE V.S of the Plan, respectively.

(h) The New Board and senior management shall have been selected as contemplated by the Plan.

(i) All governmental and third-party approvals and consents, including Bankruptcy Court approval, necessary in connection with the transactions provided for in the Plan have been obtained, are not subject to unfulfilled conditions, and are in full force and effect, and all applicable waiting periods have expired without any action having been taken by any competent authority that would restrain, prevent, or otherwise impose materially adverse conditions on such transactions.

(j) All statutory fees and obligations then due and payable to the Office of the United States Trustee shall have been paid and satisfied in full.

2. Waiver of Conditions

The conditions to Consummation of the Plan set forth in the Plan, other than the condition that the Bankruptcy Court has entered a Confirmation Order in form and substance acceptable to the Debtors and the Required Consenting Creditors, may be waived, in whole or in part, by the Debtors with the consent of the Required Consenting Creditors, in each case without further notice, leave, hearing or order of the Bankruptcy Court or any formal action and, thereupon, Consummation may occur.

3. Notice of Effective Date

The Debtors shall file with the Bankruptcy Court a notice of the occurrence of the Effective Date within a reasonable period of time after the conditions in ARTICLE IX.A of the Plan have been satisfied or waived pursuant to ARTICLE IX.B of the Plan.

4. Effect of Non-Occurrence of Conditions to Consummation

If prior to Consummation of the Plan, the Confirmation Order is vacated pursuant to a Final Order, then except as provided in any order of the Bankruptcy Court vacating the Confirmation Order, (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan, assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan and any document or agreement executed pursuant to the Plan shall be deemed null and void except as may be set forth in a separate order entered by the Bankruptcy Court; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtors or any other Entity, or Causes of Action; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort by the Debtors or any other Entity.

K. EFFECT OF CONFIRMATION; AND RELEASE, INJUNCTION AND RELATED PROVISIONS

1. General

For purposes of the following release and exculpation provisions:

(a) "*Released Party*" means, in its capacity as such: (a) each Debtor; (b) each Reorganized Debtor; (c) the Prepetition First Lien Creditors; (d) the Prepetition Second Lien Creditors; (e) Equity Parent; (f) TowerBrook, (g) the Prepetition Revolver Agent; (h) each Prepetition Revolver Lender; (i) each other party to the Restructuring Support Agreement in all capacities; (j) the DIP Agent; (k) each DIP Lender; and (l) each Related Person of any of (a) through (k) of the foregoing; provided that, notwithstanding the foregoing, a person is not a "Released Party" if such Person is an Excluded Party.

(b) "*Releasing Party*" means, in its capacity as such: (a) each Holder of a Claim that votes to accept this Plan; (b) each Holder of a Claim that is Unimpaired under this Plan; (c) each Holder of a Claim that is solicited to vote to accept or reject this Plan but that does not vote either to accept or reject the Plan; (d) each Holder of a Claim that votes to reject this Plan and does not elect on their ballot to opt out of granting the releases set forth in Article X.C ; (e) the Prepetition First Lien Creditors; (f) the Prepetition Second Lien Creditors; (g) Equity Parent; (h) TowerBrook; (i) the Prepetition Revolver Agent; (j) each Prepetition Revolver Lender; (k) the DIP Agent; (l) each DIP Lender; and (m) each Related Person of each of (a) through (l) of the foregoing.

(c) "*Exculpated Party*" means, in its capacity as such: (a) each Debtor; (b) each Reorganized Debtor; (c) any Committee; and (d) each Related Person of any of (a) through (c) of the foregoing.

2. Compromise and Settlement

Except as expressly provided in the Plan or the Confirmation Order, all distributions and rights afforded under the Plan and the treatment of Claims and Equity Interests under the Plan shall be, and shall be deemed to be, in exchange for, and in complete satisfaction, settlement, discharge and release of, all Claims and any other obligations, suits, judgments, damages, debts, rights, remedies, Causes of Action or liabilities of any nature whatsoever, and of all Equity Interests, or other rights of a holder of an Equity Interest, relating to any of the Debtors or the Reorganized Debtors or any of their respective assets, property and estates, or interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, and regardless of whether any property will have been distributed or retained pursuant to the Plan on account of such Claims or other obligations, suits, judgments, damages, debts, rights, remedies, Causes of Action or liabilities, or Equity Interests or other rights of a holder of an Equity Security or other ownership interest, and upon the Effective Date, the Debtors and the Reorganized Debtors shall (i) be deemed to have received a discharge under section 1141(d)(1)(A) of the Bankruptcy Code and release from any and all Claims and any other obligations, suits, judgments, damages, debts, rights, remedies, Causes of Action or liabilities, and any Equity Interests or other rights of a holder of an Equity Security or other ownership interest, of any nature whatsoever, including, without limitation, liabilities that arose before the Effective Date (including prior to the Petition Date), and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (a) a Proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code, (b) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code (or is otherwise resolved), or (c) the holder of a Claim based upon such debt voted to accept the Plan and (ii) terminate and cancel all rights of any Equity Security holder in any of the Debtors and all Equity Interests, subject to the Subsidiary Structure Maintenance or Alternative Structures.

Notwithstanding anything contained in the Plan to the contrary, the allowance, classification and treatment of all Allowed Claims and their respective distributions and treatments hereunder takes into account and conforms to the relative priority and rights of the Claims and the Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510(b) and (c) of the Bankruptcy Code or otherwise. As of the Effective Date, any and all such rights described in the preceding sentence are settled, compromised and released pursuant to the Plan.

The Confirmation Order will constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan are (i) in the best interests of the Debtors, their estates and all Holders of Claims, (ii) fair, equitable and reasonable, (iii) made in good faith and (iv) approved by the Bankruptcy Court pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019. In addition, the allowance, classification and treatment of Allowed Claims take into account any Causes of Action, whether under the Bankruptcy Code or otherwise under applicable non-bankruptcy law, that may exist: (a) between the Debtors, Reorganized Debtors and Estates, on the one hand, and the Released Parties, on the other hand (to the extent set forth in the release contained in ARTICLE X.B of the Plan); and (b) as between the Releasing Parties and the Released Parties (to the extent set forth in the release contained in ARTICLE X.C of the Plan); and, as of the Effective Date, any and all such Causes of Action are settled, compromised and released pursuant to the Plan. The Confirmation Order shall approve the releases in the Plan of all contractual, legal and equitable subordination rights or Causes of Action that are satisfied, compromised and settled pursuant to the Plan.

Except as expressly provided in the Plan or the Confirmation Order, all Persons shall be precluded from asserting against each of the Debtors, the Debtors' respective assets, property and Estates and the Reorganized Debtors any other or further Claims, or any other obligations, suits, judgments, damages, debts, rights, remedies, Causes of Action or liabilities of any nature whatsoever, and all Equity Interests or other rights of a holder of an Equity Interest, relating to any of the Debtors or Reorganized Debtors or any of their respective assets, property and estates based upon any act, omission, transaction or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as expressly provided in the Plan or the Confirmation Order, the Confirmation Order shall constitute a judicial determination, as of the Effective Date, of the discharge of all such Claims or other obligations, suits, judgments, damages, debts, rights, remedies, Causes of Action or liabilities, and any Equity Interests or other rights of a holder of an Equity Interest and termination of all rights of any such holder in any of the Debtors, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void and extinguish any judgment obtained against the Debtors, the Reorganized Debtors or any of their respective assets, property and Estates at any time, to the extent such judgment is related to a discharged Claim, debt or liability or terminated right of any holder of any Equity Interest in any of the Debtors or terminated Equity Interest.

3. Mutual Release by the Debtors and Released Parties

Except as otherwise provided in the Plan, on the Confirmation Date and effective as of the Effective Date, for good and valuable consideration provided by each of the Debtors, Reorganized Debtors, and Estates, on the one hand, and the Released Parties, on the other hand, to the fullest extent permissible under applicable law, the Debtors, Reorganized Debtors, and Estates, on the one hand, and the Released Parties, on the other hand, shall, and shall be deemed to, conclusively, absolutely, unconditionally, irrevocably, and forever release, waive, void, extinguish and discharge each other, their Related Persons, and their respective property from any and all Claims, Equity Interests, obligations, debts, rights, suits, damages, Causes of Action, remedies, judgments, defenses, counterclaims, and liabilities of any nature whatsoever, including any derivative Claims asserted or which could be asserted on behalf of a Debtor and/or a Reorganized Debtor, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, the Estates, on the one hand, and Released Parties, on the other hand, would have been legally entitled to assert against the other, their Related Persons or their property in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Equity Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Reorganized Debtors, any transactions contemplated by the Plan, the Chapter 11 Cases, the Prepetition First Lien Loan Agreement, the Prepetition Second Lien Loan Agreement, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, any payments, distributions, or dividends any Debtor or Affiliate paid to or received from any Released Party, fraudulent or preferential transfer or conveyance, tort, contract, breach of fiduciary duty, violation of state or federal laws, including securities laws, negligence, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Restructuring Support Agreement, the Plan, the Disclosure Statement, the Plan Supplement, or related agreements, instruments, or other documents; provided, however, that the foregoing release shall not operate to waive or release any Claims, obligations, debts, rights, suits, damages, remedies, Causes of Action, and liabilities in respect of any Debtor, Reorganized Debtor or Estate, on the one hand, or Released Party, on the other hand, solely to the extent: (1) arising out of or relating to any act or omission of such purportedly released Entity that constitutes fraud, gross negligence, bad

faith, or willful misconduct as determined by Final Order of a court of competent jurisdiction; or (2) arising under the Plan or the Plan Documents.

4. Releases by Holders of Claims and Interests

Except as otherwise provided in the Plan, on the Confirmation Date and effective as of the Effective Date, for good and valuable consideration, to the fullest extent permissible under applicable law, each of the Releasing Parties shall, and shall be deemed to, conclusively, absolutely, unconditionally, irrevocably, and forever release, waive, void, extinguish, and discharge each Released Party (and each such Released Party so discharged and released shall be deemed discharged and released by the Releasing Parties) and their respective property from any and all Claims, Equity Interests, obligations, debts, rights, suits, damages, Causes of Action, remedies, judgments, defenses, counterclaims, and liabilities of any nature whatsoever, including any derivative Claims asserted or which could be asserted on behalf of a Debtor and/or a Reorganized Debtor, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise, that such Releasing Party would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Equity Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Reorganized Debtors, any transactions contemplated by the Plan, the Chapter 11 Cases, the Prepetition First Lien Loan Agreement, the Prepetition Second Lien Loan Agreement, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, any payments, distributions, or dividends any Debtor or Affiliate paid to or received from any Released Party, fraudulent or preferential transfer or conveyance, tort, contract, breach of fiduciary duty, violation of state or federal laws, including securities laws, negligence, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Restructuring Support Agreement, the Plan, the Disclosure Statement, the Plan Supplement, or related agreements, instruments, or other documents; provided, however, that the foregoing release shall not operate to waive or release any Claims, obligations, debts, rights, suits, damages, remedies, Causes of Action, and liabilities in respect of any Released Party, solely to the extent: (1) arising out of or relating to any act or omission of such Released Party that constitutes fraud, gross negligence, bad faith or willful misconduct as determined by Final Order of a court of competent jurisdiction or (2) arising under the Plan or the Plan Documents.

5. Exculpation

Notwithstanding anything contained in the Plan to the contrary, the Exculpated Parties shall neither have, nor incur any liability to any Entity for any act on or after the Petition Date and on or before the Effective Date taken or omitted to be taken in connection with, or related to, the Chapter 11 Cases, the formulation, negotiation, solicitation, preparation, dissemination, confirmation, or implementation of the Plan, or consummation of the Plan, the Restructuring Support Agreement, the Disclosure Statement, the Plan Supplement, the Amended Organizational Documents, or other new corporate governance documents, any transactions contemplated by the Plan, the Management Incentive Plan, the New ABL Facility, the Reorganized First Lien Term Loan Facility, the issuance, distribution, and/or sale of any shares of the New Common Shares, the New Warrants (the issuance of New Common Shares in connection therewith), or any other Security offered, issued, or distributed in connection with the Plan, the Chapter 11 Cases, or any contract, instrument, release or other agreement, or document created or entered into in connection with the Plan or Alternative Structures or any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors; provided, however, that each Exculpated Party

shall be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement; provided, further, that the foregoing "Exculpation" shall have no effect on the liability of any Entity solely to the extent resulting from any such act or omission that is determined in a Final Order to have constituted fraud, gross negligence, bad faith or willful misconduct.

6. Injunctions

(a) Confirmation Date Injunction

ALL INJUNCTIONS OR STAYS PROVIDED FOR IN THE CHAPTER 11 CASES UNDER SECTION 105 OR 362 OF THE BANKRUPTCY CODE, OR OTHERWISE, AND IN EXISTENCE ON THE CONFIRMATION DATE, WILL REMAIN IN FULL FORCE AND EFFECT UNTIL THE EFFECTIVE DATE.

(b) Effective Date Injunctions

Injunction Against All Entities:

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION OR OTHER PROCEEDING, OR CREATING, PERFECTING OR ENFORCING ANY LIEN OF ANY KIND, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, EQUITY INTEREST, OR REMEDY RELEASED OR TO BE RELEASED, EXCULPATED OR TO BE EXCULPATED, OR DISCHARGED OR TO BE DISCHARGED PURSUANT TO THE PLAN OR THE CONFIRMATION ORDER. BY ACCEPTING DISTRIBUTIONS PURSUANT TO THE PLAN, EACH HOLDER OF AN ALLOWED CLAIM OR EQUITY INTEREST WILL BE DEEMED TO HAVE SPECIFICALLY CONFIRMED ITS CONSENT TO THIS INJUNCTION.

Injunction Against Holders of Released, Discharged or Exculpated Claims:

Except as otherwise provided in the Plan or for obligations issued pursuant to the Plan, all Entities that have held, hold, or may hold Claims or Equity Interests that have been released pursuant to ARTICLE X.B or ARTICLE X.C of the Plan, discharged pursuant to ARTICLE X.A of the Plan, or are subject to exculpation pursuant to ARTICLE X.D of the Plan, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Released Parties, or the Exculpated Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Equity Interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Equity Interests; (c) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Equity Interests; (d) asserting any right of setoff (except for setoffs asserted prior to the Petition Date), subrogation, or of any kind against any obligation due from such Entities or against the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Equity Interests; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Equity Interests released, exculpated, or settled pursuant to the Plan.

7. Protection against Discriminatory Treatment

In accordance with section 525 of the Bankruptcy Code, and consistent with paragraph 2 of Article VI of the United States Constitution, no Governmental Unit shall discriminate against any Reorganized Debtor, or any Entity with which a Reorganized Debtor has been or is associated, solely because such Reorganized Debtor was a Debtor under chapter 11, may have been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before such Debtor was granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

8. Reimbursement or Contribution

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the Effective Date, such Claim shall be forever disallowed notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Effective Date (a) such Claim has been adjudicated as noncontingent, or (b) the relevant holder of a Claim has filed a noncontingent Proof of Claim on account of such Claim, and a Final Order has been entered determining such Claim as no longer contingent.

9. Recoupment

In no event shall any Holder of Claims or Equity Interests be entitled to recoup any Claim or Equity Interest against any Claim, right, or Cause of Action of the Debtors or the Reorganized Debtors, as applicable, unless such Holder actually has performed such recoupment and provided notice thereof in writing to the Debtors on or before the Effective Date, notwithstanding any indication in any proof of Claim or Equity Interest or otherwise that such Holder asserts, has, or intends to preserve any right of recoupment.

10. Preservation of Rights of Action

(a) Maintenance of Causes of Action

Except as otherwise provided in ARTICLE X or elsewhere in the Plan or the Confirmation Order, after the Effective Date, the Reorganized Debtors will retain all rights to commence, pursue, litigate or settle, as appropriate, any and all Causes of Action and Litigation Claims, whether existing as of the Petition Date or thereafter arising, and Avoidance Actions, in any court or other tribunal including, without limitation, in an adversary proceeding Filed in the Chapter 11 Cases. The Reorganized Debtors, as the successors in interest to the Debtors and the Estates, may, and will have the exclusive right to, enforce, sue on, settle, compromise, transfer or assign (or decline to do any of the foregoing) any or all of the Litigation Claims without notice to or approval from the Bankruptcy Court. In accordance with the provisions of the Plan, and pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors may compromise and settle Litigation Claims.

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

Unless a Cause of Action, Litigation Claim or Avoidance Action against a Holder of a Claim or an Equity Interest or other Entity is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order (including, without limitation, the Confirmation Order), the Debtors expressly reserve such Cause of Action, Litigation Claim or Avoidance Action for later adjudication by the Debtors, with the consent of the Required Consenting Creditors with respect to any Cause of Action, Litigation Claim or Avoidance Action

seeking in excess of $500,000 (which consent shall not be unreasonably withheld), or the Reorganized Debtors (including, without limitation, Causes of Action, Litigation Claims and Avoidance Actions not specifically identified or of which the Debtors may presently be unaware or that may arise or exist by reason of additional facts or circumstances unknown to the Debtors at this time or facts or circumstances that may change or be different from those the Debtors now believe to exist) and, therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches will apply to such Causes of Action or Litigation Claims upon or after the confirmation of the Plan or Consummation of the Plan based on the Disclosure Statement, the Plan or the Confirmation Order, except where such Causes of Action, Litigation Claims or Avoidance Actions have been expressly released in the Plan (including, without limitation, and for the avoidance of doubt, the releases contained in ARTICLE X of the Plan) or any other Final Order (including, without limitation, the Confirmation Order). In addition, the Debtors, with the consent of the Required Consenting Creditors (which consent shall not be unreasonably withheld), and the Reorganized Debtors expressly reserve the right to pursue or adopt any claims alleged in any lawsuit in which any Debtor is a plaintiff, defendant or an interested party, against any Entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits.

L. BINDING NATURE OF PLAN

ON THE EFFECTIVE DATE, AND EFFECTIVE AS OF THE EFFECTIVE DATE, THE PLAN WILL BIND, AND WILL BE DEEMED BINDING UPON, ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS AND SUCH HOLDER'S RESPECTIVE SUCCESSORS AND ASSIGNS, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NOTWITHSTANDING WHETHER OR NOT SUCH HOLDER (A) WILL RECEIVE OR RETAIN ANY PROPERTY OR INTEREST IN PROPERTY UNDER THE PLAN, (B) HAS FILED A PROOF OF CLAIM OR EQUITY INTEREST IN THE CHAPTER 11 CASES OR (C) FAILED TO VOTE TO ACCEPT OR REJECT THE PLAN OR AFFIRMATIVELY VOTED TO REJECT THE PLAN.

M. MODIFICATION OR REVOCATION OF THE PLAN

1. Modification of Plan

Effective as of the date hereof and subject to the limitations and rights contained in the Plan and in the Restructuring Support Agreement: (a) the Debtors reserve the right, with the consent of the Required Consenting Creditors and in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan prior to the entry of the Confirmation Order; and (b) after the entry of the Confirmation Order, the Debtors, with the consent of the Required Consenting Creditors, or the Reorganized Debtors, as applicable, may, and after notice and hearing and entry of an order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan. A Holder of a Claim or Equity Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of such Claim or Equity Interest of such Holder.

2. Revocation of Plan

Subject to the terms of the Restructuring Support Agreement, including the consent and approval rights contained therein, the Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to File subsequent chapter 11 plans. If the Debtors revoke or

withdraw the Plan, or if confirmation of the Plan or Consummation of the Plan does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan, assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan and any document or agreement executed pursuant to the Plan shall be deemed null and void except as may be set forth in a separate order entered by the Bankruptcy Court; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtors or any other Entity; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort by the Debtors or any other Entity.

ARTICLE V.
PLAN CONFIRMATION

A. CONFIRMATION HEARING AND OBJECTIONS

A hearing to consider confirmation of the Plan will be held on **[ ], 2017 at [ ].m. (prevailing Eastern time)** before the Bankruptcy Court. The Confirmation Hearing may be continued from time to time by the Bankruptcy Court or the Debtors without further notice other than by such adjournment being announced in open court or by a notice of adjournment filed with the Bankruptcy Court and served on such parties as the Bankruptcy Court may order. Moreover, the Plan or any Exhibit, Plan Schedule or Plan Document may be amended or modified, if necessary, in accordance with the terms therein, pursuant to section 1127 of the Bankruptcy Code, prior to, during or as a result of the Confirmation Hearing, without further notice to parties in interest, in all cases, however, subject to any consent that may be required in the Plan or the Restructuring Support Agreement.

All objections to confirmation of the Plan must be filed with the Bankruptcy Court and served on the Debtors and any other parties in accordance with the Disclosure Statement Order on or before **[ ], 2017 at [ ].m. (prevailing Eastern time)** (the "Confirmation Objection Deadline").

Any objection to confirmation of the Plan must: (i) be in writing; (ii) conform to the Bankruptcy Rules and the Local Rules; (iii) state the name of the applicable Debtor, the name of the objecting party and the amount and nature of the Claim of such Entity in each applicable Chapter 11 Case or the amount of Equity Interests held by such Entity in each applicable Chapter 11 Case; (iv) state with particularity the legal and factual bases and nature of any objection to the Plan and, if practicable, a proposed modification to the Plan that would resolve such objection; and (v) be filed, contemporaneously with a proof of service, with the Bankruptcy Court and served so that it is **actually received** by no later than the Confirmation Objection Deadline by the Notice Parties (as defined in Article I.C.12 herein).

CONFIRMATION OBJECTIONS NOT TIMELY FILED AND SERVED IN THE MANNER SET FORTH HEREIN MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT AND MAY BE OVERRULED WITHOUT FURTHER NOTICE.

B. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

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

faith. Specifically, the Debtors believe that the Plan satisfies or will satisfy the applicable confirmation requirements of section 1129 of the Bankruptcy Code set forth below.

- The Plan complies with the applicable provisions of the Bankruptcy Code;
- The Debtors have complied and will comply with the applicable provisions of the Bankruptcy Code;
- The Plan has been proposed in good faith and not by any means forbidden by law;
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the case, has been or will be disclosed to the Bankruptcy Court, and any such payment: (a) made before the confirmation of the Plan is reasonable; or (b) is subject to the approval of the Bankruptcy Court as reasonable if it is to be fixed after confirmation of the Plan;
- The Debtors will disclose the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director or officer of the Debtors, an affiliate of the Debtors participating in the plan with the Debtors, or a successor to the Debtors under the Plan. The appointment to, or continuance in, such office by such individual, will be consistent with the interests of creditors and equity security holders and with public policy and the Debtors will have disclosed the identity of any insider that the Reorganized Debtors will employ or retain, and the nature of any compensation for such insider;
- Either each Holder of an Impaired Claim against, or Equity Interest in, the Debtors will (A) have accepted the Plan or will receive or retain under the Plan on account of such Claim or Equity Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code, or (B) if section 1111 (b)(2) of the Bankruptcy Code applies to such Claim, receive or retain under the Plan on account of such Claim property of a value, as of the Effective Date of the Plan, that is not less than the value of such Holder's interest in the estate's interest in the property that secures such claims;
- Each Class of Claims or Equity Interests that is entitled to vote on the Plan will either have accepted the Plan or will not be Impaired under the Plan, or the Plan can be confirmed without the approval of such voting Class pursuant to section 1129(b) of the Bankruptcy Code;
- Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Expense Claims and Priority Claims will be paid in full in Cash on the Effective Date, or as soon thereafter as is reasonably practicable;
- At least one Class of Impaired Claims will accept the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in that Class;
- Confirmation of the Plan will not likely be followed by the liquidation or the need for further financial reorganization of the Debtors or any successor thereto under the Plan;
- The Debtors have paid or will pay all fees payable under section 1930 of title 28, and the Plan provides for the payment of all such fees on the Effective Date; and
- The Plan provides for the continuation after the Effective Date of payment of all retiree benefits.

1. Best Interests of Creditors Test / Liquidation Analysis

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that the Bankruptcy Court find, as a condition to confirmation of a chapter 11 plan, that each holder of a claim or equity interest in each impaired class: (i) has accepted the plan; or (ii) among other things, will receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount that such Person would receive if each of the debtors were liquidated under chapter 7 of the Bankruptcy Code. To make these findings, the Bankruptcy Court must: (1) estimate the Cash proceeds (the "Liquidation Proceeds") that a chapter 7 trustee would generate if each Debtor's Chapter 11 Case were converted to a chapter 7 case on the Effective Date and the assets of such Debtor's Estate were liquidated; (2) determine the distribution (the "Liquidation Distribution") that each non-accepting Holder of a Claim or Equity Interest would receive from the Liquidation Proceeds under the priority scheme dictated in chapter 7; and (3) compare each Holder's Liquidation Distribution to the distribution under the Plan ("Plan Distribution") that such Holder would receive if the Plan were confirmed and consummated, as estimated in ARTICLE I.C.3 of the Disclosure Statement.

To assist the Bankruptcy Court in making the findings required under section 1129(a)(7) of the Bankruptcy Code, the Debtors prepared a Liquidation Analysis, a copy of which is attached hereto as **Exhibit D**, for comparison with the estimated Plan recoveries described in ARTICLE I.C.3.

The Liquidation Analysis presents "High" and "Low" estimates of Liquidation Proceeds, thus representing a range of the Debtors' assumptions relating to the costs incurred during a liquidation and the proceeds realized as a result thereof. The "High" and "Low" estimates of Liquidation Proceeds for the Chapter 11 Cases are $101.8 million and $78.2 million, respectively,[11] which are substantially less than the value to be realized by stakeholders under the Plan. For additional detail with respect to such estimates, refer to the Liquidation Analysis attached hereto as **Exhibit D**. It is assumed that the liquidation would occur over a period of 6 months. The projected date of conversion to a hypothetical chapter 7 liquidation (the "Assumed Effective Date") is September 30, 2017. In each case, it is assumed that the chapter 7 trustee would enter into an agreement with the Debtors' secured creditors to wind-down operations and sell the remainder of the Debtors' assets on a piecemeal basis.

The Liquidation Analysis reflects that the Plan Distribution that each Holder of a Claim or Equity Interest is projected and estimated to receive or retain under the Plan as of the Assumed Effective Date is not less than the Liquidation Distribution that such Holder is projected and estimated to receive if the Chapter 11 Cases were converted to chapter 7 of the Bankruptcy Code as of the Assumed Effective Date.

THE STATEMENTS IN THE LIQUIDATION ANALYSIS, INCLUDING ESTIMATES OF ALLOWED CLAIMS, WERE PREPARED SOLELY TO ASSIST THE BANKRUPTCY COURT IN MAKING THE FINDINGS REQUIRED UNDER SECTION 1129(a)(7) AND MAY NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE.

THE DEBTORS BELIEVE THAT ANY ANALYSIS OF A HYPOTHETICAL LIQUIDATION IS NECESSARILY SPECULATIVE. THERE ARE A NUMBER OF ESTIMATES AND ASSUMPTIONS UNDERLYING THE LIQUIDATION ANALYSIS

[11] The Liquidation Proceeds are based on estimated high and low gross recoveries of $117.6 million and $95.4 million, and estimated high and low expenses (consisting of a carveout for chapter 11 Administrative Expense Claims, and wind-down expenses and other administrative claims arising after conversion of the cases to chapter 7) of $17.2 million and $15.8 million.

THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT ECONOMIC, COMPETITIVE AND OPERATIONAL UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS OR A CHAPTER 7 TRUSTEE. NEITHER THE LIQUIDATION ANALYSIS, NOR THE FINANCIAL INFORMATION ON WHICH IT IS BASED, HAS BEEN EXAMINED OR REVIEWED BY INDEPENDENT ACCOUNTANTS IN ACCORDANCE WITH STANDARDS PROMULGATED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THERE CAN BE NO ASSURANCE THAT ACTUAL RESULTS WOULD NOT VARY MATERIALLY FROM THE HYPOTHETICAL RESULTS PRESENTED IN THE LIQUIDATION ANALYSIS.

2. Feasibility

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

The Debtors believe that the Plan meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code. In connection with the development of the Plan and for the purposes of determining whether the Plan satisfies this feasibility standard, the Debtors analyzed their ability to satisfy their financial obligations while maintaining sufficient liquidity and capital resources. The Debtors developed a business plan and prepared financial projections for fiscal years 2017 through 2020 (the "Financial Projections"). The Financial Projections, together with the assumptions on which they are based, are attached hereto as **Exhibit E**.

In general, as illustrated by the Financial Projections, the Debtors believe that with the deleveraged capital structure provided under the Plan and the added funding availability under the New ABL Facility, the Reorganized Debtors should have sufficient Cash flow and Cash on hand to make all payments required pursuant to the Plan while conducting ongoing business operations. The Debtors believe that confirmation and Consummation is, therefore, not likely to be followed by the liquidation or further reorganization of the Reorganized Debtors. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

THE FINANCIAL PROJECTIONS, INCLUDING THE UNDERLYING ASSUMPTIONS, SHOULD BE CAREFULLY REVIEWED IN EVALUATING THE PLAN. WHILE THE DEBTORS BELIEVE THAT THE ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS, WHEN CONSIDERED ON AN OVERALL BASIS, ARE REASONABLE IN LIGHT OF CURRENT CIRCUMSTANCES AND EXPECTATIONS, NO ASSURANCE CAN BE GIVEN THAT THE FINANCIAL PROJECTIONS WILL BE REALIZED. THE DEBTORS MAKE NO REPRESENTATION OR WARRANTY AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS.

The Financial Projections have not been examined or compiled by independent accountants. The Debtors make no representation as to the accuracy of the Financial Projections or their ability to achieve the projected results. Many of the assumptions on which the projections are based are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. Inevitably, some assumptions will not materialize and unanticipated events and circumstances may affect the actual financial results. Therefore, the actual results achieved throughout the three-year period of the Financial Projections may vary from the projected results and the variations may be material. All Holders of Claims and Equity Interests that are entitled to vote to accept or reject

the Plan are urged to examine carefully all of the assumptions on which the financial projections are based in connection with their evaluation of the Plan.

3. Valuation

In connection with developing the Plan, MAEVA performed an analysis of the estimated value of Reorganized Debtors on a going-concern basis, attached hereto as **Exhibit F** (the "Valuation Analysis"). The Valuation Analysis is based on various valuation methodologies, including, but not limited to, the trading values approach, the discounted cash flow approach and the comparable transactions approach.

Specifically, in preparing the Valuation Analysis, MAEVA, among other things: (i) reviewed certain financial results of the Debtors; (ii) reviewed the Financial Projections; and (iii) discussed with certain senior executives the current operations and prospects of the Debtors, as well as key assumptions related to the Financial Projections. The material financial analyses performed by MAEVA consisted of (a) a selected publicly traded company analysis, (b) a discounted cash flow analysis, and (c) a selected transactions analysis.

THE VALUATION ANALYSIS SET FORTH IN EXHIBIT F IS BASED UPON A NUMBER OF ESTIMATES AND ASSUMPTIONS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS OR THE REORGANIZED DEBTORS. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE RANGES REFLECTED IN THE VALUATION ANALYSIS WOULD BE REALIZED IF THE PLAN WERE TO BECOME EFFECTIVE, AND ACTUAL RESULTS COULD VARY.

THE VALUATION ANALYSIS REPRESENTS A HYPOTHETICAL VALUATION OF THE REORGANIZED DEBTORS, WHICH ASSUMES THAT SUCH REORGANIZED DEBTORS CONTINUE AS AN OPERATING BUSINESS. THE ESTIMATED VALUE SET FORTH IN THE VALUATION ANALYSIS DOES NOT PURPORT TO CONSTITUTE AN APPRAISAL OR NECESSARILY REFLECT THE ACTUAL MARKET VALUE THAT MIGHT BE REALIZED THROUGH A SALE OR LIQUIDATION OF THE REORGANIZED DEBTORS, THEIR SECURITIES OR THEIR ASSETS, WHICH MAY BE MATERIALLY DIFFERENT THAN THE ESTIMATE SET FORTH IN THE VALUATION ANALYSIS. ACCORDINGLY, SUCH ESTIMATED VALUE IS NOT NECESSARILY INDICATIVE OF THE PRICES AT WHICH ANY SECURITIES OF THE REORGANIZED DEBTORS MAY TRADE AFTER GIVING EFFECT TO THE TRANSACTIONS SET FORTH IN THE PLAN. ANY SUCH PRICES MAY BE MATERIALLY DIFFERENT THAN INDICATED BY THE VALUATION ANALYSIS.

4. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims or equity interests that is impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. A class is "impaired" unless the plan: (1) leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or (2) notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to

demand or receive accelerated payment of such claim or interest after the occurrence of a default— (A) cures any such default that occurred before or after the commencement of the Chapter 11 Cases, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) expressly does not require to be cured; (B) reinstates the maturity of such claim or interest as such maturity existed before such default; (C) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; (D) if such claim or such interest arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), compensates the holder of such claim or such interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure; and (E) does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

Section 1126(c) of the Bankruptcy Code, except as otherwise provided in section 1126(e) of the Bankruptcy Code, defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the plan and are not insiders. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number actually voting cast their ballots in favor of acceptance. Section 1126(d) of the Bankruptcy Code, except as otherwise provided in section 1126(e) of the Bankruptcy Code, defines acceptance of a plan by a class of impaired equity interests as acceptance by holders of at least two-thirds in amount of equity interests in that class actually voting to accept or to reject the plan. (Section 1126(e) of the Bankruptcy Code permits the Bankruptcy Court to designate and not count the vote of an entity whose acceptance or rejection of the Plan was not in good faith or was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.)

Classes 1, 2, 4, and 7 are not Impaired under the Plan, and, as a result, the Holders of such Claims or Intercompany Interests are deemed to have accepted the Plan.

Claims in Classes 3, 5, and 6 are Impaired under the Plan, and as a result, the Holders of Claims in such Class are entitled to vote on the Plan.

Pursuant to section 1129 of the Bankruptcy Code, the Holders of Claims in each Voting Class must accept the Plan for the Plan to be confirmed without application of the "fair and equitable test" to such Class, and without considering whether the Plan "discriminates unfairly" with respect to such Class, as both standards are described herein. As stated above, the Voting Classes (Classes 3, 5, and 6), will have accepted the Plan if the Plan is accepted by at least two-thirds in amount and a majority in number of the Claims of such Class (other than any Claims of creditors designated under section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Plan.

5. Confirmation Without Acceptance by Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if less than all impaired classes entitled to vote on the plan have accepted it, *provided* that the plan has been accepted by at least one impaired class of claims. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired Class's rejection or deemed rejection of the Plan, the Plan will be confirmed, at the Debtors' request, in a procedure commonly known as "cram down," so long as the Plan does not "discriminate unfairly" and is "fair and equitable" with respect to each Class of Claims or Equity Interests that is impaired under, and has not accepted, the Plan.

(a) No Unfair Discrimination

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

(b) Fair and Equitable Test

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

The condition that a plan be "fair and equitable" to a non-accepting Class of Secured Claims includes the requirements that: (a) the Holders of such Secured Claims retain the liens securing such Claims to the extent of the Allowed amount of the Claims, whether the property subject to the liens is retained by the debtors or transferred to another entity under the Plan; (b) each Holder of a Secured Claim in the Class receives deferred Cash payments totaling at least the Allowed amount of such Claim with a present value, as of the Effective Date of the Plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens; or (c) such Holders of Secured Claims realize the indubitable equivalence of such Claims.

The condition that a plan be "fair and equitable" with respect to a non-accepting Class of unsecured Claims includes the requirement that either: (a) the plan provides that each Holder of a Claim of such Class receive or retain, on account of such Claim, property of a value, as of the Effective Date of the plan, equal to the allowed amount of such Claim; or (b) the Holder of any Claim or Equity Interest that is junior to the Claims of such Class will not receive or retain under the plan, on account of such junior Claim or Equity Interest, any property.

The condition that a plan be "fair and equitable" to a non-accepting Class of Equity Interests includes the requirements that either: (a) the plan provides that each Holder of an Equity Interest in that Class receives or retains under the plan, on account of that Equity Interest, property of a value, as of the Effective Date of the plan, equal to the greater of (i) the allowed amount of any fixed liquidation preference to which such Holder is entitled, (ii) any fixed redemption price to which such Holder is entitled, or (iii) the value of such interest; or (b) if the Class does not receive such an amount as required under (a), no Class of Equity Interests junior to the non-accepting Class (if any) may receive a distribution under the plan.

To the extent that any class of Claims or Class of Equity Interests either reject the Plan or are deemed to have rejected the Plan, the Debtors reserve the right to seek (a) confirmation of the Plan under section 1129(b) of the Bankruptcy Code and/or (b) modify the Plan in accordance with Article XIII.C of the Plan.

Notwithstanding the rejection of any Class that votes to reject the Plan, the Debtors do not believe that the Plan discriminates unfairly against any Impaired Class of Claims or Equity Interests. The Debtors believe that the Plan and the treatment of all Classes of Claims and Equity Interests under the Plan satisfy the foregoing requirements for non-consensual confirmation of the Plan.

C. CONSUMMATION OF THE PLAN

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

ARTICLE VI.
RISK FACTORS

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

A. RISKS RELATING TO CONFIRMATION AND CONSUMMATION OF THE PLAN

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

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Equity Interests, each encompassing Claims or Equity Interests, as applicable, that are substantially similar to the other Claims and Equity Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Issues or disputes relating to classification and/or treatment could result in a delay in the confirmation and consummation of the Plan and could increase the risk that the Plan will not be confirmed or consummated.

2. The Debtors May Object to the Amount or Classification of a Claim or Equity Interest

Except as otherwise provided in the Plan, the Debtors, with any required approvals or consents as set forth in the Restructuring Support Agreement, and, after the Effective Date, the Reorganized Debtors reserve the right to object to the amount or classification of any Claim or Equity Interest under the Plan. The estimates set forth in this Disclosure Statement cannot be relied on by any Holder of a Claim or Equity Interest where such Claim or Equity Interest is or may become subject to an objection, counterclaim or other suit by the Debtors. Any Holder of a Claim or Equity Interest that is or may become subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

3. The Debtors May Fail to Satisfy the Vote Requirement

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, confirmation

of the Plan. In the event that sufficient votes are not received, the Debtors may seek to accomplish an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims or Equity Interests as those proposed in the Plan.

4. The Debtors May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan and requires, among other things, findings by the bankruptcy court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting Holders of Claims within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtor was liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim or Equity Interest might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that the Disclosure Statement, the balloting procedures and voting results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met, including the requirement that the terms of the Plan do not "unfairly discriminate" and are "fair and equitable" to non-accepting Classes, or the Plan contains other terms disapproved of by the Bankruptcy Court.

The Debtors (subject to any consent that may be required under the Restructuring Support Agreement) reserve the right to modify the terms and conditions of the Plan as necessary for confirmation. Any such modifications could result in less favorable treatment of any non-accepting Class, as well as any Classes junior to such non-accepting Class, than the treatment currently provided in the Plan. Such less favorable treatment could include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan. Section 1127 of the Bankruptcy permits the Debtors to modify the Plan at any time before confirmation, but not if such modified Plan fails to meet the requirements for confirmation. The Debtors or the Reorganized Debtors may modify the Plan at any time after confirmation of the Plan and before substantial consummation of the Plan if circumstances warrant such modification and the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified, but not if such modified Plan fails to meet the requirements for confirmation. The Debtors will comply with the disclosure and solicitation requirements set forth in section 1125 of the Bankruptcy Code with respect to the modified Plan. Any Holder of a Claim or Equity Interest that has accepted or rejected the Plan is deemed to have accepted or rejected, as the case may be, the Plan as modified, unless, within the time fixed by the Bankruptcy Court, such Holder changes its previous acceptance or rejection.

