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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

In re:

U.S. EAGLE CORPORATION, *et al.*,

Debtors.

Chapter 11

Case No. 11-10392 (NLW)

Jointly Administered

**FIRST AMENDED DISCLOSURE STATEMENT FOR DEBTORS' JOINT PLAN OF
REORGANIZATION**

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF ADVISING CREDITORS AND HOLDERS OF INTERESTS OF THE CONTENTS OF THE PLAN AND CERTAIN OTHER INFORMATION THAT IS MATERIAL TO THE CHAPTER 11 CASES AND THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT REGARDING THE PLAN.

ALL CREDITORS AND HOLDERS OF INTERESTS SHOULD READ THIS DISCLOSURE STATEMENT AND ALL EXHIBITS HERETO, INCLUDING THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ANNEXED TO THE DISCLOSURE STATEMENT AND THE PLAN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN. THE TRANSMISSION OF THIS DISCLOSURE STATEMENT SHALL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF. AFTER THE DATE HEREOF, THERE CAN BE NO ASSURANCE THAT (A) THE INFORMATION AND REPRESENTATIONS CONTAINED HEREIN WILL BE

MATERIALLY ACCURATE, AND (B) THIS DISCLOSURE STATEMENT CONTAINS ALL MATERIAL INFORMATION.

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

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. THIS DISCLOSURE STATEMENT WAS PREPARED TO PROVIDE HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS WITH “ADEQUATE INFORMATION” (AS DEFINED IN THE BANKRUPTCY CODE) SO THAT THEY CAN MAKE AN INFORMED JUDGMENT ABOUT THE PLAN. PERSONS OR ENTITIES TRADING IN, OR OTHERWISE PURCHASING, SELLING, OR TRANSFERRING, SECURITIES OF THE DEBTORS SHOULD NOT RELY UPON THIS DISCLOSURE STATEMENT FOR SUCH PURPOSES AND SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

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

NOTICE

PARTIES SHOULD CONSULT WITH THEIR OWN COUNSEL, ACCOUNTANTS, AND/OR TAX ADVISERS WITH RESPECT TO THE LEGAL EFFECTS AND OTHER CONSEQUENCES OF THE PLAN.

TABLE OF CONTENTS

ARTICLE I. INTRODUCTION	1
A. Disclosure Statement Exhibits.	2
B. Time and Place of Disclosure Statement Hearing.....	2
C. Time and Place of Confirmation Hearing.....	3
D. The Record Date.....	4
ARTICLE II. THE DEBTORS' BUSINESS AND REASONS FOR FILING CHAPTER 11.....	4
A. Business Description.	4
B. The Debtors' Prepetition Capital Structure.	4
C. Events Leading to these Chapter 11 Cases.	7
ARTICLE III. SIGNIFICANT EVENTS DURING THE BANKRUPTCY	8
A. The Debtors as Debtors In Possession.....	8
B. Retention of Professionals by the Debtors.....	8
C. Appointment of a Chief Restructuring Officer.	9
D. Appointment of Creditors' Committee.....	9
E. Retention Of Professionals By The Committee.....	9
F. The Debtors' Schedules.....	9
G. Bar Dates For Filing Proofs Of Claim.....	9
H. Proofs of Claim Filed in these Cases.....	10
I. Sale of TCS-Arizona.	10
J. Sale of TCS-California and TCS-Nevada.....	11
K. Sale of Eagle One.....	11
L. Marketing Efforts In Connection With Sale of Certain Real Estate Holdings.	12
ARTICLE IV. DESCRIPTION OF THE PLAN	12
A. Introduction.....	12
B. Unclassified Claims: Administrative Claims And Priority Tax Claims.....	13
C. Classes of Claims and Interests: Classification, Treatment and Voting Rights...	14
D. Implementation of the Plan.....	16
E. Method of Distribution Under the Plan.	18
F. Treatment of Executory Contracts and Unexpired Leases.	20
G. Conditions Precedent.....	21
H. Effects of Confirmation.	22
I. Retention of Jurisdiction.....	24
J. Miscellaneous Provisions of the Plan.....	26
ARTICLE V. RISK FACTORS	29
A. Risk of Non-Confirmation of the Plan.	29
B. Risk of Additional or Larger Claims.....	29

C. Inherent Uncertainty of the Debtors’ Financial Projections. 29

ARTICLE VI. FEASIBILITY OF THE PLAN 30

ARTICLE VII. BEST INTERESTS TEST..... 31

ARTICLE VIII. TAX CONSEQUENCES 32

A. Compliance with Tax Requirements. 32

B. Tax Consequences to the Debtors. 33

C. Tax Consequences to Unsecured Creditors. 33

ARTICLE IX. RECOMMENDATION..... 34

LIST OF EXHIBITS

Exhibit A Joint Plan of Reorganization

Exhibit B Liquidation Analysis

Exhibit C Projections

Exhibit D Proofs of Claim as to which Objections may be Filed.

Exhibit E Post-Effective Date Board of Directors

Exhibit F Order approving Disclosure Statement

ARTICLE I. INTRODUCTION

U.S. Eagle Corporation (“**U.S. Eagle**”), U.S. Eagle Litho, Inc. (“**U.S. Eagle Litho**”), Eagle One Golf Products, Inc. (“**Eagle One**”), Julius Realty Corporation (“**Julius**”), Traffic Control Service, Inc., A Nevada Corporation (“**TCS-Nevada**”), Traffic Control Service, Inc., An Arizona Corporation (“**TCS-Arizona**”), and Traffic Control Service, Inc., A California Corporation (“**TCS-California**” together with TCS-Nevada and TCS-Arizona, “**TCS**”), as debtors and debtors-in-possession, pursuant to the provisions of chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (as amended) (the “**Bankruptcy Code**”), hereby submit the following Disclosure Statement with respect to their Joint Plan of Reorganization dated January 30, 2012 (the “**Plan**”).¹

Holders of Allowed Claims and Interests in Classes 1, 2, 3A, 3B, 3C, 3D, 3E, and 4 will be satisfied in full and are not entitled to vote on the Plan because Holders of Claims in those classes are unimpaired, and conclusively presumed to accept the Plan. Allowed Administrative Claims and Priority Tax Claims are unimpaired and are not classified under the Plan. The acceptance of the Plan by Holders of these Claims is not required and the Debtors are not soliciting their votes. The following table summarizes the treatment of the Holders of Claims and Interests under the Plan:

Class	Description Of Claims	Treatment	Entitled to Vote	Est. Recovery
N/A	Administrative Expense Claims (including U.S. Trustee Fees)	Unimpaired	No	100%
N/A	Priority Tax Claims	Unimpaired	No	100%
1	Priority Claims	Unimpaired	No	100%
2	Comerica Claim	Unimpaired	No	100%
3A	General Unsecured Claims of U.S. Eagle	Unimpaired	No	100%
3B	General Unsecured Claims of Julius Realty	Unimpaired	No	100%
3C	General Unsecured Claims of U.S. Eagle Litho	Unimpaired	No	100%

¹ Unless otherwise defined in this Disclosure Statement, capitalized terms shall have the meanings ascribed to them in the Plan.

Class	Description Of Claims	Treatment	Entitled to Vote	Est. Recovery
3D	General Unsecured Claims of Eagle One	Unimpaired	No	100%
3E	General Unsecured Claims of TCS-Nevada, TCS-Arizona, and TCS-California	Unimpaired	No	100%
4	Interests	Unimpaired	No	N/A

A. Disclosure Statement Exhibits.

Accompanying this Disclosure Statement are copies of:

- Exhibit A Joint Plan of Reorganization
- Exhibit B Liquidation Analysis
- Exhibit C Projections
- Exhibit D Proofs of Claim as to which Objections may be Filed.²
- Exhibit E Post-Effect Date Board of Directors
- Exhibit F Order approving Disclosure Statement

B. Time and Place of Disclosure Statement Hearing.

A hearing to consider approval of this Disclosure Statement (the “**Disclosure Statement Hearing**”) will take place before the Honorable Novalyn L. Winfield, United States Bankruptcy Judge, United States Bankruptcy Court, District of New Jersey, 50 Walnut Street, 3rd Floor, Courtroom 3D, Newark, New Jersey 07102 on **April 17, 2012 at 11:00 a.m. (prevailing Eastern time)**. The Disclosure Statement Hearing may be adjourned from time to time without further notice other than by announcement in open court.

Objections to the Disclosure Statement must be filed with the Clerk of the Bankruptcy Court, 50 Walnut Street, Newark, New Jersey 07102, and a copy served upon each of the following parties so that it is received by them no later than **April 3, 2012, at 5:00 p.m. (prevailing Eastern time)** (the “**Objection Deadline**”):

To the Debtors and/or Reorganized Debtors: Lowenstein Sandler PC
65 Livingston Avenue
Roseland, NJ 07068

² A list of projected claim objections will be filed and served by March 30, 2012.

Attention: S. Jason Teele, Esq.

To the United States Trustee:

United States Trustee - Region 3
One Newark Center, Suite 2100
Newark, NJ 07102
Attention: Peter J. D'Auria, Esq.

To the Committee:

Porzio, Bromberg & Newman, P.C.
100 Southgate Parkway
P.O. Box 1997
Morristown, NJ 07962
Attention: John S. Mairo, Esq.

C. Time and Place of Confirmation Hearing.

A hearing to consider confirmation of the Plan (the “**Confirmation Hearing**”) will take place before the Honorable Novalyn L. Winfield, United States Bankruptcy Judge, United States Bankruptcy Court, District of New Jersey, 50 Walnut Street, 3rd Floor, Courtroom 3D, Newark, New Jersey 07102 on **May 22, 2012 at 10:00 a.m. (prevailing Eastern time)**. The Confirmation Hearing may be adjourned from time to time without further notice other than by announcement in open court.

Objections to confirmation of the Plan must be filed with the Clerk of the Bankruptcy Court, 50 Walnut Street, Newark, New Jersey 07102, and a copy served upon each of the following parties so that it is received by them no later than **May 15, 2012, at 5:00 p.m. (prevailing Eastern time)** (the “**Objection Deadline**”):

To the Debtors and/or Reorganized Debtors:

Lowenstein Sandler PC
65 Livingston Avenue
Roseland, NJ 07068
Attention: S. Jason Teele, Esq.