5. Non-Consensual Confirmation of the Plan May Be Necessary

In the event that any impaired class of claims or equity interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm such a plan at the proponents' request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class) ("Accepting § 1129(a)(10) Class") and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect

to the dissenting impaired classes. If there is an Accepting § 1129(a)(10) Class, the Debtors believe that the Plan satisfies these other requirements and the Debtors may request such non-consensual confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, in the event that a Voting Class does not accept the Plan, there can be no assurance that the Bankruptcy Court will reach this conclusion.

6. Releases, Injunctions, and Exculpations Provisions May Not Be Approved

Article X of the Plan provides for certain releases, injunctions, and exculpations, including a release of liens and third-party releases that may otherwise be asserted against the Debtors, Reorganized Debtors, or Released Parties, as applicable. The releases, injunctions, and exculpations provided in the Plan may not be approved. If the releases are not approved, certain Released Parties may withdraw their support for the Plan. The releases provided to the Released Parties and the exculpation provided to the Exculpated Parties are necessary to the success of the Debtors' reorganization because the Released Parties and Exculpated Parties have made significant contributions to the Debtors' reorganization efforts and have agreed to make further contributions, including by agreeing to exchange their Prepetition First Lien Claims into a substantially reduced amount of the Reorganized First Lien Term Loans and Exchange Common Shares, but only if they receive the full benefit of the Plan's release and exculpation provisions. The Plan's release and exculpation provisions are an inextricable component of the Restructuring Support Agreement and the significant deleveraging and financial benefits embodied in the Plan.

7. The Restructuring Support Agreement May Terminate.

As set forth herein, the Restructuring Support Agreement may terminate if, among other things, the deadlines set forth in such agreement are not met or if the conditions precedent to the respective party's obligations to support the Plan or to confirm the Plan are not satisfied in accordance with the terms of such agreement. If the Restructuring Support Agreement terminates, the Debtors may not be able to obtain the support of the Holders of Claims required to confirm the Plan. If the Restructuring Support Agreement terminates and the Debtors lose the support of important creditor constituencies, the Debtors likely would not be able to consummate the Plan as currently proposed.

8. Risks of Not Obtaining the Funding Under the New ABL Facility

The Plan is predicated on, among other things, consummation of the New ABL Facility and the receipt of the funding contemplated under the New ABL Facility. Although the DIP Lenders have committed to providing the New ABL Facility upon the Debtors' emergence from chapter 11, there can be no assurance that the conditions precedent to consummation of the New ABL Facility will be met or otherwise waived.

9. The Conditions Precedent to the Effective Date of the Plan May Not Occur

As more fully set forth in Article IX of the Plan, the Effective Date of the Plan is subject to a number of conditions precedent. If such conditions precedent are not waived or not met, the Effective Date will not take place. Although the Debtors believe that the Effective Date may occur within approximately [one month] after the Confirmation Date, there can be no assurance as to such timing, or as to whether the Effective Date will, in fact, occur.

B. RISKS RELATING TO THE CHAPTER 11 PROCESS

1. The Debtors' Exclusivity Period May Terminate

At the outset of the Chapter 11 Cases, the Bankruptcy Code provides the Debtors with the exclusive right to propose the Plan and prohibits creditors and others from proposing a plan. The Debtors will have retained the exclusive right to propose the Plan upon filing their petitions. If the Bankruptcy Court terminates that right, however, or the exclusivity period expires, there could be a material adverse effect on the Debtors' ability to achieve confirmation of the Plan in order to achieve the Debtors' stated goals.

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

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

3. The Chapter 11 Cases May Be Converted to Cases Under Chapter 7 of the Bankruptcy Code

If the Bankruptcy Court finds that it would be in the best interest of creditors and/or the debtor in a chapter 11 case, the Bankruptcy Court may convert a chapter 11 bankruptcy case to a case under chapter 7 of the Bankruptcy Code. In such event, a chapter 7 trustee would be appointed or elected to liquidate the debtor's assets for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in significantly smaller distributions being made to creditors than those provided for in the Plan because of (a) the likelihood that the assets would have to be sold or otherwise disposed of in a disorderly fashion over a short period of time, rather than reorganizing or selling the business as a going concern at a later time in a controlled manner, (b) additional administrative expenses involved in the appointment of a chapter 7 trustee, and (c) additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation, including Claims resulting from the rejection of Unexpired Leases and other Executory Contracts in connection with cessation of operations.

C. RISKS RELATING TO RECOVERIES UNDER THE PLAN

1. The Recovery to Holders of Allowed Claims Can Not Be Stated With Absolute Certainty

The Claims estimates set forth herein are based on various assumptions and are estimates. The actual amounts of Allowed Claims may differ significantly from those estimates should one or more underlying assumption prove to be incorrect. Such differences may adversely affect the

percentage recovery to Holders of such Allowed Claims under the Plan. Moreover, the estimated recoveries set forth herein are necessarily based on numerous assumptions, the realization of many of which are beyond the Debtors' control, including, without limitation, (a) the successful reorganization of the Debtors, (b) an assumed date for the occurrence of the Effective Date, (c) the Debtors' ability to achieve the operating and financial results included in the Financial Projections, (d) the Debtors' ability to maintain adequate liquidity to fund operations, and (e) the assumption that capital and equity markets remain consistent with current conditions.

The actual amounts of Allowed Claims may differ significantly from those estimates should one or more underlying assumption prove to be incorrect, which could affect the percentage recovery to Holders of such Allowed Claims under the Plan, in some instances adversely. Also, the estimated recoveries to Holders of Allowed Claims are not intended to represent the private sale values of the Reorganized Debtors' securities.

2. The Value of New Common Shares Can Not Be Stated With Absolute Certainty

On the Effective Date, 100% of the New Common Shares will be issued (as Exchange Common Shares) to various creditors on account of their Claims, but will be subject to dilution by issuance of New Common Shares upon exercise of the New Warrants or pursuant to the Management Incentive Plan. Despite the Debtors' best efforts to value the New Common Shares, various uncertainties, including market conditions, the Debtors' inability to implement their business plan, and lack of a market for the New Common Shares may cause fluctuations or variations in value of the New Common Shares not fully accounted for herein.

In addition, the value of the New Common Shares may be impacted by changes to the Reorganized Debtors' post-emergence capital structure.

3. Holders of Equity Securities in Reorganized Holdings May Not Be Able to Recover in Future Cases of Bankruptcy, Liquidation or Reorganization

On the Effective Date or such other date as specified in the Plan, the Equity Securities will be distributed to the Holders of Allowed Claims in Class 3 and Class 5 and, if Classes 3, 5, and 6 vote to accept the Plan, to Holders of Allowed Equity interests in Class 6. Upon such Plan Distribution date, in its capacity as a Holder of an Equity Security, each Holder of such Equity Securities will become subordinated to all liabilities of the Reorganized Debtors. Therefore, the assets of the Reorganized Debtors would not be available for distribution to any holder of such Equity Securities, in respect of such Equity Securities, in any bankruptcy, liquidation or reorganization of the Reorganized Debtors unless and until all indebtedness of the Reorganized Debtors has been paid.

4. The Reorganized First Lien Term Loans, New Common Shares and New Warrants Will Be Illiquid

There is no organized trading market for the Reorganized First Lien Term Loans, New Common Shares or New Warrants and no such market is expected to emerge after the Effective Date. In the absence of any such market, the value of such securities may not be readily determinable and holders thereof must be prepared to bear the risk of their investment in such securities indefinitely. Resales of the Reorganized First Lien Term Loans, New Common Shares and New Warrants may be restricted under applicable federal and state securities laws, as discussed in Article VI of this Disclosure Statement. The New Common Shares, New Warrants, and shares of New Common Shares issuable upon exercise of New Warrants may be subject to material restrictions on transferability and other restrictions set forth in the Amended Organizational Documents.

5. There Is Not an Established Market for Equity Securities in Reorganized Holdings, and Holders of New Common Shares Will Be Subject to Restrictions on Resale and Transfer, Including Under the Amended Organizational Documents, Which Could Make Such Interests Illiquid

No established market exists for the Equity Securities in Reorganized Holdings. Reorganized Holdings is not expected, in the near future, to cause Equity Securities of Reorganized Holdings to be listed on any national exchange or interdealer quotation system or to cooperate with any registered broker-dealer who may seek to initiate price quotations for the Equity Securities of Reorganized Holdings in the over the counter market. In addition, the Amended Organizational Documents governing the New Common Shares in Reorganized Holdings will contain restrictions on transfer by Holders, including transfers to certain prohibited transferees, prohibition on transfers that could result in Reorganized Holdings being required to file reports under the Exchange Act, and compliance with certain rights of first offer and, if applicable, tag-along and drag-along rights. Therefore, there cannot be any assurance that the Equity Securities in Reorganized Holdings will be a tradable, liquid security at any time after the Effective Date. If no public market for the Equity Securities of Reorganized Holdings develops, holders of such securities may have difficulty selling or obtaining timely and accurate valuation with respect to such securities.

Even if a market were to develop in the future, there cannot be any assurance as to the degree of price volatility in any market that develops for the Equity Securities in Reorganized Holdings. Some Holders who receive Equity Securities in Reorganized Holdings pursuant to the Plan may not elect to hold equity on a long-term basis. Sales by future equity holders of a substantial number of interests after the Effective Date could significantly reduce the market price of the Equity Securities in Reorganized Holdings. Moreover, the perception that these equity holders might sell significant amounts of the Equity Securities of Reorganized Holdings could depress the market price of such interests for a considerable period. Sales of the Equity Securities in Reorganized Holdings, and the possibility thereof, could make it more difficult for Reorganized Holdings to sell equity, or equity-related securities, in the future at a time and price that they consider appropriate.

The valuation of Equity Securities in Reorganized Holdings contained in this Disclosure Statement is not an estimate of the prices at which the Equity Securities in Reorganized Holdings may trade or be sold in the future, and the Debtors have not attempted to make any such estimate in connection with the development of the Plan. The value of the Equity Securities in Reorganized Holdings ultimately may be substantially higher or lower than reflected in the valuation assumptions provided in this Disclosure Statement.

Transfers of Equity Securities in Reorganized Holdings may be subject to customary restrictions consistent with the preservation of the net operating loss and other tax attributes of the Debtors. If Alternative Structures are determined to be utilized that cause Reorganized Holdings to be treated as a partnership for U.S. federal income tax purposes, transfers of Equity Securities in Reorganized Holdings will be subject to customary restrictions to avoid treatment as a "publicly traded partnership".

D. RISK FACTORS RELATING TO THE DEBTORS' BUSINESS, INDUSTRY AND MARKET FACTORS

1. Continued Risk Upon Confirmation and Consummation

Even if the Plan is confirmed and Consummated, the Debtors will continue to face a number of risks, including certain risks that are beyond their control, such as deterioration or other changes in economic conditions, changes in the industry, potential revaluing of their assets due to chapter 11 proceedings, changes in demand for premium denim. Some of these concerns and effects typically become more acute when a case under the Bankruptcy Code continues for a protracted period without indication of how or when the case may be completed. As a result of these risks and others, there is no guarantee that a chapter 11 plan of reorganization reflecting the Plan will achieve the Debtors' stated goals.

Further, even if the Debtors' debts are reduced and/or discharged through the Plan, the Debtors may need to raise additional funds through public or private debt or equity financing or other various means to fund the Debtors' business after the completion of the proceedings related to the Chapter 11 Cases. Adequate funds may not be available when needed or may not be available on favorable terms.

2. The Company's Industry Is Highly Competitive, Which May Force the Company to Lower Its Prices and May Have an Adverse Effect on Its Operating Results

The principal markets that the Company serves are highly competitive. Competition is based principally on price, service, quality, processing capabilities, inventory availability and timely delivery. The Company competes in a highly fragmented industry. Competition in the various markets in which the Company participates comes from other fashion retailers, some of which have greater financial resources than the Company does and some of which have more established brand names in the local markets that the Company serves. Increased competition could force the Company to lower its prices or to offer increased services at a higher cost to the Company, which could have an adverse effect on the Company's operating results.

3. The Company Operates in International Markets, Which Expose It to a Number of Risks

Although a majority of the Company's business activity takes place in the United States, it also serves and operates in certain international markets, which exposes the Company to political, economic and currency related risks, including the following:

- potential for adverse change in the local political or social climate or in government policies, laws and regulations;
- difficulty staffing and managing geographically diverse operations and the application of foreign labor regulations;
- restrictions on imports and exports or sources of supply;
- currency exchange rate risk; and
- changes in duties and taxes.

In addition to the United States, the Company operates in eleven foreign countries. An act of war or terrorism or major pandemic event could disrupt international shipping schedules, cause additional delays in importing or exporting products into or out of any of these countries, including the United States, or increase the costs required to do so. In addition, acts of crime or violence in these international markets could adversely affect the Company's operating results. Fluctuations in the value of the U.S. dollar versus foreign currencies could reduce the value of these assets as reported in the Company's financial statements, which could reduce its stockholders' equity.

4. The Company May Face Risks Associated with Current or Future Litigation and Claims

From time to time, the Company is involved in a variety of lawsuits, claims and other proceedings relating to the conduct of its business. These suits concern issues including contract disputes, employment actions, employee benefits, taxes, and personal injury matters. Due to the uncertainties of litigation, the Company can give no assurance that it will prevail on all claims made against it in the lawsuits that the Company currently faces or that additional claims will not be made against the Company in the future. While it is not feasible to predict the outcome of all pending lawsuits and claims, the Company does not believe that the disposition of any such pending matters is likely to have a materially adverse effect on its financial condition or liquidity, although the resolution in any reporting period of one of more of these matters could have an adverse effect on the Company's operating results for that period. Also, the Company can give no assurance that any other lawsuits or claims brought in the future will not have an adverse effect on its financial condition, liquidity or operating results.

5. The Debtors Are Subject to Restrictive Covenants That Impair Their Business Operations

The DIP Facility includes financial covenants that, among other things, require the Debtors to perform within a budget and meet certain milestones. If the Debtors are unable to achieve the results that are contemplated in their business plan, they may fail to comply with these covenants.

Furthermore, the DIP Facility contains limitations on the Debtors' ability, among other things, to incur additional indebtedness, make capital expenditures, pay dividends, make investments (including acquisitions) or sell assets. If the Debtors fail to comply with the covenants in the DIP Facility and are unable to obtain a waiver or amendment of such covenants, an event of default will occur thereunder. The DIP Facility contains other events of defaults customary for debtor-in-possession financings.

6. The Debtors May Fail in Their Lease Rationalization Efforts

The Debtors' efforts to renegotiate leases and close stores during the Chapter 11 Cases is an effort to cut costs and maintain profitability. The Debtors' forward-looking financial projections are based on a certain amount of savings and number of operating stores, which amount anticipates substantial concessions from various landlords. If the Debtors are unable to reach satisfactory terms with the quantity of landlords they anticipate, the Debtors may be forced to close additional stores, decreasing revenue. Further, the actual savings may be substantially greater than or less than the projected savings ranges.

7. Large Holders of the Prepetition First Lien Claims May Control Reorganized Holdings

Implementation of the Plan is anticipated to result in a small number of Holders of Prepetition First Lien Claims or their assignees owning a significant percentage of the shares of outstanding New Common Shares of Reorganized Holdings. These holders or their assignees could, among other things, exercise a controlling influence over the business and affairs of Reorganized Holdings and the other Reorganized Debtors.

8. Tax Implications of the Plan

The U.S. federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtors have not requested and do not intend to seek any ruling from the IRS on the tax consequences of the Plan. Even if the Debtors decide to request a ruling, there would be no assurance that the IRS would rule favorably or that any ruling would be issued before the Effective Date. In addition, in such case, there still would be significant tax uncertainties, which would not be the subject of any ruling request. Thus, there can be no assurance that the IRS will not challenge the various positions the Debtors have taken, or intend to take, with respect to the U.S. federal income tax treatment in the Plan, or that a court would not sustain such a challenge. *See* "Summary of Certain U.S. Federal Income Tax Consequences of the Plan," at Article IX herein. Each Holder of an Equity Interest or a Claim is urged to consult its own tax advisor for the U.S. federal, state, local, and non-U.S. income, estate and other tax consequences applicable under the Plan.

E. RISK FACTORS ASSOCIATED WITH FORWARD-LOOKING STATEMENTS

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

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

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

This Disclosure Statement contains various projections concerning the Reorganized Debtors' operations, including the Financial Projections, that are, by their nature, forward looking, and which projections are necessarily based on certain assumptions and estimates regarding the anticipated future performance of the Reorganized Debtors, including, without limitation, their ability to maintain or increase revenue and gross margins, control future operating expenses, or make necessary capital, as well as assumptions concerning general business and economic conditions and overall industry performance and trends, which the Debtors are unable to control. Should any or all of these assumptions or estimates ultimately prove to be incorrect or not materialize, the actual future experiences of the Reorganized Debtors may turn out to be different from the Financial Projections. Also, because the Liquidation Analysis, distribution projections, and other information contained herein and attached hereto are

estimates only, the timing and amount of actual distributions to Holders of Allowed Claims may be affected by many factors that cannot be predicted.

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

DUE TO THE INHERENT UNCERTAINTIES ASSOCIATED WITH PROJECTING FINANCIAL RESULTS GENERALLY, THE PROJECTIONS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSIDERED ASSURANCES OR GUARANTEES OF THE AMOUNT OF FUNDS OR THE AMOUNT OF CLAIMS THAT MAY BE ALLOWED IN THE VARIOUS CLASSES. WHILE THE DEBTORS BELIEVE THAT THE FINANCIAL PROJECTIONS CONTAINED IN THIS DISCLOSURE STATEMENT ARE REASONABLE, THERE CAN BE NO ASSURANCE THAT THEY WILL BE REALIZED.

F. DISCLOSURE STATEMENT DISCLAIMER

1. The Information Contained Herein Is for Soliciting Votes Only

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

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

Neither the SEC nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained herein, and any representation to the contrary is unlawful.

3. The Debtors Relied on Certain Exemptions From Registration Under the Securities Act

This Disclosure Statement has been prepared pursuant to sections 1125 and 1126, as applicable, of the Bankruptcy Code and Rule 3016(b) of the Bankruptcy Rules and does not necessarily conform to disclosure requirements of federal or state securities laws or other similar laws. The offer and issuance of the Reorganized First Lien Term Loans, New Common Shares and New Warrants under the Plan has not been registered under the Securities Act or Blue Sky Laws. To the maximum extent permissible by law, the offer and issuance of the Reorganized First Lien Term Loans, the New Common Shares, and the New Warrants under the Plan will be exempt from registration under the Securities Act and applicable Blue Sky Laws by virtue of section 1145 of the Bankruptcy Code, section 4(a)(2) of the Securities Act or Rule 506 of Regulation D and/or Rule 701 promulgated under the Securities Act.

4. This Disclosure Statement Contains Forward-Looking Statements

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

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

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

6. No Admissions Are Made by This Disclosure Statement

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

Notwithstanding any rights of approval, pursuant to the Restructuring Support Agreement or otherwise, as to the form of substance of this Disclosure Statement, the Plan or any other document relating to the transactions contemplated thereunder, neither the Consenting Creditors nor their respective representatives, members, financial or legal advisors or agents, has independently verified the information contained herein or takes any responsibility therefor and none of the foregoing entities or persons makes any representations or warranties whatsoever concerning the information contained herein.

7. No Reliance Should Be Placed on Any Failure to Identify Litigation Claims or Projected Objections

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Equity Interest is, or is not, identified in this Disclosure Statement. The Debtors, with any consent or approval required by the Restructuring Support Agreement, or the Reorganized Debtors may seek to investigate, file and prosecute litigation rights and claims against any third parties and may object to Claims after the Confirmation Date or Effective Date of the Plan irrespective of whether the Disclosure Statement identifies such litigation claims or objections to Claims or Equity Interests.

8. Nothing Herein Constitutes a Waiver of Any Right to Object to Claims or Equity Interests or Recover Transfers and Assets

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

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

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

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

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

11. No Representations Made Outside the Disclosure Statement Are Authorized

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

ARTICLE VII.
ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. LIQUIDATION UNDER CHAPTER 7 OF THE BANKRUPTCY CODE

If no chapter 11 plan can be confirmed, some or all of the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code in which case, a trustee would be elected or appointed to liquidate the Debtors' assets. In performing the liquidation analysis, the Debtors have assumed that all Holders of Claims and Equity Interests will be determined to have "claims" that are entitled to share in the proceeds from any such liquidation. The Debtors believe that liquidation under chapter 7 would result in smaller distributions being made to creditors than those provided for in the Plan because of (i) the additional administrative expenses involved in the appointment of a trustee and attorneys and other professionals to assist such

trustee, (ii) additional expenses and claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of unexpired leases and executory contracts in connection with the cessation of the Debtors' operations, and (iii) the failure to realize the greater, going-concern value of all of the Debtors' assets.

B. FILING OF AN ALTERNATIVE PLAN OF REORGANIZATION

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

During the negotiations prior to the filing of the Plan, the Debtors explored various alternatives to the Plan. The Debtors believe that the Plan will enable the Debtors to emerge from chapter 11 successfully and expeditiously, preserves the Debtors' business and allows creditors to realize the highest recoveries under the circumstances. In a liquidation under chapter 11 of the Bankruptcy Code, the assets of the Debtors would be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7, and a trustee need not be appointed. Accordingly, creditors would receive greater recoveries than in a chapter 7 liquidation. Although a chapter 11 liquidation is preferable to a chapter 7 liquidation, the Debtors believe that a liquidation under chapter 11 is a much less attractive alternative to creditors and interest holders than the Plan because the Plan provides for a greater return to creditors and interest holders.

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

ARTICLE VIII.
ISSUANCE AND RESALE OF REORGANIZED FIRST LIEN TERM LOANS, NEW COMMON SHARES, AND NEW WARRANTS UNDER THE PLAN

A. EXEMPTION FROM REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND BLUE SKY LAWS

1. Section 1145(a) of the Bankruptcy Code (Offer and Issuance of Reorganized First Lien Term Loans, Exchange Common Shares and New Warrants)

The Debtors are relying on the exemption provided by section 1145(a)(1) of the Bankruptcy Code from the registration requirements of the Securities Act and applicable Blue Sky Laws to exempt the offer and issuance of Reorganized First Lien Term Loans, Exchange

Common Shares, and New Warrants to Holders of Prepetition First Lien Claims and Holders of Allowed General Unsecured Claims, respectively, on the Effective Date. Section 1145(a)(1) of the Bankruptcy Code provides that the registration requirements of Section 5 of the Securities Act and any applicable Blue Sky Laws will not apply to the offer or sale of stock, warrants or other securities by a debtor under a plan of reorganization if (i) the offer or sale occurs under a plan of reorganization, (ii) the recipients of securities hold a claim against, an interest in or claim for administrative expense against the debtor and (iii) the securities are issued in exchange for a claim against or interest in a debtor or are issued principally in such exchange and partly for cash and property.

The Debtors are relying on the exemption provided by section 1145(a)(2) of the Bankruptcy Code from the registration requirements of the Securities Act and applicable Blue Sky Laws to exempt the offer and issuance of New Common Shares issuable after the Effective Date upon the exercise of New Warrants issued to Holders of Prepetition First Lien Claims and Holders of Allowed General Unsecured Claims, respectively, on the Effective Date. Section 1145(a)(2) of the Bankruptcy Code provides that the registration requirements of Section 5 of the Securities Act and any applicable Blue Sky Laws will not apply to the offer or sale of any security through any warrant, option, right to subscribe, or conversion privilege that was sole in the manner specified in section 1145(a)(1) of the Bankruptcy Code, or the sale of a security upon the exercise of such a warrant, option, right or privilege.

2. Section 4(a)(2) of the Securities Act, Rule 506 of Regulation D, and Rule 701 Under the Securities Act (Offer and Issuance of New Common Shares and Other Equity Securities Under Management Incentive Plan)

The Debtors are relying on the exemptions provided by Section 4(a)(2) of the Securities Act, Rule 506 of Regulation D and/or Rule 701 promulgated under the Securities Act from the registration requirements of the Securities Act to exempt the offer and issuance of the New Common Shares and other Equity Securities to directors, officers and other key employees of the Debtors pursuant to the Management Incentive Plan (the "MIP Securities"). As stated in [Article VIII.A.1] above, Section 4(a)(2) of the Securities Act exempts transactions by an issuer not involving any public offering, and Regulation D provides a safe harbor under Section 4(a)(2) for transactions that meet certain requirements, including that directors, officers and other key employees of the Debtors qualify as "accredited investors" within the meaning of U.S. securities laws.

Rule 701 under the Securities Act provides a safe harbor exemption from registration under the Securities Act for equity securities issued as employee compensation. Accordingly, the Debtors believe that the MIP Securities issued to directors, officers and other key employees of the Debtors will be exempt from registration under the Securities Act.

In reliance upon the exemptions provided by section 1145(a) of the Bankruptcy Code, Section 4(a)(2) of the Securities Act, Rule 506 of Regulation D under the Securities Act and/or Rule 701 promulgated under the Securities Act, as discussed in the preceding paragraphs, the Debtors believe that the offer and issuance of the Reorganized First Lien Term Loans, the New Common Shares, the MIP Securities and the New Warrants under the Plan, including the shares of New Common Shares issuable after the Effective Date upon exercise of New Warrants, will be exempt from registration under the Securities Act.

B. RESALES OF REORGANIZED FIRST LIEN TERM LOANS, NEW COMMON SHARES, AND NEW WARRANTS

1. Resales of the Exchange Securities

As discussed in ARTICLE VIII.2, the offer and issuance of Reorganized First Lien Term Loans, Exchange Common Shares and New Warrants issued on the Effective Date, and New Common Shares issuable after the Effective Date upon exercise of New Warrants (collectively, the "Exchange Securities"), is anticipated to be exempt under section 1145(a)(1) of the Bankruptcy Code from registration under the Securities Act and applicable Blue Sky Laws. Section 1145(c) of the Bankruptcy Code provides that securities issued pursuant to a registration exemption under section 1145(a)(1) of the Bankruptcy Code ("Exempt 1145(a)(1) Securities") are deemed to have been issued pursuant to a public offering. Therefore, to the extent the offer and sale of any Exchange Securities are Exempt 1145(a)(1) Securities, they are not considered "restricted securities" and may generally be resold by any holder thereof without registration under the Securities Act pursuant to the exemption provided by Section 4(a)(1) thereof, unless the holder is an "underwriter" with respect to such securities, as such term is defined in section 1145(b)(1) of the Bankruptcy Code. In addition, Exchange Securities that are Exempt 1145(a)(1) Securities generally may be resold by the recipients thereof without registration under state securities or "blue sky" laws pursuant to various exemptions provided by the respective laws of the individual states (collectively, "Blue Sky Laws"). However, the availability of such exemptions cannot be known unless individual states' Blue Sky Laws are examined, and recipients of securities issued under the Plan are advised to consult with their own counsel as to the availability of any such exemption from registration under federal securities laws and any relevant state securities laws in any given instance and as to any applicable requirements or conditions to the availability thereof.

Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" for purposes of the Securities Act as one who, subject to certain exceptions, (a) purchases a claim with a view to distribution of any security to be received in exchange for such claim, (b) offers to sell securities offered or sold under the plan for the holders of such securities, (c) offers to buy securities issued under the plan from the holders of such securities, if the offer to buy is made with a view to distribution of such securities, and if such offer is under an agreement made in connection with the plan, with the consummation of the plan or with the offer or sale of securities under the plan, or (d) is an issuer, as used in Section 2(a)(11) of the Securities Act, with respect to such securities, which (as described below) includes "control persons" of the issuer.

The term "issuer," as used in Section 2(a)(11) of the Securities Act, includes any person directly or indirectly controlling or controlled by, an issuer of securities, or any person under direct or indirect common control with such issuer. "Control" (as defined in Rule 405 under the Securities Act) means the possession, direct or indirect, of the power to direct or cause the direction of the policies of a person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor or its successor under a plan of reorganization may be deemed to be "in control" of such debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor's or its successor's voting securities. Moreover, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent (10%) or more of the voting securities of a reorganized debtor may be presumed to be a "control person."

Notwithstanding the foregoing, "control person" underwriters may be able to sell securities without registration pursuant to the resale limitations for control securities under Rule 144 of the Securities Act which, in effect, permit the resale of securities received by such underwriters pursuant to a chapter 11 plan, subject to applicable volume limitations and current

public information, notice and manner of sale requirements. Parties who believe they may be statutory underwriters as defined in section 1145 of the Bankruptcy Code are advised to consult with their own legal advisers as to the availability of the exemption provided by Rule 144 and other exemptions from registration under the Securities Act.

WHETHER OR NOT ANY PARTICULAR PERSON WOULD BE DEEMED TO BE AN "UNDERWRITER" OF REORGANIZED FIRST LIEN TERM LOANS, NEW COMMON SHARES, OR NEW WARRANTS TO BE ISSUED PURSUANT TO THE PLAN OR AN "AFFILIATE" OF REORGANIZED HOLDINGS WOULD DEPEND UPON VARIOUS FACTS AND CIRCUMSTANCES APPLICABLE TO THAT PERSON. ACCORDINGLY, THE DEBTORS EXPRESS NO VIEW AS TO WHETHER ANY SUCH PERSON WOULD BE SUCH AN "UNDERWRITER" OR AN "AFFILIATE." IN VIEW OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN UNDERWRITER OR AN AFFILIATE OF THE REORGANIZED DEBTORS, THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING THE RIGHT OF ANY PERSON TO TRADE IN SECURITIES OF REORGANIZED HOLDINGS. ACCORDINGLY, THE DEBTORS RECOMMEND THAT POTENTIAL RECIPIENTS OF ANY SHARES OF REORGANIZED FIRST LIEN TERM LOANS, NEW COMMON SHARES OR NEW WARRANTS TO BE ISSUED PURSUANT TO THE PLAN CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES.

The Debtors recommend that potential recipients of the Exchange Securities consult their own counsel concerning their ability to freely trade their Exchange Securities without registration under applicable federal securities laws and Blue Sky Laws.

2. Resales of the MIP Securities

The offer and issuance of the MIP Securities is covered by Section 4(a)(2) of the Securities Act, Rule 506 of Regulation D and/or Rule 701 promulgated under the Securities Act, and will not be exempt under section 1145 of the Bankruptcy Code. Therefore, such shares of New Common Shares will be considered "restricted securities" as defined by Rule 144 of the Securities Act and may not be sold except pursuant to an effective registration statement or pursuant to an applicable exemption from the registration requirements of the Securities Act, such as, under certain conditions, the resale provisions of Rule 144 of the Securities Act (as discussed below). The Debtors express no view as to whether any Person or Entity may freely resell the MIP Securities.

The Debtors recommend that potential recipients of the MIP Securities consult their own counsel concerning their ability to freely trade the MIP Securities without registration under applicable federal securities laws and Blue Sky Laws and the availability of Rule 144 for exempt resales.

The Debtors recommend that potential recipients of securities under the Plan consult their own counsel concerning their ability to freely trade such securities without registration under applicable federal securities laws and Blue Sky Laws.

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

A. GENERAL

The following disclosure (the "Tax Disclosure") summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Debtors and certain Holders of Claims and Equity Interests. This summary is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder, and administrative and judicial interpretations and practice, all as in effect on the date of the Disclosure Statement and all of which are subject to change, with possible retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained and the Debtors do not anticipate seeking a ruling from the Internal Revenue Service (the "IRS") as to any of the tax consequences of the Plan discussed below. There can be no assurance that the IRS will not challenge one or more of the tax consequences of the Plan described below.

This summary does not apply to Holders of Claims and Equity Interests that are otherwise subject to special treatment under U.S. federal income tax law (including, without limitation, banks, governmental authorities or agencies, financial institutions, insurance companies, pass-through entities, tax-exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies, regulated investment companies, real estate investment trusts, employees, persons who received their Claims and Equity Interests as compensation, and persons holding Claims and Equity Interests that are a hedge against, or that are hedged against, currency risk or that are part of a straddle, constructive sale, or conversion transaction). The following discussion assumes that Holders of Claims or Equity Interests (except in the case of Holders of General Unsecured Claims that were not based on holding Prepetition First Lien Term Loans or Prepetition Second Lien Term Loans) hold such Claims or Equity Interests as "capital assets" within the meaning of section 1221 of the Tax Code. This summary assumes that the Prepetition First Lien Term Loans are property treated as debt for U.S. federal income tax purposes. Moreover, this summary does not purport to cover all aspects of U.S. federal income taxation that may apply to the Debtors and Holders of Claims or Equity Interests based upon their particular circumstances. Additionally, this summary does not discuss any tax consequences that may arise under any laws other than U.S. federal income tax law, including under state, local, estate, gift, foreign. or any other applicable tax law.

For purposes of this summary, a "U.S. Holder" means a Holder of a Claim or Equity Interest that is, for U.S. federal income tax purposes: (i) an individual that is a citizen or resident of the United States; (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust, if (a) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust, or (b) it has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person. A "Non-U.S. Holder" means a Holder of a Claims or Equity Interests that is not a U.S. Holder and is, for U.S.

federal income tax purposes, an individual, corporation (or other entity treated as a corporation for U.S. federal income tax purposes), estate or trust.

If an entity classified as a partnership for U.S. federal income tax purposes holds a Claims or Equity Interests, the U.S. federal income tax treatment of a partner (or other owner) of the entity generally will depend on the status of the partner (or other owner) and the activities of the entity. Such partner (or other owner) should consult its tax advisor as to the tax consequences of the Plan.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIMS OR EQUITY INTERESTS. ALL HOLDERS OF CLAIMS OR EQUITY INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL, NON-U.S. AND ANY OTHER APPLICABLE TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

B. U.S. FEDERAL INCOME TAX CONSEQUENCES TO THE DEBTORS

1. Cancellation of Debt Income

Generally, the discharge of a debt obligation of a debtor for an amount less than the adjusted issue price (in most cases, the amount the debtor received on incurring the obligation, with certain adjustments) creates cancellation of debt ("COD") income, that must be included in the debtor's income. The amount of the Debtors' COD income depends upon the value of the Plan consideration distributed on account of the Allowed Claims against the Debtors relative to the amount of such Allowed Claims (or adjusted issue price if different from the amount of the Allowed Claims), as well as the extent to which those Allowed Claims constitute debt for federal income tax purposes and to the extent the payment of such Allowed Claims would be deductible for tax purposes. However, COD income is excluded from taxable income by a taxpayer that is a debtor in a reorganization case if the discharge is granted by the bankruptcy court or pursuant to a plan of reorganization approved by a bankruptcy court. The Plan, if approved, would enable the Debtors to qualify for this bankruptcy exclusion rule with respect to any COD income triggered by the Plan.

If debt of a Debtor is discharged in a reorganization case qualifying for the bankruptcy exclusion certain income tax attributes otherwise available and of value to the debtor are reduced, in most cases by the amount of the COD income. Tax attributes subject to reduction include, in the following order: (a) net operating losses ("NOLs") and NOL carryforwards; (b) most credit carryforwards, including the general business credit and the minimum tax credit; (c) capital losses and capital loss carryforwards; (d) the tax basis of the debtor's assets, but not in an amount greater than the excess of the aggregate tax bases of the property held by the debtor immediately after the discharge over the aggregate amount of the debtor's liabilities immediately after the discharge; and (e) foreign tax credit carryforwards. A debtor may elect instead to reduce the basis of depreciable property first.

In the case of affiliated corporations filing a consolidated return, such as the Debtors, that are taxed as corporations (the "True Religion Consolidated Group"), the attribute reduction rules apply first to the separate attributes of or attributable to the particular corporation whose debt is

being discharged, and then, if necessary, to certain attributes of other members of the group. Accordingly, COD income of a debtor would result first in the reduction of any NOLs and other attributes, including asset basis, of or attributable to such debtor, and then, potentially, of consolidated NOLs and/or basis of or attributable to other members of the consolidated group.. If the debtor is a member of a consolidated group and is required to reduce its basis in the stock of another group member, a "look-through rule" generally requires a corresponding reduction in the tax attributes of the lower-tier member. If the amount of a debtor's excluded COD income exceeds the amount of attribute reduction resulting from the application of the foregoing rules, certain other tax attributes of the consolidated group may also be subject to reduction. Finally, if the attribute reduction is less than the amount of COD income and a member of the True Religion Consolidated Group has an excess loss account (an "ELA") (i.e., negative basis in the stock of another member of the consolidated group), the True Religion Consolidated Group will recognize taxable income to the extent of the lesser of such ELA or the amount of the COD income that was not offset by tax attribute reduction. NOL reduction does not occur until immediately after the close of the taxable year in which the debt discharge occurs, *i.e.*, after use of any such NOLs and other attributes to determine the consolidated group's taxable income for the tax year in which the debt is discharged. Basis reduction applies to assets owned by a debtor at the beginning of the tax year following the discharge.

The Debtors expect to realize a significant amount of COD income in connection with the implementation of the Plan. The Reorganized Debtors have not yet determined whether to elect to reduce tax basis in their depreciable property or in their NOLs first. Regardless of whether the Reorganized Debtors make this election, the Reorganized Debtors do not expect to emerge with any significant NOL carryforwards remaining after reduction for COD income. The extent to which other tax attributes remain following the application of the attribute reduction rules will depend upon a number of factors, including the amount of COD income that is actually incurred, whether the Debtors elect to reduce their basis prior to utilizing their NOLs, the liabilities outstanding upon the Plan becoming effective, and whether certain subsidiary Debtors are liquidated or converted and deemed liquidated for U.S. federal income tax purposes. The Debtors and their advisors are continuing to explore the impact the implementation of the Plan will have upon Debtor tax attributes upon emergence and related permissible planning, such as tax elections, to better enable future utilization and/or preservation of tax attributes subsequent to the emergence.

2. Potential Limitations on NOL Carryforwards

The Debtors estimate that their U.S. federal income tax NOL carryforwards are approximately $5million as of January 28, 2017. The Debtors have not determined the magnitude of additional NOLs expected to be incurred since then through the Petition Date, the Effective Date, or the first fiscal year that will end following the effective date, all of which could be impacted by the implementation of the Plan. The Debtors do not believe that the NOLs are currently subject to any limitations.

(a) Limitation on NOLs and Other Tax Attributes

Under Tax Code section 382, if a "loss corporation" (generally, a corporation with NOLs and/or built-in losses) undergoes an "ownership change," the amount of its pre-change losses (including certain losses or deductions which are "built-in," i.e., economically accrued but unrecognized as of the date of the ownership change) that may be utilized to offset future taxable income generally are subject to an annual limitation. Similar rules apply to a corporation's capital loss carryforwards and tax credits.

The Reorganized Debtors' issuance of New Common Shares pursuant to the Plan is expected to result in an ownership change for purposes of Tax Code section 382. Accordingly, if the Debtors were to emerge with any NOLs or other pre-change losses following attribute reduction, and subject to the discussion below of certain special bankruptcy exceptions, the Reorganized Debtors' pre-change losses may be subject to an annual limitation. This limitation applies in addition to, and not in lieu of, any other similar limitation that may already or in the future be in effect and the attribute reduction that may result from COD. Although these limitations on NOL carryforwards and other pre-change losses are described in some detail, the Reorganized Debtors do not currently expect to emerge with significant NOL carryforwards remaining after reduction for COD income.

(b) General Section 382 Limitation

In general, the amount of the annual limitation to which a corporation that undergoes an ownership change will be subject is equal to the product of (i) the fair market value of the stock of the loss corporation (or, in the case of a consolidated group, generally the stock of the common parent) immediately before the ownership change (with certain adjustments) and (ii) the "long term tax exempt rate" in effect for the month in which the ownership change occurs (e.g., 2.04% for ownership changes occurring in July 2017). If a corporation (or a consolidated group) in bankruptcy undergoes an ownership change pursuant to a confirmed bankruptcy plan, the fair market value of the stock of the corporation is generally determined immediately after (rather than before) the ownership change, after giving effect to the discharge of creditors' claims but subject to certain adjustments. In no event, however, can the stock value for this purpose exceed the pre-change gross value of the corporation's assets.

Any portion of the annual limitation that is not used in a given year may be carried forward, thereby adding to the annual limitation for the subsequent taxable year. However, if the corporation (or the consolidated group) does not continue its historic business or use a significant portion of its historic assets in a new business for at least two years after the ownership change, unless the corporation qualifies for certain bankruptcy exceptions, the annual limitation resulting from the ownership change is reduced to zero, thereby precluding any utilization of the corporation's pre-change losses, absent any increases due to recognized built-in gains, as described in "Built-in Gains or Losses". In addition, if a redemption or other corporate contraction occurs in connection with the ownership change of the loss corporation (or the consolidated group), or if the loss corporation (or the consolidated group) has substantial nonbusiness assets, the annual limitation is reduced to take the redemption, other corporate contraction or nonbusiness assets into account. Furthermore, if the corporation (or the consolidated group) undergoes a second ownership change, the second ownership change may result in a lesser (but never a greater) annual limitation with respect to any losses that existed at the time of the first ownership change.

(c) Built-in Gains and Losses

A net unrealized built-in gain ("NUBIG") or net unrealized built-in loss ("NUBIL") is generally the difference between the fair market value of a loss corporation's assets and its tax basis in the assets, subject to a statutorily defined threshold amount. In certain cases, the NUBIG or NUBIL of a consolidated group generally is calculated on a consolidated basis, subject to special rules. If a loss corporation has a NUBIG immediately prior to the ownership change, the annual limitation may be increased as certain gains are recognized during the five-year period beginning on the date of the ownership change (the "Recognition Period"). If a loss corporation has a NUBIL immediately prior to the ownership change, certain losses recognized during the Recognition Period also would be subject to the annual limitation and thus may reduce the amount of deductions, losses, and/or pre-change NOLs that could be used by the loss corporation during the Recognition Period.

If a loss corporation has a NUBIG immediately prior to an ownership change, any recognized built-in gain ("RBIG") will increase the annual limitation in the taxable year the RBIG is recognized. An RBIG generally is any gain (and certain income) with respect to an asset held immediately before the date of the ownership change that is recognized during the Recognition Period to the extent of the fair market value of the asset over its tax basis immediately prior to the ownership change. However, the aggregate amount of all RBIGs that are recognized during the Recognition Period may not exceed the NUBIG. On the other hand, if a loss corporation has a NUBIL immediately prior to an ownership change, any recognized built-in losses ("RBILs") will be subject to the annual limitation in the same manner as pre-change NOLs. An RBIL generally is any loss (and certain deductions) with respect to an asset held immediately before the date of the ownership change that is recognized during the Recognition Period to the extent of the excess of the tax basis of the asset over its fair market value immediately prior to the ownership change. However, the aggregate amount of all RBILs that are recognized during the Recognition Period may not exceed the NUBIL. RBIGs and RBILs may be recognized during the Recognition Period for depreciable and amortizable assets that are not actually disposed.

(d) Special Bankruptcy Exceptions

An exception to the foregoing annual limitation rules generally applies when existing shareholders and "qualified creditors" of a debtor corporation under the jurisdiction of a court in a chapter 11 case receive, in respect of their claims or interests, at least 50% of the vote and value of the stock of the reorganized debtor (or a controlling corporation if also in chapter 11) pursuant to a confirmed plan (the "Section 382(l)(5) Exception"). Under the Section 382(l)(5) Exception, a debtor's pre-change losses (including NUBILs, if any) are not limited on an annual basis, but instead NOL carryforwards will generally be reduced by the amount of any interest deductions claimed during the three taxable years preceding the effective date of the plan of reorganization, and during the part of the taxable year prior to and including the effective date of the plan of reorganization, in respect of all debt converted into stock in the reorganization. If the Section 382(l)(5) Exception applies and a debtor undergoes another ownership change within two years after the effective date of the plan of reorganization, then the debtor's pre-change losses effectively are eliminated in their entirety. For purposes of the Section 382(l)(5) Exception, a "qualified creditor" generally consists of certain long-term creditors (who held the claims continuously for at least 18 months prior to the filing of the bankruptcy petition), and ordinary course creditors (e.g., trade creditors). In determining whether the Section 382(l)(5) Exception applies, certain Holders of claims that would own a de minimis amount of the debtor's stock pursuant to the debtor's plan are presumed to have held their claims since the origination of such claims. In general, this de minimis rule applies to Holders of claims who would own directly or indirectly less than 5% of the total fair market value of the debtor's stock pursuant to the plan. The application of this rule to the Reorganized Debtors is uncertain. If a debtor qualifies for the Section 382(l)(5) Exception, the exception applies unless the debtor affirmatively elects for it not to apply.

If the Section 382(l)(5) Exception applies, a subsequent ownership change with respect to the Reorganized Debtors occurring within two years after the Effective Date will result in the reduction of the annual limitation that would otherwise apply to the subsequent ownership change to zero. Thus, an ownership change within two years after the Effective Date would eliminate the ability of the Reorganized Debtors to use pre-ownership change NOLs or RBILs thereafter. If a change of ownership occurs after the two years following the Effective Date, then the Reorganized Debtors will become subject to limitation in the use of their NOLs based upon the value of the True Religion Consolidated Group at the time of that subsequent change.

Where the Section 382(l)(5) Exception is not applicable to a corporation in bankruptcy (either because the debtor does not qualify for it or the debtor otherwise elects not to utilize the

Section 382(l)(5) Exception), a second special rule will generally apply (the "Section 382(l)(6) Exception"). Under the Section 382(l)(6) Exception, the annual limitation will be calculated by reference to the lesser of the value of the debtor corporation's new stock (with certain adjustments) immediately after the ownership change or the value of such debtor corporation's assets (determined without regard to liabilities) immediately before the ownership change. This differs from the ordinary rule that requires the fair market value of a debtor corporation that undergoes an ownership change to be determined before the events giving rise to the ownership change. The annual limitation may be increased if the True Religion Consolidated Group has a NUBIG at the time of an ownership change. If, however, the True Religion Consolidated Group, or one or more Debtors, has a NUBIL at the time of an ownership change, the annual limitation may apply to such net unrealized built-in loss.

The Section 382(l)(6) Exception also differs from the Section 382(l)(5) Exception in that the debtor corporation is not required to reduce its NOL carryforwards by the amount of interest deductions claimed within the prior three-year period, and the debtor may undergo a change of ownership within two years of the Effective Date without triggering the elimination of its pre-change losses.

The Debtors have not yet determined whether the Reorganized Debtors are eligible for the Section 382(l)(5) Exception. Even if the Section 382(l)(5) Exception otherwise applies, the Reorganized Debtors may elect to not have the Section 382(l)(5) Exception apply, in which event the Section 382(l)(6) Exception would apply. The Reorganized Debtors will have until the due date of the tax return for the taxable year of the Effective Date to make such a determination. Transfers of Equity Securities in Reorganized Holdings may be subject to customary restrictions consistent with the preservation of the NOLs, NUBILs, and other tax attributes of the Debtors, including as necessary to avoid a second ownership change that would eliminate the benefits of the Section 382(l)(5) Exception.

3. Alternative Minimum Tax

In general, a federal alternative minimum tax ("AMT") is imposed on a corporation's alternative minimum taxable income ("AMTI") at a 20% rate to the extent that such tax exceeds the corporation's regular federal income tax for the year. AMTI is generally equal to regular taxable income with certain adjustments. For purposes of computing AMTI, certain tax deductions and other beneficial allowances are modified or eliminated. In particular, even though a corporation might otherwise be able to offset all of its taxable income for regular federal income tax purposes by available NOL carryforwards, a corporation is generally entitled to offset no more than 90% of its AMTI with NOL carryforwards (as recomputed for AMT purposes). Accordingly, usage of the Debtors' NOLs by the Reorganized Debtors may be subject to limitations for AMT purposes in addition to any other limitations that may apply.

If a corporation (or a consolidated group) undergoes an ownership change and is in a NUBIL position on the date of the ownership change, the corporation's (or group's) aggregate tax basis in its assets may be reduced for certain AMT purposes to reflect the fair market value of such assets as of the change date.

Any AMT that a corporation pays generally will be allowed as a nonrefundable credit against its regular federal income tax liability in future taxable years when the corporation is no longer subject to AMT.

C. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO U.S. HOLDERS OF ALLOWED CLAIMS UNDER THE PLAN

The U.S. federal income tax consequences of the Plan to U.S. Holders of Claims (including the character, amount and timing of income, gain or loss recognized) generally will depend upon, among other factors: (i) the manner in which the U.S. Holder acquired a Claim; (ii) the length of time a Claim has been held; (iii) whether a Claim was acquired at a discount; (iv) whether the U.S. Holder has taken a bad debt deduction in the current or prior years; (v) whether the U.S. Holder has previously included accrued but unpaid interest with respect to a Claim; (vi) the U.S. Holder's method of tax accounting; and (vii) whether the Debtors reorganize as is expected. Therefore, U.S. Holders of Claims are urged to consult their tax advisors for information that may be relevant to their specific situation and circumstances and the particular tax consequences to such Holders as a result thereof.

The Debtors have not yet determined whether as part of the Restructuring Transactions the exchange of Claims for New Common Shares and Reorganized First Lien Term Loans will occur between Holders and True Religion Apparel or Holdings. Whether True Religion Apparel or Holdings exchanges consideration for Claims may impact the tax consequences for Holders of First Lien Claims and General Unsecured Claims as described below.

1. Treatment of a Debt Instrument as a Security

As an initial matter, the U.S. federal income tax consequences to U.S. Holders of Claims may depend, in part, on whether the debt instrument underlying a Claim is a "security" of the Debtor that is issuing the consideration being received by a holder of such Claim, and whether any debt being received by such holder in exchange for such Claim constitutes a "security" under the reorganization provisions of the Tax Code. Whether an instrument constitutes a "security" for these purposes is determined based on all the facts and circumstances, but most authorities have held that term-length of a debt instrument at issuance is an important factor in determining whether such an instrument is a security. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that such debt instrument is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including, without limitation: (1) the security for payment; (2) the creditworthiness of the obligor; (3) the subordination or lack thereof to other creditors; (4) the right to vote or otherwise participate in the management of the obligor; (5) convertibility of the instrument into an equity interest of the obligor; (6) whether payments of interest are fixed, variable or contingent; and (7) whether such payments are made on a current basis or accrued. The term of obligations under the Prepetition First Lien Term Loan Agreement was six years. The term of obligations under the Prepetition Second Lien Term Loan Agreement was six-and-a-half years. The term of obligations under the Reorganized First Lien Term Loans is five years. The Debtors have not determined whether any of the obligations under the Prepetition First Lien Term Loan Agreement, the Prepetition Second Lien Term Loan Agreement, or the Reorganized First Lien Term Loans were or will be considered securities for these purposes. Each U.S. Holder should consult with its tax advisor on whether it should treat the Prepetition First Lien Term Loan, the Prepetition Second Lien Term Loan, and the Reorganized First Lien Term Loan as a security for purposes of the reorganization provisions of the Tax Code.

The U.S. federal income tax consequences to Holders of such Allowed Claims will also depend in part on (i) whether such Allowed Claims are treated as "securities" of Holdings (as opposed to not being treated as "securities" or being treated as "securities" of Holdings' subsidiaries) for purposes of the reorganization provisions of the Tax Code and (ii) whether Holdings or True Religion Apparel will be the entity treated as exchanging New Common Shares, New Warrants, Reorganized First Lien Term Loans and Cash (if applicable) for the

Prepetition First Lien Claims and the General Unsecured Claims. The Debtors have taken the position that the obligations under the Prepetition First Lien Term Loan Agreement and the Prepetition Second Lien Term Loan Agreement constitute indebtedness of True Religion Apparel. Similarly, the Debtor intends to take the position that the Reorganized First Lien Term Loans constitute indebtedness of True Religion Apparel for U.S. federal income tax purposes.

2. Consequences to Holders of Allowed Prepetition First Lien Claims

In the Alternative Structures described below, the Debtors expect to take the position and assume that this treatment and ordering applies for US federal income tax purposes and the remaining discussion assumes this to be the case. The tax consequences could be materially different in the event this characterization is not respected for U.S. federal income tax purposes.

(a) Exchange by True Religion Apparel

If (i) Holdings contributes the New Common Shares to True Religion Apparel; (ii) True Religion Apparel then exchanges a portion of New Common Shares and Reorganized First Lien Term Loans for Prepetition First Lien Claims; (iii) the Reorganized First Lien Term Loans are not treated as a security for tax purposes; and (iv) the form of the transaction is respected, a U.S. Holder will be treated as having exchanged its Allowed Prepetition First Lien Claims for New Common Shares and Reorganized First Lien Term Loans in a taxable transaction. As a result, a U.S. Holder of Allowed Prepetition First Lien Claims should recognize gain or loss equal to the difference between (1) the sum of (i) the fair market value of the New Common Shares received, and (ii) the issue price of the Reorganized First Lien Term Loans received; and (2) the U.S. Holder's tax basis in the applicable Claims exchanged by the U.S. Holder, provided that any portion of the consideration received attributable to any accrued but untaxed interest should be taxed as ordinary income (as discussed in greater detail in "Accrued but Untaxed Interest"). Such gain or loss should be capital in nature (subject to the rules described in "Market Discount" below) and should be long-term capital gain or loss if the Prepetition First Lien Claims were held for more than one year by the U.S. Holder. The deductibility of any capital loss may be subject to limitations. Additionally, any loss will be treated as ordinary loss to the extent of a U.S. Holder's prior net inclusions of original issue discount. A U.S. Holder's tax basis in the New Common Shares and Reorganized First Lien Term Loans should equal their respective fair market values, as determined on the Effective Date. A U.S. Holder's holding period for the New Common Shares and Reorganized First Lien Term Loans should begin on the day following the Effective Date.

If the form of the transaction is not respected, it might be argued that the U.S. Holders receiving New Common Stock of Holdings in the reorganization were in reality the owners of the equity in True Religion Apparel and, in effect, surrendered their claims for the newly issued stock of True Religion Apparel, which was then exchanged for the New Common Stock of Holdings. In such a case, assuming the Reorganized First Lien Term Loan is not treated as a security under the reorganization provisions, gain, but not loss, could be recognized in an amount equal to the lesser of (x) (i) the fair market value of the New Common Shares and the issue price of the Reorganized First Lien Term Loans received in the exchange, over (ii) the U.S. Holder's basis in the Allowed Prepetition First Lien Claims, and (y) the issue price of the Reorganized First Lien Term Loan received in the exchange, provided that any portion of the consideration

received attributable to any accrued but untaxed interest should be taxed as ordinary income (as discussed in greater detail in "Accrued but Untaxed Interest").

If, however, both the Allowed Prepetition First Lien Claims, and the Reorganized First Lien Term Loans are treated as securities for purposes of the reorganization provisions of the Tax Code and the form of the transaction is respected, a U.S. Holder should recognize gain, but not loss, on the transaction in an amount equal to the lesser of (x) the overall gain realized, as calculated in the preceding paragraph, and the fair market value of the New Common Shares received in the exchange, provided that any portion of the consideration received attributable to any accrued but untaxed interest should be taxed as ordinary income (as discussed in greater detail in "Accrued but Untaxed Interest"). Such gain should be treated as capital gain (subject to the rules described in "Market Discount") and generally should be long-term capital gain if the Prepetition First Lien Claims were held for more than one year by the U.S. Holder. The U.S. Holder's basis in the New Common Shares will be equal to their respective fair market value, while its basis in the Reorganized First Lien Term Loans will be an amount equal to the U.S. Holder's basis in the Allowed Claims exchanged, decreased by the fair market value of the New Common Shares received, and increased by the amount of any gain recognized on the transaction. A U.S. Holder's holding period for the Reorganized First Lien Term Loans should carry over from the Allowed Prepetition First Lien Claims. The holding period for the New Common Shares should begin on the day following the Effective Date.

If both the Allowed Prepetition First Lien Claims, and the Reorganized First Lien Term Loans are treated as securities for purposes of the reorganization provisions of the Tax Code and the form of the transaction is not respected, it is possible that a U.S. Holder might not recognize gain or loss, except to the extent that any portion of the consideration received attributable to accrued but untaxed interest should be taxed as ordinary income (as discussed in greater detail in "Accrued but Untaxed Interest"). In that case, a U.S. Holder's holding period and basis would carry over, with the basis apportioned between the New Common Stock and Reorganized First Lien Term Loans based on their relative fair market values.

(b) Exchange by Holdings

If, rather than contributing the New Common Shares to True Religion Apparel, Holdings directly exchanges (or is treated as directly exchanging) New Common Shares and Reorganized First Lien Term Loans for the Allowed Prepetition First Lien Claims, the exchange of the Allowed Prepetition First Lien Claims for New Common Shares and Reorganized First Lien Term Loans is likely to be treated under the Tax Code as a tax-free capital contribution to a corporation controlled by the transferors. If the exchange were treated as a tax-free capital contribution, a U.S. Holder would realize gain equal to the excess of (i) the fair market value of the New Common Shares and the issue price of the Reorganized First Lien Term Loans received in the exchange, over (ii) the U.S. Holder's basis in the Allowed Prepetition First Lien Claims, of which, the lesser of (1) the amount of gain realized, and (2) the issue price of the Reorganized First Lien Term Loans received in the exchange would be recognized, provided that any portion of the consideration received attributable to any accrued but untaxed interest should be taxed as ordinary income (as discussed in greater detail in "Accrued but Untaxed Interest"). However, a U.S. Holder would not recognize loss with respect to the exchange. Such gain should be treated as capital gain (subject to the rules described in "Market Discount") and should be long-term capital gain if the Prepetition First Lien Claims were held for more than one year by the U.S. Holder. A U.S. Holder's tax basis in the Reorganized First Lien Term Loans should equal their

issue price . A U.S. Holder's tax basis in the New Common Shares will be equal to basis in the Allowed Claims exchanged, decreased by the fair market value of the Reorganized First Lien Term Loans received, and increased by the amount of gain recognized on the transaction. The tax basis of any share of New Common Shares, or of the Reorganized First Lien Term Loans treated as received in satisfaction of accrued interest, should equal the amount of such accrued interest. A U.S. Holder's holding period for the New Common Shares should carry over from the Allowed Prepetition First Lien Claims. The holding period for the Reorganized First Lien Term Loans should begin on the day following the Effective Date.

3. Consequences to Holders of Allowed General Unsecured Claims

The U.S. federal income tax consequences to U.S. Holders of Allowed General Unsecured Claims will depend, in part, on (i) whether Class 5 votes to accept the Plan, (ii) whether such individual U.S. Holder of an Allowed General Unsecured Claim elects to participate in the Class 5 Equity Cash Out Option, and (iii) how the exchange is structured. Except as noted below, the following assumes that (i) Class 5 votes to accept the Plan and (ii) U.S. Holders of Allowed General Unsecured Claims do not elect to participate in the Class 5 Equity Cash Out Option.

(a) Exchange by True Religion Apparel

If (i) Holdings contributes the New Common Shares and New Warrants to True Religion Apparel; (ii) True Religion Apparel then exchanges New Common Shares, New Warrants, Reorganized First Lien Term Loan, and Cash for Allowed General Unsecured Claims; (iii) the Reorganized First Lien Term Loans are not treated as a security for tax purposes; and (iv) the form of the transaction is respected, a U.S. Holder will be treated as having exchanged its Allowed General Unsecured Claims for the New Common Shares, New Warrants, Reorganized First Lien Term Loans, and Cash in a taxable transaction. A U.S. Holder should recognize gain or loss equal to the difference between (1) the sum of (i) the fair market value of the New Common Shares and Class A Warrants received, (ii) the issue price of the Reorganized First Lien Term Loans received, and (iii) the amount of Cash received; and (2) U.S. Holder's basis in the tax basis in the Allowed General Unsecured Claims exchanged, provided that any portion of the consideration received attributable to any accrued but untaxed interest should be taxed as ordinary income (as discussed in greater detail in "Accrued but Untaxed Interest"). Such gain or loss generally should be capital in nature (subject to the rules described in "Market Discount") and should be long-term capital gain or loss if the Allowed General Unsecured Claims were held for more than one year by the U.S. Holder. The deductibility of any capital loss may be subject to limitations. Any loss will be treated as ordinary loss to the extent of a U.S. Holder's prior net inclusions of original issue discount. For certain General Unsecured Claims, any gain or loss might be treated as ordinary income or loss rather than capital, and holding periods might not carry over. U.S. Holders should discuss the tax character of their Claims with their tax advisors. A U.S. Holder's tax basis in the New Common Shares, New Warrants, and Reorganized First Lien Term Loans should equal its fair market value as determined on the Effective Date. The aggregate basis would be allocated among the New Common Shares, New Warrants, and Reorganized First Lien Term Loans in accordance with their relative fair market values, and to the Cash. A U.S. Holder's holding period for the New Common Shares, New Warrants, and Reorganized First Lien Term Loans should begin on the day following the Effective Date.

If and to the extent that an (1) Allowed General Unsecured Claim is a Prepetition Second Lien Claim, (2) the Prepetition Second Lien Claims and the Reorganized First Lien Term Loans are treated as securities for U.S. federal income tax purposes and (3) the form of the transaction is not respected, however, a U.S. Holder may recognize gain, but not loss, on the transaction in an amount equal to the lesser of (x) the overall gain realized, as calculated in the preceding paragraph, and (y) the sum of the fair market value of the New Common Shares, New Warrants, and Cash received in the exchange, provided that any portion of the consideration received attributable to any accrued but untaxed interest should be taxed as ordinary income (as discussed in greater detail in "Accrued but Untaxed Interest"). If the surrendered Allowed General Unsecured Claim was a capital asset, such gain should be capital in nature (subject to the rules described in "Market Discount") and should be long-term capital gain if the Allowed General Unsecured Claims were held for more than one year by the U.S. Holder. The basis of the New Common Shares and New Warrants will be equal to their respective fair market values. The basis of the Reorganized First Lien Term Loans will be an amount equal to the U.S. Holder's basis in the Allowed Claims exchange, decreased by the fair market value of the New Common Shares and New Warrants received, and increased by the amount of gain recognized on the transaction. The holding period for the Allowed General Unsecured Claims treated as a security would carry over, while the holding period for the New Common Shares and New Warrants should begin on the day following the Effective Date.

As with the U.S. Holders of First Lien Claims, if the form of the transaction is not respected, it might be argued that the U.S. Holders receiving New Common Stock and New Warrants of Holdings in the reorganization were in reality the owners of the equity in True Religion Apparel and, in effect, surrendered their claims for the newly issued stock of True Religion Apparel, which was then exchanged for the New Common Stock and New Warrants of Holdings. In such a case, assuming the Reorganized First Lien Term Loan is not treated as a security under the reorganization provisions, gain, but not loss, could be recognized in an amount equal to the lesser of (i) the gain realized (as described in the second preceding paragraph) and (ii) the issue price of the Reorganized First Lien Term Loan and Cash received in the exchange.

If a U.S. Holder of Allowed General Unsecured Claim elects to participate in the Class 5 Equity Cash Out Option, such holder's tax consequences will be substantially the same as those described above, except that such electing U.S. Holder will not receive New Common Shares.

(b) Exchange by Holdings

If, rather than contributing the New Common Shares to True Religion Apparel, Holdings directly exchanges (or is treated as directly exchanging) New Common Shares and Reorganized First Lien Term Loans for the Allowed General Unsecured Claims, the exchange of the Allowed General Unsecured Claims for New Common Shares and Reorganized First Lien Term Loans is likely to be treated under the Tax Code as a tax-free capital contribution to a corporation controlled by the transferors. If the exchange were treated as a tax-free capital contribution, a U.S. Holder would realize gain equal to the excess of (i) the sum of the fair market value of the New Common Shares, the fair market value of the New Warrants, the issue price of the Reorganized First Lien Term Loans, and the amount of Cash received in the exchange, over (ii) the U.S. Holder's basis in the Allowed General Unsecured Claims, of which the lesser of (1) the amount of gain realized, and (2) the sum of the fair market value of the New Warrants, issue

price of the Reorganized First Lien Term Loans, and the amount of Cash received in the exchange would be recognized, provided that any portion of the consideration received attributable to any accrued but untaxed interest should be taxed as ordinary income (as discussed in greater detail in "Accrued but Untaxed Interest"). However, a U.S. Holder would not recognize loss with respect to the exchange. Such gain should be treated as capital gain (subject to the rules described in "Market Discount") and should be long-term capital gain if the General Unsecured Claims were held for more than one year by the U.S. Holder. For certain General Unsecured Claims, any gain or loss might be treated as ordinary income or loss rather than capital, and holding periods might not carry over. U.S. Holders should discuss the tax character of their Claims with their tax advisors. A U.S. Holder's tax basis in the Reorganized First Lien Term Loans should equal their issue price (which should be their fair market value). The basis in the New Warrants should equal their fair market value. The basis of the New Common Shares received will be equal to basis in the Allowed Claims exchanged, decreased by the fair market value of the Reorganized First Lien Term Loans and New Warrants and the amount of Cash received, and increased by the amount of gain recognized on the transaction. A U.S. Holder's holding period for the New Common Shares should carry over from the Allowed General Unsecured Claims. The holding period for the Reorganized First Lien Term Loans and New Warrants should begin on the day following the Effective Date.

(c) If Class 5 Does Not Vote for the Plan

If Class 5 does not vote for the Plan, the tax treatment will be as described in (a) and (b) above except that a holder of an Allowed General Unsecured Claim will not receive Cash.

4. Equity Interests

If Class 3, Class 5 and Class 6 vote to accept the Plan, a U.S. Holder will exchange its Equity Interests for New Common Shares and New Warrants. The exchange of Equity Interests for New Common Shares will be undertaken directly by Holdings. Assuming this exchange qualifies under the reorganization provisions of the Tax Code, the U.S. Holder should not recognize gain or loss on the transaction. The aggregate basis of the New Common Shares and New Warrants would be equal to the U.S. Holder's basis in the Equity Interests exchanged, and apportioned among the New Common Shares and New Warrants based on their relative fair market values. The holding period for the Equity Interests would carry over to the New Common Shares and the New Warrants. In the event that the exchange does not qualify under the reorganization provisions of the Tax Code, however, the issuance of the New Common Shares and New Warrants might be taxable, with a capital loss recognized for U.S. federal income tax purposes on the Equity Interests.

If Class 3, Class 5 and Class 6 do not vote to accept the Plan, Equity Interests will be deemed automatically cancelled, released, and extinguished and the obligations of the Debtors and the Reorganized Debtors thereunder will be discharged. In this case, U.S. Holders of Equity Interests should recognize a capital loss for U.S. federal income tax purposes in an amount equal to the Holder's adjusted tax basis of its Equity Interest. The utilization of capital losses may be subject to certain limitations.

5. New Warrants

The exercise of the New Warrants by U.S. Holders generally will not give rise to the realization of gain or loss upon the exercise of such New Warrants. A U.S. Holder's tax basis in the New Common Shares received upon exercise of a New Warrant will be equal to the sum of such Holder's tax basis in the New Warrant and the exercise price. The holding period for New Common Shares received on exercise of a New Warrant starts with the day after exercise.

If the terms of the New Warrants provide for any adjustment to the number of shares of New Common Shares for which the Warrants may be exercised or to the exercise price of the New Warrants, such adjustment may, under certain circumstances, result in constructive distributions that could be taxable to the U.S. Holder of the New Warrants. If no appropriate adjustment is made to the number of shares of New Common Shares for which the New Warrants may be exercised or to the exercise price of such New Warrants, a constructive distribution may result that could be taxable to the holders of New Common Shares.

If a New Warrant is sold or exchanged in a taxable transaction by a U.S. Holder, gain or loss will be recognized based on the difference between the amount received and the U.S. Holder's basis therein.

6. Accrued But Untaxed Interest

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

The tax basis of any New Common Shares or Reorganized First Lien Term Loans received in satisfaction of accrued interest should equal the amount of such accrued interest. The holding period for such New Common Shares or Reorganized First Lien Term Loans should begin on the day following the Effective Date.

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

7. Market Discount

U.S. Holders who exchange Allowed Claims for New Common Shares, New Warrants and Reorganized First Lien Term Loans may be affected by the "market discount" provisions of the Tax Code. Under these provisions, some or all of the gain realized by a Holder may be treated as ordinary income (instead of capital gain), to the extent of the amount of accrued "market discount" on such Allowed Claims.

In general, a debt obligation with a fixed maturity of more than one year that is acquired by a holder on the secondary market (or, in certain circumstances, upon original issuance) is

considered to be acquired with "market discount" as to that holder if the debt obligation's stated redemption price at maturity (or revised issue price as defined in the Tax Code, in the case of a debt obligation issued with original issue discount) exceeds the tax basis of the debt obligation in the holder's hands immediately after its acquisition. However, a debt obligation is not a "market discount bond" if the excess is less than a statutory *de minimis* amount (equal to 0.25% of the debt obligation's stated redemption price at maturity or revised issue price, in the case of a debt obligation issued with original issue discount, multiplied by the number of complete years remaining until maturity at the time of the acquisition).

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

8. Limitation on Use of Capital Losses

U.S. Holders who recognize capital losses may be subject to limits on their use of capital losses. For U.S. Holders other than corporations, capital losses may be used to offset any capital gains (without regard to holding periods) plus ordinary income to the extent of the lesser of (i) $3,000 ($1,500 for married individuals filing separate returns), or (ii) the excess of the capital losses over the capital gains. Non-corporate U.S. Holders may carry over unused capital losses and apply them to capital gains and a portion of their ordinary income, though losses from the sale or exchange of capital assets may only be used to offset capital gains. For corporate U.S. Holders, capital losses may only be used to offset capital gains. U.S. Holders who have more capital losses than can be used in a tax year may be allowed to carry over the excess capital losses for use in succeeding tax years. For corporate U.S. Holders, unused capital losses may be carried forward for the five years following the capital loss year or carried back to the three years preceding the capital loss year. Non-corporate U.S. Holders may carry over unused capital losses for an unlimited number of years.

9. Net Investment Income Tax

Certain U.S. Holders that are individuals, estates or trusts are required to pay an additional 3.8% Medicare tax on "unearned" net investment income (i.e., income received from, among other things, the sale or other disposition of certain capital assets). Congress is currently considering legislation that could repeal this tax. Holders that are individuals, estates or trusts should consult their tax advisors regarding the effect, if any, of this tax provision on their ownership and disposition of any consideration to be received under the Plan.

10. Information Reporting and Backup Withholding

All distributions to U.S. Holders of Claims under the Plan are subject to any applicable tax withholding, including employment tax withholding. Under U.S. federal income tax law, interest, dividends and other reportable payments may be, under certain circumstances, subject to "backup withholding" at the then-applicable withholding rate (currently 28%). Backup withholding generally applies if a Holder (i) fails to furnish its social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN, (iii) fails properly to

report interest or dividends, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct TIN and that it is a U.S. person not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax and if the appropriate information is supplied to the IRS. Certain U.S. Holders are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

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

D. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF ALLOWED CLAIMS OR EQUITY INTERESTS UNDER THE PLAN

The rules governing U.S. federal income taxation of a Non-U.S. Holder are complex. The following discussion includes only certain U.S. federal income tax consequences of the Plan to Non-U.S. Holders. The discussion does not include any non-U.S. tax considerations. Non-U.S. Holders should consult with their own tax advisors to determine the effect of U.S. federal, state, and local tax laws, as well as any other applicable non-U.S. tax laws and/or treaties, with regard to their participation in the transactions contemplated by the Plan, their ownership of Claims or Equity Interests, and the ownership and disposition of the Reorganized First Lien Term Loans, New Common Shares, the New Warrants, and other consideration, as applicable.

1. Gain Recognition

Whether a Non-U.S. Holder realizes gain or loss on the exchange and the amount of such gain or loss is determined in the same manner as set forth above in connection with U.S. Holders.

Any gain realized by a Non-U.S. Holder on the exchange of its Claim or Equity Interest generally will not be subject to U.S. federal income taxation unless (a) the Non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year in which the Plan Effective Date occurs and certain other conditions are met or (b) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States).

If the first exception applies, to the extent that any gain is taxable, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain realized on the exchange if such gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States in the same manner as a U.S. Holder. In order to claim an exemption from withholding tax, such Non-U.S. Holder will be required to provide a properly executed IRS Form W-8ECI (or such successor form as the IRS designates). In addition, if such Non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

2. Interest

Payments to a Non-U.S. Holder that are attributable to accrued but untaxed interest and payments of interest on the Reorganized First Lien Term Loans generally will not be subject to U.S. federal income tax or withholding, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN or W-8BEN-E) establishing that the Non-U.S. Holder is not a U.S. person. Interest income, however, may be subject to U.S. withholding if:

(i) the Non-U.S. Holder actually or constructively owns 10% or more of the total combined voting power of all classes of Reorganized Holdings shares entitled to vote;

(ii) the Non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to Reorganized Holdings (each, within the meaning of the Tax Code); or

(iii) the Non-U.S. Holder is a bank receiving interest described in Tax Code section 881(c)(3)(A).

A Non-U.S. Holder that does not qualify for the portfolio interest exemption from withholding tax with respect to accrued but untaxed interest that is not effectively connected income generally will be subject to withholding of U.S. federal income tax at a 30% rate (or at a reduced rate or exemption from tax under an applicable income tax treaty) on payments that are attributable to such interest or accrued but untaxed interest. For purposes of providing a properly executed IRS Form W-8BEN or W-8BEN-E, special procedures are provided under applicable Treasury regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

If such interest is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (in which case, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, the Non-U.S. Holder (x) generally will not be subject to withholding tax, but (y) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise. In addition, if such Non-U.S. Holder is a corporation for U.S. federal income tax purposes, it may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the accrued but untaxed interest at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty)).

3. U.S. Federal Income Tax Consequences to Non-U.S. Holders of Owning and Disposing of New Common Shares or the New Warrants

(a) Dividends on New Common Shares

Any distributions made with respect to New Common Shares (including constructive distributions) will constitute dividends for U.S. federal income tax purposes to the extent of Reorganized Holdings' current or accumulated earnings and profits as determined under U.S. federal income tax principles. Except as described below, dividends paid with respect to New Common Shares held by a Non-U.S. Holder that are not effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (or if an income tax treaty applies, are not attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States) will be subject to U.S. federal withholding tax at a rate of 30% (or lower treaty rate or exemption from tax, if applicable). A Non-U.S. Holder generally will be required to satisfy

certain IRS certification requirements in order to claim a reduction of or exemption from withholding under a tax treaty by filing IRS Form W-8BEN or W-8BEN-E (or a successor form) upon which the Non-U.S. Holder certifies, under penalties of perjury, its status as a non-U.S. person and its entitlement to the lower treaty rate or exemption from tax with respect to such payments. Dividends paid with respect to New Common Shares held by a Non-U.S. Holder that are effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, are attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States) generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder. In addition, if such Non-U.S. Holder is a corporation for U.S. federal income tax purposes, it may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the dividends at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

(b) Sale, Redemption, or Repurchase of New Common Shares or New Warrants

A Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on the sale or other taxable disposition (including a cash redemption) of New Common Shares or the New Warrants, unless:

(i) such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition or who is subject to special rules applicable to former citizens and residents of the U.S.;

(ii) such gain is effectively connected with such Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States); or

(iii) Reorganized Holdings is or has been a "United States real property holding corporation" for U.S. federal income tax purposes (a "USRPHC") at any time during the shorter of the Non-U.S. holder's holding period for the New Common Shares and the five-year period ending on the date of disposition.

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition of New Common Shares and/or the New Warrants. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder; and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

Generally, a corporation is a USRPHC if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. Any gain that is taxable because Reorganized Holdings is a USRPHC will generally be taxable in the same manner as gain that is effectively connected income (as described above), except that the branch profits tax will not apply. While there is no assurance that the IRS will agree with such position, the Debtors believe that based on current business plans and operations, Holdings is not and Reorganized Holdings should not become a USRPHC in the future.

The exercise of the New Warrants by Non- U.S. Holders generally will not give rise to the realization of gain or loss upon the exercise of such New Warrants.

If the terms of the New Warrants provide for any adjustment to the number of shares of New Common Shares for which the New Warrants may be exercised or to the exercise price of the New Warrants, such adjustment may, under certain circumstances, result in constructive distributions that could be taxable to the Non-U.S. Holder of the New Warrants. If no appropriate adjustment is made to the number of shares of New Common Shares for which the New Warrants may be exercised or to the exercise price of such New Warrants, a constructive distribution may result that could be taxable to the holders of New Common Shares.

4. FATCA

Under the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S.-source payments of fixed or determinable, annual or periodical income (including dividends, if any, on New Common Shares), and also include gross proceeds from the sale of any property of a type which can produce U.S. source interest or dividends (which would include New Common Shares). FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding tax.

As currently proposed, FATCA withholding rules would apply to payments of gross proceeds from the sale or other disposition of property of a type which can produce U.S. source interest or dividends that occurs after December 31, 2018.

Each Non-U.S. Holder should consult its own tax advisor regarding the possible impact of these rules on such Non-U.S. Holder's ownership of New Common Shares, New Warrants, and Reorganized First Lien Term Loans.]

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

E. GENERAL DISCLAIMER

THE FOREGOING U.S. FEDERAL INCOME TAX SUMMARY HAS BEEN PROVIDED FOR INFORMATIONAL PURPOSES ONLY. THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF

ANY STATE, LOCAL, OR NON-U.S. TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

ARTICLE X.
RECOMMENDATION

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

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Dated: July 5, 2017

Respectfully submitted,

TRUE RELIGION APPAREL, INC.

By: _____
John Ermatinger
Its: CEO and President

Respectfully submitted,

TRLG INTERMEDIATE HOLDINGS, LLC

By: _____
John Ermatinger
Its: CEO and President

Respectfully submitted,

GURU DENIM INC.

By: _____
John Ermatinger
Its: CEO and President

Respectfully submitted,

TRUE RELIGION SALES, LLC

By: _____
John Ermatinger
Its: CEO and President

Respectfully submitted,

TRLGGC SERVICES, LLC

By: _____
John Ermatinger
Its: President and CEO

[Signature page to Disclosure Statement for Debtors' Joint Chapter 11 Plan of Reorganization]

EXHIBIT A

PLAN OF REORGANIZATION

(Intentionally Omitted)

(Filed Plan To Be Attached To Service Copies Of Disclosure Statement)

EXHIBIT B

RESTRUCTURING SUPPORT AGREEMENT
(with exhibits other than the Plan)

EXECUTION VERSION

RESTRUCTURING SUPPORT AGREEMENT

This restructuring support agreement (together with all exhibits, annexes, and schedules hereto, in each case as may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof, this "***Agreement***"), dated as of July 4, 2017 (the "***Execution Date***"), is by and among: (i) TRLG Intermediate Holdings, LLC, a Delaware limited liability company ("***Holdings***"), (ii) True Religion Apparel, Inc., a Delaware corporation, on behalf of itself and each of its direct and indirect subsidiaries listed on **Exhibit A** hereto (collectively with Holdings, the "***Company***"), (iii) TRLG Holdings, LLC (the "***Sponsor***"), (iv) the undersigned holders of First Lien Claims (as defined below) and/or Second Lien Claims (as defined below) (each, in such capacity, the "***Initial Holders***"), and (v) each Joining Party (as defined below) (such Joining Parties, together with the Initial Holders, and in such capacity, the "***Holder Parties***"), in connection with (a) that certain First Lien Credit Agreement, dated as of July 30, 2013 (as amended, restated, supplemented or otherwise modified heretofore, and together with its related agreements, the "***First Lien Credit Agreement***"), among Holdings, True Religion Apparel, Inc., the lenders party thereto from time to time (such lenders, the "***First Lien Lenders***"), and Deutsche Bank AG New York Branch, as administrative agent (it or its successors, in such capacity, the "***First Lien Agent***") and (b) that certain Second Lien Credit Agreement, dated as of July 30, 2013 (as amended, restated, supplemented or otherwise modified heretofore, and together with its related agreements, the "***Second Lien Credit Agreement***"), among Holdings, True Religion Apparel, Inc., the lenders party thereto from time to time (such lenders, in their capacity as such, the "***Second Lien Lenders***"), and Deutsche Bank AG New York Branch, as administrative agent (it or its successors, in such capacity, the "***Second Lien Agent***"). Claims of the First Lien Lenders under the First Lien Credit Agreement are referred to herein collectively as the "***First Lien Claims***", and claims of the Second Lien Lenders under the Second Lien Credit Agreement are referred to herein collectively as the "***Second Lien Claims***." The Company, the Sponsor and each Holder Party are collectively referred to herein as the "***Parties***" and each individually as a "***Party***."