To the United States Trustee:

United States Trustee - Region 3
One Newark Center, Suite 2100
Newark, NJ 07102
Attention: Peter J. D'Auria, Esq.

To the Committee:

Porzio, Bromberg & Newman, P.C.
100 Southgate Parkway
P.O. Box 1997
Morristown, NJ 07962
Attention: John S. Mairo, Esq.

D. The Record Date.

The Bankruptcy Court established April 10, 2012 (the “**Record Date**”) for purposes of determining which creditors are entitled to be served with the Disclosure Statement, the Plan and all related exhibits.

NOTICE
THE APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A FINDING CONCERNING, OR RULING ON, THE MERITS, FEASIBILITY OR DESIRABILITY OF THE PLAN.

ARTICLE II.
THE DEBTORS’ BUSINESS AND REASONS FOR FILING CHAPTER 11

A. Business Description.

The U.S. Eagle family of companies was comprised of three separate and distinct businesses. The first business involves the design and distribution of golf course maintenance products to customers located principally in the United States. This business was conducted by Eagle One. The second business was the sale and rental of traffic control related equipment, such as traffic barricades, crash barrels and message boards, as well as trench shoring equipment and steel plates. This business was conducted by TCS. The third business was the ownership of certain parcels of commercial real estate in Nevada and California and the rental under a long term operating lease of real property located in Trenton, New Jersey. This business is conducted by Julius Realty.

U.S. Eagle Litho provides administrative, accounting and other back office services to the other Debtors. U.S. Eagle Corp. is a holding company that owns 100% of the equity interests of each of the other Debtors.

B. The Debtors’ Prepetition Capital Structure.

(1) Secured Debt.

As of the Petition Date, the Debtors owed approximately \$13,514,742 to Comerica Bank, NA (“**Comerica**”) pursuant to a Credit Agreement dated March 5, 2006, as amended on March 27, 2007, November 30, 2007, November 14, 2008 and February 12, 2010 (the “**Credit Agreement**”) and two (2) separate Secured Real Estate Loans respecting (a) 2180 Pama Lane, Las Vegas, Nevada and (b) 6680 Surrey Street, Las Vegas, Nevada (collectively, the “**Mortgages**”). As of the date of this Disclosure Statement, the total amount owed to Comerica under the Credit Agreement is \$1,688,115 and under the Mortgages is approximately \$3,079,476.

U.S. Eagle Corp. is the borrower under the Credit Agreement and each of the other Debtors are a guarantor of U.S. Eagle Corp.’s obligations thereunder. Julius is the mortgagor under the Mortgages and each of the other Debtors are a guarantee of Julius’ obligations thereunder. As discussed below, all of the Debtors’ personal and real property is

pledged as collateral to Comerica in connection with the Credit Agreement and Mortgages, respectively.

The following credit facilities were available to the Debtors pursuant to the Credit Agreement as of the Petition Date. As of December 29, 2011, the Debtors had made principal repayments reducing the total amount owed to Comerica by \$8,747,151.

Revolving Credit Facility: A credit facility to be utilized for loans or letters of credit in a maximum principal amount at any one time outstanding equal to the lesser of \$7,000,000 and the Borrowing Base.³ As of December 29, 2011, \$1,688,115 was outstanding under this facility.

Specific Advance Facility A: A facility that provided for discretionary advances by Comerica to enable the Debtors and Reorganized Debtors to acquire equipment to be used in their businesses in a maximum amount of (i) for each advance, 80% of the purchase price of such equipment, and (ii) for all advances, \$4,000,000. As of December 29, 2011, this facility was repaid in full.

Specific Advance Facility B: A facility that provided for discretionary advances by Comerica to enable the Debtors to acquire equipment to be used in their businesses in a maximum amount of (i) for each advance, 80% of the purchase price of such equipment, and (ii) for all advances \$4,000,000. As of December 29, 2011, this facility was repaid in full.

Specific Advance Facility C: A facility that provided for discretionary advances by Comerica to enable the Debtors to acquire equipment to be used in their businesses in a maximum amount of (i) for each advance, 80% of the purchase price of such equipment, and (ii) for all advances \$2,000,000. No advances were made under Specific Advance Facility C and therefore nothing was outstanding as of December 29, 2011.

Specific Advance Facility D: A facility that provided for discretionary advances by Comerica to enable the Debtors to acquire equipment to be used in their businesses in a maximum amount of (i) for each advance, 70% of the purchase price of such equipment, and (ii) for all advances \$500,000. As of December 29, 2011, this facility was repaid in full.

³ **“Borrowing Base”** means the sum of (a) 80% of the Eligible Accounts and (b) the lesser of (i) \$3,500,000 and (ii) 30% of Eligible Inventory (as such terms are defined in the Credit Agreement).

Term Loan: A facility with a principal loan amount of \$6,000,000. This facility was repaid in full.

As security for the advances made under the Credit Agreement the Debtors pledged all of their respective personal property, including accounts, chattel paper, deposit accounts, documents, equipment, general intangibles, goods (including fixtures), instruments, inventory, investment property, letter of credit rights, money, intellectual property and all proceeds of the foregoing.

To secure the Mortgages, Julius Realty granted Comerica a Deed of Trust on real estate located at 6680 Surrey Street, Las Vegas, Nevada and 2180 Parma Lane, Las Vegas, Nevada.

(2) Unsecured Debt.

(a) Notes and Debentures.

The Debtors are indebted to various parties in the aggregate approximate amount of \$438,590.64 pursuant to a \$300,000 12% Subordinated Debenture dated November 1, 1989 issued by U.S. Eagle Corp. to Dawn E. Westphal (now Dawn Thompson), a \$300,000 12% Subordinated Debenture dated November 9, 1989 issued by U.S. Eagle Corp. to Margaret H. Westphal (collectively, the “Debentures”), and a promissory note dated December 31, 1998 issued by TCS California to Mark C. Sjobom in connection with TCS California’s 1998 acquisition of the business of Allied Trench Shoring Service, Inc.

The Debentures, which are payable over a 25 year term, are subordinated to all “Senior Debt,” which is broadly defined in the Debentures, with certain exceptions not relevant here, as including (i) all obligations and liabilities of the U.S. Eagle Corp. in respect of money borrowed, guarantees of borrowings by subsidiaries, whether secured or unsecured and whether outstanding as of the date of the Debentures or created, incurred, assumed or for which the Debtors otherwise become liable after the date thereof, and (ii) all obligations and liabilities of the Debtors arising in favor of trade creditors or otherwise in the ordinary course of business of the Debtors whether secured or unsecured and whether outstanding as of the date of the Debentures or created, incurred, assumed or for which the Debtors otherwise become liable after the date thereof.

(b) Trade Debt.

In the ordinary course of business, the Debtors incur unsecured trade debt by vendors, suppliers and service providers. As of the date of this Disclosure Statement, the aggregate amount of trade debt outstanding totaled approximately \$3 million.

Over the course of this proceeding, the Debtors have paid amounts incurred after the Petition Date in normal business terms. The Plan proposes payment in full of all unsecured creditors, including trade creditors.

(c) Intercompany Debt.

As of the Petition Date, the Debtors' books and records reflected approximately \$2.7 million of intercompany debt for services provided or obligations paid by one Debtor on another Debtor's behalf. Under the Plan, the Intercompany Debt will be expunged.

(3) Equity.

As discussed above, U.S. Eagle Corp. owns 100% of the equity interests of each of the other Debtors. The equity of U.S. Eagle Corp. is in turn owned by six individuals or trusts, as follows:

Shareholder	Number of Shares	Percentage
Dawn Thompson Trust	2,179	21.43%
JJW Trust	3,626	35.66%
Erik C. Westphal	810.5	7.97%
James J. Westphal III	810.5	7.97%
Douglas Westphal	737	7.25%
SKW Trust	2,005	19.72%
Total Number of Shares	10,168	100%

On the Effective Date of the Plan (i) all Interests in the Debtors; (ii) any and all stock options (including, but not limited to, all stock options granted to the employees of the Debtors; (iii) any and all warrants; and (iv) any instrument evidencing or creating any indebtedness or obligation of the Debtors, except such instruments that are reinstated or amended and restated under the Plan, shall be cancelled and extinguished. Additionally, as of the Effective Date, all Interests in the Debtors, and any and all warrants, options, rights or interests with respect to equity interests in the Debtors that have been authorized to be issued but that have not been issued shall be deemed cancelled and extinguished without any further action of any party.

On the Effective Date of the Plan, the membership interests in Reorganized Julius Realty and Reorganized U.S. Eagle Corporation shall be issued and distributed to all existing shareholders.

C. Events Leading to these Chapter 11 Cases.

Although the Debtors' business operations were fundamentally sound prior to the Petition Date, the recent economic downturn led to a decrease in sales across the enterprise. This decline was particularly noticeable in the TCS business, which is heavily dependent upon road and housing construction. The decline in business forced the Debtors to borrow additional funds from Comerica under the Credit Agreement and, as of the Petition Date, the Debtors were in an over-advance position of nearly \$1,150,000. The Debtors were unable to repay the over-advance at the aggressive rate sought by Comerica, and the Debtors and Comerica were unable to agree on a repayment schedule.

Based on certain statements made by Comerica and positions taken by it in respect of the over-advance the Debtors grew concerned that Comerica may take precipitous action (such as sweeping the Debtors' operating accounts), which would cripple the Debtors' businesses. Accordingly, the Debtors took the unavoidable and necessary step of commencing these cases to protect their businesses and assets for all stakeholders.

ARTICLE III.
SIGNIFICANT EVENTS DURING THE BANKRUPTCY

A. The Debtors as Debtors In Possession.

On January 11, 2011, the Court entered an order directing that the Debtors' chapter 11 cases be jointly administered for procedural purposes only pursuant to 11 U.S.C. § 105(a) and Rule 1015(b) of the Bankruptcy Rules.