The Parties hereby agree as follows:

1. Proposed Restructuring.

(a) The Parties have agreed to implement a restructuring transaction for the Company, in accordance with and subject to the terms and conditions set forth in this Agreement (the "***Restructuring***"), which Restructuring requires pursuing consummation of a "pre-negotiated" chapter 11 plan of reorganization in the form attached as **Exhibit B** hereto (together with any exhibits, schedules, attachments or appendices thereto, in each case as may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof, the "***Plan***")[1]. In order to effectuate the Restructuring, the Company shall commence, in accordance with the terms of this Agreement, voluntary "pre-negotiated" cases (the "***Chapter 11 Cases***" and the date on which such Chapter 11 Cases are commenced, the "***Petition Date***") under chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the District of Delaware (the "***Bankruptcy Court***"). The documents related to or otherwise utilized to implement or effectuate the Restructuring (collectively, the "***Restructuring Documents***") shall include, among others:

(i) the Plan, a customary plan supplement (including any schedules of assumed and rejected leases and executory contracts), the related disclosure statement (such disclosure statement, together with any exhibits, schedules, attachments or appendices thereto, in each case as may be amended, supplemented or otherwise

[1] In the event of any inconsistency between the Plan and the remainder of this Agreement, the Plan shall control.

modified from time to time in accordance with the terms herein and therein, the "***Disclosure Statement***"), and any other documents and/or agreements relating to the Plan and/or the Disclosure Statement, including (A) a motion seeking approval of the Disclosure Statement, the procedures for the solicitation of votes in connection with the Plan pursuant to sections 1125 and 1126 of the Bankruptcy Code, the forms of ballots and notices and related relief (such motion, together with all exhibits, appendices, supplements, and related documents, the "***Disclosure Statement Motion***"), (B) an order of the Bankruptcy Court approving the Disclosure Statement Motion (together with all exhibits, appendices, supplements and related documents, the "***Disclosure Statement Order***"), (C) the motion seeking confirmation of the Plan, and (D) a proposed order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code (together with all exhibits, appendices, supplements and related documents, the "***Confirmation Order***");

(ii) any organizational and governance documents for the reorganized Company, including without limitation, certificates of incorporation, certificates of formation or certificates of limited partnership (or equivalent organizational documents), bylaws, limited liability company agreements, identity of proposed members of the reorganized Company's board of directors, shareholders agreements and registration rights agreements, which documents shall in any event include the terms set forth in the corporate governance term sheet attached as **Exhibit C** hereto (collectively, the "***Governance Documents***");

(iii) the agreements governing the newly issued warrants of the reorganized Company on the terms set forth in the term sheets attached as **Exhibit D** hereto;

(iv) a 3-year business plan for the Company (the "***Business Plan***");

(v) all such other definitive documentation relating to a recapitalization or restructuring of the Company as is necessary or desirable to consummate the Restructuring (including, without limitation, all documentation related to the Reorganized First Lien Term Loan Facility (as defined in the Plan), any exit financing or new credit facility);

(vi) any documentation relating to a debtor-in-possession financing facility (the "***DIP Financing***"), including a motion seeking approval of a debtor-in-possession financing facility and consensual use of cash collateral and providing adequate protection to the First Lien Lenders consisting of, among other things, (A) adequate protection liens, superpriority administrative claims and payment of reasonable and documented fees and expenses of the First Lien Lenders and the First Lien Agent (and its counsel) and (B) payment of reasonable and documented fees and expenses of the Second Lien Agent (and its counsel) under the Second Lien Credit Agreement, and the interim order (the "***Interim DIP Order***") and the final order (the "***Final DIP Order***" and together with the Interim DIP Order, the "***DIP Orders***") approving such motion; and

(vii) any other agreements, instruments, pleadings, orders and/or documents that are filed by debtors and debtors in possession in the Chapter 11 Cases (including any exhibits, amendments, modifications or supplements made from time to time thereto).

(b) Each of the Restructuring Documents shall be consistent in all respects with, and shall contain, to the extent applicable, the terms and conditions set forth in this Agreement

(including the standards for acceptability to specified parties of the final form of certain Restructuring Documents). In addition:

(i) the Plan, the Confirmation Order, the documentation concerning the DIP Financing, including the DIP Orders and the documentation related to the Reorganized First Lien Term Loan Facility, in each case shall be in form and substance acceptable to the Company and Holder Parties holding at least 50.1% of the aggregate First Lien Claims held by the Holder Parties as of a relevant date (the "***Majority Holders***");

(ii) the Governance Documents shall be acceptable to, and need be acceptable only to, the Majority Holders;

(iii) the definitive documentation concerning a $60 million senior secured asset-based revolving credit facility (the "***Exit Facility***") shall be on the terms set forth in the commitment letter, and related term sheet, attached as **Exhibit E** hereto, and shall otherwise be in form and substance reasonably acceptable to the Majority Holders and the Company;

(iv) the definitive documentation concerning the Class B Warrants and Class C Warrants, including the applicable warrant agreement, shall otherwise be in form and substance reasonably acceptable to the Majority Holders and the Sponsor; and

(v) the other Restructuring Documents shall otherwise be in form and substance reasonably acceptable to the Company and the Majority Holders.

2. Representations of the Parties. Each of the Holder Parties, severally and not jointly, the Sponsor, and each of the entities comprising the Company, jointly and severally, hereby represents and warrants that, as of the Execution Date, the following statements are true, correct and complete:

(a) It has all requisite corporate, partnership, limited liability company or similar authority to execute this Agreement and carry out the transactions contemplated hereby and perform its obligations contemplated hereunder; and the execution and delivery of this Agreement and the performance of such Party's obligations hereunder have been duly authorized by all necessary corporate, partnership, limited liability company or other similar action on its part.

(b) The execution, delivery and performance by such Party of this Agreement does not and shall not (i) violate (A) any provision of law, rule or regulation applicable to it or (B) its charter or bylaws (or other similar governing documents) or (ii) except, with respect to the Company, for customary bankruptcy, insolvency and reorganization type default and notice provisions, to the knowledge of such Party, conflict with, result in a breach of or constitute a default under (with or without notice or lapse of time or both) any contractual obligation to which it is a party or it or its assets are bound, in each case, other than any such violation, conflict, breach or default with respect to which a waiver has been obtained prior to the Execution Date and which waiver has not been subsequently revoked.

(c) Subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code, this Agreement is the legally valid and binding obligation of such Party, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

(d) The execution, delivery and performance by such Party of this Agreement does not, and shall not, require any authorization of, filing with, registration of or before, consent from, approval of or other action by or notice to any federal, state or other governmental authority or regulatory body, in each case, other than any such authorization, filing, registration, consent, approval, action or notice which has been obtained, provided, or otherwise satisfied prior to the Execution Date and which authorization, filing, registration, consent, approval, action, or notice has not been subsequently revoked (excluding, as to performance, applicable approvals of the Bankruptcy Court following the Petition Date).

(e) If such Party is a Holder Party, such Holder Party (i) either (A) is the sole legal and beneficial owner of (1) the First Lien Claims, (2) the Second Lien Claims and/or (3) the claims (the "***ABL Claims***") under that certain ABL Credit Agreement, dated as of July 30, 2013, (as amended, restated, supplemented or otherwise modified heretofore, and together with its related agreements, the "***ABL Credit Agreement***"), among Holdings, Borrower, the lenders party thereto from time to time (the "***ABL Lenders***"), and Deutsche Bank AG New York Branch (the "***ABL Administrative Agent***"), set forth below its name on the signature page hereof (or the Joinder (as defined below)), in each case, free and clear of any and all claims, liens and encumbrances (other than those imposed by securities laws applicable to unregistered securities), or (B) has sole investment and voting discretion with respect to such First Lien Claims, Second Lien Claims and/or ABL Claims in respect to matters relating to the Restructuring contemplated by this Agreement and has the power and authority to bind the beneficial owner(s) of such First Lien Claims, Second Lien Claims and/or ABL Claims to the terms of this Agreement and (ii) has full power and authority to act on behalf of, vote and consent to matters concerning such First Lien Claims, Second Lien Claims and/or ABL Claims in respect to matters relating to the Restructuring contemplated by this Agreement and dispose of, convert, assign and transfer such First Lien Claims, Second Lien Claims and/or ABL Claims (with respect to each Holder Party, all of such First Lien Claims, Second Lien Claims and/or ABL Claims under clauses (A) and (B) and any additional First Lien Claims, Second Lien Claims and/or ABL Claims it owns, has such control over from time to time, or acquires after the Execution Date, collectively, its "***Participating Claims***"). Further, such Holder Party has made no prior written assignment, sale, participation, grant, conveyance, or other transfer of, and has not entered into any other written agreement to assign, sell, participate, grant, convey or otherwise transfer, in whole or in part, any portion of its right, title, or interests in such Participating Claims that are subject to this Agreement, the terms of which written agreement are, as of the date hereof, inconsistent with the representations and warranties of such Holder Party herein or would render such Holder Party otherwise unable to comply with this Agreement and perform its obligations hereunder.

(f) If such Party is a Holder Party or the Sponsor, such Party (i) is a sophisticated party with respect to the subject matter of this Agreement, (ii) has been represented and advised by legal counsel in connection with this Agreement, (iii) has adequate information concerning the matters that are the subject of this Agreement, and (iv) has independently and without reliance upon the Company, any other Party or any officer, employee, agent, or representative thereof, and based on such information as such Party has deemed appropriate, made their own analysis and decision to enter into this Agreement, except that such Party has relied upon the Company's express representations, warranties, and covenants in this Agreement, and such Party acknowledges that it has entered into this Agreement voluntarily and of its own choice and not under coercion or duress.

(g) If such Party is a Holder Party or the Sponsor, such Party is either (i) a "qualified institutional buyer" as defined in Rule 144A of the Securities Act of 1933, as amended (the "***Securities Act***"), (ii) an "accredited investor" as defined by Rule 501 of the Securities Act, (iii) a

non-U.S. person under Regulation S under the Securities Act, or (iv) the foreign equivalent of the foregoing subparts (i) or (ii).

3. Agreements of the Holder Parties

(a) From the Execution Date until the date that is the earlier of (i) the effective date of the Plan, and (ii) the termination of this Agreement pursuant to Section 6 (such date, the "***End Date***") and subject to the terms and conditions hereof and except as the Company and the Majority Holders may expressly release a Holder Party in writing from any of the following obligations, each Holder Party:

(i) hereby agrees to timely vote (when solicited to do so after receipt of a Disclosure Statement approved by the Bankruptcy Court and by the applicable deadline for doing so) its Participating Claims, and any other claims against or interests in the Company such Holder Party holds or acquires in favor of the Plan;

(ii) shall not (A) object to, or vote any of such Participating Claims (or any other claims or interests held by it) to reject or impede the Disclosure Statement or the Plan, support directly or indirectly any such objection or impediment or otherwise take any action or commence any proceeding to oppose, impede or to seek any modification of the Plan or any Restructuring Documents, or (B) support or prosecute, directly or indirectly, any alternative to the Restructuring and the Plan; and

(iii) hereby agrees (A) to use commercially reasonable efforts to (1) support and complete the Restructuring and all other actions contemplated in connection therewith and under the Restructuring Documents and (2) take any and all necessary and appropriate actions in furtherance of the Restructuring and the Restructuring Documents, and (B) not to take any actions inconsistent with this Agreement or the Restructuring Documents.

Notwithstanding the foregoing, nothing in this Section 3(a) shall require any Holder Party to incur any expenses or liabilities, or agree to any commitments, undertakings, concessions, indemnities or other arrangements that could result in expenses or liabilities to any Holder Party; provided, however, that nothing herein shall serve to limit, alter or modify any Holder Party's express obligations under the terms of this Agreement.

(b) The Parties agree that this Agreement does not constitute a commitment to, nor shall it obligate any of the Parties to, provide any new financing for, or credit support to, the Company, including as reorganized as contemplated herein.

(c) Subject to Section 3(f), each Holder Party agrees that, from the Execution Date until the End Date, it shall not sell, assign, grant, transfer, convey, hypothecate or otherwise dispose of any Participating Claims, or any option thereon or any right or interest (voting or otherwise) in any or all of its Participating Claims, except to a person that (i) is a Holder Party; provided, however, that any such Participating Claims shall automatically be deemed to be subject to the terms of this Agreement, or (ii) executes and delivers a Joinder (as defined below and in the form attached hereto as **Exhibit F**) to Akin Gump Strauss Hauer & Feld LLP ("***Akin Gump***") and the Company prior to the relevant sale, assignment, grant, transfer, conveyance, hypothecation or other disposition. With respect to any transfers effectuated in accordance with clause (ii) above, (A) such transferee shall be deemed to be a Holder Party for purposes of this Agreement, subject to Section 3(e), and (B) the Company shall be deemed to have acknowledged

such transfer. For the avoidance of doubt, (x) each transferee pursuant to clauses (i) or (ii) above, shall be deemed to have accepted the treatment accorded such acquired Participating Claim under the Plan and (y) each transferee that acquires an interest in a Participating Claim from a Holder Party that has agreed to elect to receive specified consideration under the Plan, by accepting such transfer, will be deemed to have made the same election as such transferring Holder Party, regardless of any other claims held by such transferee.

(d) This Agreement shall in no way be construed to preclude any Holder Party from acquiring additional Participating Claims; provided, however, that any such additional Participating Claims shall automatically be deemed to be subject to all of the terms of this Agreement and each such Holder Party agrees that such additional Participating Claims shall be subject to this Agreement. Each Holder Party agrees to provide to Akin Gump and the Company notice of the acquisition of any additional Participating Claims within three (3) business days of the consummation of the transaction acquiring such additional Participating Claims.

(e) Any person that receives or acquires a portion of the Participating Claims pursuant to a sale, assignment, grant, transfer, conveyance, hypothecation or other disposition of such Participating Claims by a Holder Party hereby agrees to be bound by all of the terms of this Agreement (as such terms may be amended from time to time in accordance with the terms hereof) (any such person, together with each holder of Participating Claims that becomes a Holder Party pursuant to Section 19, each a "***Joining Party***") by executing and delivering to Akin Gump a joinder in the form attached hereto as **Exhibit F** (the "***Joinder***"). The Joining Party shall thereafter be deemed to be a "Holder Party" and a Party for all purposes under this Agreement, and such Joining Party shall have the consent or approval rights of, and be deemed to be, a Holder Party for all purposes under this Agreement. Each Joining Party shall indicate, on the appropriate schedule annexed to its Joinder, the number and amount of First Lien Claims, Second Lien Claims and/or ABL Claims held by such Joining Party. With respect to the Participating Claims held by the Joining Party upon consummation of the sale, assignment, grant, transfer, conveyance, hypothecation or other disposition of such Participating Claims, the Joining Party hereby makes the representations and warranties of the Holder Parties set forth in Section 2 to the other Parties.

(f) Notwithstanding anything herein to the contrary, (i) any Holder Party may transfer any of its Participating Claims to an entity that is acting in its capacity as a Qualified Marketmaker (as defined below) without the requirement that the Qualified Marketmaker be or become a Holder Party; provided, however, that the Qualified Marketmaker subsequently transfers all right, title and interest in such Participating Claims to a transferee that is or becomes a Holder Party as provided above, and the transfer documentation between the transferring Holder Party and such Qualified Marketmaker shall contain a requirement that provides as such; and (ii) to the extent any Holder Party is acting in its capacity as a Qualified Marketmaker, it may transfer any Participating Claims that it acquires from a holder of such Participating Claims that is not a Holder Party without the requirement that the transferee be or become a Holder Party. Notwithstanding the foregoing, if, at the time of the proposed transfer of such Participating Claims to the Qualified Marketmaker, such Participating Claims (x) may be voted on (1) the Plan or (2) any dissolution, winding up, liquidation, reorganization, assignment for the benefit of creditors, merger, transaction, consolidation, business combination, joint venture, partnership, sale of assets, financing (debt or equity), recapitalization, restructuring or similar transaction involving the Company, other than the Plan (an "***Alternative Transaction***"), the proposed transferor Holder Party must first vote such Participating Claims in accordance with the requirements of Section 3(a)(i), or (y) have not yet been and may not yet be voted on the Plan or any Alternative Transaction and such Qualified Marketmaker does not transfer such Participating

Claims to a subsequent transferee prior to the third (3rd) business day prior to the expiration of the voting deadline (such date, the "***Qualified Marketmaker Joinder Date***"), such Qualified Marketmaker shall be required to (and the transfer documentation to the Qualified Marketmaker shall have provided that it shall), on the first business day immediately following the Qualified Marketmaker Joinder Date, become a Holder Party with respect to such Participating Claims in accordance with the terms hereof (provided that the Qualified Marketmaker shall automatically, and without further notice or action, no longer be a Holder Party with respect to such Participating Claims at such time that the transferee of such Participating Claims becomes a Holder Party with respect to such Participating Claims). For these purposes, "***Qualified Marketmaker***" means an entity that (X) holds itself out to the market as standing ready in the ordinary course of business to purchase from and sell to customers Participating Claims, or enter with customers into long and/or short positions in Participating Claims, in its capacity as a dealer or market maker in such Participating Claims, and (Y) is in fact regularly in the business of making a market in claims, interests and/or securities of issuers or borrowers.

4. Agreements, Representations and Warranties of the Company

(a) Subject to the terms and conditions hereof and except as the Majority Holders may expressly release the Company in writing from any of the following obligations (which release may be withheld, conditioned or delayed by the Majority Holders):

(i) From the Execution Date until the End Date, the Company agrees (A) to prepare or cause to be prepared the Restructuring Documents (including, without limitation, all relevant motions, applications, orders, agreements and other documents), each of which, for the avoidance of doubt, shall contain terms and conditions consistent with this Agreement, including Section 1(b) above, (B) to provide draft copies of (i) all Restructuring Documents, pleadings and other documents the Company intends to file with the Bankruptcy Court, in each case, to Akin Gump as soon as reasonably practicable, but in no event less than two (2) days before such documents are to be filed with the Bankruptcy Court; provided that any such documents prepared following commencement of the Chapter 11 Cases may be provided less than two (2) days prior to filing if the provision of two (2) days prior notice is impractical under the circumstances (without waiver of any provision of this Agreement with respect to the required consent of the Majority Holders of any such Restructuring Document or other document); and (C) without limiting any approval rights set forth herein, consult in good faith with Akin Gump regarding the form and substance of any of the foregoing documents in advance of the filing, execution, distribution or use (as applicable) thereof.

(ii) The Company agrees to (A) (1) support and complete the Restructuring and all other actions contemplated in connection therewith and under the Restructuring Documents, (2) take any and all necessary and appropriate actions in furtherance of the Restructuring and the Restructuring Documents and (3) use commercially reasonable efforts to obtain any and all required governmental, regulatory, and/or third-party approvals (including, as applicable, Bankruptcy Court approvals) for the Restructuring, (B) use reasonable efforts to cause the milestones set forth in Section 6(g) to be satisfied so as to not allow a Support Termination Event to occur, and (C) not take any actions inconsistent with this Agreement or the Restructuring Documents or that are otherwise inconsistent with, or that would reasonably be expected to prevent, interfere with, delay or impede the implementation or consummation of the Restructuring.

(iii) Subject to Section 24, the Company shall (A) cease and cause to be terminated any ongoing solicitation, discussions and negotiations with respect to any Alternative Transaction, (B) not, directly or indirectly, seek, solicit, negotiate, support, engage, initiate or participate in discussions relating to, or enter into any agreements relating to, any Alternative Transaction, and (C) not solicit or direct any person or entity, including any of their representatives or members of the Company's board of directors (or equivalent) or any direct or indirect holders of existing equity securities of the Company, to undertake any of the foregoing.

(iv) The Company agrees to timely file a formal objection to any motion filed with the Bankruptcy Court by any Person seeking the entry of an order (A) directing the appointment of an examiner with expanded powers or a trustee, (B) converting any Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code, or (C) dismissing any of the Chapter 11 Cases. For purposes of this Section 4(a), "***Person***" shall mean an individual, a partnership, a joint venture, a limited liability company, a corporation, a trust, an unincorporated organization, a group, a governmental or regulatory authority, or any legal entity or association.

(v) The Company agrees to timely file a formal written response in opposition to any objection filed with the Bankruptcy Court by any Person with respect to the entry of the Interim DIP Order and/or the Final DIP Order.

(vi) The Company agrees not to enter into any settlement, compromise or agreement with any authorized representative of retirees or employees or a retiree committee, unless such settlement, compromise or agreement is in form and substance acceptable to the Company and the Majority Holders.

(b) Regardless of whether the Restructuring is consummated, the Company shall promptly pay in cash upon demand (i) all reasonable and documented out-of-pocket fees and expenses incurred by the Holder Parties in connection with this Agreement, the Restructuring and the Restructuring Documents, and the consummation of the transactions contemplated hereby and thereby, and (ii) all reasonable and documented fees and expenses of Akin Gump, as lead counsel, Ashby & Geddes ("***Ashby***"), as Delaware counsel, and Moelis & Company LLC, as financial advisor, to the Holder Parties ("***Moelis***" and together with Akin Gump and Ashby, the "***Holder Parties' Advisors***"). Simultaneously with the execution of this Agreement, the Company shall pay all such unpaid fees and expenses incurred at any time prior to the Execution Date, to the extent invoiced prior to the date hereof, and, prior to commencing the Chapter 11 Cases, the Company shall pay all such unpaid fees and expenses incurred prior to the Petition Date, to the extent invoiced prior to such date. In addition, the Company shall use commercially reasonable efforts to promptly assume all engagement letters for the Holder Parties' Advisors following the commencement of the Chapter 11 Cases in a manner acceptable to the Majority Holders.

(c) From the Execution Date until the End Date, the Company shall (i) taking into account the effect of the Restructuring, operate the business of the Company and its direct and indirect subsidiaries in the ordinary course in a manner that is consistent in all material respects with this Agreement, the Business Plan, past practices, and use commercially reasonable efforts to preserve intact the Company's business organization and relationships with third parties (including lessors, licensors, suppliers, distributors and customers) and employees (in each case subject to changes (A) resulting from or relating to the filing of the Chapter 11 Cases or (B) imposed by the Bankruptcy Court), (ii) keep the Holder Parties reasonably informed about the operations of the Company and its direct and indirect subsidiaries to the extent a Holder Party so

requests to be kept informed, (iii) provide the Holder Parties any information reasonably requested regarding the Company or any of its direct and indirect subsidiaries and provide, and direct the Company's employees, officers, advisors and other representatives to provide, to Akin Gump and Moelis, (x) reasonable access during normal business hours to the Company's books, records and facilities and (y) reasonable access to the management and advisors of the Company for the purposes of evaluating the Company's assets, liabilities, operations, businesses, finances, strategies, prospects and affairs, (iv) promptly notify the Holder Parties of any material governmental or third party complaints, litigations, investigations or hearings (or communications indicating that the same may be contemplated or threatened) and (v) use commercially reasonable efforts to obtain any and all required governmental, regulatory and/or third party approvals necessary or required for the implementation or consummation of the Restructuring (including the Bankruptcy Court's approval of the relevant Restructuring Documents).

5. Agreements of the Sponsor

(a) From the Execution Date until the date that is the earlier of the effective date of the Plan, and the End Date and subject to the terms and conditions hereof and except as the Company and the Majority Holders may expressly release the Sponsor in writing from any of the following obligations, the Sponsor:

(i) hereby agrees to timely vote or cause its applicable controlled affiliates to timely vote (if solicited to do so after receipt of a Disclosure Statement approved by the Bankruptcy Court and by the applicable deadline for doing so) its debt or equity interests in Holdings, including any First Lien Claims, Second Lien Claims and/or ABL Claims, if any (collectively, the "***Participating Claims/Interests***"), and any other claims against or interests in the Company the Sponsor or such affiliate holds or acquires in favor of the Plan;

(ii) shall not (A) object to, or vote any of such Participating Claims/Interests (or any other claims or interests held by it) to reject or impede the Disclosure Statement or the Plan, support directly or indirectly any such objection or impediment or otherwise take any action or commence any proceeding to oppose, impede or to seek any modification of the Plan or any Restructuring Documents, or (B) support or prosecute, directly or indirectly, any alternative to the Restructuring and the Plan; and

(iii) hereby agrees (A) to use commercially reasonable efforts to (1) support and complete the Restructuring and all other actions contemplated in connection therewith and under the Restructuring Documents and (2) take any and all necessary and appropriate actions in furtherance of the Restructuring and the Restructuring Documents, and (B) to not take any actions inconsistent with this Agreement or the Restructuring Documents.

Notwithstanding the foregoing, nothing in this Section 5(a) shall require the Sponsor to incur any expenses or liabilities, or agree to any commitments, undertakings, concessions, indemnities or other arrangements that could result in expenses or liabilities to the Sponsor; provided, however, that nothing herein shall serve to limit, alter or modify the Sponsor's express obligations under the terms of this Agreement. For the avoidance of doubt, nothing in this Agreement or the Plan shall require the Company or any other Party (other than the Sponsor itself) to pay or be liable for any fees or expenses incurred by the Sponsor in connection with this Agreement or otherwise, except as may be explicitly set forth in the Plan.

(b) Sponsor agrees that, from the Execution Date until the End Date, it shall not (nor shall it permit any of its controlled affiliates to) sell, assign, grant, transfer, convey, hypothecate or otherwise dispose of any Participating Claims/Interests, or any option thereon or any right or interest (voting or otherwise) in any or all of its Participating Claims/Interests, except to a person that is a controlled affiliate, or member or parent, of Sponsor; provided, however, that any such Participating Claims/Interests shall automatically be deemed to be subject to the terms of this Agreement.

6. Termination of Rights or Obligations. This Agreement may be terminated as follows and, except as otherwise provided herein, all obligations of the Parties shall immediately terminate and be of no further force and effect upon such termination (each such termination event, a "***Support Termination Event***"):

(a) by the mutual written consent of the Company and the Majority Holders;

(b) by the Majority Holders upon (i) a breach (other than an immaterial breach) by either the Company or the Sponsor of any of the undertakings, representations, warranties or covenants of the Company or the Sponsor, as applicable, set forth in this Agreement, including the Company's obligations under Section 4 or the Sponsor's obligations under Section 5, or (ii) the failure by the Company or the Sponsor to act in a manner materially consistent with this Agreement, in each case which breach or failure remains uncured for a period of three (3) business days after the receipt of written notice of such breach from the Majority Holders;

(c) by the Sponsor, solely to itself, upon a breach (other than an immaterial breach) by the Company or the Holder Parties of any of the undertakings, representations, warranties or covenants of the Company or the Holder Parties set forth in this Agreement, as applicable, or any amendment to the Plan that adversely affects the amount of consideration to which Sponsor is entitled under the Plan or otherwise materially and adversely affect Sponsor's rights under this Agreement, which breach remains uncured for a period of three (3) business days after the receipt of written notice of such breach from the Sponsor; provided, however, that notwithstanding anything to the contrary herein, the right to terminate this Agreement as to Sponsor under this Section 6(a)(iii) shall not be available to the Sponsor if its failure to fulfill any material obligation under this Agreement has been the cause of, or resulted in, the occurrence of a Support Termination Event;

(d) by the Company upon a breach (other than an immaterial breach) by the Holder Parties of any of the undertakings, representations, warranties or covenants of the Company set forth in this Agreement, which breach remains uncured for a period of three (3) business days after the receipt of written notice of such breach from the Company;

(e) by the Company if any court of competent jurisdiction or other competent governmental or regulatory authority shall have issued an order, which order is not subject to a stay of its effectiveness pending appeal, making illegal or otherwise restricting, preventing, or prohibiting the Restructuring in a manner that cannot be reasonably remedied by the Company;

(f) by the Company following the Company's determination that proceeding with the transactions contemplated by this Agreement would be inconsistent with the continued exercise of its fiduciary duties as described in Section 24;

(g) by the Majority Holders or the Sponsor, solely as to itself, in the event a Fiduciary Action occurs (whether or not notice of such is provided);

(h) by the Majority Holders upon the occurrence of any of the following events, unless such event is waived or the applicable deadline is extended by the Majority Holders in writing (which waiver or extension may be withheld, conditioned or delayed by the Majority Holders):

(i) at 5:00 p.m. prevailing Eastern Time on (A) the date that is five (5) Business Days following the Petition Date if the Company fails to obtain entry of the Interim DIP Order or (B) the date that is thirty-nine (39) days following the Petition Date if the Company fails to obtain entry of the Final DIP Order (in each case, which DIP Orders, for the avoidance of doubt, shall be consistent with this Agreement and otherwise in form and substance acceptable to the Company and the Majority Holders, but may be subject to provisions (i) made at the request of, or in response to an objection by or stated position of, a party other than the Company or the Holder Parties, (ii) that are not material to the interests of the Holder Parties and (iii) that are otherwise reasonably acceptable to the Majority Holders);

(ii) at 5:00 p.m. prevailing Eastern Time on the date that is sixty-four (64) calendar days following the Petition Date (subject to modification as set forth below), unless the Bankruptcy Court shall have entered the Disclosure Statement Order in form and substance reasonably acceptable to the Company and the Majority Holders

(iii) at 5:00 p.m. prevailing Eastern Time on the date that is ninety nine (99) calendar days following the Petition Date (subject to modification as set forth below), unless the Bankruptcy Court shall have entered a Confirmation Order in form and substance acceptable to the Company and the Majority Holders;

(iv) at 5:00 p.m. prevailing Eastern Time on the date that is the earlier of one hundred and nineteen (119) calendar days following the Petition Date and October 29, 2017 (subject to modification as set forth below), unless there shall have occurred a substantial consummation (as defined in section 1101 of the Bankruptcy Code) of the Plan;

(v) upon the filing by the Company of any motion or other request for relief seeking to, or the granting by the Bankruptcy Court of any motion by any other person seeking to (A) dismiss any of the Chapter 11 Cases, (B) convert any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code, (C) appoint a trustee or an examiner with expanded powers pursuant to section 1104 of the Bankruptcy Code in any of the Chapter 11 Cases or (D) terminate exclusivity under section 1121 of the Bankruptcy Code;

(vi) upon the entry of an order by the Bankruptcy Court (A) making a finding of fraud, dishonesty or misconduct by any officer or director of the Company, regarding or relating to the Company or (B) vacating, amending, terminating, extending or modifying the DIP Orders without the consent of the Majority Holders, other than amendments and modifications (i) made at the request of, or in response to an objection by or stated position of, a party other than the Company or the Holder Parties, (ii) that are not material to the interests of the Holder Parties and (iii) that are otherwise reasonably acceptable to the Majority Holders;

(vii) the Bankruptcy Court grants relief that is inconsistent with this Agreement or the Restructuring Documents (in each case, with such amendments and modifications as have been effected in accordance with the terms hereof);

(viii) the withdrawal, waiver, amendment or modification, or the filing of a pleading by the Company seeking to withdraw, waive, amend or modify, any term or condition of any of the Restructuring Documents or any documents related thereto, including motions, notices, exhibits, appendices and orders, in a manner not consistent with the standards of acceptability set forth in Section 1(b), other than amendments and modifications (i) made at the request of, or in response to an objection by or stated position of, a party other than the Company or the Holder Parties, (ii) that are not material to the interests of the Holder Parties and (iii) that are otherwise reasonably acceptable to the Majority Holders;

(ix) the Company files, proposes or otherwise supports any plan of liquidation, sale of all or substantially all of the Company's assets or plan of reorganization other than the Plan and the Restructuring (other than the filing of a motion to approve bidding procedures on a precautionary, contingent basis as is required by the DIP Financing);

(x) an order is entered by the Bankruptcy Court granting relief from the automatic stay imposed by section 362 of the Bankruptcy Code authorizing any party to proceed against any asset of the Company with a value, individually or in the aggregate, of $350,000 or more, or that would adversely affect the Company's ability to operate its businesses in the ordinary course;

(xi) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction (including the Bankruptcy Court), of any ruling or order denying any requisite approval of, or delaying or impeding (which ruling or order would reasonably be expected to render confirmation or consummation of the Plan or any other portion of the Restructuring in accordance with this Agreement impossible), or enjoining the confirmation or consummation of the Plan or any other portion of the Restructuring;

(xii) the Company experiences any circumstance, change, effect, event, occurrence, state of facts or development, after the date hereof, other than the filing and prosecution of the Chapter 11 Cases, that either alone or in combination has had or is reasonably likely to have a material adverse effect on the financial condition, business, assets or operations of the Company taken as a whole, or that causes a material adverse change to the Company's Business Plan, as disclosed to the Holder Parties prior to the execution of this Agreement.;

(xiii) the failure by the Company to pay the fees and expenses set forth in Section 4(b) of this Agreement within ten (10) calendar days of receipt by the Company of an invoice related to such fees and expenses;

(xiv) the filing by the Company (or, if any material relief adverse to the Holder Parties is granted by such filing, any other party in interest) of any motion, objection, application or adversary proceeding (x) challenging the validity enforceability, perfection or priority of, or seeking avoidance or subordination (other than pursuant to existing contractual arrangements with the ABL Administrative Agent and ABL Lenders) of the

First Lien Claims, Second Lien Claims, the liens securing the First Lien Claims and/or the liens securing the Second Lien Claims or (y) asserting any other claim or cause of action against and/or with respect to the First Lien Claims, the prepetition liens securing the First Lien Claims, any of the First Lien Lenders or the First Lien Agent, the Second Lien Claims, the prepetition liens securing the First Lien Claims, any of the Second Lien Lenders Party to this Agreement or the Second Lien Agent

(xv) prior to the filing of the Chapter 11 Cases, any breach of, or any default under, the First Lien Credit Agreement that has not been waived;

(xvi) prior to the filing of the Chapter 11 Cases, upon any "Limited Waiver Termination Event" as defined by and set forth in that certain Limited Waiver to First Lien Credit Agreement, dated as of May 8, 2017, by and among Holdings, True Religion Apparel, Inc., the subsidiaries of the Company party thereto and the lenders party thereto, as amended;

(xvii) if an involuntary case against the Company is commenced or an involuntary petition is filed seeking bankruptcy, winding up, dissolution, liquidation, administration, moratorium, reorganization or other relief in respect of the Company or the Company's debts, or of a substantial part of the Company's assets, under any federal, state or foreign bankruptcy, insolvency, administrative, receivership or similar law now or hereafter in effect, or if any court order grants the relief sought in such involuntary proceeding;

(xviii) except in each case as expressly contemplated hereunder, (A) if the Company voluntarily commences any case or files any petition seeking bankruptcy, winding up, dissolution, liquidation, administration, moratorium, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, administrative receivership or similar law now or hereafter in effect, (B) if the Company applies for or consents to the appointment of a receiver, administrator, administrative receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or for a substantial part of the Company's assets, (C) if the Company files an answer admitting the material allegations of a petition filed against it in any such proceeding, (D) any general assignment or arrangement for the benefit of creditors of the Company or (E) if the Company takes any corporate action for the purpose of authorizing any of the foregoing; or

(xix) a "Termination Date" under and as defined in the DIP Orders has occurred.

The milestones set forth in Section 6(h) above are set off the milestones under the DIP Financing and accordingly, if such milestone dates are modified or extended in, or pursuant to, the DIP Financing, the milestones set forth in Section 6(h) above will be automatically modified or extended in the same manner, unless the Majority Holders expressly agree otherwise in their sole discretion; provided that (i) the Majority Holders shall notify the Company of an objection to an extension of any milestone(s) within one business day of the Company's provision of notice of such extension to the Majority Holders' counsel and (ii) the Majority Holders shall not have any right of objection with respect to an extension of a milestone which is for ten (10) business days or less (up to an aggregate of twenty (20) days).

Upon the termination of this Agreement pursuant to this Section 6, this Agreement shall forthwith become void and of no further force or effect, each Party shall be released from its commitments, undertakings and agreements under or related to this Agreement, and there shall be no liability or obligation on the part of any Party; provided, however, that in no event shall any such termination relieve a Party from (i) liability for its breach or non-performance of its obligations hereunder prior to the date of such termination, notwithstanding any termination of this Agreement by any other Party, and (ii) obligations under this Agreement which expressly survive any such termination pursuant to Section 16; provided further, however, that notwithstanding anything to the contrary herein, (i) the right to terminate this Agreement under this Section 6 shall not be available to any Party whose failure to fulfill any material obligation under this Agreement has been the cause of, or resulted in, the occurrence of a Support Termination Event and (ii) any Support Termination Event may be waived only in accordance with this Agreement and the procedures established by Section 9, in which case the Support Termination Event so waived shall be deemed not to have occurred, this Agreement shall be deemed to continue in full force and effect, and the rights and obligations of the Parties shall be restored, subject to any modification set forth in such waiver. Upon termination of this Agreement, any and all consents, agreements, undertakings, tenders, waivers, forbearances and votes delivered by a Holder Party prior to such termination shall be deemed, for all purposes, to be null and void *ab initio* and shall not be considered or otherwise used in any manner by the Company or any other party. For the avoidance of doubt, the automatic stay arising pursuant to section 362 of the Bankruptcy Code shall be deemed waived or modified for purposes of providing notice or exercising rights hereunder.

7. Good Faith Cooperation; Further Assurances. From the Execution Date until the End Date, the Parties shall cooperate with each other and negotiate the Restructuring Documents in good faith and shall coordinate their activities (to the extent practicable) in respect of all matters concerning the implementation and consummation of the Restructuring. Further, each of the Parties shall take such action (including executing and delivering any other agreements and making and filing any required regulatory filings) as may be reasonably necessary to carry out the purposes and intent of this Agreement.

8. Remedies. Subject to the proviso at the end of this sentence, all remedies that are available at law or in equity, including specific performance and injunctive or other equitable relief, to any Party for a breach of this Agreement by another Party shall be available to the non-breaching Party, and all rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any right, power or remedy thereof by any Party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such Party or any other Party; provided, however, that notwithstanding the foregoing, the Sponsor's sole remedy against any Holder Party under this Agreement is for specific performance hereunder, and the Sponsor expressly waives any and all rights to any other remedy that may be available to it at law or in equity, including, without limitation, any monetary damages.

9. Amendments and Modifications; Waivers.

(a) This Agreement may be amended or modified only upon written approval of both (i) the Company and (ii) the Majority Holders; provided, however, that (A) in no event shall this Agreement be so amended or modified with respect to any Holder Party in any manner that would adversely affect such Holder Party's legal rights under this Agreement in a disproportionate or discriminatory manner (as compared to all other Holder Parties), without such Holder Party's prior written consent, (B) in no event shall this Agreement be so amended or modified with respect to Sponsor in any manner that would adversely affect the amount of consideration to which it is entitled under the Plan or other otherwise materially and adversely affect its rights

under this Agreement, without the Sponsor's prior written consent, and (C) any amendments to this Section 9 shall (1) require the written consent of each Holder Party and (2) only as to amendments that may affect Sponsor's rights under clause (B) of this paragraph, require the written consent of Sponsor. Any amendment or modification of any condition, term or provision to this Agreement must be in writing. Any amendment or modification made in compliance with this Section 9 shall be binding on all of the Parties, regardless of whether a particular Party has executed or consented to such amendment or modification.

(b) At any time prior to the End Date, the Company, on the one hand, and the Majority Holders, on the other, to the extent legally permitted, may (i) extend the time for the performance of any of the obligations of any other Party, (ii) waive any inaccuracies in the representations and warranties made to such Party contained herein or in any document delivered pursuant hereto, and (iii) waive compliance with any of the agreements, covenants or conditions for the benefit of such Party contained herein. Any agreement on the part of a Party to any such extension or waiver will be valid only if set forth in an instrument in writing signed on behalf of such Party.

10. Independent Analysis. Each of the Holder Parties, the Sponsor and the Company hereby confirms that it has made its own decision to execute this Agreement based upon its own independent assessment of documents and information available to it, as it has deemed appropriate.

11. Representation by Counsel. Each Party acknowledges that it has had the opportunity to be represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel, shall have no application and is expressly waived.

12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York, without giving effect to the principles of conflict of laws that would require the application of the law of any other jurisdiction. By its execution and delivery of this Agreement, each of the Parties hereby irrevocably and unconditionally agrees for itself that any legal action, suit or proceeding against it with respect to any matter under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, may be brought in either a state or federal court of competent jurisdiction in the State and County of New York. By execution and delivery of this Agreement, each of the Parties hereby irrevocably accepts and submits itself to the nonexclusive jurisdiction of each such court, generally and unconditionally, with respect to any such action, suit or proceeding. Notwithstanding the foregoing consent to jurisdiction in either a state or federal court of competent jurisdiction in the State and County of New York, upon the commencement of the Chapter 11 Cases, each of the Parties hereby agrees that, if the Chapter 11 Cases are pending, the Bankruptcy Court shall have exclusive jurisdiction over all matters arising out of or in connection with this Agreement. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHTS SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF

THIS WAIVER, (C) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 12.

13. Notices. All notices, requests, demands, document deliveries and other communications under this Agreement shall be in writing and shall be deemed to have been duly given, provided or made (a) when delivered personally, (b) when sent by electronic mail ("***e-mail***") or facsimile, (c) one (1) business day after deposit with an overnight courier service or (d) three (3) business days after mailed by certified or registered mail, return receipt requested, with postage prepaid to the Parties at the following addresses, facsimile numbers or e-mail addresses (or at such other addresses, facsimile numbers or e-mail addresses for a Party as shall be specified by like notice):

If to the Company:

True Religion Apparel, Inc.
1888 Rosecrans Avenue
Manhattan Beach, CA 90266
Attention: Dalibor Snyder, Chief Financial Officer (dalibor@truereligion.com)

with a copy to (which shall not constitute notice):

Pachulski Stang Ziehl & Jones LLP
919 North Market Street, 17th Floor
Wilmington, DE. 19801
Attention: Laura Davis Jones (ljones@pszjlaw.com)

If to the Sponsor:

c/o Towerbrook Capital Partners, L.P.
65 East 55th Street
27th Floor
New York, NY 10022
Facsimile: (917) 591-4789
Attention: Glenn F. Miller (glenn.miller@towerbrook.com)

with a copy to (which shall not constitute notice):

Wachtell, Lipton, Rosen & Katz
51 W. 52nd Street
New York, NY 10019
Attention: Josh Feltman (jafeltman@wlrk.com)

If to the Holder Parties: To each Holder Party at the addresses, facsimile numbers or e-mail addresses set forth below the Holder Party's signature page to this Agreement (or to the signature page to a Joiner in the case of any Holder that becomes a party hereto after the Execution Date).

with a copy to (which shall not constitute notice):

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, NY 10036

Facsimile: (212) 872-1002
Attention: Arik Preis (apreis@akingump.com)
Allison Miller (amiller@akingump.com)
Jason Rubin (jrubin@akingump.com)

14. Reservation of Rights. Except as expressly provided in this Agreement, nothing herein is intended to, or does, in any manner waive, limit, impair or restrict (a) the ability of any Party to protect and preserve its rights, remedies and interests, including the First Lien Claims and any other claims against the Company or other parties, or its full participation in any bankruptcy proceeding, including the rights of a Holder Party or the Sponsor under any applicable bankruptcy, insolvency, foreclosure or similar proceeding, in each case, so long as the exercise of any such right does not breach such Holder Party's or the Sponsor's obligations hereunder; (b) the ability of a Holder Party to purchase, sell or enter into any transactions in connection with the Participating Claims, subject to the terms hereof; (c) any right of any Holder Party (i) under the Debt Documents, or which constitutes a waiver or amendment of any provision of any Debt Document or (ii) under any other applicable agreement, instrument or document that gives rise to a Holder Party's Participating Claims, or which constitutes a waiver or amendment of any provision of any such agreement, instrument or document, subject to the terms of Section 3(a); (d) the ability of a Holder Party to consult with its advisors (including the Holder Parties' Advisors), other Holder Parties or the Company; or (e) the ability of a Holder Party or the Sponsor (subject to the limitations set forth in Section 8 hereof) to enforce any right, remedy, condition, consent or approval requirement under this Agreement or any of the Restructuring Documents. Without limiting the foregoing sentence in any way, after the termination of this Agreement pursuant to Section 6, the Parties each fully reserve any and all of their respective rights, remedies, claims and interests, subject to Section 6, in the case of any claim for breach of this Agreement. Further, nothing in this Agreement shall be construed to prohibit any Party from appearing as a party-in-interest in any matter to be adjudicated in the Chapter 11 Cases, so long as such appearance and the positions advocated in connection therewith are consistent with this Agreement and the Restructuring Documents and are not for the purpose of, and could not reasonably be expected to have the effect of, hindering, delaying or preventing the consummation of the Restructuring.

15. Rule of Interpretation. Notwithstanding anything contained herein to the contrary, it is the intent of the Parties that all references to votes or voting in this Agreement be interpreted to include votes or voting on a plan of reorganization under the Bankruptcy Code. Time is of the essence in the performance of the obligations of each of the Parties. The words "hereof," "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. References to any Articles, Sections, Exhibits and Schedules are to such Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein (including any exhibits, schedules or attachments thereto) are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation," whether or not they are in fact followed by those words or words of like import. "Writing," "written" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. Any reference to "business day" means any day, other than a Saturday, a Sunday or any other day on which banks located in New York, New York are closed for business as a result of federal, state or local holiday and any other reference to day means a calendar day.

16. Survival. Notwithstanding (a) any sale of the Participating Claims in accordance with Section 3 or (b) the termination of this Agreement in accordance with its terms, the agreements and obligations of the Parties in Sections 4(b) (with respect to amounts accrued prior to the termination of this

Agreement), 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24 and 25, shall survive such sale and/or termination and shall continue in full force and effect for the benefit of the Parties in accordance with the terms hereof.

17. Successors and Assigns; Severability; Several Obligations. Subject to Section 3, this Agreement is intended to bind and inure to the benefit of the Parties and their respective permitted successors, assigns, heirs, executors, estates, administrators and representatives. The invalidity or unenforceability at any time of any provision hereof in any jurisdiction shall not affect or diminish in any way the continuing validity and enforceability of the remaining provisions hereof or the continuing validity and enforceability of such provision in any other jurisdiction. The agreements, representations and obligations of the Holder Parties under this Agreement are, in all respects, several and not joint and several.

18. Third-Party Beneficiaries. This Agreement is intended for the benefit of the Parties and no other person or entity shall be a third party beneficiary hereof or have any rights hereunder.

19. Counterparts; Additional Holder Parties. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same agreement. Execution copies of this Agreement may be delivered by facsimile, electronic mail or otherwise, each of which shall be deemed to be an original for the purposes of this paragraph. Any holder of First Lien Claims that is not already an existing Holder Party may execute the Joinder and, in doing so, shall become a Joining Party and shall thereafter be deemed to be a "Holder Party" and a party for all purposes under this Agreement.

20. Entire Agreement. This Agreement and the Exhibits and Schedules attached hereto, constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements (oral and written) and all other prior negotiations between and among the Company, the Sponsor and the Holder Parties (and their respective advisors) with respect to the subject matter hereof; provided, however, that the Parties acknowledge and agree that any confidentiality agreements heretofore executed between any Parties hereto shall continue in full force and effect as provided therein.

21. Headings. The section headings of this Agreement are for convenience of reference only and shall not, for any purpose, be deemed a part of this Agreement and shall not affect the interpretation of this Agreement.

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

23. Publicity. The Company shall not (a) use the name of any Holder Party in any communication (including a press release, pleading or other publicly available document) (other than a communication with the legal, accounting, financial and other advisors to, and employees, officers, directors, members, managers or shareholders of, the Company, in each case who are under obligations of confidentiality to the Company with respect to such communication, and whose compliance with such obligations the Company shall be responsible for) without such Holder Party's prior written consent or (b) disclose to any person, other than legal, accounting, financial and other advisors to the Company (who are under obligations of confidentiality to the Company with respect to such disclosure, and whose compliance with such obligations the Company shall be responsible for), the principal amount or

percentage of the Participating Claims held by any Holder Party or any of its respective subsidiaries; provided, however, that the Company shall be permitted to disclose at any time the aggregate principal amount of, and aggregate percentage of, any class of the Participating Claims held by the Holder Parties as a group. Notwithstanding the foregoing, the Holder Parties hereby consent to the disclosure by the Company in the Restructuring Documents or as otherwise required by law, regulation or applicable court order, of the execution, terms and contents of this Agreement; provided, further, that (i) if the Company determines that it is required to attach a copy of this Agreement to any Restructuring Document or any other filing or similar document relating to the transactions contemplated hereby, it will redact any reference to a specific Holder Party and such Holder Party's holdings (unless required by law, regulation or applicable court order) and (ii) if disclosure is required by applicable law or court order, advance notice of the intent to disclose shall be given by the disclosing Party to each Holder Party (who shall have the right to seek a protective order prior to disclosure). Notwithstanding the foregoing, the Company will submit to Akin Gump all press releases, public filings, public announcements or other communications with any news media, in each case, to be made by the Company relating to this Agreement or the transactions contemplated hereby and any amendments thereof for prior approval by the Majority Holders. The Company will submit to the Holder Parties in advance, to the extent reasonably practicable, all material written communications with dealers, customers and employees relating to the transactions contemplated by this Agreement, will take the Holder Parties' views with respect to such communications into account and will otherwise consult with the Holder Parties and their advisors with respect to its general communications strategy in respect of the Restructuring. Nothing contained herein shall be deemed to waive, amend or modify the terms of any confidentiality or non-disclosure agreement between the Company and any Holder Party, including the confidentiality and non-disclosure provisions contained in the Debt Documents.

24. Fiduciary Duties; Relationship Among Holder Parties and the Company. Notwithstanding anything to the contrary herein, the duties and obligations of the Holder Parties under this Agreement shall be several, not joint. Furthermore, notwithstanding anything to the contrary herein, nothing in this Agreement shall require the Company to take any action, or to refrain from taking any action (including termination of this Agreement), to the extent that the board of directors of Holdings (or other applicable Company party) determines, after consultation with the Company's relevant outside professional advisors, that taking such action or refraining from taking such action would not be consistent with the applicable directors' fiduciary obligations under applicable law (any such action, or refraining from action, to the extent that taking such action or refraining from taking such action absent this Section 24 would, or would be reasonably expected to, result in a material breach of this Agreement or impede, in any material manner, consummation of the Restructuring on the terms contemplated hereby, being a "***Fiduciary Action***"); provided, however, that (i) the Company shall use commercially reasonable efforts to give the Holder Parties not less than three (3) business days prior written notice of, and in any event written notice substantially contemporaneously with, such anticipated action or anticipated refraining from taking such action, (ii) the Majority Holders may terminate this Agreement in accordance with, and subject to the terms of, Section 6 and (iii) specific performance shall not be available as a remedy if this Agreement is terminated in accordance with this Section 24. None of the Holder Parties shall have any fiduciary duty, any duty of trust or confidence in any form, or other duties or responsibilities to each other, any First Lien Lender, the Company, the Sponsor, or any of the Company's creditors or other stakeholders, including without limitation any holders of Second Lien Claims or ABL Claims, and there are no commitments among or between the Holder Parties, in each case except as expressly set forth in this Agreement. It is understood and agreed that any Holder Party may trade in any debt or equity securities of the Company without the consent of the Company, the Sponsor or any other Holder Party, subject to applicable securities laws and Section 3(d) of this Agreement. No prior history, pattern or practice of sharing confidences among or between any of the Holder Parties, the Sponsor and/or the Company shall in any way affect or negate this understanding and agreement.

25. No Solicitation. This Agreement and transactions contemplated herein are the product of negotiations among the Parties, together with their respective representatives. Notwithstanding anything herein to the contrary, this Agreement is not, and shall not be deemed to be, a solicitation of votes for the acceptance of the Plan or any plan of reorganization for the purposes of sections 1125 and 1126 of the Bankruptcy Code or otherwise. The Company will not solicit acceptances of the Plan from any party until such party has been provided with copies of a Disclosure Statement containing adequate information as required by section 1125 of the Bankruptcy Code.

[*Remainder of page intentionally left blank*]

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

HOLDINGS:

TRLG INTERMEDIATE HOLDINGS, LLC

By:
Name:
Its:

THE COMPANY:

TRUE RELIGION APPAREL, INC.,
on behalf of itself and each of its direct and indirect subsidiaries

By:
Name:
Its:

SPONSOR

Name of Institution: TRLG HOLDINGS, LLC

By:
Name: Glenn F. Miller
Title: Vice President

Telephone: [redacted]
Facsimile: [redacted]

NOTICE ADDRESS:

[redacted]

HOLDER PARTY

JFIN CLO 2012 LTD
JFIN CLO 2013 LTD
JFIN CLO 2014 LTD
JFIN MM CLO 2014 LTD
JFIN CLO 2014-11 LTD
JFIN CLO 2015 LTD

By: APEX CREDIT PARTNERS LLC,
as Portfolio Manager

By: _____

Name: Stephen Goetschius

Title: Managing Director

Telephone: [redacted]

Facsimile: [redacted]

First Lien Claims: [redacted]

Second Lien Claims:

ABL Claims:

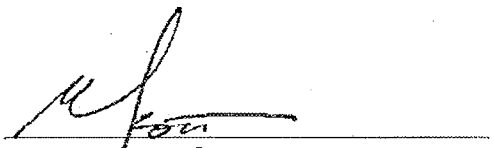
NOTICE ADDRESS:

[redacted]

HOLDER PARTY

FARMSTEAD MASTER FUND, LTD.
OC 530 OFFSHORE FUND, LTD.

By: FARMSTEAD CAPITAL MANAGEMENT, LLC,
on behalf of its funds and accounts listed above

By: 

Name: Michael Scott

Title: Managing Member

Telephone: [redacted]

Facsimile: [redacted]

First Lien Claims:

Second Lien Claims:

ABL Claims:

[redacted]

NOTICE ADDRESS:

[redacted]

HOLDER PARTY

Goldman Sachs Strategic Income Fund
Goldman Sachs High Yield Floating Rate Fund
Goldman Sachs High Yield Fund
Global Opportunities Offshore Ltd
Goldman Sachs Global Strategic Income Bond Portfolio
Goldman Sachs Income Builder Fund
High Yield Floating Rate Portfolio (LUX)
Floating Rate Loan Fund
Global Multi-Sector Credit Portfolio (Lux)
AST Goldman Sachs Strategic Income Portfolio
Global Opportunities LLC
Goldman Sachs Income Builder Fund-Canada
Factory Mutual Insurance Company_High Yield
Goldman Sachs Strategic Absolute Return Bond I Portfolio
Fire & Police Pension Association of Colorado
Lyondell Master Trust - High Yield
WestRock Company Master Retirement Trust_GSAM High Yield Fixed Income
Goldman Sachs Strategic Absolute Return Bond II Portfolio

By: **GOLDMAN SACHS ASSET MANAGEMENT, L.P.,**
on behalf of its funds and accounts listed above

By: _____
Jean Joseph

Name: _____
Managing Director

Title:

Telephone: [redacted]

Facsimile: _____

First Lien Claims: [redacted]

Second Lien Claims:

ABL Claims:

NOTICE ADDRESS:

[redacted]

HOLDER PARTY

Global Opportunities Offshore Ltd
Global Opportunities LLC
Goldman Sachs Strategic Income Fund
Goldman Sachs High Yield Floating Rate Fund
Goldman Sachs High Yield Fund
High Yield Floating Rate Portfolio (LUX)
Floating Rate Loan Fund
Cal Regents High Yield
Factory Mutual Insurance Company_High Yield
Lyondell Master Trust - High Yield
WestRock Company Master Retirement Trust_GSAM High Yield Fixed Income

By: GOLDMAN SACHS ASSET MANAGEMENT, L.P.,
on behalf of its funds and accounts listed above

By: _____

Name: Jean Joseph

Title: Managing Director

Telephone: [redacted]

Facsimile: _____

First Lien Claims: [redacted]

Second Lien Claims:

ABL Claims:

NOTICE ADDRESS:

[redacted]

HOLDER PARTY

JAMESTOWN CLO I LTD.
JAMESTOWN CLO II LTD.
JAMESTOWN CLO III LTD.
JAMESTOWN CLO IV LTD.
FRASERSULLIVAN CLO VII LTD.
COA SUMMIT CLO LTD.

By: **INVESTCORP CREDIT MANAGEMENT US LLC, as Portfolio Manager**
on behalf of its funds and accounts listed above

By: David Endler

Name: DAVID ENDLER

Title: PORTFOLIO MANAGER

Telephone: [redacted]

Facsimile: [redacted]

First Lien Claims: [redacted]

Second Lien Claims:

ABL Claims:

NOTICE ADDRESS:

[redacted]

HOLDER PARTY

Palmer Square CLO 2013-1, Ltd
Palmer Square CLO 2013-2, Ltd

By: **Palmer Square Capital Management LLC,**
on behalf of its funds and accounts listed above

By: _____

Name: Matt Bloomfield

Title: Managing Director/Portfolio Manager

Telephone: [redacted]

Facsimile: _____

First Lien Claims: [redacted]

Second Lien Claims:

ABL Claims:

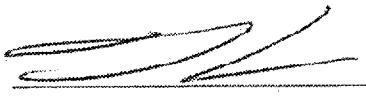
NOTICE ADDRESS:

[redacted]

HOLDER PARTY

SOUTHPAW CREDIT OPPORTUNITY MASTER FUND L.P.

By: **SOUTHPAW ASSET MANAGEMENT LP,**
on behalf of the fund listed above as its investment adviser

By: 

Name: Kevin Wyman, Managing Member of General Partner - Southpaw Holdings LLC

Title:

Telephone: [redacted]

Facsimile: [redacted]

First Lien Claims:

Second Lien Claims:

ABL Claims:

[redacted]

NOTICE ADDRESS:

[redacted]

HOLDER PARTY

Ivy High Income Fund
Waddell & Reed Advisors High Income Fund
Ivy Variable Insurance Portfolio High Income
Ivy High Income Opportunities Fund
Ivy Global Investors High Income Fund
Ivy Apollo Multi-Asset Income Fund
Ivy Apollo Strategic Income Fund

By: WADDELL & REED INVESTMENT MANAGEMENT COMPANY and IVY INVESTMENT MANAGEMENT COMPANY, on behalf of the funds and accounts listed above

By: Chad Gunther

Name: Chad Gunther

Title: Sr. Vice President

Telephone: [redacted]

Facsimile: [redacted]

First Lien Claims: [redacted]

Second Lien Claims:

ABL Claims:

NOTICE ADDRESS:

[redacted]

EXHIBIT A

COMPANY SUBSIDIARIES

1. Guru Denim Inc., a California corporation
2. True Religion Sales, LLC, a Delaware limited liability company
3. TRLGGC Services, LLC, a Virginia limited liability company

EXHIBIT B

PLAN

EXHIBIT C

CORPORATE GOVERNANCE TERM SHEET

GOVERNANCE TERM SHEET
FOR
REORGANIZED TRLG INTERMEDIATE HOLDINGS, LLC

July 4, 2017

The following term sheet (the "**Term Sheet**") presents certain preliminary material terms in respect of the capital structure and corporate governance of Reorganized TRLG Intermediate Holdings, LLC, a Delaware limited liability company (the "**Company**") that would be reflected in the operating agreement(s) (the "**Organizational Documents**") of the Company to be entered into following the consummation of the Restructuring. Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Restructuring Support Agreement to which this Term Sheet is attached.

THIS TERM SHEET IS NOT LEGALLY BINDING OR AN EXHAUSTIVE LIST OF ALL THE TERMS AND CONDITIONS IN RESPECT OF THE STRUCTURE AND GOVERNANCE OF THE COMPANY NOR DOES IT CONSTITUTE AN OFFER TO SELL OR BUY, NOR THE SOLICITATION OF AN OFFER TO SELL OR BUY, ANY SECURITIES. ANY SUCH OFFER OR SOLICITATION SHALL ONLY BE MADE IN COMPLIANCE WITH ALL APPLICABLE LAWS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THIS TERM SHEET AND THE UNDERTAKINGS CONTEMPLATED HEREIN ARE SUBJECT IN ALL RESPECTS TO THE NEGOTIATION, EXECUTION AND DELIVERY OF DEFINITIVE DOCUMENTATION.

General:	The Company will be a Delaware limited liability company managed by a board of managers (the "**Board**"), which will be responsible for overseeing the operation of the Company's business. The Company will be managed on a day-to-day basis by its Chief Executive Officer and other senior executive officers with oversight from the Board. It is intended that the Company will be treated as a corporation for U.S. federal income tax purposes. In the event that the Company elects to be taxed as a partnership for U.S. federal income tax purposes, additional provisions customary for such tax treatment will be included in the Organizational Documents, including, but not limited to, provisions relating to maintenance of capital accounts, tax allocations and appropriate information reporting (*e.g.*, delivery of annual K-1's).
Common Shares:	The Organizational Documents will provide that the equity interests of the Company be evidenced by one class of limited liability company membership interest (each of which, a "**Common Share**" and each holder of a Common Share, a "**Holder**" and each Holder together with its Affiliates that are Holders, a "**Holder Group**"). For all purposes hereunder (unless otherwise specified), references to any percentage of Common Shares will be calculated on the basis of the then-outstanding Common Shares, without giving any effect to any dilution under (i) the Management Incentive Plan or similar management compensation arrangement or equity issuances or (ii) the Warrants (unless such Warrants have been exercised, in which case the Common Shares issued upon exercise of the Warrants shall be considered in the calculations hereunder).

Board of Managers:

The Board will be comprised of seven (7) managers. The initial managers as of the Effective Date shall be: [ ], [ ], [ ], [ ], [ ], [ ] and [ ][1]. The initial term of each manager will be through [ ], 2018[2] (the "**Initial Term**").

At each annual meeting that occurs following expiration of the Initial Term, managers will be elected as follows:

(i) One (1) manager shall be the Chief Executive Officer of the Company, so long as such person is employed as Chief Executive Officer of the Company (the "**CEO Manager**");

(ii) One (1) manager designated by funds or entities affiliated with Goldman Sachs Asset Management, L.P. ("**GSAM**") so long as GSAM holds, as of the date of such annual meeting, at least 50% of the Common Shares it held as of the Effective Date;

(iii) One (1) manager designated by funds or entities affiliated with Waddell & Reed, Inc. ("**Waddell**") so long as Waddell holds, as of the date of such annual meeting, at least 50% of the Common Shares it held as of the Effective Date;

(iv) One (1) manager designated by funds or entities affiliated with Farmstead Capital Management, LLC ("**Farmstead**") so long as Farmstead holds, as of the date of such annual meeting, at least 50% of the Common Shares it held as of the Effective Date;

(v) Three (3) managers designated by Holders of a majority of the Common Shares, which managers shall have relevant industry experience.

In the event that the applicable Holder is no longer entitled to designate a manager pursuant to clauses (ii), (iii) or (iv) above, as applicable, at an annual meeting, the applicable Holder and the Secretary of the Company shall inform the Board and thereafter, at such annual meeting, such position(s) instead shall be filled by Holders of a majority of the then-outstanding Common Shares at such annual meeting.

If the Board appoints a new Chief Executive Officer of the Company, such person will become the CEO Manager (unless otherwise determined by unanimous vote of the Board).

Majority vote of the managers present at a meeting of the Board at

[1] **NTD**: 5 managers appointed by the Ad Hoc Group, in consultation with the Chief Executive Officer (each of GSAM, Waddell and Farmstead to have right to appoint 1 each); 1 manager who is the Chief Executive Officer, Mr. John Ermatinger; and 1 manager to be appointed by TI III TRLG Holdings, LLC (the "**Sponsor**"). The manager to be appointed by the Sponsor shall be an employee of TowerBrook Capital Partners L.P. or its affiliates; to the extent such manager resigns during the Initial Term, the Sponsor shall continue to be permitted to appoint one manager during the Initial Term, who shall either be (a) an employee of TowerBrook Capital Partners L.P. or its affiliates, or (b) if not an employee of TowerBrook Capital Partners L.P. or its affiliates, reasonably acceptable to the other managers.

[2] **NTD**: To be the date that is one year from the Effective Date.

which a quorum has been established shall be required for approval of Board actions/items.

Board Replacement Rights:

Upon the resignation, removal, death or incapacity of a manager, the vacancy resulting from such resignation, removal, death or incapacity of a manager shall be filled by the Holder Group that originally designated such manager (unless no longer entitled to designate a manager pursuant hereto) or, if such manager was filled by majority vote of the Holders, by the Board, in each case to serve until the next annual meeting of the Holders (at which time the provisions set forth above shall apply). Notwithstanding the foregoing, in the case of the CEO Manager, such position will remain vacant until a new Chief Executive Officer is appointed.

For the avoidance of doubt, a manager may be removed (with or without cause) by the Holder Group that originally designated such manager (unless no longer entitled to designate a manager pursuant hereto) and, with respect to managers filled by majority vote of the Holders, by majority vote of the then-outstanding Common Shares.

Chairman of the Board:

The Chairman of the Board will be determined by a majority vote of the Board; *provided*, that such Chairman will not also serve as the Chief Executive Officer.

Board Committees:

The composition of any committee of the Board will be subject to agreement by majority vote of the Board.

Board Observers:

Each of (i) the Sponsor and (ii) any Holder Group with 5% or more of the outstanding Common Shares (calculated together with its Affiliates) shall have the right to appoint a non-voting Board observer and shall be entitled to receive all materials distributed to the Board, subject to customary exceptions.

Certain Transfer Related Provisions:

In addition to any other restrictions on Transfer of Common Shares set forth herein, the Organizational Documents will provide language to restrict any sale, exchange, assignment, pledge, encumbrance, or other transfer (each, a "**Transfer**") of Common Shares (a) that would result in any requirement to register any securities of the Company under any state or federal securities laws or regulations, (b) to a direct or indirect competitor of the Company (other than a Transfer pursuant to the drag-along rights described below) or (c) cause a loss of any accrued net operating loss tax benefits.

Common Shares shall be subject to dilution (i) as the result of awards made under a management incentive plan to be adopted by the Board in respect of the Company's management team and the Board (the "**Management Incentive Plan**"), (ii) pursuant to the issuance of Class A Warrants, Class B Warrants, Class C Warrants and Class D Warrants (collectively, the "**Warrants**") and (iii) other issuances of Common Shares not in contravention of the Organizational Documents. In any liquidation, dissolution or winding up of the Company, all available assets will be distributed to the Holders on a pro rata basis based on the

number of Common Shares held by such Holders in proportion to the aggregate number of outstanding Common Shares.

ROFR/ROFO: No rights of first refusal/rights of first offer shall be provided to any Holder.

Tag-Along Rights: If a Holder Group proposes to Transfer, to any purchaser, other than to an Affiliate of such Holder Group, in one or a series of related transactions, Common Shares representing 40% or more of the outstanding Common Shares, then the Transferring Holder Group will give written notice to the Company prior to the closing of such Transfer and each other Holder will have the right (but not the obligation) to include its Common Shares in the proposed Transfer on a pro rata basis (determined based on the relative ownership of Common Shares held by those Holders participating in the Transfer).

Drag-Along Rights: Notwithstanding anything to the contrary contained herein, until an initial public offering of the Company, Holders of 40% or more of the outstanding Common Shares shall have the right to cause (a) the Company to consummate any Transfer to any un-Affiliated person of all or substantially all of the consolidated assets of the Company, (b) all Holders to consummate a Transfer to any un-Affiliated person of all of the outstanding Common Shares of the Company or (c) the Company to consummate a merger, combination or consolidation with or into any un-Affiliated person (any such transaction, a "**Company Sale**").

The provisions relating to a Company Sale are subject to the following limitations:

(i) The Company Sale must be with a non-Affiliate of the Company and its Holders.

(ii) The consideration for the Company Sale must be cash or marketable securities.

(iii) There will be no requirement for the Holders to execute restricting agreements (for example, non-compete agreements).

(iv) Any Holder liability for representations and warranties, indemnification or expense reimbursement in connection with the Company Sale shall be on a pro rata basis based on the number of Common Shares held by such Holders in proportion to the aggregate number of outstanding Common Shares and shall, as to any Holder, be capped at the amount of proceeds received by such Holder in the applicable transaction.

Pre-Emptive Rights: Until a Qualified Public Offering occurs, if the Company issues any equity or equity-linked securities, except for Excluded Issuances, each Holder Group holding at least 5% of the outstanding Common Shares, will have a right of first refusal to purchase that amount of equity or equity-linked securities (on the same terms and conditions as the subject issuance) as would allow such Holder to maintain such Holder's

fully-diluted percentage ownership interests in the equity of the Company. In the event that a Holder does not subscribe for its pro rata share of such equity or equity-linked securities, the other subscribing Holders may subscribe for such shares on a pro rata basis based on their own subscriptions for such equity or equity-linked securities.

"**Excluded Issuances**" will include the issuance of equity or equity-linked securities (i) pursuant to or issued upon the exercise of awards granted under the Management Incentive Plan approved by the Board, (ii) issued upon the exercise of any Warrants, (iii) in consideration for certain merger, acquisition and related transactions, (iv) pursuant to conversion or exchange rights included in equity interests previously issued, (v) in connection with an equity interests split, division or dividend, (vi) as equity kickers to lenders, or (vii) pursuant to other customary or agreed upon excluded transactions, including emergency financings and public offerings.

In no event shall any Holder be required, without its consent, to participate in any issuance of debt, equity or equity-linked securities, or otherwise be subject to a mandatory capital call.

Information Rights: The Company to provide or make available to each Holder:[3]

(i) Audited consolidated annual financial statements and financial information (including an income statement, balance sheet and statement of cash flows) within 120 days after the end of each fiscal year.

(ii) Unaudited consolidated quarterly financial statements and financial information (including an income statement, balance sheet and statement of cash flows) within 60 days after the end of each of the first three fiscal quarters.

In no event will any financial information required to be furnished pursuant to this Term Sheet be required to include any information required by, or to be prepared or approved in accordance with, or otherwise be subject to, any provision of Section 404 of the Sarbanes-Oxley Act of 2002 or any rules, regulations, or accounting guidance adopted pursuant to that section.

The information in clauses (i) and (ii) above will be initially posted to an Intralinks electronic dataroom accessible by all Holders and prospective transferees who agree to a click-through confidentiality agreement.

Holders will also be entitled to quarterly Q&A conference calls with management.

Registration Rights: The Organizational Documents will provide the following registration

[3] **NTD**: Timing of delivery of financial statements to be consistent with exit financing documents.

rights:

- *Demand Registration.* At any time prior to or after a Qualified Public Offering, the Company will register all Registrable Securities requested to be registered by the Holders if the Company receives a written request from Holders holding at least 40% of the outstanding Common Shares. A "**Qualified Public Offering**" means an initial public offering of the Company's equity securities with net proceeds of $25 million or more. "**Registrable Securities**" means all Common Shares held by Holders, whether acquired on or after the date of the Organizational Documents and includes any equity securities issued by a corporation formed for the purpose of effecting the Qualified Public Offering. The demand rights will otherwise be subject to usual and customary limitations and cutbacks.

- *Piggyback Registration.* Each Holder Group that holds at least 5% of the outstanding Common Shares will have the right to include its Registrable Securities each time the Company proposes for any reason to register any of its Registrable Shares under the Securities Act. The rights to piggyback registration may be exercised an unlimited number of occasions. The rights to piggyback registration will be subject to usual and customary exceptions and limitations (including, without limitation, as to exceptions employee plan S-8 filings and acquisition transactions and as to limitations, selection of underwriters, priority and cutbacks).

- *S-3 Registration.* Following a Qualified Public Offering, any Holder Group that holds at least 10% of the outstanding Common Shares may request that the Company file a registration statement under the Securities Act on Form S-3 (or similar or successor form), covering Registrable Securities held by such Holder Group if (i) the Company is a registrant qualified to use Form S-3 to register the Registrable Shares and (ii) the plan of distribution of the Registrable Shares is other than pursuant to an underwritten public offering. Demands to register the Registrable Shares on Form S-3 will not be deemed to be demand requests (as described above) and such Holder Group will have the right to request an unlimited number of registrations on Form S-3.

- *Registration Procedures.* The registration rights provisions will also contain usual and customary provisions relating to the registration procedures to be followed by the Company, termination of registration rights, as well as indemnification obligations.

Corporate Opportunities; Fiduciary Duties: The Organizational Documents will provide, to the maximum extent permissible under applicable law, for the renunciation of the Company's interest in business opportunities that are presented to managers or Holders and the disclaimer of fiduciary duties of the

managers and Holders, in each case, other than such managers or Holders that are employees, consultants or officers of the Company (other than any Chairman of the Board that is not otherwise an employee, consultant or officer of the Company).

Affiliate Transactions: The Company will not (subject to certain limited exceptions) be permitted to enter into or make or amend any transaction with, or for the benefit of, any Affiliate or Holder of the Company unless (i) approved by a majority of the disinterested managers of the Board and must be on an arm's-length basis or (ii) approved by Holders of at least 66 2/3% of the then-outstanding Common Shares (excluding any Common Shares held by the Affiliate or Holder of the Company for whom the Affiliate transaction is being proposed).

Amendments: The Organizational Documents will not be amended, modified or waived without the approval of the Holders of a majority of the outstanding Common Shares and any amendment, modification or waiver that adversely and disproportionately affects the rights or obligations of a Holder or group of Holders without similarly and proportionally affecting the rights or obligations of all other Holders, shall not be effective as to such Holder without such Holder's (or group of Holders') prior written consent. Any modification of a Holder's (or group of Holders') manager designation rights shall require the prior written consent of such Holder (or group of Holders).

Other Terms: The Organizational Documents will also provide for other customary terms, including, without limitation, the making of distributions in respect of Common Shares (which shall in any case be ratable), the time, place and manner of calling of regular and special meetings of Holders and managers, actions may be taken by the Board or the Holders without a meeting, the titles and duties of officers of the Company and the manner of appointment, removal and replacement thereof, and indemnification and exculpation of managers, officers and other appropriate persons.

For the avoidance of doubt, the Company will not be a public reporting company as of the Effective Date.

The Company shall retain a third party provider, such as Markit, to provide a daily valuation of the Common Shares, provided that such cost does not exceed $20,000 annually.

Warrants: The Warrants shall be restricted from transfer and sale in a manner similar to the restrictions on the transfer and sale of Common Shares. As a condition to the exercise of the Warrants, a holder must execute a joinder to the Organizational Documents to the extent such holder is not already a party thereto.

Defined Terms: "**Affiliate**" means any person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

"**control**" means the possession, directly or indirectly, of the power to direct, or to cause the direction of, the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

EXHIBIT D

WARRANT TERM SHEETS

EXHIBIT D

WARRANT TERM SHEETS[1]

CLASS A WARRANTS

Issuer	Reorganized True Religion.
Warrants	Warrants to purchase a number of shares of New Common Shares equal to in the aggregate 2.5% of the New Common Shares outstanding on the Effective Date, calculated on a fully-diluted basis as of the Effective Date assuming full exercise of the Warrants. For the avoidance of doubt, the Warrants shall dilute the New Common Shares and the MIP.
Term	5 years from the Effective Date.
Exercise Price	The exercise price for each share of New Common Shares underlying the Class A Warrants will be initially struck at a $116.5 million equity valuation. The Class A Warrants may be exercised in cash or on a cashless basis in connection with, and at a price implied by, a sale of the Company for cash, securities or any combination thereof. No third party appraisal shall be required.
Conditions to Exercise	• Delivery of an exercise form. • Payment of the exercise price, unless such exercise is on a cashless basis; and • Execution of a Joinder to the Shareholders Agreement, to the extent not already a party thereto.
Warrant Transfer Restrictions:	All of the Class A Warrants will be restricted from transfer and sale in a similar manner as the shares of New Common Shares, in accordance with the Shareholders Agreement.
Redemption	The Class A Warrants will not be subject to redemption by Reorganized True Religion or any other person.
Documentation	All definitive documentation concerning the Class A Warrants, including the Class A Warrant Agreement, shall be in form and substance consistent with this term sheet and otherwise satisfactory to the Ad Hoc Group.

[1] Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Plan.

CLASS B WARRANTS

Issuer	Reorganized True Religion.
Warrants	Warrants to purchase a number of shares of New Common Shares equal to in the aggregate 7.5% of the New Common Shares outstanding on the Effective Date, calculated on a fully-diluted basis as of the Effective Date assuming full exercise of the Warrants. For the avoidance of doubt, the Warrants shall dilute the New Common Shares and the MIP.
Term	5 years from the Effective Date.
Exercise Price	The exercise price for each share of New Common Shares underlying the Class B Warrants will be initially struck at a $116.5 million equity valuation. The Class B Warrants may be exercised in cash or on a cashless basis in connection with, and at a price implied by, a sale of the Company for cash, securities or any combination thereof. No third party appraisal shall be required.
Catchup	If at any time the aggregate realizations on New Common Shares by the holders thereof, whether in the form of dividends, distributions, stock repurchases, merger consideration or otherwise (other than by way of a sale to a person other than Reorganized True Religion) ("**Realizations**") reach $116.5 million, holders of the Class B Warrants shall thereafter be entitled to payment of their ratable share of the First Catchup Amount prior to any further Realizations by holders of the New Common Shares. "**First Catchup Amount**" shall mean up to approximately $9.3 million. The entitlement to the "First Catchup Amount" set forth above shall only be available in the event of Realizations and not in any other circumstances, including, without limitation, any "valuation" performed by any party or advisor or bank.
Conditions to Exercise	• Delivery of an exercise form. • Payment of the exercise price, unless such exercise is on a cashless basis; and • Execution of a Joinder to the Shareholders Agreement, to the extent not already a party thereto.
Warrant Transfer Restrictions:	All of the Class B Warrants will be restricted from transfer and sale in a similar manner as the shares of New Common Shares, in accordance with the Shareholders Agreement.
Redemption	The Class B Warrants will not be subject to redemption by Reorganized True Religion or any other person.
Documentation	All definitive documentation concerning the Class B Warrants, including the Class B Warrant Agreement, shall be consistent with this term sheet and otherwise in form and substance reasonably satisfactory to the Ad Hoc Group and the Sponsor.