B. Retention of Professionals by the Debtors.

During the Bankruptcy Cases, the Debtors retained, pursuant to separate orders of the Bankruptcy Court, the following professionals:

- (1) Lowenstein Sandler PC, as bankruptcy counsel;
- (2) Tobin & Reyes, P.A., as special counsel;
- (3) Boznanski & Company, as real estate appraisers;
- (4) H.B. Fishman & Co., Inc., as roof consultants and inspectors;
- (5) Allen, Matkins, Leck, Gamble, Mallory & Natsis LLP, as the Debtors' California municipal counsel;
- (6) Woodbury, Morris & Born, Ltd., as the Debtors' Nevada counsel;
- (7) Law Offices of Philip L. Hummel, IV, as the Debtors' general California counsel;
- (8) Three Twenty One Capital Partners, LLC, as the Debtors' exclusive business brokers ("321" or "321 Capital");
- (9) J.H. Cohn LLP, as the Debtors' accountants;
- (10) Traxi, LLC, to provide the Debtors with a Chief Restructuring Officer and related financial restructuring support services;
- (11) Grubb & Ellis Co., as the Debtors' real estate broker for the Riverside Properties;
- (12) Hilco Real Estate, LLC, as the Debtors' real estate broker for the Riverside Properties;

- (13) Lee & Associates, as the Debtors' real estate brokers for the Fullerton Property and sub-broker for the Riverside Properties; and
- (14) Sovereign Consulting, Inc., as the Debtors' environmental consultants.

C. Appointment of a Chief Restructuring Officer.

Steven A. San Filippo was selected by the Debtors to be their chief restructuring officer in these cases. On January 27, 2011, the Debtors filed a motion for Entry of an Order Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code Authorizing the Debtors to (A) Retain Traxi, LLC to Provide the Debtors a Chief Restructuring Officer and (B) to Appoint the Chief Restructuring Officer *Nunc Pro Tunc* to the Petition Date. See Docket No. 54. The motion was approved on February 10, 2012. See Docket No. 72.

D. Appointment of Creditors' Committee.

The United States Trustee appointed an Official Committee of Unsecured Creditors in the Bankruptcy Cases on February 25, 2011 (the "Committee").

E. Retention Of Professionals By The Committee.

During the Bankruptcy Cases, the Committee retained, pursuant to separate orders of the Bankruptcy Court, the following professionals:

- (1) Porzio, Bromberg & Newman, PC, as counsel; and
- (2) EisnerAmper LLC, as the Committee's financial advisor.

F. The Debtors' Schedules.

The Debtors filed the requisite schedules of assets and liabilities and statements required pursuant to section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as well as the monthly operating reports required pursuant to section 1106 of the Bankruptcy Code, Bankruptcy Rule 2015(a), and the guidelines of the United States Trustee.

The Debtors anticipate payment in full of all U.S. Trustee Fees as those fees come due in the ordinary course.

G. Bar Dates For Filing Proofs Of Claim.

On June 13, 2011, the Bankruptcy Court entered an Order Establishing Deadline For Filing Proofs Of Claim And Approving The Form And Manner Of Notice Thereof (the "Bar Date Order").

The Bar Date Order established August 2, 2011 at 4:00 p.m. (prevailing Eastern Time) as the deadline for non-governmental unit Creditors and governmental units to file Proofs of Claim. Pursuant to the Plan, objections to Claims can be filed by the Debtors or Reorganized Debtors, as appropriate, for a period of ninety (90) days after the Effective Date. This deadline

can be further extended by Order of the Bankruptcy Court upon the filing of a motion by the Debtors or the Reorganized Debtors, as appropriate.

H. Proofs of Claim Filed in these Cases.

Approximately one hundred and thirty (130) proofs of claim were filed in these cases with a total amount claimed of \$16,511,366.24. The Debtors are in the process of reconciling these claims. The Debtors reserve their rights to object to proofs of claim filed, including those proofs of claim specified on Exhibit D hereto.

I. Sale of TCS-Arizona.

On April 8, 2011, TCS-Arizona ceased operations. In connection with the cessation of TCS-Arizona's business operations, the Debtors relocated certain of TCS Arizona's core assets, consisting of equipment, inventory and various other assets to California and Nevada for use in the respective operations of TCS-California and TCS-Nevada.

The remaining assets ("Remaining Arizona Assets") were marketed over the course of approximately six (6) weeks with the assistance of 321. *See* Docket No. 206. In marketing the Remaining Arizona Assets, 321 Capital developed a one page "teaser" identifying the Remaining Arizona Assets for sale, and created a virtual data room where all interested parties could review the entire inventory of items for sale. 321 Capital sent the teaser to over six hundred (600) companies including every traffic and/or trench sale and rental company in Arizona and the surrounding states identified by 321 Capital, as well as all national companies identified by 321 Capital that might have an interest in acquiring all or a portion of the Remaining Arizona Assets. 321 Capital also made phone calls to more than six hundred (600) companies to garner interest in the Remaining Arizona Assets, including twenty (20) companies that had previously expressed an interest in the assets. In addition, the teaser was emailed to five hundred and fifty (550) private equity firms that invest in distressed opportunities and posted on three (3) popular business web-sites.

321 Capital advertised and conducted site visits for interested parties on four (4) separate dates, with prospects given the opportunity to inspect the Remaining Arizona Assets prior to making bids. In all, twenty-two (22) different companies traveled to Phoenix for site visits, inspected the assets, and discussed with 321 Capital their level of interest in buying the assets. A representative of 321 Capital also spoke with all parties that made site visits and offered to answer any questions that would assist them in making offers for the assets.

321 Capital received eight (8) offers from parties interested in purchasing all or a portion of the Remaining Arizona Assets. After reviewing the offers that were received, 321 Capital engaged in further discussions and negotiations with each bidder in order to ensure that each bid was the highest and best they would make.

Based upon these negotiations, and after evaluating all of the final offers that were received, 321 Capital, in consultation with the Debtors, selected the bid of Trafficade Services Inc.

The sale of the Remaining Arizona Assets was approved by the Bankruptcy Court on June 27, 2011 to Trafficade Services Inc. for \$255,000. *See* Docket No. 226.

J. Sale of TCS-California and TCS-Nevada.

The Debtors marketed the assets (the “Assets”) of TCS-California and TCS-Nevada for over seven (7) months prior to the filing of the Debtors’ sale motion. *See* Docket No. 440.

The Debtors’ marketing efforts consisted of 321 contacting over sixteen hundred (1,600) potential bidders including parties in the equipment rental spaces, five hundred and fifty (550) private equity firms, two hundred and fourteen (214) asset based lenders, one hundred and twenty (120) private investors, and twenty (20) equipment liquidators to ascertain their interest in purchasing the Assets of TCS-California and TCS-Nevada.

Based on these efforts, fifty-one (51) parties executed confidentiality agreements and conducted due diligence and twenty-eight (28) site visits were held. Moreover, of the parties who executed confidentiality agreements, six (6) parties expressed interest in making a formal offer to purchase the Assets and four (4) offers for the Assets were submitted to the Debtors for their review and consideration. Of these offers, the Debtors selected the offer of Hilco Industrial, LLC, Myron Bowling Auctioneers, Maynards Industries (1991), Inc., and the Branford Group to (collectively, the “Stalking Horse”) to serve as the Stalking Horse bid because this consortium of bidder offered a sale price of \$10.9 million and agreed to close the sale by December 31, 2011.

A motion to approve the sale of the assets of TCS-California and TCS-Nevada was filed on November 26, 2011. Pursuant to the bid procedures approved on December 19, 2011, an auction was held on December 27, 2011. At the auction, three bidders in addition to the Stalking Horse appeared and bid for the Assets. Ultimately, the bid of \$12.7 million by a joint venture led by Gordon Brothers, LLC⁴ was selected as the “highest and best.” The sale of the assets of TCS-California and TCS-Nevada was approved by the Bankruptcy Court at a sale hearing held at the conclusion of the auction. *See* Docket No. 507.

K. Sale of Eagle One.

The Debtors, with the assistance of 321, initiated an extensive sale process, which included actively marketing Eagle One and its assets in an effort to maximize value for all of the Debtors’ creditors. This marketing process included calling various parties that the Debtors believed may have an interest in potentially purchasing some or all of Eagle One’s assets (the “Transferred Assets”) and discussing such possibilities with them.

Specifically, the Debtors and/or 321: (i) contacted one thousand seven hundred and ten (1,710) potential bidders; (ii) entered into twenty-five (25) NDAs; and (iii) hosted several site visits. As a result of these efforts, the Debtors received several preliminary

⁴ This joint venture was comprised of Gordon Brothers, LLC, Capital Recovery Group, LLC, PPL Group, and Rabin Worldwide.

indications of interest from potential purchasers expressing an interest in acquiring the Transferred Assets. Ultimately, however, the Debtors were unable to negotiate a sale transaction with a stalking horse purchaser.

Rather than delay the Debtors' reorganization efforts further, and potentially diminish the value of the Transferred Assets, the Debtors determined that it was in the best interests of their estates and creditors to sell the Transferred Assets without a stalking horse bidder and to open the sale to all interested parties. To this end, the Debtors filed a motion to sell the Transferred Assets on February 2, 2012. Pursuant to this motion, a bid procedures hearing is scheduled for March 5, 2012. An auction and hearing to approve the sale are presently scheduled to take place on April 16, 2012.

L. Marketing Efforts In Connection With Sale of Certain Real Estate Holdings.

Through the efforts of various real estate brokers, the Debtors have marketed the Riverside Properties and the Litho Road Property for several months. In addition, as of the date of the Disclosure Statement, the Debtors listed the Fullerton Property for sale.

The Debtors anticipate closing on the sale of each of these properties prior to the end of the second quarter of 2012.

ARTICLE IV. **DESCRIPTION OF THE PLAN**

A. Introduction.

This section summarizes the salient provisions of the Plan. The Plan is annexed to this Disclosure Statement as **Exhibit A**. All parties are encouraged to review the Plan in its entirety for a full understanding of its provisions and impact on Creditors and Interest Holders. If there are any inconsistencies between the provisions of this Disclosure Statement and the provisions of the Plan, the provisions of the Plan shall control.