CLASS C WARRANTS

Issuer	Reorganized True Religion.
Warrants	Warrants to purchase a number of shares of New Common Shares equal to in the aggregate 10.0% of the New Common Shares outstanding on the Effective Date, calculated on a fully-diluted basis as of the Effective Date assuming full exercise of the Warrants. For the avoidance of doubt, the Warrants shall dilute the New Common Shares and the MIP.
Term	5 years from the Effective Date.
Exercise Price	The exercise price for each share of New Common Shares underlying the Class C Warrants will be initially struck at a $216.5 million equity valuation. The Class C Warrants may be exercised in cash or on a cashless basis in connection with, and at a price implied by, a sale of the Company for cash, securities or any combination thereof. No third party appraisal shall be required.
Catchup	If at any time the aggregate realizations on New Common Shares by the holders thereof, whether in the form of dividends, distributions, stock repurchases, merger consideration or otherwise (other than by way of sale to a person other than Reorganized True Religion) ("**Realizations**") reach $216.5 million, holders of the Class C Warrants shall thereafter be entitled to payment of their ratable share of the Second Catchup Amount prior to any further Realizations by holders of the New Common Shares. "**Second Catchup Amount**" shall mean up to approximately $24.1 million. The entitlement to the "Second Catchup Amount" set forth above shall only be available in the event of Realizations and not in any other circumstances, including, without limitation, any "valuation" performed by any party or advisor or bank.
Conditions to Exercise	• Delivery of an exercise form. • Payment of the exercise price, unless such exercise is on a cashless basis; and • Execution of a Joinder to the Shareholders Agreement, to the extent not already a party thereto.
Warrant Transfer Restrictions:	All of the Class C Warrants will be restricted from transfer and sale in a similar manner as the shares of New Common Shares, in accordance with the Shareholders Agreement.
Redemption	The Class C Warrants will not be subject to redemption by Reorganized True Religion or any other person.
Documentation	All definitive documentation concerning the Class C Warrants, including the Class C Warrant Agreement, shall be consistent with this term sheet and otherwise in form and substance reasonably satisfactory to the Ad Hoc Group and the Sponsor.

CLASS D WARRANTS

Issuer	Reorganized True Religion.
Warrants	Warrants to purchase a number of shares of New Common Shares equal to in the aggregate 1% of the New Common Shares for each $300,000 of Swapped Debt, calculated on a fully-diluted basis as of the Effective Date assuming full exercise of the Warrants. For the avoidance of doubt, the Warrants shall dilute the New Common Shares and the MIP.
Term	5 years from the Effective Date.
Exercise Price	The exercise price for each share of New Common Shares underlying the Class A Warrants will be initially struck at a $330.0 million equity valuation. The Class D Warrants may be exercised in cash or on a cashless basis in connection with, and at a price implied by, a sale of the Company for cash, securities or any combination thereof. No third party appraisal shall be required.
Conditions to Exercise	• Delivery of an exercise form. • Payment of the exercise price, unless such exercise is on a cashless basis; and • Execution of a Joinder to the Shareholders Agreement, to the extent not already a party thereto.
Warrant Transfer Restrictions:	All of the Class D Warrants will be restricted from transfer and sale in a similar manner as the shares of New Common Shares, in accordance with the Shareholders Agreement, which shall be in form and substance satisfactory to the Ad Hoc Group in its sole discretion.
Redemption	The Class D Warrants will not be subject to redemption by Reorganized True Religion or any other person.
Documentation	All definitive documentation concerning the Class D Warrants, including the Class D Warrant Agreement, shall be consistent with this term sheet and otherwise in form and substance satisfactory to the Ad Hoc Group.

EXHIBIT E

EXIT FACILITY

CITIZENS BANK, N.A.
28 State Street
Boston, MA 02109

July 4, 2017

True Religion Apparel, Inc.
1888 Rosecrans Avenue
Manhattan Beach, CA 90266
Attention: Dali Snyder, Chief Financial Officer

True Religion
Commitment Letter

Ladies and Gentlemen:

True Religion Apparel, Inc., a Delaware corporation (the "***Company***" or "***you***"), in connection with the Company's and certain of its affiliates' and subsidiaries' filing of petitions for relief (collectively, the "***Chapter 11 Cases***") under chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101, et seq. (the "***Bankruptcy Code***") have requested that Citizens Bank, N.A. ("***Citizens***", and collectively with the other Commitment Parties appointed as described below, the "***Commitment Parties***") provide the Company with a $60 million senior secured asset-based revolving credit facility (the "***Exit Facility***") in connection with the emergence of the Company and certain of its affiliates (the "***Debtors***", including, any entity formed to hold any newly issued equity in respect of the Company or any assets transferred from the Company upon its emergence from bankruptcy) from the Chapter 11 Cases, on the terms and conditions set forth herein and in the attached Summary of Indicative Terms and Conditions attached hereto as Exhibit A (the "***Exit Facility Term Sheet***"). The Debtors' emergence from bankruptcy will be pursuant to a plan of reorganization in form and substance satisfactory to Citizens to be approved by the United States Bankruptcy Court for the District of Delaware (the "***Court***") (the "***Approved Plan***"), which shall provide for, among other things, refinancing in full in cash of the $60,000,000 senior secured super priority debtor-in-possession asset-based revolving credit facility (the "***DIP Facility***"), dated as of on or about July 7, 2017. For the avoidance of doubt, (a) prior to the date of the Bankruptcy Court hearing with regard to the Debtors' assumption of this commitment letter, we will inform (the "***Approved Plan Citizens Confirmation***") the Debtors whether the plan of reorganization on file with the Bankruptcy Court at that time (as maybe amended, supplemented, or modified prior to that date) is an "Approved Plan" for purposes of this letter; if we fail to provide the Approved Plan Citizens Confirmation prior to such date, the Debtors shall not be required to seek approval of the assumption of this commitment letter; and (b) subject to final review of all documents, it is Citizens' current intention to provide the Approved Plan Citizens Confirmation prior to such date. The confirmation of the Approved Plan and the entering into, and funding of, the Exit Facility and all related transactions are referred to hereinafter, collectively, as the "***Exit Transaction***". The documentation related to the Exit Facility shall be referred to hereinafter as

the "***Exit Facility Documentation***". Capitalized terms used in this letter but not defined herein shall have the meanings given to them in the Exit Facility Term Sheet.

1. Commitments.

In connection with the Chapter 11 Cases, Citizens is pleased to advise you of its commitment to provide 100% of the Exit Facility, upon the terms and conditions expressly set forth herein and in the Exit Facility Term Sheet and the Fee Letter (as defined below). The Exit Facility Term Sheet together with this letter, hereinafter are referred to as the "***Commitment Letter***").

2. Titles and Roles.

It is agreed that:

(a) Citizens will act as sole lead arranger (in such capacity, the "***Lead Arranger***") and as sole lead bookrunner for the Exit Facility; and

(b) Citizens will act as sole administrative agent for the Exit Facility (in such capacity, the "***Administrative Agent***").

It is further agreed that Citizens will have "lead left" placement in any marketing materials or other documentation for the Exit Facility, and will hold the roles and responsibilities customarily understood to be associated with such name placement.

Citizens may, in its sole discretion (but at no additional cost to the Debtors), appoint additional agents, co-agents, arrangers, bookrunners or managers and award other titles to other lenders participating in the Exit Facility and you agree that, except as may be approved by Citizens, you shall not appoint any additional agents, co-agents, arrangers, bookrunners or managers or award other titles or pay any compensation (other than as expressly contemplated by this Commitment Letter and the related fee letter of even date herewith to be executed by you and us (the "***Fee Letter***")) to any lender in order to obtain its commitment in respect of the Exit Facility unless you and Citizens shall so agree.

3. Information.

You hereby represent and warrant (with respect to such information relating to the Company and its subsidiaries prior to the closing date of the Exit Facility (the "***Exit Closing Date***"), to your knowledge) that (a) all written information other than financial estimates, forecasts and other forward-looking information (collectively, the "***Projections***") and other than information of a general economic or general industry nature, that has been or will be made available to any of the Commitment Parties by you or any of your or its respective representatives on your behalf in connection with the transactions contemplated hereby (the "***Information***"), taken as a whole, does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made (after giving effect to all supplements and updates thereto) and (b) the Projections that have been or will be made available to the Lead Arranger by you or any of your

or its respective representatives on your behalf in connection with the transactions contemplated hereby have been or will be prepared in good faith based upon assumptions that are believed by you to be reasonable at the time made; it being understood that any such Projections are not to be viewed as facts, are subject to significant uncertainties and contingencies, many of which are beyond your control, that no assurance can be given that any particular Projections will be realized, that actual results may differ and that such differences may be material. You agree that, if at any time prior to the Exit Closing Date, you become aware that any of the representations and warranties in the preceding sentence would be incorrect in any material respect if the Information and Projections were being furnished, and such representations and warranties were being made, at such time, then you will (prior to the Exit Facility Date with respect to Information and Projections relating to the Company and its subsidiaries) use commercially reasonable efforts to promptly supplement the Information and the Projections from time to time until the Exit Facility Date so that such representations and warranties will be correct in all material respects under those circumstances. In arranging and syndicating the Exit Facility, the Lead Arranger will be entitled to use and rely on the Information and the Projections without responsibility for independent verification thereof and does not assume responsibility for the accuracy or completeness of the Information or the Projections.

4. Fees.

As consideration for the commitments of Citizens hereunder and the Administrative Agent's and the Lead Arranger's agreement to perform the services described herein, you agree to pay (or cause to be paid) the fees set forth in the Fee Letter on the terms and subject to the conditions (including as to timing and amount) set forth therein. Once paid, such fees shall not be refundable under any circumstances, except as otherwise contemplated herein or by the Fee Letter or as otherwise separately agreed to in writing by you and us.

5. Conditions Precedent.

The commitment of Citizens hereunder and the undertaking of Citizens to provide the Exit Facility are subject to the satisfaction of the terms and conditions set forth in the Exit Facility Term Sheet and each of the following conditions precedent in a manner acceptable to Citizens: (a) the Administrative Agent's reasonable satisfaction with the approval by the Court of (i) the Exit Facility, the Exit Transaction and the transactions contemplated thereby and (ii) all actions to be taken, undertakings to be made and obligations to be incurred by the Borrower and Guarantors in connection with the Exit Facility, the Exit Transaction and the transactions contemplated thereby (all such approvals to be evidenced by the entry of one or more orders of the Court (not later than the date set forth in the final paragraph of this Commitment Letter) reasonably satisfactory in form and substance to the Administrative Agent and the Lead Arranger, which orders shall, among other things, approve and confirm (x) the payment by the Debtors of all of the fees that are provided for in this Commitment Letter and the Fee Letter and (y) the other terms of this Commitment Letter and the Fee Letter, and which order(s) shall, for the avoidance of any doubt, specifically provide that the right to receive all amounts due and owing to each of the Agent and the Lead Arranger, including indemnification obligations, the fees as set forth herein and in the Fee Letter and reimbursement of all reasonable costs and expenses incurred in connection with the transactions contemplated herein and as set forth herein and in the Fee Letter, shall be entitled to priority as administrative expense claims under Sections

503(b) and 507(a)(1) of the Bankruptcy Code, regardless of whether the Closing Date occurs); (b) the accuracy and completeness in all material respects of all representations that you and your affiliates make to Citizens and your compliance with the terms of this Commitment Letter and the Fee Letter (as hereinafter defined); (c) prior to and during the syndication of the Exit Facility there shall be no competing offering, placement or arrangement of any debt securities or bank financing by or on behalf the Debtors or any of their respective subsidiaries (other than the Reorganized First Lien Term Loans (as defined in the Term Sheet)); (d) Citizens not having become aware of any information not previously disclosed to Citizens that Citizens reasonably believes to be materially and adversely inconsistent with the information regarding the business, condition (financial or otherwise), operations or assets of the Debtors provided to Citizens prior to the date hereof; and (e) the review and reasonable satisfaction by Citizens with (x) to the extent not specifically described in the Approved Plan or otherwise provided to Citizens prior to the date hereof, the terms of the restructuring of the Debtors and their affiliates (including, without limitation, changes to the current composition the persons acting in the capacities of chief executive officer, chief financial officer and chief operating officer of the Debtors and the capital and tax structure of the Company, the Guarantors and their subsidiaries) and (y) the terms and conditions of all other material transactions and documentation entered into in connection with the consummation of such Approved Plan, all as more specifically described in the Exit Facility Term Sheet.

6. Indemnification; Expenses.

You agree (a) to indemnify and hold harmless each of the Commitment Parties, their respective affiliates and controlling persons and the respective officers, directors, members, partners, employees, advisors, agents and representatives of each of the foregoing and their successors and permitted assigns (each, an "***Indemnified Person***") from and against any and all losses, claims, damages, liabilities and out-of-pocket expenses, joint or several, to which any such Indemnified Person may become subject arising out of, resulting from or in connection with any actual or threatened claim, dispute, litigation, investigation or proceeding relating to this Commitment Letter, the Fee Letter, the Exit Facility or the use of proceeds thereof (any of the foregoing, an "***Action***"), regardless of whether any such Indemnified Person is a party thereto, whether or not such Action is brought by you, your equity holders, affiliates, creditors or any other person, and to reimburse each such Indemnified Person within 30 days after receipt of a written request together with reasonably detailed backup documentation for any reasonable out-of-pocket legal and other reasonable out-of-pocket expenses incurred in connection with investigating, preparing to defend or defending, or providing evidence in or preparing to serve or serving as a witness with respect to, any of the foregoing; *provided*, that the foregoing indemnity will not, as to any Indemnified Person, apply to losses, claims, damages, liabilities or expenses (i) to the extent resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person or any of its Related Indemnified Persons (as defined below) (as determined by a court of competent jurisdiction in a final non-appealable judgment), (ii) to the extent resulting from any intentional material breach of such Indemnified Person's obligations under this Commitment Letter or (iii) to the extent arising from any dispute solely among Indemnified Persons other than any claims against any Commitment Party in its capacity or in fulfilling its role as an Administrative Agent or arranger or any similar role under any Facility and other than any claims arising out of any act or omission on the part of you or your affiliates (as determined by a court of competent jurisdiction in a final non-appealable judgment), and (b) to reimburse the

Commitment Parties and each of their respective affiliates from time to time, upon presentation of a summary statement for all reasonable and documented out-of-pocket expenses (including but not limited to out-of-pocket expenses of the Commitment Parties' due diligence investigation, field examinations and collateral appraisal expenses, travel expenses and reasonable fees, disbursements and other charges of one primary counsel to the Lead Arranger and the Agent (and any local or special counsel to the Lead Arranger and the Agent), in each case incurred in connection with the Exit Facility and the preparation of this Commitment Letter, the Fee Letter, the Exit Facility Documentation and any security arrangements in connection therewith (such expenses in this clause (b), collectively, the "***Expenses***"), in each case, whether or not the Exit Closing Date occurs. Notwithstanding any other provision of this Commitment Letter, (i) no Indemnified Person or any other party hereto shall be liable for any damages arising from the use by others of information or other materials obtained through electronic, telecommunications or other information transmission systems, except to the extent such damages are found in a final non-appealable judgment of a court of competent jurisdiction to have resulted from the willful misconduct, bad faith or gross negligence of such Indemnified Person, any Related Indemnified Person or such other party hereto, as applicable, and (ii) neither (x) any Indemnified Person or any of its Related Indemnified Persons, nor (y) you (or any of your subsidiaries or affiliates) or the Company (or any of its subsidiaries or affiliates) shall be liable for any indirect, special, punitive or consequential damages (with respect to you in the case of this clause (y), other than pursuant to the indemnification provisions of this Commitment Letter in respect of any such damages incurred or paid by an Indemnified Person to a third party) in connection with this Commitment Letter, the Fee Letter, the Exit Facility, or with respect to any activities related to the Exit Facility. You shall not, without the prior written consent of the affected Indemnified Person (which consent shall not be unreasonably withheld, delayed or conditioned), effect any settlement of any pending or threatened Action against such Indemnified Person in respect of which indemnity has been sought hereunder by such Indemnified Person unless (i) such settlement includes an unconditional release of such Indemnified Person from all liability or claims that are the subject matter of such proceeding and (ii) does not include any statement as to any admission.

For purposes hereof, a "***Related Indemnified Person***" of an Indemnified Person means (1) any affiliate or controlling person of such Indemnified Person, (2) the respective directors, officers, or employees of such Indemnified Person or any of its affiliates or controlling persons and (3) the respective agents or representatives of such Indemnified Person or any of its affiliates or controlling persons, in the case of this clause (3), acting on behalf of or at the instructions of such Indemnified Person, affiliate or controlling person.

7. Sharing Information; Absence of Fiduciary Relationship; Affiliate Activities.

You acknowledge that the Commitment Parties and their affiliates may be providing debt financing, equity capital or other services (including without limitation investment banking and financial advisory services, securities trading, hedging, financing and brokerage activities and financial planning and benefits counseling) to other companies in respect of which you or the Company may have conflicting interests. We will not furnish confidential information obtained from or on behalf of you or the Company by virtue of the transactions contemplated by this Commitment Letter or our other relationships with you or the Company to other companies (except as contemplated below in Section 11). You also acknowledge that we do not have any

obligation to use in connection with the transactions contemplated by this Commitment Letter, or to furnish to you or the Company, confidential information obtained by us or any of our respective affiliates from other companies.

You further acknowledge and agree that (a) no fiduciary, advisory or agency relationship between you and your affiliates and the Commitment Parties and/or their affiliates is intended to be or has been created in respect of any of the transactions contemplated by this Commitment Letter, irrespective of whether the Commitment Parties or their respective affiliates have advised or are advising you on other matters, (b) the Commitment Parties, on the one hand, and you, on the other hand, have an arm's-length business relationship that does not directly or indirectly give rise to, nor do you rely on, any fiduciary duty on the part of the Commitment Parties or any of their affiliates and you waive, to the fullest extent permitted by law, any claims you may have against us for breach of fiduciary duty or alleged breach of fiduciary duty in connection with the Exit Facility and agree that we and our affiliates will have no liability (whether direct or indirect) to you in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on your behalf, including equity holders, employees or creditors, (c) you are capable of evaluating and understanding, and you understand and accept, the terms, risks and conditions of the transactions contemplated by this Commitment Letter, (d) you have been advised that the Commitment Parties and their affiliates are engaged in a broad range of transactions that may involve interests that differ from your and your affiliates' interests and that the Commitment Parties have no obligation to disclose such interests and transactions to you or your affiliates, (e) you have consulted your own legal, accounting, regulatory and tax advisors to the extent you have deemed appropriate and (f) each Commitment Party has been, is and will be acting solely as a principal and, except as otherwise expressly agreed in writing by the relevant parties, has not been, is not and will not be acting as an advisor, agent or fiduciary for you, any of your affiliates or any other person or entity. In addition, the Commitment Parties may employ the services of their respective affiliates in providing certain services hereunder and may exchange with such affiliates in connection therewith information concerning you and the Company, and such affiliates shall be entitled to the benefits afforded to, and be subject to the obligations of, the Commitment Parties under this Commitment Letter. You acknowledge and agree that we have not provided you with legal, tax or accounting advice and that you have obtained such independent advice from your own advisors, representatives and agents.

You further acknowledge that each Commitment Party and/or its affiliates is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, each Commitment Party may provide investment banking and other financial services to, and/or acquire, hold or sell, for its own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of, you, the Company and your and their respective subsidiaries and affiliates and other companies with which you, the Company and your and their respective subsidiaries may have commercial or other relationships. With respect to any securities and/or financial instruments so held by the Commitment Parties, their affiliates or any of their respective customers, all rights in respect of such securities and financial instruments, including any voting rights, will be exercised by the holder of the rights, in its sole discretion and without any liability to you, the Company or any of your or their respective subsidiaries or affiliates.

8. Assignments; Amendments; Governing Law, Etc.

This Commitment Letter and the commitments hereunder shall not be assignable by any party hereto without the prior written consent of each other party hereto (and any attempted assignment without such consent shall be null and void), is intended to be solely for the benefit of the parties hereto (and Indemnified Persons), is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto (and Indemnified Persons) and is not intended to create a fiduciary relationship among the parties hereto. Any and all services to be provided by the Commitment Parties hereunder may be performed by or through any of their respective affiliates or branches. This Commitment Letter may not be amended or any provision hereof waived or modified except by an instrument in writing signed by the Commitment Parties and you. This Commitment Letter may be executed in any number of counterparts, each of which shall be an original and all of which, when taken together, shall constitute one agreement. Delivery of an executed counterpart of a signature page of this Commitment Letter by facsimile transmission or by ".pdf" or similar electronic transmission shall be effective as delivery of a manually executed counterpart hereof. Section headings used herein are for convenience of reference only, are not part of this Commitment Letter and are not to affect the construction of, or to be taken into consideration in interpreting, this Commitment Letter. This Commitment Letter, together with the Fee Letter, supersedes all prior understandings, whether written or oral, among us with respect to the Exit Facility and sets forth the entire understanding of the parties hereto with respect thereto. THIS COMMITMENT LETTER, AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS COMMITMENT LETTER, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

9. WAIVER OF JURY TRIAL.

EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) BROUGHT BY OR ON BEHALF OF ANY PARTY RELATED TO OR ARISING OUT OF THIS COMMITMENT LETTER, THE FEE LETTER OR THE PERFORMANCE OF SERVICES HEREUNDER OR THEREUNDER.

10. Jurisdiction.

Each of the parties hereto hereby irrevocably and unconditionally (a) submits, for itself and its property, to the exclusive jurisdiction of the Court, as to any action or proceeding arising out of or relating to this Commitment Letter, the Fee Letter or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and agrees that all claims in respect of any such action or proceeding may be heard and determined in the Court, (b) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Commitment Letter, the Fee Letter or the transactions contemplated hereby or thereby in the Court, (c) waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in the Court and (d) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other

jurisdictions by suit on the judgment or in any other manner provided by law. Service of any process, summons, notice or document by registered mail or overnight courier addressed to any of the parties hereto at the addresses set forth above shall be effective service of process against such party for any suit, action or proceeding brought in any such court.

11. Confidentiality.

This Commitment Letter is delivered to you on the understanding that none of this Commitment Letter or the Fee Letter or their terms or substance shall be disclosed, directly or indirectly, to any other person or entity (including other lenders, underwriters, placement agents, advisors or any similar persons) except (a) to your respective officers, directors, employees, affiliates, members, partners, stockholders, existing secured creditors (and their agents, attorneys and advisors), attorneys, accountants, agents and advisors on a confidential and need-to-know basis, (b) if the Commitment Parties consent to such proposed disclosure, (c) this Commitment Letter (but not the Fee Letter) may be disclosed as may be required by the rules, regulations, schedules and forms of the Securities and Exchange Commission (the "***SEC***") in connection with any filings with the Court or the SEC in connection with the Exit Facility (in which case you agree to inform us promptly thereof to the extent lawfully permitted to do so) or (d) pursuant to the order of any court or administrative agency in any pending legal or administrative proceeding, or otherwise as required by applicable law, regulation, compulsory legal process or as requested by a governmental authority (in which case you agree to inform us promptly thereof and to cooperate reasonably with us to prevent or limit such disclosure, in each case to the extent practicable and so long as you are lawfully permitted to do so); *provided* that (i) in connection with the Exit Facility, you may disclose this Commitment Letter and the contents thereof and, on a redacted basis in a manner reasonably acceptable to the Commitment Parties, the Fee Letter and the contents thereof to (x) the Company and its officers, directors, employees, attorneys, accountants, agents and advisors, on a confidential basis and (y) the direct or indirect equity holders of the Company and its respective officers, directors, employees, affiliates, members, partners, stockholders, attorneys, accountants, agents and advisors, on a confidential basis, (ii) you may disclose the aggregate fee amounts (including upfront fees and original issue discount) payable under the Fee Letter as part of generic disclosure regarding sources and uses (but without disclosing any specific fees or other economic terms set forth therein) as part of a disclosure of overall transaction fees and expenses (not limited to fees associated with the Exit Facility) to the Company and its subsidiaries and their respective equity holders, existing secured creditors (and their agents, attorneys and advisors), officers, directors, employees, attorneys, accountants, agents and advisors, and (iii) you may disclose to the Company's auditors the Fee Letter and the contents thereof after the Exit Closing Date for customary accounting purposes, including accounting for deferred financing costs; *provided, further*, that the foregoing restrictions shall cease to apply in respect of the existence and contents of this Commitment Letter (but not in respect of the Fee Letter and its fees and substance) on the date that is two years following the termination of this Commitment Letter in accordance with its terms.

Each Commitment Party, on behalf of itself and its affiliates, agrees that it shall treat confidentially all information provided to it or its affiliates by you or on your behalf hereunder and the terms and contents of this Commitment Letter, the Fee Letter and the Exit Facility Documentation and shall not publish, disclose or otherwise divulge such information; *provided* that nothing herein shall prevent a Commitment Party or its affiliates from disclosing any such

information (a) pursuant to the order of any court or administrative agency or otherwise as required by applicable law, regulation, compulsory legal process or as requested by a governmental authority (in which case such Commitment Party, to the extent practicable and so long as the same is permitted by law and except in connection with any order or request as part of a regulatory examination or audit, agrees to inform you promptly thereof), (b) upon the request or demand of any regulatory authority having jurisdiction over such Commitment Party or any of its affiliates (in which case such Commitment Party agrees to inform you promptly thereof prior to such disclosure to the extent practicable, unless such Commitment Party is prohibited by applicable law from so informing you, or except in connection with any request as part of a regulatory examination or audit), (c) to the extent that such information becomes publicly available other than by reason of disclosure by such Commitment Party or any of its affiliates in violation of this paragraph, (d) to the extent that such information is received by such Commitment Party from a third party that is not to such Commitment Party's knowledge in breach of related confidentiality obligations to you or the Company, (e) to the extent that such information is independently developed by such Commitment Party or its affiliates, in each case, so long as not based on information obtained in a manner that would otherwise violate this provision, (f) to such Commitment Party's affiliates and its and their officers, directors, employees, legal counsel, independent auditors and other experts, professionals, advisors or agents (collectively, the "***Representatives***") who are informed of the confidential nature of such information, (g) to prospective Lenders, participants or assignees or any potential counterparty to any swap or derivative transaction relating to the Company or any of its subsidiaries or any of their respective obligations (in each case, other than a Disqualified Institution); *provided* that such disclosure shall be made subject to the acknowledgment and acceptance by such prospective Lender, participant, assignee or counterparty, on behalf of itself and its Representatives, that such information is being disseminated on a confidential basis (on substantially the terms set forth in this paragraph or as is otherwise reasonably acceptable to you and the Commitment Parties) in accordance with market standards for dissemination of such type of information which, in the case of any electronic access, shall in any event require "click through" or other affirmative action on the part of the recipient to access such confidential information, (h) for purposes of establishing a "due diligence" defense, (i) to the members of the ad hoc group of unaffiliated Prepetition First Lien Lenders[1] and the Prepetition Second Lien Lenders[2] represented by Akin Gump Strauss Hauer & Feld LLP (the "***Ad Hoc Group***") and their agents, attorneys and advisors or (j) with your prior written consent. In addition, each Commitment Party may disclose the existence of the Exit Facility and the information about the Exit Facility to market data collectors, similar service providers to the lending industry and service providers to the Commitment Parties in connection with the administration and management of the Exit Facility. Each Commitment Party's obligations under this paragraph shall automatically terminate and be superseded by the confidentiality provisions in the definitive

[1] "***Prepetition First Lien Lenders***" means the lenders from time to time under that certain First Lien Credit Agreement, dated as of July 30, 2013 (as amended, restated, supplemented or otherwise modified heretofore), among Holdings, True Religion Apparel, Inc., the lenders party thereto from time to time, and Deutsche Bank AG New York Branch, as administrative agent.

[2] "***Prepetition Second Lien Lenders***" means the lenders from time to time under that certain Second Lien Credit Agreement, dated as of July 30, 2013 (as amended, restated, supplemented or otherwise modified heretofore), among Holdings, True Religion Apparel, Inc., the lenders party thereto from time to time, and Deutsche Bank AG New York Branch, as administrative agent.

documentation relating to the Exit Facility upon the execution and delivery of the definitive documentation therefor and in any event shall terminate two years from the date hereof.

12. Surviving Provisions.

The provisions of this Section 12 and the indemnification, expenses, confidentiality, jurisdiction, service of process, venue, governing law, absence of advisory or fiduciary duty and waiver of jury trial, and information provisions contained herein, administrative fees and governing law provisions contained in the Fee Letter shall remain in full force and effect regardless of whether definitive financing documentation shall be executed and delivered and notwithstanding the termination of this Commitment Letter or Citizens' commitments hereunder and the Lead Arranger's agreements to provide the services described herein; *provided* that your obligations under this Commitment Letter, other than those relating to confidentiality, and information, shall automatically terminate and, to the extent covered thereby, be superseded by the definitive documentation relating to the Exit Facility upon the funding under such Facility, and you shall be released from all liability in connection therewith at such time. You may terminate this Commitment Letter at any time subject to the provisions of the preceding sentence. Nothing in this Agreement shall prevent the Company from taking or failing to take any action that it determines, based on the reasonable advice of its legal counsel, it is obligated to take in the performance of its statutory, contractual or fiduciary duties or as otherwise required by the Bankruptcy Code or applicable law; provided, however that it is agreed that Citizens may, at its option, terminate this Commitment Letter and the commitments and undertakings of Citizens hereunder as a result of any such actions (or inactions).

13. Patriot Act Notification.

We hereby notify you that pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (as amended, the "***Patriot Act***"), each Commitment Party and each Lender is required to obtain, verify and record information that identifies the Company and each Guarantor, which information includes the name, address, tax identification number and other information regarding the Company and each such Guarantor that will allow such Commitment Party or such Lender to identify the Company and each such Guarantor in accordance with the Patriot Act. This notice is given in accordance with the requirements of the Patriot Act and is effective as to the Commitment Parties and each Lender.

14. Acceptance and Termination.

If the foregoing correctly sets forth our agreement, please indicate your acceptance of the terms of this Commitment Letter and of the Fee Letter by returning to the Lead Arranger executed counterparts hereof and of the Fee Letter, not later than 11:59 p.m., New York City time, on July 4, 2017. Each Commitment Party's respective commitments hereunder and agreements contained herein will be effective only upon execution and delivery hereof and of the Fee Letter by you and us in accordance with this paragraph, and will expire at such time in the event that the Lead Arranger have not received such executed counterparts in accordance with the immediately preceding sentence; provided, however, that this Commitment Letter and all commitments and undertakings of Citizens hereunder will automatically expire if this Commitment Letter and the Fee Letter have not been approved by a final order of the Court by

5:00 p.m. (New York City time) on August 4, 2017 (it being agreed that each party hereto shall use its reasonable best efforts to seek Court approval as soon as practicable prior thereto and shall not encourage or assist the submission or development of an alternative transaction whether relating to the sale or issuance of any debt or security or the acquisition, sale or lease or other disposition of the Debtors of any material assets or equity of the Debtors). Thereafter, this Commitment Letter and the commitments and undertakings of the Agent hereunder shall automatically terminate upon the earliest of (a) 5:00 p.m. (New York City time) on December 1, 2017, unless Citizens shall, in its discretion, agree to an extension hereof or the Exit Closing Date occurs on or prior thereto, (b) the consummation of the Approved Plan, (c) five (5) business days after the Petition Date in the event that the DIP Credit Facility is not closed and funded prior to such date, (d) a sale of all or a substantial portion of the assets of the Debtors, (e) a refinancing or all or any part of the DIP Credit Facility and (f) the consummation of a plan of reorganization without the use of the Exit Facility. In consideration of the time and resources that the Agent and the Lead Arranger will devote to the Exit Facility, but subject to the last sentence of paragraph 12 above, you agree that, until such expiration, you will not, and will cause the Debtors, the Borrower, the Guarantors or their affiliates not to, solicit, initiate, entertain or permit, or enter into any discussions in respect of, any offering, placement or arrangement of any competing senior credit facility or facilities for the Borrower and its subsidiaries with respect to the matters addressed in this Commitment Letter.

[*Remainder of this page intentionally left blank*]

We look forward to working with you on this important transaction.

Very truly yours,

CITIZENS BANK, N.A.

By _____
Name:
Title:

Accepted and agreed to as of
the date first above written:

TRUE RELIGION APPAREL, INC.

By _____
Name:
Title:

Exhibit A

Exit Facility Term Sheet

EXHIBIT A

SUMMARY OF INDICATIVE TERMS AND CONDITIONS
("EXIT FACILITY TERM SHEET")
$60,000,000 SENIOR CREDIT FACILITY
(EXIT FACILITY)

Capitalized terms not otherwise defined herein have the same meanings as specified therefor in the Commitment Letter to which this Exhibit A is attached.

BORROWER:	True Religion Apparel, Inc., a Delaware corporation (the "***Company***") and/or any entity formed to hold any newly issued equity in respect of the Debtors or any assets transferred from the Company upon its emergence from bankruptcy (the "***Borrower***").
GUARANTORS:	The obligations of the Borrower and its subsidiaries and affiliates under the Senior Credit Facility (as defined below) and under any treasury management, bank products, interest protection or other hedging arrangements entered into with a Lender (or any affiliate thereof) will be guaranteed by TRLG Intermediate Holdings, LLC, a Delaware limited liability company that is the direct parent of the Borrower ("***Holdings***"), and each existing and future direct and indirect domestic subsidiary of the Borrower (collectively, the "***Guarantors***", and together with the Borrower, the "***Loan Parties***"). Notwithstanding the foregoing, the guaranty requirements will be subject to customary exceptions to be agreed. All guarantees will be guarantees of payment and not of collection.
ADMINISTRATIVE AGENT:	Citizens Bank, N.A. ("***Citizens***") will act as sole administrative agent (in such capacity, the "***Administrative Agent***").
LEAD ARRANGER AND BOOKRUNNER:	Citizens will act as a lead arranger and bookrunner (in such capacities, the "***Lead Arranger***").
LENDERS:	A group of lenders arranged by the Lead Arranger (collectively, the "***Lenders***").
SENIOR CREDIT FACILITY:	Subject to the terms under the heading "Borrowing Base," a $60 million revolving credit facility (the "***Senior Credit Facility***") available from time to time until the fifth anniversary of the Exit Closing Date, which will include a $20 million sublimit for the issuance of letters of credit (the "***Letters of Credit***"). Letters of Credit will be issued by Citizens (in such capacity, the "***L/C Issuer***"). Each of the Lenders under the Senior Credit Facility will purchase an irrevocable and unconditional participation in each Letter of Credit.
INCREASE OPTION:	The Senior Credit Facility will include an accordion feature permitting the Borrower to request an increase in the Senior Credit Facility after the

Exit Closing Date by an additional amount (for all such increases in the Senior Credit Facility) of up to $15,000,000 in the form of additional revolving loans or term loans; provided that any such request shall be in increments of $1,000,000 (collectively, the "Increase Option"). Such increases may be effected from time to time after the Exit Closing Date subject to customary terms and conditions (including, without limitation, delivery of customary documentation reflecting corporate action by the Borrower and the Guarantors approving of such increase) and provided that (i) no default or event of default shall exist at the time of any such increase or immediately after giving effect to such increase, and (ii) the Administrative Agent shall have received a certificate, in form and substance reasonably satisfactory to the Administrative Agent, of the Borrower setting forth calculations demonstrating that, after giving effect to any such increase (determined as if the entire amount of such increase is fully-funded), the Borrower and its subsidiaries shall be in compliance on a pro forma basis with its financial covenants under the definitive documentation for the Senior Credit Facility.

Any such increase in the Senior Credit Facility pursuant to an increase thereof in the form of revolving credit loans under the Senior Credit Facility (an "Incremental Facility"), shall be subject to terms and conditions approved by the Borrower, the Administrative Agent, the Lead Arranger and the lenders participating in such Incremental Facility; provided, that the Incremental Facility (a) will be made available as a separate facility established under the Loan Documents, and (b) all documentation in respect of the Incremental Facility (including any amendments to the Loan Documents) shall be in form and substance substantially the same as the Senior Credit Facility and shall be satisfactory to the Borrower, the Administrative Agent and the Lead Arranger and shall have been approved by the Administrative Agent and the Borrower.

USE OF PROCEEDS: The proceeds of the Senior Credit Facility shall be used solely for, in each case in a manner consistent with the terms and conditions herein, (a) repayment of the loans and all other obligations under the Senior Secured, Super Priority, Debtor-In-Possession Credit Agreement (the "***DIP Credit Agreement***"), among the Borrower, Holdings, the guarantors party thereto, the lenders party thereto from time to time, and the Administrative Agent, (b) payments described in the Approved Plan, (c) payment of costs and expenses incurred in connection with consummation of the Approved Plan, and (d) for working capital and other general corporate purposes of the Borrower.

BORROWING BASE: Advances under the Senior Credit Facility may be made to the Borrower on a revolving basis up to the full amount of the Senior Credit Facility and Letters of Credit may be issued up to the sublimit for Letters of Credit, in each case, subject to compliance with a borrowing base (the "***Borrowing Base***") equal to: (i) 90% of eligible credit card receivables of the Borrower and the Guarantors, plus (ii) 85% of eligible trade accounts receivables of the Borrower and the Guarantors, plus (iii) the lesser of (a) 90% of the appraised net orderly liquidation value of eligible

inventory and (b) 100% of the cost of eligible inventory, minus (iv) any applicable Reserves to be determined by the Administrative Agent in its Permitted Discretion.

The Borrowing Base will be computed by the Borrower monthly, and a certificate (the "***Borrowing Base Certificate***") presenting the Borrower's computation of the Borrowing Base will be delivered to the Administrative Agent promptly, but in no event later than the tenth day following the end of each calendar month; provided, however, that (a) during the continuance of an Event of Default or (b) if Excess Availability (as defined below) is less than the greater of (x) 20% of the lesser of (A) the aggregate commitments under the Senior Credit Facility at such time and (B) the Borrowing Base (such lesser amount, the "***Maximum Borrowing Amount***") and (y) $12,000,000, in each case, for three (3) consecutive Business Days, the Borrower will be required to compute the Borrowing Base and deliver a Borrowing Base Certificate on a weekly basis until the date on which, as applicable, in the case of clause (a), such Event of Default is cured or waived, or in the case of clause (b), Excess Availability has been greater than the greater of (x) 20% of the Maximum Borrowing Amount and (y) $12,000,000, in each case, for at least thirty consecutive days.

"***Permitted Discretion***" means a determination made by the Administrative Agent in good faith in the exercise of its reasonable (from the perspective of an asset-based lender) business judgment. The Administrative Agent will inform the Borrower of, and explain to the Borrower, the establishment or increase of any Reserves.

"***Reserves***" means, on any date of determination, reserves established by the Administrative Agent from time to time against the Borrowing Base or any component thereof, in each case, in such amounts as the Administrative Agent may elect to impose from time to time in its Permitted Discretion upon not less than one (1) Business Day's prior written notice to the Borrower. The Administrative Agent shall not establish any Reserves to the extent such Reserves would be duplicative of any (x) specific item excluded as ineligible in the calculation of the Borrowing Base or any component thereof or (y) any other Reserves.

"***Excess Availability***" shall mean, at any time, (a) the Maximum Borrowing Amount, *minus* (b) the aggregate outstanding principal amount of all loans and Letter of Credit obligations at such time under the Senior Credit Facility.

RESERVES: The Administrative Agent shall have the right to establish, modify or eliminate Reserves or to establish or adjust any eligibility criteria in its Permitted Discretion.

EXIT CLOSING DATE: The "***Exit Closing Date***" shall occur as promptly as is practical after the order of the Court confirming the Approved Plan becomes a final order, but no later than December 1, 2017.

MATURITY: The Senior Credit Facility shall terminate and all amounts outstanding thereunder shall be due and payable in full five years after the Exit Closing Date.

MANDATORY PREPAYMENTS: In the event that the aggregate outstanding amount of loans and Letter of Credit obligations at such time under the Senior Credit Facility exceeds the then Maximum Borrowing Amount, the Borrower will immediately prepay an amount sufficient to result in Excess Availability being greater than $0.