Under the Plan, all Claims and all Interests except Administrative Claims and Priority Tax Claims are placed into the Classes set forth below. Pursuant to Bankruptcy Code section 1123(a)(1), Administrative Expense Claims and Priority Tax Claims, as described below, are not classified in the Plan. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of such Claim or Interest falls within the description of such other Classes. A Claim or Interest is also placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim has not been Disputed, paid, discharged, released or otherwise settled prior to the Effective Date.

The classification of Claims and Interests pursuant to the Plan is as follows:

Class	Description Of Claims	Treatment	Entitled to Vote
N/A	Administrative Expense Claims (including U.S. Trustee Fees)	Unimpaired	No
N/A	Priority Tax Claims	Unimpaired	No
1	Priority Claims	Unimpaired	No
2	Comerica Claim	Unimpaired	No
3A	General Unsecured Claims of U.S. Eagle	Unimpaired	No
3B	General Unsecured Claims of Julius Realty	Unimpaired	No
3C	General Unsecured Claims of U.S. Eagle Litho	Unimpaired	No
3D	General Unsecured Claims of Eagle One	Unimpaired	No
3E	General Unsecured Claims of TCS-Nevada, TCS-Arizona, and TCS-California	Unimpaired	No
4	Interests	Unimpaired	No

B. Unclassified Claims: Administrative Claims And Priority Tax Claims.

(1) Administrative Claims.

(a) Administrative Claims (Other Than Professional Fee Claims).

The legal and equitable rights of the Holders of Administrative Expense Claims are unaltered by the Plan. The Debtors or Reorganized Debtors, as appropriate, shall pay each Holder of an Allowed Administrative Claim (except for a Professional Fee Claim) the full amount of the Allowed Administrative Claim, without interest, in Cash, as soon as practicable after the Effective Date or within thirty (30) days after the Claim becomes an Allowed Administrative Claim, except that Allowed Administrative Claims representing obligations incurred in the ordinary course of business are to be paid in accordance with the terms of any agreement upon which such Allowed Administrative Claim is based. Notwithstanding anything in the Plan to the contrary, the Holder of an Allowed Administrative Claim may be paid on such other date and upon such other terms as may be agreed upon by the Holder of an Allowed Administrative Claim and Debtors. All Administrative Claims (except for Professional Fee Claims) are required to be Filed by the Administrative Claims Bar Date established by the Bankruptcy Court in the Confirmation Order, or such Administrative Claim shall be forever barred and shall not be enforceable against the Debtors, the Reorganized Debtors, or their respective successors, assigns or Assets.

(b) Professional Fee Claims.

The Debtors shall pay Professionals who are entitled to compensation and reimbursement of expenses from the Debtors' Estates pursuant to section 503(b)(2) through

(b)(6) of the Bankruptcy Code, in Cash, in the amount awarded to such Professionals by Final Order of the Bankruptcy Court, as soon as practicable after the Effective Date or the date upon which any order awarding such fees and expenses becomes a Final Order, in accordance with the terms of any Order entered by the Bankruptcy Court governing the payment of fees and expenses during the course of the Bankruptcy Cases, and after application of any retainer received by the Professionals. All applications by Professionals for compensation and reimbursement of expenses in connection with the Bankruptcy Cases prior to the Effective Date shall be filed with the Bankruptcy Court within forty-five (45) days after the Effective Date. Any such application not filed within forty five (45) days after the Effective Date shall be deemed waived and the Holder of such Claim shall be forever barred from receiving payment on account thereof.

(2) Priority Tax Claims.

After paying all Allowed Administrative Claims (including Allowed Professional Fee Claims), the Debtors shall pay any Allowed Priority Tax Claims, in full, in Cash, without interest, as soon as practicable after the later of (i) sixty (60) days after the Effective Date, (ii) when the Claim becomes an Allowed Claim to the extent of available Cash, (iii) at the option of the Debtors prior to the Effective Date in accordance with section 1129(a)(9)(C) of the Bankruptcy Code, Cash in an aggregate amount of such Allowed Priority Tax Claim payable in regular quarterly installments over a period of not more than five (5) years from the Petition Date, or (iv) such other treatment agreed to by the Debtors and the Holder of such Allowed Priority Tax Claim; provided, however, that the Holder of an Allowed Priority Tax Claim will not be entitled to receive any payment on account of any penalty arising with respect to, or in connection with any Priority Tax Claim. Any demand for any such penalty will be deemed disallowed by the Confirmation Order.

(3) U.S. Trustee Fees.

All outstanding fees payable to the Office of the United States Trustee under 28 U.S.C. § 1930, including any interest due under 31 U.S.C. § 3717, that have not been paid shall be paid no later than thirty (30) days after the Effective Date or when such U.S. Trustee Fees come due in the ordinary course.

C. Classes of Claims and Interests: Classification, Treatment and Voting Rights.

Under the Plan, Holders of Claims and Interests are divided into Classes and treated as follows:

Class 1 (Priority Claims). Class 1 consists of Priority Claims asserted against each Debtor. After paying any and all Allowed Administrative Claims and Allowed Priority Tax Claims, the Reorganized Debtors shall pay Allowed Class 1 Claims, in their respective order of priority pursuant to section 507 of the Bankruptcy Code in full, in Cash, without interest, to the extent of available Cash, or pursuant to such other treatment as the Debtors and Holder of an Allowed Class 1 Claim may otherwise agree. Such payments shall be made after the later of (i) thirty (30) days after the Effective Date, (ii) when the Claim becomes an Allowed Class 1 Claim, or (iii) such other time as may be agreed to by the Reorganized Debtors and the Holder of such Allowed Class 1 Claim and shall be in full payment, satisfaction and release and in exchange for

such Allowed Priority Claim. Class 1 is an Unimpaired Class. Holders of Allowed Class 1 Claims are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Allowed Claims in Class 1 are not entitled to vote to accept or reject the Plan.

Class 2 (Comerica Claim). Class 2 consists of the aggregate Claim of Comerica all of the Debtors. Within thirty (30) days of the Effective Date, Comerica shall receive, in full payment, satisfaction and release, Cash representing the amount owed to Comerica by the Debtors under the Prepetition Credit Agreement and Prepetition Mortgages plus interest, costs, and fees (exclusive of any prepayment penalties) as provided in the Prepetition Credit Agreement and Prepetition Mortgages. Class 2 is an Unimpaired Class and Comerica is deemed to accept the Plan and is not entitled to vote to accept or reject the Plan.

Class 3A (General Unsecured Claims of U.S. Eagle). Class 3A consists of all General Unsecured Claims asserted against the individual Debtor U.S. Eagle. Each Holder of an Allowed Class 3A General Unsecured Claim shall receive payment in full for such Allowed General Unsecured Claim plus interest at the Interest Rate from the Petition Date to the Effective Date. Such payment shall be made after the later of (i) thirty (30) days after the Effective Date, (ii) when the Claim becomes an Allowed Class 3A Claim, or (iii) such other time as may be agreed to by the Reorganized Debtors and the Holder of such Allowed Class 3A Claim and shall be in full payment, satisfaction and release and in exchange for such Allowed Class 3A Claim. Class 3A is an Unimpaired Class. The Holders of the Allowed Class 3A General Unsecured Claims are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

Class 3B (General Unsecured Claims of Julius Realty). Class 3B consists of all General Unsecured Claims asserted against the individual Debtor Julius Realty. Each Holder of an Allowed Class 3B General Unsecured Claim shall receive payment in full for such Allowed General Unsecured Claim plus interest at the Interest Rate from the Petition Date to the Effective Date. Such payment shall be made after the later of (i) thirty (30) days after the Effective Date, (ii) when the Claim becomes an Allowed Class 3B Claim, or (iii) such other time as may be agreed to by the Reorganized Debtors and the Holder of such Allowed Class 3B Claim and shall be in full payment, satisfaction and release and in exchange for such Allowed Class 3B Claim. Class 3B is an Unimpaired Class. The Holders of the Allowed Class 3B General Unsecured Claims are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

Class 3C (General Unsecured Claims of U.S. Eagle Litho). Class 3C consists of all General Unsecured Claims asserted against the individual Debtor U.S. Eagle Litho. Each Holder of an Allowed Class 3C General Unsecured Claim shall receive payment in full for such Allowed General Unsecured Claim. Such payment shall be made after the later of (i) thirty (30) days after the Effective Date, (ii) when the Claim becomes an Allowed Class 3C Claim, or (iii) such other time as may be agreed to by the Reorganized Debtors and the Holder of such Allowed Class 3C Claim and shall be in full payment, satisfaction and release and in exchange for such Allowed Class 3C Claim. Class 3C is an Unimpaired Class. The Holders of the Allowed Class 3C General Unsecured Claims are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

Class 3D (General Unsecured Claims of Eagle One). Class 3D consists of all General Unsecured Claims asserted against the individual Debtor Eagle One. Each Holder of an Allowed Class 3D General Unsecured Claim shall receive payment in full for such Allowed General Unsecured Claim. Such payment shall be made after the later of (i) thirty (30) days after the Effective Date, (ii) when the Claim becomes an Allowed Class 3D Claim, or (iii) such other time as may be agreed to by the Reorganized Debtors and the Holder of such Allowed Class 3D Claim and shall be in full payment, satisfaction and release and in exchange for such Allowed Class 3D Claim. Class 3D is an Unimpaired Class. The Holders of the Allowed Class 3D General Unsecured Claims are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

Class 3E (General Unsecured Claims of TCS-Nevada, TCS-Arizona, and TCS-California). Class 3E consists of all General Unsecured Claims asserted against the individual Debtors TCS-Nevada, TCS-Arizona, and TCS-California. Each Holder of an Allowed Class 3E General Unsecured Claim shall receive payment in full for such Allowed General Unsecured Claim. Such payment shall be made after the later of (i) thirty (30) days after the Effective Date, (ii) when the Claim becomes an Allowed Class 3E Claim, or (iii) such other time as may be agreed to by the Reorganized Debtors and the Holder of such Allowed Class 3E Claim and shall be in full payment, satisfaction and release and in exchange for such Allowed Class 3E Claim. Class 3E is an Unimpaired Class. The Holders of the Allowed Class 3E General Unsecured Claims are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

Class 4 (Interests). Class 4 consists all Interests in each of the Debtors. Holders of Class 4 Interests will receive 100% of the equity of the Reorganized Debtors plus all of the funds not necessary to pay Claims in full. Pursuant to section 1126(g) of the Bankruptcy Code, the Holders of Interests in Class 4 are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

D. Implementation of the Plan.

The following provisions govern implementation of the Plan after the Confirmation Date.

1. Dissolution of Debtors. On the Effective Date of the Plan, all of the Debtors, with the exception of Reorganized U.S. Eagle Corporation and Reorganized Julius Realty, shall be dissolved as corporate entities under the laws of the state in which each was incorporated without any further action by the Reorganized Debtors, the Bankruptcy Court, any federal or state governmental unit, or any other person. For the avoidance of doubt, Debtor Julius Realty and Debtor U.S. Eagle Corporation are being reorganized under this Plan and shall not be dissolved.

2. Cancellation of Instruments and Stock of certain Debtors. On the Effective Date of the Plan (i) all Interests in the Debtors; (ii) any and all stock options (including, but not limited to, all stock options granted to the employees of the Debtors; (iii) any and all warrants; and (iv) any instrument evidencing or creating any indebtedness or obligation of the Debtors, except such instruments that are reinstated or amended and restated under the Plan,

shall be cancelled and extinguished. Additionally, as of the Effective Date, all Interests in the Debtors, and any and all warrants, options, rights or interests with respect to equity interests in the Debtors that have been authorized to be issued but that have not been issued shall be deemed cancelled and extinguished without any further action of any party.

3. Reorganized Debtors' Equity Interests. On the Effective Date, the membership interests in Reorganized Julius Realty and Reorganized U.S. Eagle Corporation shall be issued and distributed to all existing shareholders. All of the membership interests in the Reorganized Debtors shall be duly authorized, validly issued, fully paid and non assessable.

4. Vesting of Assets in Reorganized Debtors. Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated therein, on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in the Reorganized Debtors, free and clear of all Liens, Claims, charges or other encumbrances (except for Liens, if any, granted to secure any indebtedness that is Unimpaired by the Plan and obligations created under the Plan). On and after the Effective Date, except as otherwise provided in the Plan, the Reorganized Debtors may operate their businesses and may use, acquire or dispose of property and compromise or settle any Claims, Interests or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. Without limiting any of the foregoing, the Reorganized Debtors may pay the charges incurred on or after the Effective Date for Professionals' fees, disbursements, expenses, or related support services without application to the Bankruptcy Court. Notwithstanding anything to the contrary herein, Causes of Action (inclusive of Avoidance Actions) against Holders of General Unsecured Claims shall not vest with the Reorganized Debtors unless such Cause of Action is expressly preserved in this Plan.

5. Sources of Cash for Distribution. All Cash necessary for the Reorganized Debtors to make payments required by this Plan shall be obtained from (a) existing Cash balances, (b) the operations of the Debtors or Reorganized Debtors, and (c) proceeds from the sale of certain assets.

6. Section 1145 Exemption. To the maximum extent allowable under section 1145 of the Bankruptcy Code, the issuance and allocation of the membership interests in the Reorganized Debtors pursuant to the Plan shall be exempt from registration under any federal, state or local law requiring registration for offer or sale of a security.

7. Effectuating Documents; Further Transactions. Each of the Debtors and the Reorganized Debtors, and their respective officers and designees, is authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan, or to otherwise comply with applicable law.

8. Post-Effective Date Board of Directors. A list of the members of the Reorganized Debtors' board of directors and management is set forth on **Exhibit E** hereto.

E. Method of Distribution Under the Plan.

1. Reorganized Debtors as Disbursing Agent. The Reorganized Debtors shall be the disbursing agent and shall make all distributions under the Plan.

2. Manner Of Payment. Any payment of Cash under the Plan may be made either by check drawn or by wire transfer from a domestic bank, at the option of the Reorganized Debtors.

3. Payments and Distributions on Disputed Claims. As and when authorized by a Final Order, Disputed Claims that become Allowed Claims shall be paid from the Disputed Claim Reserve. No distribution shall be made on a Claim where only a portion of such Claim is disputed until such dispute is resolved by settlement or Final Order.

4. Disputed Claim Reserve. On the Effective Date, the Reorganized Debtors shall establish the Disputed Claim Reserve for each Disputed Claim. The amount of the Disputed Claim Reserve shall equal the amount to which the Holders of Disputed Claims would be entitled to receive under the Plan if such Disputed Claims were Allowed in the asserted amount of the Claim. The amount of the Disputed Claim Reserve shall be increased to take into account any Claims that become Disputed Claims after the Effective Date.

5. Transmittal of Distributions to Parties Entitled Thereto. All distributions by check shall be deemed made at the time such check is deposited in the United States mail, postage prepaid. Any distributions by wire transfer shall be deemed made as of the date of the wire transfer is made. Except as otherwise agreed with the Holder of an Allowed Claim in respect thereof or provided in the Plan, any distribution required under the Plan on account of an Allowed Claim, shall be mailed to (i) the latest mailing address filed for the Holder of an Allowed Claim entitled to a distribution, (ii) the latest mailing address filed for a Holder of a filed power of attorney designated by the Holder of such Claim to receive distributions, (iii) the latest mailing address filed for the Holder's transferee as identified in a filed notice served on the Debtors pursuant to Bankruptcy Rule 3001(e), or (iv) if no such mailing address has been filed, the mailing address reflected on the Schedules or in the Debtors' books and records. The Holder of a Claim shall be required to promptly notify the Reorganized Debtors and the Court of any change in its mailing address.

6. Distribution of Unclaimed Property. Except as otherwise provided in the Plan, any distribution under the Plan which is unclaimed after sixty (60) days following any distribution date shall be forfeited, and such distribution, together with any interest earned thereon, and shall return to and revert in the Reorganized Debtors.

7. Saturday, Sunday or Legal Holiday. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the following Business Day, but shall be deemed to have been completed as of the required date.

8. Setoffs and Recoupment. Subject to the terms of the Plan and pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, the Debtors or Reorganized Debtors, as appropriate, may but shall not be required to, setoff against or recoup

from any Claim on which payments are to be made pursuant to the Plan, any Claims of any nature whatsoever the Debtors may have against the Holder of such Claim; provided, however, that neither the failure to do so nor the allowance of any Claim shall constitute a waiver or release by the Debtors or Reorganized Debtors, as appropriate, of any such claims the Debtors or Reorganized Debtors, as appropriate, may have against such Claim, whether before or after the entry of the Confirmation Order.

9. Withholding or Other Taxes. The Reorganized Debtors shall be entitled, but are not directed, to deduct any federal, state, or local withholding or other taxes from any distributions under this Plan. As a condition to making any distribution under this Plan, all Holders of Allowed Claims shall provide the Reorganized Debtors with such Holder's taxpayer identification number and such other information or certification as the Reorganized Debtors may deem reasonably necessary to comply with applicable tax reporting and/or withholding laws or regulations. The Reorganized Debtors shall issue any and all required forms to all Holders of Allowed Claims to either (i) their last known address per the records obtained by the Reorganized Debtors or (ii) forwarding address provide by the United States Postal Service or by such Creditors themselves. If a Creditor fails to provide the Reorganized Debtors with the information necessary to comply with any reporting and withholding requirements of any governmental unit within forty-five (45) days from the date of the request, the Creditor shall be deemed to have forfeited its right to a distribution under this Plan without further Order of the Bankruptcy Court.

10. Fractional Cents and De Minimis Distributions. Notwithstanding any other provisions of the Plan to the contrary, no payment of fractional cents will be made under the Plan. Cash will be issued to Holders entitled to receive a distribution of Cash in whole cents (rounded to the nearest whole cent when and as necessary). Any distribution of less than \$50.00 will be considered de minimis, and Holders of Allowed Claims that are entitled to an interim or final distribution of less than \$50.00 will not receive any distribution. Such funds will remain with and revert in the Reorganized Debtors.

11. Allowance of Claims. Except as expressly provided in the Plan, no Claims shall be deemed Allowed by virtue of the Plan or the Confirmation Order unless and until such Claim is deemed Allowed under the Bankruptcy Code, or the Bankruptcy Court enters a Final Order in the Bankruptcy Cases allowing such Claim. Notwithstanding the foregoing, any Claim included in the Debtors' Schedules that is not listed as contingent, unliquidated, and/or disputed shall be an Allowed Claim. Any Proof of Claim Filed in an unliquidated amount shall be deemed Allowed in the amount listed in the Debtors' Schedules as liquidated, not contingent and not disputed. The Allowance and disallowance of Claims shall be in all respects subject to the provisions of section 502 of the Bankruptcy Code.

12. Disallowance of Claims. All Claims held by Persons against whom the Debtors or Reorganized Debtors, as appropriate, have filed, commenced, or may in the future file or commence, a Claim or Cause of Action under sections 522(f), 522(h), 542, 543, 544, 547, 548, 549, 550, 551, 553 or 724(a) of the Bankruptcy Code shall be deemed disallowed pursuant to section 502(d) of the Bankruptcy Code. The Holders of any and all Claims Filed with the Bankruptcy Court after the Bar Date shall be deemed disallowed without further action by the Debtors or Reorganized Debtors and without any further notice to or action, order, or approval of

the Bankruptcy Court. The Holders of any and all Claims Filed with the Bankruptcy Court after the Bar Date shall not be entitled to a distribution, unless otherwise allowed by Final Order of the Bankruptcy Court.

13. Prosecution of Objections to Claims. Prior to the Effective Date, the Debtors shall have standing and the right to commence and pursue objections to Claims, and the Reorganized Debtors shall have such standing after the Effective Date. All objections to Claims shall be filed with the Bankruptcy Court by the Claim Objection Deadline and served upon the Holders of each of the Claims to which objections are made. The Debtors or Reorganized Debtors shall have the right, after notice and a hearing, to seek an extension of the Claim Objection Deadline and such an extension shall not be deemed a material modification of the Plan.

14. Objections to Claims. Any objection to the allowance of a Claim shall be in writing and shall be Filed with the Bankruptcy Court by the Debtors or Reorganized Debtors. Except as expressly set forth herein, nothing herein, in the Confirmation Order or in any Order in aid of Confirmation, shall constitute, or be deemed to constitute, a waiver or release of any Claim, Cause of Action, Avoidance Action, right of setoff or recoupment or other legal or equitable defense which the Debtors had immediately prior to the commencement of the Bankruptcy Cases against or with respect to any Claim. Except as set forth herein, upon Confirmation, the Debtors and Reorganized Debtors shall have, retain, reserve and be entitled to assert all such Claims, Causes of Action, rights of setoff and recoupment and other legal or equitable defenses which the Debtors had immediately prior to the commencement of the Bankruptcy Cases against or with respect to any Claim.

15. Controversy Concerning Impairment. If a controversy arises as to whether any Claims or any Class of Claims or Interests are Impaired under the Plan, the Bankruptcy Court, after notice and a hearing, shall determine such controversy on or before the Confirmation Date.

F. Treatment of Executory Contracts and Unexpired Leases.

1. Assumption and Rejection of Executory Contracts/Unexpired Leases; Cure Amount. On the Confirmation Date, except for any Executory Contract/Unexpired Lease that was previously assumed or rejected by an Order of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code, or which is, as of the date of the Confirmation Hearing, the subject of a pending motion by the Debtors to assume or reject pursuant to section 365 of the Bankruptcy Code, each Executory Contract/Unexpired Lease set forth on Exhibit 1 to the Plan shall be deemed assumed pursuant to section 365 of the Bankruptcy Code, effective as of the Confirmation Date.⁵ The cure amounts, if any, due to the non-Debtor parties to Executory Contracts/Unexpired Leases to be assumed are also set forth on Exhibit 1 to the Plan. All cure amounts shall be paid within the later of thirty (30) days after (i) the Effective Date and (ii) the date the Bankruptcy Court enters a Final Order determining the cure amount with respect to any

⁵ Unexpired leases of non-residential real property will be assumed by the Debtors pursuant to a separate motion. Any unexpired leases of non-residential real property not assumed by the Debtors by a separate motion will be rejected.

Executory Contract/Unexpired Lease the counterparty to which objects to the cure amount set forth on **Exhibit 1** to the Plan. Objections, if any, to any cure amount set forth on **Exhibit 1** to the Plan shall be Filed and served on the Debtors in accordance with section 7.1(a) of the Plan, on or before the Objection Deadline. The Bankruptcy Court shall adjudicate any such objections at the Confirmation Hearing. The Confirmation Order or other Final Order determining the cure amount with respect to any Executory Contract/Unexpired Lease shall govern the amount of the Debtors' obligations under such Executory Contract/Unexpired Lease for all purposes and for all time periods up to and including the effective date of the assumption of such Executory Contract/Unexpired Lease, and any counterparty to an Executory Contract/Unexpired Lease shall be forever barred and enjoined from seeking or claiming any other or further amounts from the Debtors or Reorganized Debtors under such Executory Contract/Unexpired Lease. Any Executory Contract/Unexpired Lease not assumed shall be deemed rejected effective as of the Confirmation Date. The Confirmation Order shall constitute an Order of the Bankruptcy Court, pursuant to section 365 of the Bankruptcy Code, approving the assumption or rejection of each Executory Contract/Unexpired Lease, effective as of the Confirmation Date. The Debtors may modify, revise or amend **Exhibit 1** to the Plan by adding or removing any Executory Contract/Unexpired Lease from such exhibit at any time prior to the Objection Deadline. The counterparty to any Executory Contract/Unexpired Lease added to **Exhibit 1** by such date shall have until the Confirmation Hearing to File and serve any objections to the proposed cure amount or to the assumption of such Executory Contract/Unexpired Lease. If any such objection is timely Filed and is not resolved by the consent of the Debtors and the counterparty within ten (10) days of the Confirmation Hearing, the Debtors shall request that the Bankruptcy Court schedule a hearing to consider and adjudicate the objection. The cure amount shall be paid in accordance with the Plan.

2. Bar to Rejection Damages. Except to the extent that another bar date (or last date by which a Creditor must file a Proof of Claim) applies pursuant to an Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts/Unexpired Leases under the Plan must be filed with the Clerk of the Bankruptcy Court, 50 Walnut Street, Newark, New Jersey 07102, and a copy served on counsel for the Debtors, within thirty (30) days from the entry of the Confirmation Order, or such Claim shall be forever barred and shall not be entitled to a distribution or enforceable against the Debtors and its successors, assigns or its assets. Claims arising from the rejection of Executory Contracts/Unexpired Leases shall be treated as any other claim arising under Class 3A, 3B, 3C, 3D, or 3E under the Plan depending upon which Debtor was a counter-party to the Executory Contract and/or Unexpired Lease.

G. Conditions Precedent.

1. Conditions Precedent to Confirmation of the Plan. The following are conditions precedent to confirmation that must be satisfied, or waived in accordance with the Plan:

(a) The Plan and all of the schedules, documents and exhibits thereto shall have been Filed in form and substance acceptable to the Debtors in their sole discretion; and

(b) The Confirmation Order shall approve in all respects the provisions, terms and conditions of the Plan and shall be in a form and substance acceptable to the Debtors in their sole discretion.

2. Conditions Precedent to Effective Date. The following are conditions precedent to the Effective Date that must be satisfied, or waived in accordance with section 9.3 of the Plan:

(a) The Confirmation Date shall have occurred;

(b) The Confirmation Order shall have become a Final Order in form and substance acceptable to the Debtors and Reorganized Debtors in their sole discretion; and

(c) Consummation of the sale of (i) Debtor Eagle One Golf, and (ii) some combination of the sale of either the Riverside Properties, the Fullerton Property, or the Litho Road Property.

3. Waiver of Conditions Precedent. The Debtors may waive any of the conditions precedent to Confirmation or the Effective Date at any time, without notice and without further action, order, or approval of the Bankruptcy Court.

4. Effect of Non-Occurrence Of Conditions To The Effective Date. Each of the conditions to the Effective Date must be satisfied or waived by the Debtors, and the Effective Date must occur within ninety (90) days of Confirmation, or by such later date established by Final Order. If the Effective Date has not occurred within ninety (90) days of Confirmation, then upon motion by a party in interest (including the Debtors) made before the Effective Date and a hearing, the Confirmation Order may be vacated by the Bankruptcy Court; provided, however, that notwithstanding the filing of such motion to vacate, the Confirmation Order may not be vacated if the Effective Date occurs before the Bankruptcy Court enters a Final Order granting such motion. If the Confirmation Order is vacated, then except as provided in any Final Order vacating the Confirmation Order, the Plan will be null and void in all respects, and nothing contained in the Plan or Disclosure Statement shall: (a) constitute a waiver or release of any Claims, Interests, or Causes of Action; (b) prejudice in any manner the rights of the Debtors or any other Person; or (c) constitute an admission, acknowledgment, offer, or undertaking of any sort by the Debtors or any other Person.

H. Effects of Confirmation.

The Plan provides that Confirmation will have the following effects on the Estates and Creditors.

1. Authority to Effectuate Plan. Upon the Effective Date, all matters provided under the Plan shall be deemed to be authorized and approved without the requirement

of further approval from the Bankruptcy Court or the Debtors. The Debtors shall be authorized, without further application to or order of the Bankruptcy Court, to take whatever action necessary to achieve consummation and carry out the Plan and to effectuate the transactions provided for thereunder.

2. Binding Effect. Except as otherwise expressly provided in the Plan, on and after the Effective Date, the Plan shall bind all Holders of Claims and Interests, whether or not such Holders voted to accept or reject the Plan. Subject to the terms of the Plan, upon the Effective Date, every Holder of a Claim or Interest shall be precluded and permanently enjoined from asserting against the Debtors any Claim based on any document, instrument, judgment, award, order, act, omission, transaction or other activity of any kind or nature that occurred before the Petition Date.

3. Discharge of the Debtors. Upon the Effective Date, the Debtors, and each of them and their affiliates, shall be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in section 502 of the Bankruptcy Code, whether or not (i) a proof of claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code, (ii) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code, (iii) a Claim based upon such debt is or has been disallowed by order of the Bankruptcy Court, or (iv) the Holder of a Claim based upon such debt accepted the Plan.

As of the Effective Date, except as provided in the Plan or the Confirmation Order, all Persons shall be precluded from asserting against the Debtors, the Reorganized Debtors and their respective affiliates, members, officers directors, partners, attorneys or advisors, any other or further Claims, debts, rights, Causes of Action, claims for relief, liabilities, or equity interests relating to the Debtors based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all such Claims and other debts and liabilities against the Debtors, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtors at any time, to the extent that such judgment relates to a discharged Claim.

4. Injunction. Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, or liability that is released or discharged under the Plan are permanently enjoined from taking any of the following actions against the Debtors, the Reorganized Debtors, and their respective affiliates or their property on account of any such released or discharged Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, or liability: (a) commencing or continuing, in any manner or in any place, any action or other proceeding; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (c) creating, perfecting, or enforcing any Lien or encumbrance; (d) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to any released Person; or (e) commencing or continuing any action, in each such case in any manner,

in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order.

5. Releases and Exculpation. AS OF THE EFFECTIVE DATE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, NONE OF THE RELEASEES SHALL HAVE OR INCUR LIABILITY FOR, AND ARE HEREBY RELEASED FROM ANY OBLIGATION OR CLAIM TO ONE ANOTHER, TO ANY HOLDER OF A CLAIM OR INTEREST, OR ANY OTHER PARTY IN INTEREST OR PERSON, FOR ANY ACT OR OMISSION THAT OCCURRED ON OR BETWEEN THE PETITION DATE AND THE EFFECTIVE DATE IN CONNECTION WITH, RELATING TO, OR ARISING OUT OF THE BANKRUPTCY CASES, THE ADMINISTRATION OF THE DEBTORS' ESTATES, THE FORMATION, NEGOTIATION AND/OR PURSUIT OF CONFIRMATION OF THE PLAN, ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED IN CONNECTION WITH THE PLAN, OR THE CONSUMMATION OF THE PLAN, EXCEPT FOR GROSS NEGLIGENCE, WILLFUL MISCONDUCT, OR FRAUD, AND EACH RELEASEE SHALL IN ALL RESPECTS BE ENTITLED TO REASONABLY RELY UPON THE ADVICE OF COUNSEL WITH RESPECT TO THEIR DUTIES AND RESPONSIBILITIES (IF ANY) UNDER THE PLAN; PROVIDED HOWEVER, THAT, NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE RELEASE SET FORTH ABOVE DOES NOT RELEASE ANY POST-EFFECTIVE DATE OBLIGATIONS OF ANY PERSON UNDER THE PLAN OR ANY DOCUMENT, INSTRUMENT OR AGREEMENT EXECUTED TO IMPLEMENT THE PLAN, AND THE FOREGOING RELEASE DOES NOT RELEASE THE PERSONAL LIABILITY OF ANY OF THE RELEASEES FOR ANY STATUTORY VIOLATION OF APPLICABLE TAX LAWS OR BAR ANY RIGHT OF ACTION ASSERTED BY A GOVERNMENTAL TAXING AUTHORITY AGAINST THE AFOREMENTIONED RELEASED PARTIES FOR ANY STATUTORY VIOLATION OF APPLICABLE TAX LAWS. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE PLAN, UPON THE EFFECTIVE DATE, THE RELEASEES ARE EACH GRANTED THE PROTECTIONS AND BENEFITS OF SECTION 1125(E) OF THE BANKRUPTCY CODE.

6. Disclosures Relating to Releases. Article 9.5 of the Plan provides for release of certain claims against non-debtors in consideration of services provided to the Estates and the settlements, compromises and/or investments made by the non-debtor Releasees. The non-debtor Releasees are the Reorganized Debtors and their respective affiliates, current and former officers, directors, members, managers, employees, attorneys and advisors.

The released claims are any and all claims or causes of action, including but not limited to, those in connection with, related to or arising out of the Chapter 11 Cases.

I. Retention of Jurisdiction.

The Plan provides that pursuant to Bankruptcy Code sections 105 and 1142, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Bankruptcy Cases and the Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

- (1) allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim, including the resolution of any application or request for payment of any Administrative Expense Claim, and the resolution of any objections to the allowance or priority of Claims;
- (2) hear and determine all Professionals' applications for compensation and reimbursement of expenses incurred in the Bankruptcy Cases;
- (3) determine any and all adversary proceedings, motions, applications, and contested or litigated matters and consider and act upon the compromise and settlement of any Claim against the Estates;
- (4) enter such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection therewith;
- (5) hear and determine disputes arising in connection with the interpretation, implementation, consummation, or enforcement of the Plan, including disputes arising under agreements, documents or instruments executed in connection therewith;
- (6) consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;
- (7) issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person with the implementation, consummation, or enforcement of the Plan or the Confirmation Order;
- (8) hear and determine any matters arising in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Disclosure Statement, the Confirmation Order;
- (9) enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Bankruptcy Cases;
- (10) hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;
- (11) hear and determine all matters related to the property of the Estates or the Debtors from and after the Effective Date;

- (12) hear and determine such other matters as may be provided in the Confirmation Order and as may be authorized under the provisions of the Bankruptcy Code; and
- (13) enter a final decree closing the Bankruptcy Cases.

J. Miscellaneous Provisions of the Plan.

1. Reports. Until a Final Decree is entered, the Debtors shall submit all post-confirmation quarterly reports to the United States Trustee as required by the United States Trustee guidelines (with a copy served on the Office of the United States Trustee) setting forth all receipts and disbursements of the Debtors. The first report shall be filed within thirty (30) days after the end of the quarter in which the Effective Date occurs. The Debtors shall be responsible to request that a Final Decree be entered in these Bankruptcy Cases. The Debtors shall also be responsible for any quarterly fees due to the United States Trustee from and after the Effective Date until the Bankruptcy Cases are closed.

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

3. Allocation of Plan Distributions Between Principal And Interest. To the extent that any Allowed Claim entitled to a distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall, for federal income tax purposes, be allocated to the principal amount of the Claim first, and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

4. No Interest. Except as expressly stated in the Plan, or allowed by Final Order of the Bankruptcy Court, no interest, penalty or late charge is to be allowed on any Claim subsequent to the Petition Date.

5. Notices. All notices, requests or demands for payments provided for in the Plan shall be in writing and shall be deemed to have been given when personally delivered by hand or deposited in any general or branch post office of the United States Postal Service. Notices, requests and demands for payments shall be addressed and sent postage pre-paid or delivered in the case of notices, requests or demands for payments to the following:

To the Debtors and/or Reorganized Debtors: Lowenstein Sandler PC
65 Livingston Avenue
Roseland, NJ 07068
Attention: S. Jason Teele, Esq.

To the United States Trustee: United States Trustee - Region 3
One Newark Center, Suite 2100
Newark, NJ 07102
Attention: Peter J. D'Auria, Esq.

To the Committee: Porzio, Bromberg & Newman, P.C.
100 Southgate Parkway
P.O. Box 1997
Morristown, NJ 07962
Attention: John S. Mairo, Esq.

6. Plan Controls Disclosure Statement. Notwithstanding anything to the contrary contained herein or in the Disclosure Statement, in the event and to the extent that any provision of the Plan is inconsistent with any provision of the Disclosure Statement, the provisions of the Plan shall control and take precedence.

7. Filing of Additional Documents. Prior to the Effective Date, the Debtors or Reorganized Debtors may file with the Bankruptcy Court such agreements or other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan that are not inconsistent with the terms of the Plan. On or after the Effective Date, the Debtors or Reorganized Debtors may file with the Bankruptcy Court such agreements or other documents as may be necessary or appropriate to effectuate the terms and conditions of the Plan.

8. Reservation of Rights. If the Plan is not confirmed by the Bankruptcy Court or any other Court of competent jurisdiction for any reason, the rights of the Debtors and all parties in interest in these Bankruptcy Cases shall and will be reserved in full. Statements and provisions made in the Plan or in the Disclosure Statement are made only for the purpose(s) of the Plan. If the Plan is withdrawn, the Confirmation Order is not entered, or if the Effective Date does not occur, no Person shall be bound by or deemed prejudiced by any such statement or provision.

9. Rules of Interpretation; Computation of Time. For purposes of the Plan, (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document as being in a particular form or containing particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions, (b) any reference in the Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented, (c) unless otherwise specified, all references in the Plan to Sections, Articles, and Exhibits, if any, are references to Sections, Articles, and Exhibits of or to the Plan, (d) the words "herein" and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan, (e) captions and headings to Articles and Sections are inserted for convenience of reference

only and are not intended to be a part of or to affect the interpretation of the Plan, and (f) the rules of construction set forth in section 102 of the Bankruptcy Code and in the Bankruptcy Rules shall apply. In computing any period of time prescribed or allowed by the Plan, unless otherwise specifically designated herein, the provisions of Bankruptcy Rule 9006(a) shall apply.

10. Direction to a Party. From and after the Effective Date, the Debtors may apply to the Bankruptcy Court for the entry of an order directing any Person to execute or deliver or to join in the execution or delivery of any instrument or document reasonably necessary or reasonably appropriate to effect a transfer of properties dealt with by the Plan, and to perform any other act (including the satisfaction of any lien or security interest) that is reasonably necessary or reasonably appropriate for the consummation of the Plan.

11. Successors and Assigns. The rights, duties and obligations of any Person named or referred to in the Plan, including all Creditors, shall be binding on, and shall inure to the benefit of, the successors and assigns of such Person.

12. Compliance with Tax Requirements. In connection with the Plan, the Debtors shall comply with all withholding and reporting requirements imposed by Federal, State, local or foreign taxing authorities. Under section 1146(a) of the Bankruptcy Code and applicable New Jersey State law, the issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfer under the Plan shall not be taxed under any law imposing a stamp tax or similar tax.

13. Waiver of Subordination. Notwithstanding any provision of the Plan to the contrary, all holders of Claims shall be deemed to have waived any and all contractual subordination rights to which they may have with respect to the distributions made pursuant to the Plan, and the Confirmation Order shall permanently enjoin, effective as of the Effective Date, all holders of Claims from enforcing or attempting to enforce any such rights against any Person receiving distributions under the Plan.

14. Post-Effective Date Professional Fees. The reasonable fees and actual and necessary expenses incurred after the Effective Date by professionals for the Debtors shall be paid by the Debtors or Reorganized Debtors upon the submission of an invoice to the Debtors or Reorganized Debtors without the need for further notice to any Person or approval by the Bankruptcy Court.

15. Governing Law. Unless a rule of law or procedure is supplied by federal law, including the Bankruptcy Code and Bankruptcy Rules, (a) the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan, and (b) governance matters shall be governed by the laws of the State of New Jersey, without giving effect to the principles of conflict of law thereof.

16. Modification of the Plan. The Debtors may alter, amend, or modify the Plan or any exhibits thereto under Bankruptcy Code section 1127(a) at any time prior to the Confirmation Date. After the Confirmation Date and prior to substantial consummation of the Plan, the Debtors may, under Bankruptcy Code section 1127(b), institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan,

the Disclosure Statement, or the Confirmation Order, and such matters as may be necessary to carry out the purposes and effects of the Plan so long as such proceedings do not materially or adversely affect the treatment of holders of Claims or Interests under the Plan; provided, however, prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or Order of the Bankruptcy Court.

ARTICLE V.

RISK FACTORS

A. Risk of Non-Confirmation of the Plan.

If the Plan is not confirmed and consummated, there can be no assurance that the Bankruptcy Cases will continue rather than be converted to a chapter 7 liquidation. The Bankruptcy Court, which sits as a court of equity, may exercise substantial discretion with respect to the affairs of the Debtors during the Bankruptcy Cases. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a plan and requires, among other things, that the value of distributions to dissenting creditors and shareholders not be less than the value of distributions such creditors and shareholders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Although the Debtors believe that the Plan will meet such tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Furthermore, although the Debtors believe that the Effective Date will occur shortly after the Confirmation Date, there can be no assurance as to such timing. In addition, the Debtors could experience material adverse changes in their liquidity as a result of such delay.