OPTIONAL PREPAYMENTS AND COMMITMENT REDUCTIONS: The Senior Credit Facility may be prepaid in whole or in part at any time without premium or penalty, subject to reimbursement of the Lenders' breakage and redeployment costs in the case of prepayment of LIBOR borrowings. The unutilized portion of the commitments under the Senior Credit Facility may be irrevocably reduced or terminated by the Borrower at any time without penalty.

SECURITY: The Senior Credit Facility and the obligations of the Loan Parties thereunder will be secured by a fully perfected security interest in all property and assets of the Loan Parties (subject to customary exclusions to be agreed) including, but not limited to, as follows:

A valid and perfected first priority lien and security interest in all of the property and assets of the Loan Parties set forth on Schedule I hereto (the "***Revolving Credit Primary Collateral***").

A valid and perfected second priority security interest in all of the property and assets of the Loan Parties set forth on Schedule II hereto (the "***Revolving Credit Secondary Collateral***" and, together with the Revolving Credit Primary Collateral, the "***Collateral***").

"***Intellectual Property***" shall mean the Borrower's and each Guarantor's intellectual property licenses, patents, copyrights, trademarks, the goodwill associated with such trademarks, trade secrets and customer lists and all rights to sue at law or in equity for any past, present or future infringement, misappropriation, violation, misuses or other impairment thereof, including the right to receive injunctive relief and all proceeds and damages therefrom.

The Collateral shall secure the relevant party's obligations in respect of the Senior Credit Facility and any treasury management, bank products, interest protection or other hedging arrangements entered into with a Lender (or an affiliate thereof).

CASH MANAGEMENT: The Loan Parties and their subsidiaries shall establish cash management procedures reasonably acceptable to the Administrative Agent. Subject to exceptions to be mutually agreed, all deposit accounts and securities accounts of the Loan Parties shall be subject to control agreements in favor of the applicable Administrative Agent (such accounts subject to

the control of such Administrative Agent, collectively, the "***Blocked Accounts***"). Upon the occurrence and during the continuation of a Cash Dominion Period (as defined below), the Administrative Agent shall have control over all relevant Blocked Accounts and cause all amounts maintained in deposit accounts (that are Blocked Accounts) to be swept, on a daily basis, to a collection account of the Administrative Agent, to be applied to the outstanding obligations under the Senior Credit Facility. The Borrower, the Guarantors and their subsidiaries will maintain their primary cash management, controlled disbursement and ACH relationship with Administrative Agent and its affiliates.

"***Cash Dominion Period***" shall mean (a) commencing on the Exit Closing Date and continuing through the end of the first full quarter after the Exit Closing Date, (b) thereafter, each period beginning on the date that Excess Availability shall have been less than 15% of the Maximum Borrowing Amount for five (5) consecutive Business Days and ending on the date Excess Availability shall have been at least 15% of the Maximum Borrowing Amount for thirty (30) consecutive calendar days or (c) an event of default has occurred and is continuing.

DOCUMENTATION: The credit agreement ("***Credit Agreement***") will contain customary representations and warranties, funding and yield protection provisions, conditions precedent, affirmative, negative and financial reporting covenants, indemnities, events of default and remedies and other provisions appropriate for transactions of this size, type and purpose and shall be reasonably acceptable to the Administrative Agent, the Lenders and their counsel.

CONDITIONS PRECEDENT TO CLOSING: The closing and the initial extension of credit under the Senior Credit Facility will be subject to satisfaction of customary closing conditions for transactions of this type, including, without limitation, the following conditions precedent, in each case, on or prior to December 1, 2017:

(i) The negotiation, execution and delivery of a credit agreement, perfection certificates, collateral documents and other documents to be executed or delivered in connection therewith (collectively, with the Credit Agreement, the "***Senior Credit Facility Documentation***") reasonably satisfactory to the Administrative Agent and the Lenders.

(ii) The Administrative Agent shall have received evidence of the perfection and priority of liens and security interests referred to above under the section entitled "***Security***" (including all filings, recordations and searches necessary or desirable in connection with (such liens and security interests)). The Administrative Agent shall be reasonably satisfied that the Borrower maintains adequate insurance with respect to the Collateral, and the Lenders shall have received endorsements naming the Administrative Agent, on behalf of the Lenders, as an additional insured or loss payee, as the case may be, under all insurance policies to be maintained with respect to the properties of the Borrower and its

subsidiaries forming part of the Lenders' collateral described under the section entitled "***Security***" set forth above.

(iii) The Administrative Agent shall have received (A) customary and reasonably satisfactory legal opinions (which shall cover, among other things, authority, legality, validity, binding effect and enforceability of the Senior Credit Facility Documentation), corporate certificates and other usual and customary closing documentation for transactions of this type and (B) satisfactory evidence that the Administrative Agent (on behalf of the Lenders) shall have a valid and perfected first priority (subject to certain exceptions to be set forth in the Senior Credit Facility Documentation) lien and security interest in the other collateral referred to under the section entitled "***Security***" set forth above.

(iv) The Administrative Agent shall have received customary evidence of organizational authority to enter into the Credit Agreement and the other Senior Credit Facility Documentation and the other transactions to be consummated on the Exit Closing Date, in each case, reasonably acceptable to the Administrative Agent.

(v) The Administrative Agent shall have received good standing certificates, or the equivalent, in the respective jurisdictions of organization of the Loan Parties.

(vi) There shall have been (a) since the date hereof, other than those customarily resulting from the commencement of the Debtors' bankruptcy case (the "***Case***") for bankruptcy protection and changes contemplated in the Borrower's business plan delivered to the Administrative Agent prior to the date hereof, no material adverse change, individually or in the aggregate, in the business, operations, property, assets, or financial condition of the Loan Parties or the Collateral taken as a whole, (b) no litigation commenced which could reasonably be expected to have a material adverse effect on the Loan Parties or their business taken as a whole, or their collective ability to perform any material obligation or repay the loans, (c) since the date hereof, no material increase in the liabilities, liquidated or contingent, of the Loan Parties as a whole, or material decrease in the assets of the Loan Parties, except in connection with the Borrower's previously disclosed store-closing plan and as contemplated by the Budget applicable during the Case, and (d) other than those resulting from the commencement of the Cases, since the filing date no adverse change in the ability of the Administrative Agent and the Lenders to enforce the Senior Credit Facility Documentation and the obligations of the Borrower or the other Loan Parties thereunder.

(vii) A final non-appealable order of the Court in form and substance satisfactory to the Agent confirming the Approved Plan which shall not have been reversed, vacated, amended, supplemented or otherwise modified in any manner that could reasonably be expected to adversely affect the interests of the Agent, the Arranger or the Lenders (the "***Confirmation Order***") and authorizing Borrower, the Guarantors and

their subsidiaries to execute, deliver and perform under all documents contemplated hereunder and thereunder (including the payment of all fees with respect thereto) shall have been entered and shall have become a final order of the Bankruptcy Court and shall be in full force and effect. The Approved Plan and all transactions contemplated therein or in the Confirmation Order to occur on the effective as of the Approved Plan shall have been (or concurrently with the occurrence of the Exit Closing Date, shall be) substantially consummated in accordance with the terms thereof and in compliance with applicable law, Court and regulatory approvals and the Approved Plan shall have become effective. The respective indebtedness and obligations of the Borrower and the Guarantors (including, without limitation, tax liabilities) and any liens securing same that are outstanding immediately after the consummation of the Approved Plan shall not exceed the amount contemplated by the Approved Plan.

(viii) Receipt by the Administrative Agent, the Lead Arranger and the Lenders at least two (2) Business Days prior to the date of the initial Borrowing of all documentation and other information about the Borrower and the Guarantors as has been reasonably requested that they reasonably determine is required by U.S. regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the USA PATRIOT Act.

(ix) Excess Availability under the Senior Credit Facility as of the Exit Closing Date shall not be less than 30% of the Maximum Borrowing Amount, after giving effect to the Exit Transaction and all extensions of credit under the Senior Credit Facility on such date.

(x) Receipt of all governmental, shareholder and third party consents and approvals necessary in connection with the Senior Credit Facility, the Exit Transaction and the related financings and other transactions contemplated hereby and by the Approved Plan and expiration of all applicable waiting periods without any action being taken by any authority that could restrain, prevent or impose any material adverse conditions on the Borrower and its subsidiaries or such other transactions or that could seek or threaten any of the foregoing, and no law or regulation shall be applicable which in the reasonable judgment of the Administrative Agent could have such effect.

(xi) The Borrower's pre-petition term loan indebtedness shall have been restructured into a term loan in a principal amount of not more than $113,500,000, which shall be on terms and conditions satisfactory to the Administrative Agent (the "***Reorganized First Lien Term Loans***")

(xii) The Exit Transaction shall have been consummated on terms consistent with those outlined in the Approved Plan and otherwise on terms and conditions, and pursuant to documentation in form and substance, reasonably satisfactory to the Administrative Agent and shall be in full force and effect. The Administrative Agent shall have received copies of each of the material documents (reasoanbly satisfactory to the

Administrative Agent) executed and or delivered in connection with the Exit Transaction, each of which shall be certified by a responsible officer of the Borrower as being true, complete, correct and in full force and effect.

(xiii) The Administrative Agent shall have received a fully executed and effective Intercreditor Agreement with the holders of the Reorganized First Lien Term Loans (or an agent for such holders), in form, substance, and on terms, reasonably acceptable to the Administrative Agent (the "***Intercreditor Agreement***").

(xiv) [Reserved].

(xv) The Lenders shall have received pro forma consolidated financial statements as to the Company and its subsidiaries giving effect to all elements of the Exit Transaction, and forecasts prepared by management of the Company, each in form and substance reasonably satisfactory to the Administrative Agent, of balance sheets, income statements and cash flow statements on a monthly basis for the first year following the Exit Closing Date and on an annual basis for each year thereafter during the term of the Senior Credit Facility. The Administrative Agent shall have received and be satisfied with the business plan and shall be satisfied with the capital structure of the Borrower and the Guarantors.

(xvi) The Lenders shall have received certification as to the financial condition and solvency of the Borrower and each Guarantor (after giving effect to the Exit Transaction and the incurrence of indebtedness related thereto) from the chief financial officer of the appropriate entities.

(xvii) The Administrative Agent shall have received, in form and substance reasonably satisfactory to it, an updated asset appraisal, an updated field audit, flood certificates and flood insurance deliverables and such other reports, audits or certifications as it may reasonably request.

(xviii) Receipt by the Administrative Agent, for the benefit of the Lenders and the Administrative Agent, of all reasonable and documented fees and expenses Lenders (including the reasonable and documented fees and expenses of one primary counsel (and any special or local counsel) for the Administrative Agent) due and payable in connection with the transactions contemplated hereby.

(xix) All obligations under, or described in, the DIP Credit Agreement shall have been repaid in full in cash (or such other arrangements as are satisfactory to Citizens in its sole discretion).

CONDITIONS PRECEDENT TO ALL EXTENSIONS OF CREDIT:

Each extension of credit under the Senior Credit Facility will be subject to satisfaction of the following conditions precedent: (i) all of the

representations and warranties in the Senior Credit Facility Documentation shall be true and correct in all material respects as of the date of such extension of credit (except for representations and warranties that expressly relate to an earlier date); (ii) no default or event of default under the Senior Credit Facility shall have occurred and be continuing or would result from such extension of credit; (iii) the Administrative Agent shall have received a notice of borrowing from the Borrower; (iv) the aggregate principal amount of all loans outstanding and, if applicable, Letters of Credit outstanding on such date, after giving effect to the applicable borrowing or issuance or renewal of a Letter of Credit, shall not exceed the Maximum Borrowing Amount; and (v) the Borrower shall have paid the balance of all fees and expenses then due and payable as referenced herein. The request by the Borrower of, and the acceptance by the Borrower of, each extension of credit shall be deemed to be a representation and warranty by the Borrower that the foregoing conditions have been satisfied.

REPRESENTATIONS AND WARRANTIES:

Representations and warranties appropriate for transactions of this size, type and purpose and shall be reasonably acceptable to the Administrative Agent and the Lenders, including, without limitation and subject to customary qualifiers and exceptions, the following: (i) legal existence; qualification and power; (ii) due authorization and no contravention of law, contracts or organizational documents; (iii) governmental and third party approvals and consents; (iv) enforceability; (v) accuracy and completeness of specified financial statements and other information and no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect; (vi) no material litigation; (vii) no default; (viii) ownership of property; including disclosure of liens, properties, leases and investments; (ix) insurance matters; (x) environmental matters; (xi) tax matters; (xii) ERISA compliance; (xiii) identification of subsidiaries, equity interests and loan parties; (xiv) use of proceeds and not engaging in business of purchasing/carrying margin stock; (xv) status under Investment Company Act; (xvi) accuracy of disclosure; (xvii) compliance with laws; (xviii) intellectual property; (xix) solvency; (xx) no casualty; (xxi) labor matters; (xxii) collateral documents; (xxiii) none of Holdings, the Borrower or any Guarantor (collectively, the "***Loan Parties***") is an EEA Financial Institution.

AFFIRMATIVE AND NEGATIVE COVENANTS:

Affirmative, negative and financial covenants appropriate for transactions of this size, type and purpose and shall be reasonably acceptable to the Administrative Agent and the Lenders, including, without limitation, the following (in each case, subject to baskets, qualifications, exceptions and thresholds to be agreed):

(a) Affirmative Covenants - (i) delivery of financial statements, budgets and forecasts; (ii) delivery of certificates and other information; (iii) delivery of notices (of any default, material adverse condition, ERISA event, material change in accounting or financial reporting

practices, disposition of property, sale of equity, incurrence of debt); (iv) payment of obligations; (v) preservation of existence; (vi) maintenance of properties; (vii) maintenance of insurance; (viii) compliance with laws; (ix) maintenance of books and records; (x) inspection rights; (xi) use of proceeds; (xii) covenant to guarantee obligations, give security; (xiii) compliance with environmental laws; (xiv) preparation of environmental reports; (xv) further assurances; (xvi) compliance with terms of leaseholds; (xvii) compliance with material contracts; and (xviii) designation as senior debt.

(b) Negative Covenants - Restrictions on (i) liens; (ii) indebtedness, (including (x) guarantees and other contingent obligations and (y) an amount [TBD] of junior secured indebtedness on terms and conditions acceptable to the Citizens (it being understood that such Indebtedness may be secured by junior Liens on Revolver Primary Collateral and/or senior Liens on Revolver Secondary Collateral on terms acceptable to Citizens and such Indebtedness and the liens on collateral securing such Indebtedness shall be subject to an intercreditor agreement acceptable to Citizens)); (iii) investments (including loans and advances); (iv) mergers and other fundamental changes; (v) sales and other dispositions of property or assets; (vi) payments of dividends and other distributions; (vii) changes in the nature of business; (viii) transactions with affiliates; (ix) burdensome agreements; (x) use of proceeds; (xi) capital expenditures; (xii) amendments of organizational documents; (xiii) changes in accounting policies or reporting practices; (xiv) prepayments and voluntarily redemption of other indebtedness; (xv) modification or termination of documents related to certain indebtedness; and (xvi) changes in activities of Holdings, in each case, with such exceptions as may be agreed and are reasonably acceptable to the Administrative Agent. The Borrower or any subsidiary shall be permitted to (w) make dividends, restricted payments and other distributions, (x) prepay and voluntarily redeem other indebtedness, (y) investments and (z) incur unsecured or subordinated debt, in each case, subject to the satisfaction of the Payment Conditions.

"***Payment Conditions***" shall mean, with respect to any applicable transaction, event, or payment, (a) no event of default shall exist before or immediately after giving effect to such transaction, event, or payment, and (b) the Borrower shall have demonstrated to the reasonable satisfaction of the Agent either (x) Excess Availability (on a pro forma basis after giving effect to such transaction, event or payment) will be greater than 25% of the Maximum Borrowing Amount immediately following such specified transaction, event, or payment and as projected on a pro-forma basis as of the end of each fiscal month for each of the twelve (12) fiscal months following such specified transaction, event, or payment or (y) both (i) Excess Availability (on a pro forma basis after giving effect to such transaction, event or payment) will be greater than 20% of the Maximum Borrowing Amount immediately following such

specified transaction, event, or payment and as projected on a pro-forma basis as of the end of each fiscal month for each of the twelve (12) fiscal months following such specified transaction, event, or payment, and (ii) the Fixed Charge Coverage Ratio for the period of for the trailing twelve month period most recently ended shall be greater than 1.10 to 1.00 (calculated both before giving effect to such transaction, event or payment and on a pro forma basis after giving effect to such transaction, event or payment). The Borrower shall certify in a certificate addressed to the Administrative Agent that the Payment Conditions are satisfied.

FINANCIAL COVENANT: Maintain, at all times, Excess Availability in an amount not less than the greater of (a) $5,000,000 and (b) ten percent (10%) of the Maximum Borrowing Amount.

FIELD EXAMS AND APPRAISALS: The Administrative Agent may conduct (a) two (2) field examinations and two (2) inventory appraisals (each at the expense of the Borrower) during the first twelve (12) month period after the Exit Closing Date; provided that (i) at any time after the date on which Excess Availability is less than 20% of the Maximum Borrowing Amount, field examinations and inventory appraisals may each be conducted (at the expense of the Borrower) three (3) times during the next twelve months, (b) one (1) field examination and one (1) inventory appraisal (each at the expense of the Borrower) during any twelve (12) consecutive month period after the first twelve (12) month period after the Exit Closing Date; provided that (i) at any time after the date on which Excess Availability is less than 20% of the Maximum Borrowing Amount, field examinations and inventory appraisals may each be conducted (at the expense of the Borrower) two (2) times during the next twelve months, and (ii) at any time during the continuation of an Event of Default, field examinations and inventory appraisals may be conducted (at the expense of the Borrower) as frequently as determined by the Administrative Agent in its reasonable discretion and (c) one (1) additional field examination and one (1) additional inventory appraisal during any twelve (12) consecutive month period at the expense of the Lenders.

EVENTS OF DEFAULT: Events of default appropriate for transactions of this size, type and purpose and shall be reasonably acceptable to the Administrative Agent and the Lenders, including, without limitation, the following (subject, in certain cases, to grace periods and thresholds to be agreed): (i) nonpayment of principal, interest, fees or other amounts; (ii) failure to perform or observe covenants set forth in the loan documentation within a specified period of time, where customary and appropriate, after such failure; (iii) any representation or warranty proving to have been incorrect in any material respect when made or confirmed; (iv) cross-default to other indebtedness in an amount to be agreed; (v) bankruptcy and insolvency defaults (with grace period for involuntary proceedings); (vi) inability to pay debts; (vii) monetary judgment defaults in an amount to be agreed and material nonmonetary judgment defaults; (viii) customary ERISA defaults; (ix) actual or asserted invalidity or impairment of any loan documentation; (x) change of control; and (xi)

actual or asserted invalidity or impairment of any subordination provisions.

ASSIGNMENTS AND PARTICIPATIONS:

Assignments and participations appropriate for transactions of this size, type and purpose and shall be reasonably acceptable to the Administrative Agent and the Lenders, provided that the Loan Parties will not be permitted to list disqualified lenders except to the extent that a list of disqualified lenders (acceptable to Citizens) is provided to Citizens prior to the execution of the Commitment Letter.

Consents: The consent of the Borrower, not to be unreasonably withheld, will be required unless (i) an Event of Default has occurred and is continuing or (ii) the assignment is to a Lender, an affiliate of a Lender or an Approved Fund (as such term shall be defined in the Senior Credit Facility). The consent of the Administrative Agent will be required for any assignment in respect of the Senior Credit Facility, to an entity that is not a Lender, an affiliate of such Lender or an Approved Fund in respect of such Lender. The consent of the Fronting Bank will be required for any assignment under the Senior Credit Facility.

Assignments Generally: An assignment fee in the amount of $3,500 will be charged with respect to each assignment unless waived by the Administrative Agent in its sole discretion.

Participations: Lenders will be permitted to sell participations with voting rights limited to significant matters such as changes in amount, rate, maturity date and releases of all or substantially all of the collateral securing the Senior Credit Facility or all or substantially all of the value of the guaranty of the Borrower's obligations made by the Guarantors.

WAIVERS AND AMENDMENTS:

Waiver and amendments provisions appropriate for transactions of this size, type and purpose and shall be reasonably acceptable to the Administrative Agent and the Lenders.

INDEMNIFICATION:

The Borrower will indemnify and hold harmless the Administrative Agent, the Lead Arranger, each Lender and their respective affiliates and their partners, directors, officers, employees, agents and advisors from and against all losses, claims, damages, liabilities and expenses arising out of or relating to the Senior Credit Facility, any other aspect of the Exit Transaction, the Borrower's use of loan proceeds or the commitments, including, but not limited to, reasonable and documented out-of-pocket attorneys' fees (including the allocated cost of internal counsel) and settlement costs. This indemnification shall survive and continue for the benefit of all such persons or entities.

GOVERNING LAW:

State of New York.

PRICING/FEES/EXPENSES:

As set forth in Addendum I.

COUNSEL TO THE ADMINISTRATIVE AGENT:	Morgan, Lewis & Bockius LLP.
OTHER:	Each of the parties shall (i) waive its right to a trial by jury and (ii) submit to New York jurisdiction. The Loan Parties shall agree not to bring any suit or action in respect of or related to the Senior Credit Facility or any Senior Credit Facility Documentation therefor in any forum, other than in courts of the state of New York sitting in New York county and of the United States District Court of the Southern District of New York. The Senior Credit Facility Documentation will contain customary increased cost, withholding tax, capital adequacy and yield protection provisions and EU bail-in and defaulting lender language.

ADDENDUM I

PRICING, FEES AND EXPENSES

INTEREST RATES: The interest rates per annum applicable to the Senior Credit Facility will be LIBOR plus the Applicable Rate (as hereinafter defined) or, at the option of the Borrower, the Base Rate (to be defined as the highest of (a) the Federal Funds Rate plus ½ of 1%, (b) the Citizens prime rate and (c) LIBOR plus 1.00%) plus the Applicable Rate. "Applicable Rate" means a percentage per annum to be determined in accordance with the pricing grid set forth below. Notwithstanding anything to the contrary contained herein, to the extent that, at any time, LIBOR shall be less than zero, LIBOR shall be deemed to be zero for purposes of the Senior Credit Facility. The Applicable Rate for the period from the Exit Closing Date through the second full fiscal quarter of the Borrower after the Exit Closing Date shall be as set forth in Level III below.

The Borrower may select interest periods of one, two, three or six months for LIBOR loans, subject to availability. Interest shall be payable at the end of the selected interest period, but no less frequently than quarterly.

During the continuance of any default under the Senior Credit Facility Documentation (as hereinafter defined), the Applicable Rate on obligations under the Senior Credit Facility Documentation shall increase by 2% per annum.

COMMITMENT FEE: Commencing on the Exit Closing Date, a commitment fee of (a) if utilization of the Senior Credit Facility is greater than or equal to 50%, 0.250% per annum and (b) if utilization of the Senior Credit Facility is less than 50%, 0.375% per annum, shall be payable on the actual daily unused portions of the Senior Credit Facility. Such fee shall be payable quarterly in arrears, commencing on the first quarterly payment date to occur after the Exit Closing Date and the actual amount of such fee shall depend on Excess Availability thresholds to be mutually agreed upon.

LETTER OF CREDIT FEES: Letter of Credit fees shall be payable on the maximum amount available to be drawn under each Letter of Credit at a rate per annum equal to the Applicable Rate from time to time applicable to Revolving Credit LIBOR loans. Such fees will be (a) payable quarterly in arrears, commencing on the first quarterly payment date to occur after the Exit Closing Date, and (b) shared proportionately by the Lenders under the Senior Credit Facility. In addition, a fronting fee shall be payable to the Fronting Bank for its own account, in an amount to be mutually agreed.

Level	Excess Availability	Applicable Rate for LIBOR Loans / Letter of Credit Fees	Applicable Rate for Base Rate Loans
I	Greater than 66%	1.50%	0.50%
II	Less than or equal to 66%, but greater than 33%	1.75%	0.75%
III	Less than or equal to 33%	2.00%	1.00%

CALCULATION OF INTEREST AND FEES: Other than calculations in respect of interest at the Citizens prime rate (which shall be made on the basis of actual number of days elapsed in a 365/366 day year), all calculations of interest and fees shall be made on the basis of actual number of days elapsed in a 360 day year.

COST AND YIELD PROTECTION: Customary for transactions and facilities of this type, including, without limitation, in respect of breakage or redeployment costs incurred in connection with prepayments, changes in capital adequacy and capital requirements or their interpretation, illegality, unavailability, reserves without proration or offset and payments free and clear of withholding or other taxes.

EXPENSES: The Borrower will pay all reasonable and documented out-of-pocket costs and expenses associated with the preparation, due diligence, administration, syndication and closing of all Senior Credit Facility Documentation, including, without limitation, the reasonable and documented legal fees of one primary counsel to the Administrative Agent and the Lead Arranger (and any special or local counsel), regardless of whether or not the Senior Credit Facility is closed. The Borrower will also pay the reasonable and documented out-of-pocket expenses of the Administrative Agent and each Lender in connection with the work-out or enforcement of any of the Senior Credit Facility Documentation.

SCHEDULE I

"Revolving Credit Primary Collateral" shall mean all interests of each Loan Party in the following Collateral, in each case whether now owned or existing or hereafter acquired or arising and wherever located, including (1) all rights of each Loan Party to receive moneys due and to become due under or pursuant to the following, (2) all rights of each Loan Party to receive return of any premiums for or proceeds of any insurance, indemnity, warranty or guaranty with respect to the following or to receive condemnation proceeds with respect to the following, (3) all claims of each Loan Party for damages arising out of or for breach of or default under any of the following, and (4) all rights of each Loan Party to terminate, amend, supplement, modify or waive performance under any of the following to perform thereunder and to compel performance and otherwise exercise all remedies thereunder:

(i) all Accounts and payment intangibles constituting credit card receivables, but for purposes of this clause (i) excluding rights to payment for any property which specifically constitutes Revolving Credit Secondary Collateral which has been or is to be sold, leased, licensed, assigned or otherwise disposed of; provided, however, that all rights to payment arising from any sale of Inventory shall constitute Revolving Credit Primary Collateral;

(ii) all Chattel Paper;

(iii) all Deposit Accounts and all other demand, deposit, time, savings, cash management, passbook and similar accounts maintained with any bank or other financial institution and all monies, securities, Instruments and other investments deposited or required to be deposited in any of the foregoing (in each case, other than a deposit account holding only identifiable proceeds of any Revolving Credit Secondary Collateral);

(iv) all Inventory;

(v) all other cash and cash equivalents (other than identifiable proceeds of any Revolving Credit Secondary Collateral);

(vi) to the extent evidencing or governing any of the items referred to in the preceding clauses (i) through (v), all General Intangibles, letters of credit (whether or not the respective letter of credit is evidenced by a writing), Letter-of-Credit Rights, Instruments and Documents; provided that to the extent of any of the foregoing also relates to Revolving Credit Secondary Collateral, only that portion related to the items referred to in the preceding clauses (i) through (v) as being included in the Revolving Credit Primary Collateral shall be included in the Revolving Credit Primary Collateral;

(vii) to the extent relating to any of the items referred to in the preceding clauses (i) through (vi), all insurance; provided that to the extent any of the foregoing also relates to Revolving Credit Secondary Collateral only that portion related to the items referred to in the preceding clauses (i) through (vi) as being included in the Revolving Credit Primary Collateral shall be included in the Revolving Credit Primary Collateral;

(viii) to the extent relating to any of the items referred to in the preceding clauses (i) through (vii), all Supporting Obligations; provided that to the extent any of the foregoing also relates to Revolving Credit Secondary Collateral only that portion related to the items referred to in the preceding clauses (i) through (vii) as being included in the Revolving Credit Primary Collateral shall be included in the Revolving Credit Primary Collateral;

(ix) to the extent relating to any of the items referred to in the preceding clauses (i) through (viii), all Commercial Tort Claims; provided that to the extent of any of the foregoing also rlates to Revolving Credit Secondary Collateral only that portion related to the items referred to in the preceding clauses (i) through (viii) as being included in the Revolving Credit Primary Collateral shall be included in the Revolving Credit Primary Collateral;

(x) all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing; and

(xi) all cash proceeds and all non-cash proceeds, products, accessions, rents and profits of or in respect of any of the foregoing (including all insurance proceeds) and all collateral security, guarantees and other Collateral Support given by any Person with respect to any of the foregoing.

SCHEDULE II

"Revolving Credit Secondary Collateral" shall mean all interests of each Loan Party in the following Collateral, in each case whether now owned or existing or hereafter acquired or arising and wherever located, including (1) all rights of each Loan Party to receive moneys due and to become due under or pursuant to the following, (2) all rights of each Loan Party to receive return of any premiums for or Proceeds of any Insurance, indemnity, warranty or guaranty with respect to the following or to receive condemnation Proceeds with respect to the following, (3) all claims of each Loan Party for damages arising out of or for breach of or default under any of the following, and (4) all rights of each Loan Party to terminate, amend, supplement, modify or waive performance under any of the following, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder:

(i) any deposit account holding only identifiable Proceeds of any Revolving Credit Secondary Collateral, and all cash, money, securities and other investments deposited therein;

(ii) all Equipment;

(iii) all Fixtures;

(iv) all General Intangibles, including Contracts, together with all Contract Rights arising thereunder (in each case, other than General Intangibles constituting, evidencing, governing or otherwise relating to Revolving Credit Primary Collateral);

(v) all letters of credit (whether or not the respective letter of credit is evidenced by a writing), Letter-of-Credit Rights (to the extent perfected by the filing of a UCC financing statement as a Supporting Obligation), Instruments and Documents (except to the extent constituting, evidencing or governing or attached or related to (to the extent so attached or related to) Revolving Credit Primary Collateral);

(vi) without duplication, all Investment related property, all Securities, all Securities Entitlements and all Securities Accounts (in each case, other than any Collateral constituting Revolving Credit Primary Collateral and other than any Supporting Obligations supporting Revolving Credit Primary Collateral);

(vii) all Intellectual Property;

(viii) except to the extent constituting, or relating to, Revolving Credit Primary Collateral, all Commercial Tort Claims;

(ix) all real property (including, if any, leasehold interests) on which the Loan Parties are required to provide a lien to the lenders under the Reorganized First Lien Term Loans and any title insurance with respect to such real property (other than title insurance actually obtained by the Administrative Agent in respect of such real property) and the proceeds thereof;

(x) except to the extent constituting, governing, evidencing or relating to, the Revolving Credit Primary Collateral, all other personal property (whether tangible or intangible) of such Loan Party;

(xi) to the extent constituting, or relating to, any of the items referred to in the preceding clauses (i) through (x), all insurance; provided that to the extent any of the foregoing also relates to

Revolving Credit Primary Collateral, only that portion related to the items referred to in the preceding clauses (i) through (x) as being included in the Revolving Credit Secondary Collateral shall be included in the Revolving Credit Secondary Collateral;

(xii) to the extent relating to any of the items referred to in the preceding clauses (i) through (xi), all Supporting Obligations; provided that to the extent any of the foregoing also relates to Revolving Credit Primary Collateral only that portion related to the items referred to in the preceding clauses (i) through (xi) as being included in the Revolving Facility Secondary Collateral shall be included in the Revolving Credit Secondary Collateral;

(xiii) all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing; provided that to the extent any of such material also relates to Revolving Credit Primary Collateral only that portion related to the items referred to in the preceding clauses (i) through (xii) as being included in the Revolving Credit Secondary Collateral shall be included in the Revolving Credit Secondary Collateral; and

(xiv) all cash proceeds and, solely to the extent not constituting Revolving Credit Primary Collateral, non-cash proceeds, products, accessions, rents and profits of or in respect of any of the foregoing and all collateral security, guarantees and other Collateral Support given by any Person with respect to any of the foregoing.

EXHIBIT F

JOINDER

The undersigned ("***Transferee***") hereby acknowledges that it has read and understands the Restructuring Support Agreement, dated as of July 4, 2017 (the "***Agreement***"), by and among TRLG Intermediate Holdings, LLC, True Religion Apparel, Inc., on behalf of itself and certain of its wholly-owned direct and indirect subsidiaries (collectively, the "***Company***"), the Sponsor and the holders of First Lien Claims and Second Lien Claims against the Company, and agrees to be bound by the terms and conditions thereof, and shall be deemed a "Joining Party" and "Holder Party" under the terms of the Agreement. The Transferee hereby makes the representations, warranties and agreements of the Holder Parties set forth in Sections 2 and 3 of the Agreement to the other Parties thereto. This Joinder shall be governed by, and construed in accordance with, the internal laws of the State of New York, without giving effect to the principles of conflict of laws that would require the application of the law of any other jurisdiction. Capitalized terms not otherwise defined in this Joinder shall have the meanings assigned to such terms in the Agreement.

Date Executed: _____

TRANSFEREE

Name of Institution: _____

By: _____
Name: _____
Its: _____
Telephone: _____
Facsimile: _____

First Lien Claims

$ _____

Second Lien Claims

$ _____

ABL Claims

$ _____

NOTICE ADDRESS:

[_____]
[_____]
[_____]
Attention: [_____]
Facsimile: [_____]
E-mail: [_____]

EXHIBIT C

ORGANIZATIONAL CHART OF THE DEBTORS

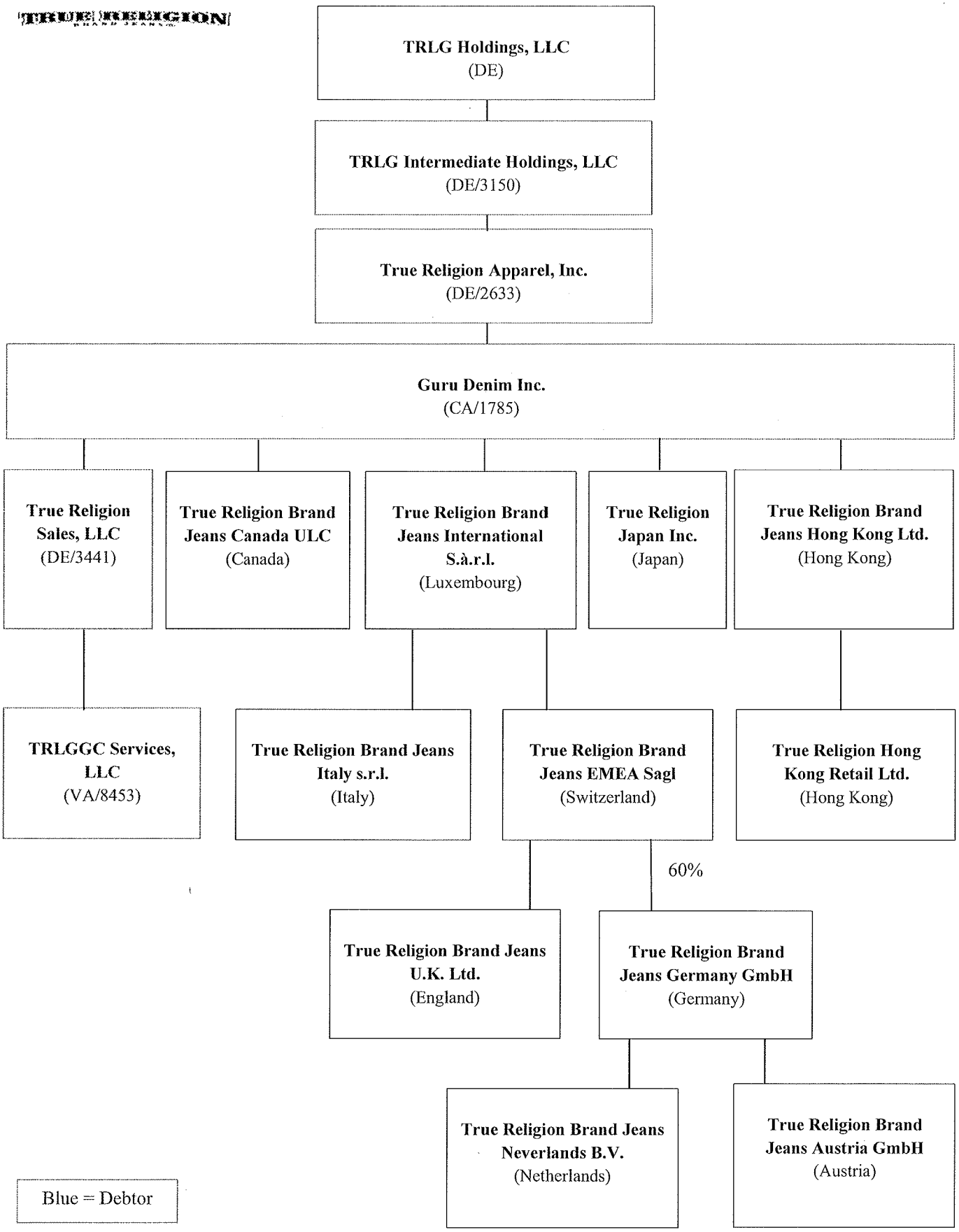

TRUE RELIGION
TRLG Holdings, LLC
(DE)
TRLG Intermediate Holdings, LLC
(DE/3150)
True Religion Apparel, Inc.
(DE/2633)
Guru Denim Inc.
(CA/1785)
True Religion Sales, LLC
(DE/3441)
True Religion Brand Jeans Canada ULC
(Canada)
True Religion Brand Jeans International S.à.r.l.
(Luxembourg)
True Religion Japan Inc.
(Japan)
True Religion Brand Jeans Hong Kong Ltd.
(Hong Kong)
TRLGGC Services, LLC
(VA/8453)
True Religion Brand Jeans Italy s.r.l.
(Italy)
True Religion Brand Jeans EMEA Sagl
(Switzerland)
True Religion Hong Kong Retail Ltd.
(Hong Kong)
60%
True Religion Brand Jeans U.K. Ltd.
(England)
True Religion Brand Jeans Germany GmbH
(Germany)
True Religion Brand Jeans Neverlands B.V.
(Netherlands)
True Religion Brand Jeans Austria GmbH
(Austria)
Blue = Debtor

EXHIBIT D

LIQUIDATION ANALYSIS

True Religion Apparel, Inc., and Affiliated Debtors
Liquidation and Recovery Analysis

General Assumptions

The basis of the Liquidation Analysis is the Debtors' projected cash balance and assets as of September 30, 2017 (the "Conversion Date") and the net costs to execute the administration of the wind-down of the Estates. The Liquidation Analysis assumes that the Debtors would commence a Chapter 7 liquidation on or about the Conversion Date under the supervision of a court-appointed Chapter 7 trustee. The Liquidation Analysis reflects the wind-down and liquidation of substantially all of the Debtors' remaining assets; a quick sale of their non-Debtor subsidiaries; and the distribution of available proceeds to Holders of Allowed Claims during the period after the Conversion Date.

Summary Notes to Liquidation Analysis

1. Dependence on assumptions. The Liquidation Analysis depends on a number of estimates and assumptions. Although developed and considered reasonable by the management and the advisors of the Debtors, the assumptions are inherently subject to significant economic, business, regulatory and competitive uncertainties and contingencies beyond the control of the Debtors or their management. The Liquidation Analysis is also based on the Debtors' best judgment of how numerous decisions in the liquidation process would be resolved. Accordingly, there can be no assurance that the values reflected in the Liquidation Analysis would be realized if the Debtors were, in fact, to undergo such a liquidation and actual results could vary materially and adversely from those contained herein.

2. Dependence on a forecasted balance sheet. This Liquidation Analysis contains numerous estimates that are still under review and it remains subject to further legal and accounting analysis.