B. Risk of Additional or Larger Claims.

The Disclosure Statement and its attached exhibits necessarily include estimates, including estimates of future events. These estimates include, but are not limited to, estimates of future income and expenses, estimates as to the total amount of Claims that will be asserted against the Debtors and the outcome of Disputed Claims. The Debtors believe that the estimates presented are reasonable and appropriate under the circumstances. Nevertheless, there is a risk that unforeseen future events may cause one or more of these estimates to be materially inaccurate. Among the potential risks is additional prepetition or Administrative Expense Claims may be asserted, that Disputed Claims may be resolved at higher amounts than expected or that the resolution of such Claims may require the expenditure of unanticipated professional fees. If one or more of these estimates proves to be inaccurate, the amount of funds available for Distribution pursuant to the Plan may be reduced.

C. Inherent Uncertainty of the Debtors' Financial Projections.

The Financial Projections attached hereto include projections covering the Reorganized Debtors' operations through the end of 2012. These projections are based on assumptions that are an integral part of the projections, including confirmation and consummation of the Plan in accordance with its terms, the anticipated future performance of the Debtors, industry performance, general business and economic conditions and other matters, many of which are beyond the control of the Reorganized Debtors and some or all of which may not materialize.

In addition, unanticipated events and circumstances occurring after the date hereof may materially affect the actual financial results of the Reorganized Debtors' operations. These variations may be material and may adversely affect the value of the membership interests in the Reorganized Debtors and the ability of the Reorganized Debtors to make payments with respect to their indebtedness. Because the actual results achieved may vary from projected results, perhaps significantly, the projections should not be relied upon as a guaranty or other assurance of the actual results that will occur.

The Reorganized Debtors' business plan was developed by the Debtors with the assistance of their advisors. There can be no assurances that the Debtors' business plan will not change, perhaps materially, as a result of decisions management makes after fully evaluating the strategic direction of the Debtors and the business plan. Any deviations from the Debtors' existing business plan would necessarily cause a deviation from the attached projections, and could result in materially different outcomes from those projected.

ARTICLE VI. **FEASIBILITY OF THE PLAN**

As a condition to Confirmation, section 1129(a)(11) of the Bankruptcy Code requires that the Debtors show that confirmation is not likely to be followed by the liquidation of the Debtors or the need for further financial reorganization, unless such liquidation or reorganization is a component of the Plan. Based on the financial projections annexed hereto the Debtors believe that the Plan is feasible because, among other things, (i) the Debtors will be able to satisfy all of their obligations under the Plan, and (ii) the Debtors' revenue from continuing operations will be sufficient to satisfy all ordinary course business expenses as such expenses come due.

ALTHOUGH EVERY EFFORT WAS MADE TO BE ACCURATE, THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTS OR IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPALS IN THE UNITED STATES, THE FINANCIAL ACCOUNTING STANDARDS BOARD, OR THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION REGARDING PROJECTIONS. FURTHERMORE, NEITHER THE DEBTORS' AUDITORS, NOR ANY OTHER ACCOUNTANTS, HAVE COMPILED, EXAMINED, OR PERFORMED ANY PROCEDURES WITH RESPECT TO THE PROJECTIONS CONTAINED HEREIN, NOR HAVE THEY EXPRESSED ANY OPINION OR ANY OTHER FORM OF ASSURANCE ON SUCH INFORMATION OR ITS ACHIEVABILITY, AND ASSUME NO RESPONSIBILITY FOR, AND DISCLAIM ANY ASSOCIATION WITH, THE PROSPECTIVE FINANCIAL INFORMATION. WHILE PRESENTED WITH NUMERICAL SPECIFICITY, THE PROJECTIONS ARE BASED ON A VARIETY OF ASSUMPTIONS, WHICH MAY NOT BE REALIZED, AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, WHICH ARE BEYOND THE CONTROL OF THE DEBTORS. CONSEQUENTLY, THE PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY ANY OF THE DEBTORS, OR ANY OTHER PERSON, THAT THE PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY

VARY MATERIALLY FROM THOSE PRESENTED IN THE PROJECTIONS. HOLDERS OF CLAIMS MUST MAKE THEIR OWN DETERMINATION AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS IN REACHING THEIR DETERMINATIONS OF WHETHER TO ACCEPT OR REJECT THE PLAN. NEITHER THE DEBTORS' INDEPENDENT AUDITORS NOR THEIR FINANCIAL ADVISORS HAVE EXPRESSED AN OPINION ON OR MADE A REPRESENTATION REGARDING THE ACHIEVABILITY OF THE FINANCIAL PROJECTIONS.

ARTICLE VII.
BEST INTERESTS TEST

Under the Bankruptcy Code, confirmation of a plan also requires a finding that, with respect to each Impaired Class of Claims and Interests, that each holder of an Allowed Claim or Interest in such Impaired Class has accepted the Plan, or will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. This requirement is known as the "best interests of creditors" test. To calculate the probable distribution to holders of each Impaired Class of Claims and Interests if the Debtors were liquidated under chapter 7, the Bankruptcy Court must first determine the aggregate dollar amount that would be generated from the Debtors' assets if their chapter 11 cases were converted to chapter 7 cases under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the Debtors' assets by a chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by, first, the claims of secured creditors to the extent of the value of their collateral, and, second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the chapter 7 cases and the chapter 11 cases. Costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the Debtors in their chapter 11 cases (such as compensation of attorneys and financial advisors) that are allowed in the chapter 7 cases, litigation costs, and claims arising from the operations of the Debtors during the pendency of the chapter 11 cases. The liquidation itself would trigger certain tax and other priority claims that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general unsecured claims or to make any distribution in respect of equity interests. The liquidation would also prompt the rejection of most, if not all, of the Debtors' executory contracts and unexpired leases, thereby creating a significant increase in general unsecured claims.

The Plan meets the "best interests of creditors" test of section 1129(a)(7) of the Bankruptcy Code. As described in more detail in the Liquidation Analysis, attached hereto, the holders of Claims in each Class will receive substantially more under the Plan than in liquidation. Specifically, the Holders of Claims in Classes 2, 3A-E and 4 will receive 100% of their Claims and Interests under the Plan. By contrast, in a liquidation, the Holder of the Comerica Claim will likely receive 100% of its secured claim; however, Holders of Claims in Classes 3A-E could receive payment equal to less than 100% of their Claims and the Holders of

Interests would likely receive or retain no property. Therefore, the treatment of Holders of Claims and Interests is superior under the Plan than under any other scenario, including but not limited to under chapter 7 of the Bankruptcy Code.

The Plan leaves Unimpaired all Priority Tax Claims, Administrative Expense Claims and Class 1 Priority Claims, so the best interest test is satisfied with respect to these Claims.

Moreover, the Plan provides for the continued operations of certain of the Debtors as the Reorganized Debtors after the Effective Date.

Although the Debtors believe that the Plan meets the “best interests test” of section 1129(a)(7) of the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will determine that the Plan meets this test.

ARTICLE VIII.

TAX CONSEQUENCES

CIRCULAR 230 DISCLAIMER

To ensure compliance with requirements imposed by the Internal Revenue Service (the “IRS”), we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or tax-related matter(s) addressed herein.

Confirmation may have federal income tax consequences for the Debtors and Holders of Claims or Interests. The Debtors have not obtained and do not intend to request a ruling from the IRS, nor have the Debtors obtained an opinion of counsel with respect to any tax matters. Any federal income tax matters raised by Confirmation of the Plan are governed by the Internal Revenue Code and the regulations promulgated thereunder. The following is intended to be a summary only and not a substitute for careful tax planning with a tax professional. The federal, state and local tax consequences of the Plan may be complex in some circumstances and, in some cases, uncertain. Accordingly, each Holder of a Claim or Interest is strongly urged to consult with his or her own tax advisor regarding the federal, state, local and foreign tax consequences of the Plan.

A. Compliance with Tax Requirements.

In connection with this Plan, the Debtors shall comply with all withholding and reporting requirements imposed by Federal, State, local or foreign taxing authorities. Under section 1146(a) of the Bankruptcy Code and applicable New Jersey State law, the issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfer under the Plan shall not be taxed under any law imposing a stamp tax or similar tax. Upon request, Claim Holders must provide the Reorganized Debtors with a tax identification number or similar information.

B. Tax Consequences to the Debtors.

The Debtors may not recognize income as a result of the discharge of debt pursuant to the Plan because section 108 of the Internal Revenue Code provides that taxpayers in bankruptcy proceedings do not recognize income from the discharge of debt. However, a taxpayer is required to reduce its “tax attributes” by the amount of the debt discharged. Tax attributes are reduced in the following order: (i) net operating losses; (ii) general business credits; (iii) capital loss carryovers; (iv) basis in assets; and (v) foreign tax credits.

C. Tax Consequences to Unsecured Creditors.

An Unsecured Creditor that receives only Cash in satisfaction of its Claim may recognize gain or loss, with respect to the principal amount of the Claim, equal to the difference between (i) the Creditor’s basis in the Claim (other than the portion of the Claim, if any, attributable to accrued interest), and (ii) the balance of the Cash received after any allocation to accrued interest. The character of the gain or loss as capital gain or loss, or ordinary income or loss, will generally be determined by whether the Claim is a capital asset in the Creditor’s hands. A Creditor may also recognize income or loss in respect of consideration received for accrued interest on the Claim. The income or loss will generally be ordinary, regardless of whether the Creditor’s Claim is a capital asset in its hands.

DISCLAIMER

Holders of Claims or Interests should not rely on this Disclosure Statement with respect to the tax consequences of the Plan. You should consult with your own tax counsel or advisor. The discussion of tax consequences in this Disclosure Statement is not intended as a complete discussion or analysis of all tax consequences of the Plan.

ARTICLE IX.
RECOMMENDATION

Based on the information in this Disclosure Statement, the Debtors believe that confirmation of the Plan is in the best interests of the Debtors, the Estates and Holders of Claims against and Interests in the Debtors, and recommends its confirmation by the Bankruptcy Court.

Respectfully submitted,

U.S. EAGLE CORP., ET AL.

Debtors and Debtors in Possession

/s/ Steven A. San Filippo

-- and --

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Counsel to the Debtors and Debtors in Possession

/s/ S. Jason Teele

Dated: March 5, 2012