3. Chapter 7 liquidation process. The liquidation of the Debtors' U.S. assets is assumed to be completed over a period of 6 months. During the first three months, the Debtors would complete going-out-of-business sales for all remaining U.S. store inventory, furniture, fixtures, and equipment, along with the sale of all intellectual property. During months 4–6, the Debtors would primarily focus on collecting other assets. The Debtors have assumed that the disruption to their operations occasioned by the conversion of the cases to Chapter 7, and in particular the Chapter 7 trustee's inability to provide design and procurement services to international licensees, will result in the termination of most of their international license agreements.

4. Claims Estimates. In preparing this Liquidation Analysis, the Debtors have preliminarily estimated an amount of Allowed Claims for each indicated type of Claim based upon a review of the Debtors' estimated balance sheet. DIP Claims were estimated as of the Conversion Date. Additional Claims were estimated to include certain Chapter 7 administrative obligations incurred after the Conversion Date. The estimate of all allowed claims in this Liquidation Analysis is based on the book value of those claims. No order or finding has been entered or made by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in this Liquidation Analysis. The estimate of the amount of Allowed Claims set forth in this Liquidation Analysis should not be relied upon for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims under the Plan. The actual amount of Allowed Claims could be materially different from the amount of Claims estimated in this Liquidation Analysis.

True Religion Apparel, Inc., and Affiliated Debtors
Liquidation Analysis

($ in millions)

Projected Assets and Liquidation Proceeds

	Notes	9/30/2017 Pro Forma Balance	% Realization Low	% Realization High	Value Realization Low	Value Realization High
DIP Collateral	(1)					
Cash & Cash Equivalents	(2)	$5.8	100%	100%	$5.8	$5.8
Accounts Receivable, Net	(3)	13.2	75%	85%	9.9	11.2
Inventory	(4)	51.2	90%	100%	46.1	51.2
Prepaid Expenses and Other Current Assets	(5)	11.2	6%	12%	0.7	1.3
35% Equity in Foreign Subsidiaries	(6)	NA	NA	NA	0.0	0.0
Proceeds from Litigation	(7)	NA	NA	NA	0.0	0.0
Leaseholds	(8)	NA	NA	NA	1.0	2.0
Subtotal Gross Recovery on DIP Collateral		**$81.3**	**78%**	**88%**	**$63.4**	**$71.5**
Prepetition First Lien Collateral	(1)					
Property and Equipment, Net	(9)	28.7	5%	10%	1.4	2.9
Intangible Assets	(10) (11)	48.0	64%	90%	30.6	43.3
Other Assets	(12)	2.0	0%	0%	0.0	0.0
Subtotal Gross Recovery on Prepetition First Lien Collateral		**$78.7**	**41%**	**59%**	**$32.0**	**$46.1**
Total Gross Asset Recovery					**$95.4**	**$117.6**
Wind Down and Post-Conversion Admin Expenses						
Wind-Down	(13)				($7.0)	($5.0)
Sales Taxes Payable	(14)				(1.6)	(1.6)
Professional Fees					(3.0)	(3.0)
Trustee Fees	(15)				(2.9)	(3.5)
Total					(14.5)	(13.1)
Estimated Recoveries						
Proceeds Available for DIP Facility Claims						
Gross Recovery on DIP Collateral					$63.4	$71.5
Pro Rata Share of Wind Down and Post-Conversion Admin Expenses					(9.6)	(8.0)
Net Proceeds to DIP Claims					**$53.8**	**$63.5**
DIP Carve Out for Professional Fees	(16)				(2.7)	(2.7)
DIP Facility Claims Recovery		25.0	100%	100%	25.0	25.0
Proceeds Available for Prepetition First Lien Claims						
Excess DIP Proceeds Available for Prepetition First Lien Claims					$25.1	$33.8
Gross Recovery on Prepetition First Lien Collateral					32.0	46.1
Pro Rata Share of Wind Down and Post-Conversion Admin Expenses					(4.7)	(4.9)
Net Proceeds to Prepetition First Lien Claims					**$52.4**	**$75.0**
Prepetition First Lien Claims Recovery	(17)	392.0	13%	19%	52.4	75.0
Proceeds Available for Admin & Priority Claims						
Excess Proceeds Available for Admin & Priority Claims					-	-
Net Proceeds from Assets Unencumbered under Prepetition First Lien Term Loan	(18)				1.0	2.0
Pro Rata Share of Wind Down and Post-Conversion Admin Expenses					(0.2)	(0.2)
Net Proceeds to Admin & Priority Claims					**$0.8**	**$1.8**
Post-Petition Accounts Payable and Other Admin Claims Recovery	(19)	10.9	8%	16%	0.8	1.8
Priority Claims Recovery	(20)	1.7	NA	NA	-	-
Proceeds Available for Unsecured Claims						
Excess Proceeds Available for Unsecured Claims					-	-
Deficiency and Other Unsecured Claims Recovery	(21)	466.0	NA	NA	-	-
Total Recovery					**$78.2**	**$101.8**

(1) The allocation of collateral to the DIP Facility Claims and Prepetition First Lien Claims is made solely for the purpose of presenting this Liquidation Analysis and is without prejudice to the rights of the Debtors, any creditors or any party-in-interest. No attempt was made to estimate or include in the collateral any portion of assets that may otherwise be unencumbered based on a failure of adequate protection and diminution in the value of the collateral supporting the DIP Facility Claims or Prepetition First Lien Claims.

(2) This analysis assumes 100% recovery of cash and cash equivalents.

(3) Projected Accounts Receivable balance consists of wholesale receivables, and the analysis assumes recoveries of 75-85%. Under the Prepetition Revolver the U.S. receivables received an 85% advance rate.

(4) Projected Inventory balance includes finished goods, raw materials and work in progress. Inventory primarily consists of finished goods, and the analysis assumes inventory is sold through the company's existing stores. The assumed recoveries of 90-100% is supported by the company's recent inventory appraisal.

(5) Prepaid Expenses and Other Current Assets include credit card receivables, prepaid rent and deposits. The management team believes that the estimated recovery on these assets is very low.

(6) This analysis assumes no recovery value from equity in foreign subsidiaries. The International segment generates negative EBITDA.

(7) Due to the speculative nature of the value of litigation, the Debtors have not ascribed any value thereto for purposes of calculating projected recoveries.

(8) The Liquidation Analysis ascribes value to leaseholds as reflected in the Analysis. This value is predicated on an analysis prepared by a real estate consultant engaged by the Company comparing the Company's lease rents to current market rents for comparable properties. However, the Company believes that it is likely that no value would be realized on account of its leaseholds in the event of a liquidation considering: (i) the substantial costs which would need to be borne in maintaining, marketing and selling the Company's leases and (ii) the significant impediments which would be faced in realizing any value for leases in light of the time limitations prescribed by the Bankruptcy Code, difficulty in marketing the leases and potential opposition to any such sale by the relevant landlord(s).

(9) Property and Equipment includes computer equipment, furniture and fixtures, leasehold improvements, machinery and equipment, trade show booths and construction in progress. Due to the makeup consisting largely of retail fixtures and leasehold improvements, these assets are unlikely to generate a high return.

(10) This range is based on the Company's consideration of a recent independent appraisal of the domestic trademarks and an internal analysis of the international trademarks. Additionally, the Company considered the likely disruption to the retail business, e-commerce business and licensees' operations and relationships resulting from the commencement of the liquidation and the implications of those disruptions as to the value of the domestic and international trademarks under a forced liquidation scenario.

(11) Other Intangible Assets include license agreements, internal use software, customer and distributor relationships.

(12) Other Assets consist of utility deposits, security deposits and equipment deposits. The analysis assumes no recovery value from them.

(13) Wind-down costs consist of estimated funding needs for utilities, salaries, security personnel, occupancy, overhead and other limited operating expenses. It is assumed that a trustee would retain the necessary staff of the company to lead an aggressive collection effort to maximize asset recoveries for the estate.

(14) Sales tax accrued throughout the month is remitted during the following month. Under a liquidation scenario, 100% of the sales tax that has been collected but has not yet been remitted at the time of liquidation would be paid.

(15) The total fees for professionals are estimated at $3 million and for a trustee is assumed to be approximately 3% of the total proceeds available for distribution.

(16) The estimate of the DIP carve out for professional fees includes two months of projected accrued professional fees, a 20% holdback for prior fees, and the post-termination carve out of $500,000.

(17) The range of recovery amounts shown apply to the secured portion of these claims.

(18) Assets assumed to be unencumbered under Prepetition First Lien Term Loan include leaseholds (and, theoretically, unknown litigation proceeds estimated at zero, and the 35% of equity in foreign subsidiaries estimated to have no value).

(19) This amount consists of estimated accounts payable arising post-petition as of the conversion date and other admin claims. Other admin claims may be higher to the extent there are prepetition 503(b)(9) claims that are unpaid.

(20) Priority claims include vacation accrual as of the prepetition date.

(21) This figure represents estimated amounts, that may vary materially from actual amounts that would be owing as of the Conversion Date, for: (a) the remaining amount of the $392 million Prepetition First Lien Claims (this amount is determined by subtracting the midpoint of the estimated secured recoveries, $64 million, from the total Prepetition First Lien Claim); (b) the Prepetition Second Lien Claims; (c) the General Unsecured Claims; (d) Continuing Operations Claims; and (e) estimated rejection damage claims for additional real property leases that would have been assumed under the Plan. No estimate was made or included in this amount for, inter alia, (i) any possibly remaining Claims subject to section 503(b)(9) of the Bankruptcy Code, (ii) possible deficiencies Claims with respect to Miscellaneous Secured Claims, or (iii) additional rejection damage Claims resulting from the rejection of executory contracts or personal property leases. As such, in the event of a Chapter 7 liquidation, the aggregate amount of unsecured claims will likely increase significantly.

EXHIBIT E

FINANCIAL PROJECTIONS

True Religion Apparel, Inc., and Affiliated Debtors
FINANCIAL PROJECTIONS
FISCAL YEARS 2017-2020

The Company developed a set of financial projections for the purposes set forth below. The Financial Projections reflect the Company's estimate for results of operations after confirmation of the Debtors' Joint Plan of Reorganization of Pursuant to Chapter 11 of the Bankruptcy Code (the "**Plan**"), based upon the Company's assumptions and judgments as to future market and business conditions and expected future operating performance, all of which are subject to change. Actual operating results and values may vary.

FINANCIAL PROJECTIONS

As a condition to confirmation of a plan, the Bankruptcy Code requires, among other things, that the Bankruptcy Court determine that confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the Company. In connection with the development of the Plan, and for purposes of determining whether the Plan satisfies this feasibility standard, the Company's management has, through the development of the Financial Projections, analyzed its ability to meet its obligations under the Plan and to maintain sufficient liquidity and capital resources to conduct its business subsequent to its emergence from these Chapter 11 Cases. The Financial Projections were prepared to assist those holders of Allowed Claims entitled to vote on the Plan in determining whether to accept or reject the Plan.

For the purpose of demonstrating Plan feasibility, the Company prepared the Financial Projections. The Financial Projections present, to the best of the Company's knowledge, potential operating results from 2017 through 2020 and reflect the Company's assumptions and judgments as of the time prepared.

These Financial Projections were not prepared to comply with the guidelines for prospective financial statements published by the American Institute of Certified Public Accountants. The Company's independent accountants have neither examined nor compiled the accompanying projections and accordingly do not express an opinion or any other form of assurance with respect to the Financial Projections, assume no responsibility for the Financial Projections and disclaim any association with the Financial Projections.

The Company does not publish projections of its anticipated financial position or results of operations. Unless otherwise required by securities law, the Company will not furnish updated projections or make updated information concerning the Financial Projections publicly available.

The Company believes that the Financial Projections represent the most probable range of operating and financial results and that the estimates and assumptions underlying the projections are reasonable. The estimates and assumptions may not be realized, however, and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control. No representations can be or are made as to whether the actual results will be within the range set forth in the Financial Projections. Some assumptions inevitably will not materialize, and events and circumstances occurring subsequent to the date on which the Financial Projections were prepared may be different from those assumed or may be unanticipated, and therefore may affect financial results in a material and possibly adverse manner. See Article VI of the Disclosure Statement for a discussion of various factors that could affect the Company's financial condition, results of operations, business, prospects and securities.

Scope of Financial Projections

The Financial Projections are based on the assumption that the Effective Date will occur on or about September 30, 2017. If the Effective Date is significantly delayed, additional expenses, including professional fees, may be incurred and operating results may be negatively impacted. It is also assumed that the reorganized Company will conduct operations substantially similar to its current business.

The Financial Projections do not fully reflect the application of fresh start accounting. Any formal fresh start reporting adjustments that may be required in accordance with Statement of Position 90-7 Financial Reporting by Entities in Reorganization under the Bankruptcy Code, including any allocation of the Company's reorganization value to the Company's assets in accordance with the procedures specified in Accounting Standards Codification 805, will be made after the Company emerges from bankruptcy. The Financial Projections include projected profit and loss of the reorganized Company.

The Financial Projections are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Factors that could cause actual results to differ materially include, but are not limited to: the ability of the reorganized Company to operate its business consistent with its projections generally, including the ability to maintain or increase revenue and cash flow to satisfy its liquidity needs, service its indebtedness and finance the ongoing obligations of its business, and to manage its future operating expenses and make necessary capital expenditures; the ability of the reorganized Company to comply with the covenants and conditions under its credit facilities; the loss or material downtime of major suppliers; increases in production and payroll expenses; the reorganized Company's ability to attract and maintain key executives, managers and employees; and changes in general domestic and international political conditions.

KEY ASSUMPTIONS TO FINANCIAL PROJECTIONS

Methodology

The Company's current business plan incorporates assumptions related to certain economic and business conditions for the projected period 2017-2020. These assumptions are based upon historic seasonality, management observations about existing trends, and management's industry experience.

The financial statements included herein reflect the projected core operating performance of the reorganized Company. The Financial Projections were developed on a bottoms-up basis through 2018 and at the business unit level through 2020. The Financial Projections incorporate multiple sources of information including general business and market conditions as well as industry and competitive trends.

Net Sales

The Company sells its products through the following channels:

- Direct to Consumer (North America Retail): The Company sells directly to consumers through 129 retail stores in the United States and Canada (76 full-price retail stores, 51 outlet stores, and 2 Last Stitch retail stores). The Direct to Consumer segment also includes online sales through the Company's proprietary websites. North America Retail accounted for 73.9% of total net sales in 2016.
- Americas Wholesale: The Company's products are sold at approximately 600 leading premium department stores, specialty retailers and boutiques, and off-price retailers, across the United

States, Canada, Mexico, Latin America and South America. Americas Wholesale accounted for 14.6% of total net sales in 2016.

- International: The International division consists of international retail and wholesale operations. Sales are made through a variety of distribution channels, including Company-owned stores and distributor-owned stores. In 2010, the Company formed a joint venture with UNIFA Premium GmbH, which is set to expire in January 2018 and that management plans to convert to a distribution and licensing agreement with UNIFA Premium GmbH. The Company sells directly to wholesale accounts or has wholesale distribution agreements in various other countries and continents, including in Africa, Australia, Europe, the Middle East, and Asia. The International business accounted for 11.1% of total net sales in 2016.
- Core Services (Licensing): The Core Services unit records all of the Company's corporate operations, including design, production, marketing, credit, customer services, information technology, accounting, executive, legal and human services departments. In addition, the Company selectively licenses to third parties the right to use its various trademarks in connection with the manufacture and sale of designated products, which generated $1.7 million in royalty revenue in 2016.

Gross Margin

Projected gross margin is based on current inventory cost and historical experience, adjusted for sourcing-related gains, channel mix, modified promotional strategies, tighter inventory control and general operational improvement expected in future periods.

Selling, General and Administrative Expenses

Selling, General and Administrative Expenses for the Company consists of store-related ("Direct SG&A") and other expenses ("Indirect SG&A"). Both categories of expenses include payroll, rent, marketing, professional fees and other expenses. The Financial Projections for SG&A are estimated based on historical spend, adjustments for known cost increases or decreases and management's view of improved operations going forward.

Adjusted EBITDA

For purposes of the projections, Adjusted EBITDA is defined as earnings before interest expense, income tax provision, depreciation and amortization, non-recurring and restructuring related expenses (i.e., store shut-down costs, extraordinary severance, bankruptcy-related professional fees) and certain non-cash charges such as stock-based compensation and lease loss reserves.

Capital Expenditures

Capital expenditures are assumed to be an annual amount of approximately $6 million during the projected period for maintenance and growth capital spending.

Taxes

The Financial Projections assume a combined (federal and state) effective tax rate of 40%. Based on preliminary guidance from an independent tax advisor, they include an assumption that approximately $4.9 million of usable, post-transaction net operating loss carryforwards are available to offset taxable income in fiscal 2017.

Depreciation and Amortization

Book depreciation is projected based on straight line depreciation. The majority of Depreciation and Amortization is related to leasehold improvements, furniture and fixtures, and machinery and equipment in either stores, warehouse or corporate headquarters. The amortization of intangibles is mostly associated with software and computers.

Interest Expense

Post-reorganization interest expense reflects cash interest payments on the Collateralized Exchange Term Loan Facility, the New ABL Facility and any additional post-emergence debt obligations.

Restructuring Costs

The Financial Projections assume that the Company will use cash from operations, proceeds of the DIP Facility, the New ABL Facility and trade credit provided by suppliers to pay all expenses associated with the reorganization and to provide for working capital throughout the Projection Period. Certain of these expenses will be paid on or about the Effective Date, including success and completion fees, administrative claims, professional fees and expenses incurred or accrued during the Chapter 11 Cases.

Working Capital

Projections of changes in certain balance sheet accounts such as accounts receivable and accounts payable are based on historical ratios of such accounts to other accounts such as revenues and cost of goods sold, historical seasonal builds and de-builds between certain periods, and/or known and determinable increases or decreases.

True Religion Apparel, Inc., and Affiliated Debtors
Consolidated Income Statement

($ in millions)

	Post Emergence				
	Feb 2017-Sep 2017	Oct 2017-Jan 2018	FY 2018	FY 2019	FY 2020
Net Sales					
North America Retail	151.6	96.6	248.6	253.5	263.8
Americas Wholesale	36.5	17.0	54.0	54.3	55.4
International	21.7	16.8	31.5	32.6	33.3
Licensing	1.2	0.7	2.2	2.5	2.9
Total Net Sales	**$210.9**	**$131.2**	**$336.3**	**$342.9**	**$355.3**
Total Cost of Goods Sold	86.5	58.9	143.3	145.8	150.5
Gross Profit	**$124.4**	**$72.3**	**$193.0**	**$197.1**	**$204.8**
Gross Margin					
North America Retail	*63.7%*	*58.5%*	*60.9%*	*60.8%*	*60.8%*
Americas Wholesale	*47.4%*	*43.2%*	*46.6%*	*47.2%*	*47.5%*
International	*43.1%*	*45.9%*	*44.9%*	*45.4%*	*45.7%*
Licensing	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Total	*59.0%*	*55.1%*	*57.4%*	*57.5%*	*57.6%*
SG&A					
Direct SG&A	55.2	24.5	73.6	74.3	76.5
Indirect SG&A	51.9	31.3	82.8	83.7	84.7
Total SG&A	107.1	55.7	156.3	158.1	161.2
EBITDA	**$17.2**	**$16.6**	**$36.6**	**$39.0**	**$43.5**
Depreciation & Amortization	7.4	3.6	11.7	10.9	10.4
Operating Profit	$9.9	$13.0	$25.0	$28.1	$33.1
Interest (expense)/income	(24.0)	(3.8)	(11.4)	(11.4)	(11.3)
Foreign exchange gain (loss)	0.5	0.0	0.0	0.0	0.0
Settlement of unsecured claims	(1.0)	0.0	0.0	0.0	0.0
Restructuring costs	(17.8)	(1.1)	0.0	0.0	0.0
Financing fee	(1.0)	(0.1)	0.0	0.0	0.0
Pretax Income	($33.4)	$8.0	$13.6	$16.6	$21.8
Income Tax	(0.1)	0.0	5.4	6.6	8.7
Net Income	($33.2)	$8.0	$8.2	$10.0	$13.1

True Religion Apparel, Inc., and Affiliated Debtors
Consolidated Balance Sheet

($ in millions)

	October 1, 2017	FY 2017	FY 2018	FY 2019	FY 2020
Assets					
Current Assets:					
Cash and cash equivalents	$4.5	$5.0	$9.4	$18.5	$32.8
Accounts receivable, net of allowances	13.2	15.2	15.0	15.3	15.6
Inventories	51.2	44.7	48.0	49.3	50.9
Deferred tax assets	-	8.4	11.8	11.8	15.5
Prepaid income taxes	8.3	2.3	2.3	2.3	2.3
Prepaid expenses and other current assets	11.2	7.2	9.7	9.9	7.6
Total current assets	$88.3	$82.8	$96.1	$107.0	$124.6
Property and equipment, net	28.7	27.8	22.2	17.0	12.8
Deferred income tax assets	1.0	1.0	1.0	1.0	1.0
Intangible assets	48.0	47.7	47.7	47.9	47.7
Goodwill	36.3	36.3	36.3	36.3	36.3
Other assets	2.0	2.0	2.0	2.0	2.0
Total Assets	**$204.2**	**$197.5**	**$205.2**	**$211.2**	**$224.3**
Liabilities and Stockholders' Equity					
Current Liabilities:					
Accounts payable and accrued expenses	17.7	16.2	26.4	27.0	28.0
Projected accrued interest payable	0.1	1.0	1.0	1.0	1.0
Accrued salaries, wages and benefits	7.6	8.7	9.8	10.1	10.4
Income taxes payable	0.7	4.3	3.8	-	-
Total current liabilities	$26.1	$30.2	$41.0	$38.1	$39.4
Long-term deferred rent	13.3	13.3	13.3	13.3	13.3
Exit ABL facility	25.0	10.1	-	-	-
New term loan	113.5	113.2	112.1	110.9	109.8
Long-term deferred tax liabilities	16.3	16.3	16.3	16.3	16.3
Long-term income taxes payable	0.8	0.8	0.8	0.8	0.8
Other liabilities	3.6	3.6	3.6	3.6	3.6
Total long-term liabilities	$172.5	$157.3	$146.1	$144.9	$143.8
Total Liabilities	**$198.6**	**$187.5**	**$187.0**	**$183.1**	**$183.1**
Redemable Noncontrolling Interest	0.2	0.2	0.2	0.2	0.2
Total Stockholders' Equity	**$5.5**	**$9.8**	**$17.9**	**$27.9**	**$41.0**
Total Liabilities and Stockholders' Equity	**$204.2**	**$197.5**	**$205.2**	**$211.2**	**$224.3**

True Religion Apparel, Inc., and Affiliated Debtors
Consolidated Statement of Cash Flows

($ in millions)

	Post Emergence Oct 2017-Jan 2018	FY 2018	FY 2019	FY 2020
Cash Flows from Operating Activities				
Net Income	$4.3	$8.2	$10.0	$13.1
Adjustments to reconcile net income to operating activities:				
Depreciation & amortization	3.6	11.7	10.9	10.4
Deferred income taxes	(8.4)	(3.3)	(0.0)	(3.7)
Accounts receivable	(2.0)	0.2	(0.2)	(0.3)
Inventory	6.5	(3.2)	(1.4)	(1.6)
Prepaid expenses and other current assets	4.0	(2.5)	(0.2)	2.3
Accounts payable and accrued expenses	(1.5)	10.2	0.6	0.9
Projected accrued interest payable	0.9	(0.0)	-	-
Accrued salaries, wages and benefits	1.1	1.1	0.3	0.3
Prepaid income taxes and income taxes payable	9.7	(0.6)	(3.8)	-
Other Liabilities	-	-	-	-
Net cash provided by operating activities	**$18.2**	**$21.6**	**$16.2**	**$21.5**
Cash Flows from Investing Activities				
Purchases of property and equipment	(2.5)	(6.0)	(6.0)	(6.0)
Net cash used in investing activities	**($2.5)**	**($6.0)**	**($6.0)**	**($6.0)**
Cash Flows from Financing Activities				
Term loan amortization	(0.3)	(1.1)	(1.1)	(1.1)
Drawdown/(paydown) of ABL	(14.9)	(10.1)	-	-
Net cash provided by financing activities	**($15.2)**	**($11.3)**	**($1.1)**	**($1.1)**
Effect of exchange rate changes in cash	-	-	-	-
Net (decrease) increase in cash and cash equivalents	$0.5	$4.4	$9.1	$14.3
Cash and cash equivalents, beginning of period	4.5	5.0	9.4	18.5
Cash and cash equivalents, end of period	5.0	9.4	18.5	32.8

EXHIBIT F

VALUATION ANALYSIS

True Religion Apparel, Inc., and Affiliated Debtors

VALUATION ANALYSIS

THE INFORMATION CONTAINED HEREIN IS NOT A PREDICTION OR GUARANTEE REGARDING, AND MAEVA DOES NOT EXPRESS ANY VIEW OR OPINION AS TO, THE PRICE OR RANGE OF PRICES OF THE SECURITIES OF THE DEBTORS AT WHICH THEY WOULD BE SALEABLE OR OTHERWISE BE TRANSFERABLE AT ANY TIME, INCLUDING SUBSEQUENT TO CONSUMMATION OF THE PLAN. THE SUMMARY SET FORTH BELOW DOES NOT PURPORT TO BE A COMPLETE DESCRIPTION OF THE INDICATIVE FINANCIAL ANALYSES PERFORMED BY MAEVA. THE PREPARATION OF SUCH ANALYSES INVOLVES VARIOUS COMPLEX DETERMINATIONS AND JUDGMENTS AS TO THE MOST APPROPRIATE AND RELEVANT METHODS OF FINANCIAL ANALYSIS AND THE APPLICATION OF THESE METHODS IN THE PARTICULAR CIRCUMSTANCES AND, THEREFORE, SUCH ANALYSES DO NOT LEND THEMSELVES READILY TO SUMMARY DESCRIPTION.

MOREOVER, THE ESTIMATED ENTERPRISE VALUE AND ESTIMATED EQUITY VALUE (EACH AS DEFINED BELOW) OF AN OPERATING BUSINESS SUCH AS THAT OF THE DEBTORS ARE SUBJECT TO VARIOUS UNCERTAINTIES AND CONTINGENCIES THAT ARE DIFFICULT TO PREDICT AND WILL FLUCTUATE, AT TIMES SUBSTANTIALLY, WITH CHANGES IN VARIOUS FACTORS AFFECTING THE FINANCIAL CONDITION, FINANCIAL PERFORMANCE AND FINANCIAL PROSPECTS OF SUCH A BUSINESS (INCLUDING, WITHOUT LIMITATION, GENERAL BUSINESS AND ECONOMIC CONDITIONS, CAPITAL MARKETS CONDITIONS AND INDUSTRY-SPECIFIC AND COMPANY SPECIFIC FACTORS, ALL OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS AND MAEVA). ACCORDINGLY, THE ESTIMATES SET FORTH HEREIN ARE NOT NECESSARILY INDICATIVE OF ACTUAL OUTCOMES, WHICH MAY BE SIGNIFICANTLY MORE OR LESS FAVORABLE THAN THOSE SET FORTH HEREIN. BECAUSE SUCH ESTIMATES (INCLUDING ANY ESTIMATE OF THE ENTERPRISE VALUE OR EQUITY VALUE SET FORTH HEREIN) ARE INHERENTLY SUBJECT TO SUCH UNCERTAINTIES AND CONTINGENCIES. NONE OF THE DEBTORS, MAEVA OR ANY OTHER PERSON ASSUMES ANY RESPONSIBILITY FOR THEIR ACCURACY OR ACHIEVABILITY.

THE INFORMATION IS PRESENTED SOLELY FOR THE PURPOSE OF PROVIDING ADEQUATE INFORMATION UNDER SECTION 1125 OF THE BANKRUPTCY CODE TO ENABLE THE HOLDERS OF CLAIMS AND EQUITY INTERESTS AND OTHER STAKEHOLDERS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN AND SHOULD NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING THE PURCHASE OR SALE OF CLAIMS AGAINST THE DEBTORS OR ANY OF THEIR AFFILIATES.

Overview

MAEVA has performed an analysis of the estimated value of the Company on a going-concern basis as of June 30, 2017 (the "Valuation Date"). This Valuation Analysis should be read in conjunction with Article VI of the Disclosure Statement, entitled "Risk Factors."

In preparing its analysis, MAEVA has, among other things: (i) discussed with certain of the Debtors' senior executives the Debtors' current operations and prospects; (ii) reviewed certain of the Debtors' internal financial and operating data, including Financial Projections; (iii) discussed with certain of the

Debtors' senior executives key assumptions embedded in the Financial Projections and their implications; (iv) prepared discounted cash flow analyses based on the Financial Projections; (v) assessed the market value of certain publicly-traded companies in businesses reasonably comparable to the Debtors' operating businesses; (vi) analyzed certain comparable sale transactions; and (vii) conducted such other analyses as MAEVA deemed necessary under the circumstances. MAEVA also has considered a range of potential risk factors, including, but not limited to: (a) the Debtors' pro forma capital structure; (b) the secular and cyclical challenges facing the Debtors; and (c) their ability to meet projected growth and profitability targets included in the Financial Projections. MAEVA assumed, without independent verification, the accuracy and completeness of all of the financial and other information as provided to MAEVA by the Debtors or their representatives. MAEVA also assumed that the Financial Projections have been reasonably prepared on a basis reflecting the Debtors' best estimates and judgment as to future financial and operating performance. MAEVA did not make any independent evaluation or appraisal of the Debtors' assets or liabilities, nor did MAEVA verify any of the information it reviewed. To the extent the valuation is dependent upon the Reorganized Debtors' achievement of the Financial Projections, the valuation must be considered speculative. MAEVA does not make any representation or warranty, and is not giving an opinion, as to the fairness of the terms of the Plan.

In addition to the foregoing, for purposes of its analyses MAEVA relied upon the following assumptions with respect to the valuation of the Debtors:

- The Debtors successfully reorganize with an assumed emergence date of September 30, 2017 (the "Effective Date").
- The Debtors are able to emerge from the restructuring process with a viable capital structure and adequate liquidity.
- The Debtors' pro forma debt levels as of the Effective Date will be approximately $138.5 million, including the $25 million under the New ABL Facility and approximately $113.5 million under the Reorganized First Lien Term Loan Facility.
- General financial and market conditions as of the Effective Date will not differ materially from those conditions prevailing as of the Valuation Date.

As a result of such analyses, review, discussions, considerations, and assumptions, MAEVA estimates the Debtors' total enterprise value ("Enterprise Value") at approximately $160 million to $200 million, with a midpoint valuation of $180 million. MAEVA reduced such Enterprise Value estimates by the Debtors' total estimated pro forma net debt upon emergence in order to calculate an implied distributable equity value. MAEVA estimates the implied distributable reorganized equity value (the "Equity Value") will have a midpoint of approximately $41.5 million, with a range of approximately $21.5 million to $61.5 million. This equity value is subject to dilution as a result of the potential issuance of any equity under any Management Equity Incentive Plan, to the extent applicable.

Any variance in actual results from the Financial Projections could have a material impact on the valuation achieved. These estimated ranges of values are based on a hypothetical value that reflects the estimated intrinsic value of the Debtors derived through the application of various valuation methodologies. It should be understood that, although subsequent developments, before or after the Confirmation Hearing, may affect MAEVA's conclusions contained herein, MAEVA does not have any obligation to update, revise or reaffirm its estimate. The summary set forth herein does not purport to be a complete description of the analyses performed by MAEVA. The preparation of an estimate involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods in the particular circumstances and, therefore, such an estimate does not readily lend itself to summary description. The value of an operating business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial conditions and prospects of such a business. As a result, the estimate of Enterprise Value set

forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. In addition, estimates of Enterprise Value do not purport to be appraisals, nor do they necessarily reflect the values that might be realized if assets were sold. The estimates prepared by MAEVA assume that the Reorganized Debtors will continue as the owner and operator of their businesses and those businesses are operated in accordance with the Financial Projections. Depending on the results of the Debtors' operations or changes in the financial markets, the Enterprise Value of the Reorganized Debtors as of the Effective Date may differ materially from that disclosed herein.

In addition, and as discussed in Article VI of the Disclosure Statement entitled "Risk Factors," the valuation of newly issued securities, such as the New Common Shares, is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets, market sentiment, specific valuation issues in the retail sector and other factors that generally influence the prices of securities. Actual market prices of such securities also may be affected by other factors not possible to predict. Accordingly, the Enterprise Value estimated by MAEVA does not necessarily reflect, and should not be construed as reflecting, values that will be attained in the public or private markets. As noted in Article VI of the Disclosure Statement, the Debtors do not anticipate that there will be an established market for the New Common Shares, which may be subject to transfer restrictions preventing or limiting trading in such securities.

Valuation Methodology

The following is a brief summary of certain financial analyses performed by MAEVA to arrive at its range of estimated Enterprise Values. MAEVA's valuation analysis must be considered as a whole. Reliance on only one of the methodologies used, or portions of the analysis performed, could create a misleading or incomplete conclusion as to the Enterprise Value. The summary set forth below does not purport to be a complete description of the analyses performed by MAEVA. MAEVA performed these valuation analyses, resulting in a consolidated range of enterprise values generated by the (i) discounted cash flow analysis, (ii) comparable company analysis and (iii) the precedent transaction analysis.

A. Discounted Cash Flow Analysis

The discounted cash flow (the "DCF") analysis is a forward-looking enterprise valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business. Under this methodology, projected future cash flows are discounted by the business's weighted average cost of capital (the "Discount Rate"). The Discount Rate reflects the estimated blended rate of return that would be required by debt and equity investors to invest in the business based on its target capital structure. MAEVA calculated a Discount Rate based on a traditional cost of equity capital calculation using the Capital Asset Pricing Model. Based on this methodology, MAEVA used a range of discount rates reflecting a number of Company and market related considerations, which were calculated based on the cost of capital for companies that MAEVA deemed comparable. The Enterprise Value was determined by calculating the present value of the Reorganized Debtors' unlevered after-tax free cash flows based on the Financial Projections, plus an estimate for the value of the Reorganized Debtors beyond the projection period known as the terminal value. The terminal value is estimated using a terminal multiple method derived using an exit multiple of Adjusted EBITDA based on a range selected to reflect the trading levels of the Peer Group (as defined below), discounted back to the assumed emergence date. Although formulaic methods are used to derive the key estimates for the DCF methodology, their application and interpretation still involve complex considerations and judgments concerning potential variances in the projected financial and operating characteristics of the Reorganized Debtors, which in turn affect its cost of capital and terminal multiples. In applying the above

methodology, MAEVA utilized the Financial Projections to derive unlevered after-tax free cash flows of the Debtors. Free cash flow includes sources and uses of cash not reflected in the income statement, such as capital expenditures, cash taxes, and changes in working capital. These cash flows, along with the terminal value, are discounted back to the assumed emergence date using a range of Discount Rates calculated in a manner described above to arrive at a range of enterprise values.

B. Comparable Company Analysis

The comparable company valuation analysis estimates the value of a company based on a relative comparison with publicly traded companies with similar operating and financial characteristics (the "Peer Group"). Under this methodology, the Enterprise Value for each selected public company was determined by examining the trading prices for the equity securities of such company in the public markets and adding the aggregate amount of outstanding net debt for such company and minority interests. Those enterprise values are commonly expressed as multiples of various measures of operating statistics, most commonly EBITDA. In addition, each of the Peer Group's sales growth, operational performance, operating margins, profitability, leverage and business trends were examined. Based on these analyses, financial multiples are calculated to apply to the Reorganized Debtors' projected financial performance.

A key factor in this approach is the selection of companies with relatively similar business and operational characteristics to the Reorganized Debtors. Common criteria for selecting comparable companies for the analysis include, among other relevant characteristics, similar lines of businesses, business risks, growth prospects, maturity of businesses, targeted customer demographics, market presence and size and scale of operations. The selection of appropriate comparable companies is often difficult, a matter of professional judgment, and subject to limitations due to sample size and the availability of meaningful market -based information. It should be noted that the selected companies are not identical to the Debtors.

MAEVA examined the selected Peer Groups' estimated EBITDA multiples to value the Debtors' business. In determining the applicable multiple and related ranges, MAEVA considered a variety of factors, including both qualitative attributes and quantitative measures such as historical and projected revenue growth, profitability, cost structure, size and similarity of business lines.

C. Comparable Sale Transaction Analysis

The comparable sale transaction analysis is based on the implied enterprise values of companies and assets involved in publicly disclosed merger and acquisition transactions for which the targets had operating, business line and financial characteristics comparable in certain respects to the Reorganized Debtors. Under this methodology, the enterprise value of each such target is determined by an analysis of the consideration paid and the net debt assumed in the merger or acquisition transaction. The enterprise value is then compared to a selected operating metric, in this case, EBITDA, in order to determine an enterprise value multiple. MAEVA analyzed various merger and acquisition transactions that have recently occurred in the apparel retail sector. In this analysis, the LTM enterprise value multiples were utilized to determine a range of implied enterprise value for the Reorganized Debtors.

Other factors not directly related to a company's business operations can affect a valuation in a transaction, including, among others factors: (a) circumstances surrounding a merger transaction may reflect competitive dynamics in the sale process; (b) the market environment is not identical for transactions occurring at different periods of time; and (c) circumstances pertaining to the financial

position of the company may have an impact on the resulting purchase price (i.e., a company in financial distress may receive a lower price due to perceived weakness in its bargaining leverage).

Valuation Considerations

THE FOREGOING VALUATION IS BASED UPON A NUMBER OF ESTIMATES AND ASSUMPTIONS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS OR THE REORGANIZED DEBTORS. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE RANGES REFLECTED IN THE VALUATION WOULD BE REALIZED IF THE PLAN WERE TO BECOME EFFECTIVE, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE. THE DEBTORS' PROJECTIONS ON WHICH THE VALUATION WAS BASED ARE UNAUDITED AND MAY NOT HAVE BEEN PREPARED IN COMPLIANCE WITH ACCOUNTING PRINCIPLES, INCLUDING GAAP.

THE ESTIMATED CALCULATION OF AN ENTERPRISE VALUE RANGE IS HIGHLY DEPENDENT UPON ACHIEVING THE FUTURE FINANCIAL RESULTS AS SET FORTH IN THE FINANCIAL PROJECTIONS, AS WELL AS THE REALIZATION OF CERTAIN OTHER ASSUMPTIONS, NONE OF WHICH ARE GUARANTEED AND MANY OF WHICH ARE OUTSIDE OF THE DEBTORS' CONTROL. THE FOREGOING VALUATION COULD BE MATERIALLY AFFECTED BY THE RISK FACTORS DISCUSSED IN ARTICLE VI OF THE DISCLOSURE STATEMENT.

THE CALCULATIONS OF VALUE SET FORTH HEREIN REPRESENT ESTIMATED REORGANIZATION VALUES AND DO NOT NECESSARILY REFLECT VALUES THAT COULD BE ATTAINABLE IN PUBLIC OR PRIVATE MARKETS. THE ENTERPRISE VALUE STATED HEREIN DOES NOT PURPORT TO BE AN ESTIMATE OF THE POST-REORGANIZATION MARKET VALUE FOR THE REORGANIZED DEBTORS. SUCH VALUE, IF ANY, MAY BE MATERIALLY DIFFERENT FROM THE REORGANIZED ENTERPRISE VALUE RANGES ASSOCIATED WITH THIS VALUATION ANALYSIS. NO RESPONSIBILITY IS TAKEN BY MAEVA FOR CHANGES IN MARKET CONDITIONS AND NO OBLIGATIONS ARE ASSUMED TO REVISE THIS CALCULATION OF THE REORGANIZED DEBTORS' VALUE TO REFLECT EVENTS OR CONDITIONS THAT SUBSEQUENTLY OCCUR. THE CALCULATIONS OF VALUE DO NOT CONFORM TO THE STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE.