

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re:	:	Chapter 11
	:	
BSCV, Inc. (f/k/a Boscov's, Inc.),	:	Jointly Administered
a Pennsylvania Corporation, <u>et al.</u>,	:	Case No. 08-11637 (KG)
	:	
Debtors.	:	
	:	
BSCV Investment Company (f/k/a Boscov's	:	08-11635 (KG)
Investment Company)	:	
	:	
BSCV Finance Company, Inc. (f/k/a Boscov's	:	08-11636 (KG)
Finance Company, Inc.)	:	
	:	
BSCV Department Store, LLC (f/k/a Boscov's	:	08-11638 (KG)
Department Store, LLC)	:	
	:	
BSCV Transportation Company LLC (f/k/a Boscov's	:	08-11639 (KG)
Transportation Company LLC)	:	
	:	
BSCV PSI Inc. (f/k/a Boscov's PSI Inc.)	:	08-11640 (KG)
	:	
BSCV II, Inc. (f/k/a SDS. Inc.)	:	08-11641 (KG)
	:	
Retail Construction & Development, Inc.	:	08-11642 (KG)
	:	

**SECOND AMENDED DISCLOSURE
STATEMENT PURSUANT TO SECTION 1125 OF
THE BANKRUPTCY CODE OF JOINT PLAN OF
BSCV, INC. (F/K/A BOSCOV'S, INC.) AND ITS
DEBTOR AFFILIATES**

DANIEL J. DEFRAncESCHI (DE 2732)
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
(302) 651-7700

- AND -

DAVID G. HEIMAN (OH I.D. 0038271)
JONES DAY
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114
(216) 586-3939

BRAD B. ERENS (IL I.D. 6206864)
MARK A. CODY (IL I.D. 6236871)
MARC F SKAPOF (NY I.D. MFS 5746)
JONES DAY
77 West Wacker Drive
Chicago, Illinois 60601
(312) 782-3939

ATTORNEYS FOR DEBTORS

July 22, 2009



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SECOND AMENDED DISCLOSURE STATEMENT, DATED JULY 22, 2009
SOLICITATION OF VOTES WITH RESPECT
TO THE SECOND AMENDED JOINT PLAN OF BSCV, INC.
(F/K/A BOSCOV'S, INC.)¹ AND ITS DEBTOR AFFILIATES

The Debtors believe that the Second Amended Joint Plan of BSCV, Inc. (f/k/a Boscov's, Inc.) and its Debtor Affiliates, dated July 22, 2009 and attached as Exhibit I (the "Plan") is in the best interests of creditors. All creditors entitled to vote thereon are urged to vote in favor of the Plan. Detailed voting instructions are set forth below, and contained on the Ballots distributed to creditors entitled to vote on the Plan. To be counted, your Ballot must be duly completed, executed and received by 5:00 p.m., Pacific time (8:00 p.m., Eastern time), on August 28, 2009 (the "Voting Deadline"), unless otherwise extended by the Debtors.

The Official Committee of Unsecured Creditors (the "Creditors' Committee") has independently concluded that the Plan is in the best interests of creditors and urges creditors to vote in favor of the Plan. Letters in support of the Plan from the Debtors and the Creditors' Committee are included with this Disclosure Statement.

As discussed below, the effectiveness of the proposed Plan is subject to material conditions precedent, some of which may not be satisfied.

No person is authorized by any of the Debtors in connection with the Plan or the solicitation of acceptances of the Plan to give any information or to make any representation, other than as contained in this Disclosure Statement and the exhibits attached hereto or incorporated by reference or referred to herein, and, if given or made, such information or representation may not be relied upon as having been authorized by any of the Debtors. Although the Debtors will make available to creditors entitled to vote on acceptance of the Plan such additional information as may be required by applicable law prior to the Voting Deadline, the delivery of this Disclosure Statement will not under any circumstances imply that the information herein is correct as of any time after the date hereof.

By an order of the Bankruptcy Court dated July 22, 2009, this Disclosure Statement has been approved as containing "adequate information" for creditors and equity security holders of the Debtors in accordance with section 1125 of the Bankruptcy Code. The Bankruptcy Code defines "adequate information" as "information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and the history of the debtor and the condition of the debtor's books and records . . . that would enable . . . a hypothetical investor [typical of the holders of claims or interests in the case] of the relevant class to make an informed judgment about the plan, but adequate information need not include such information about any other possible or proposed plan" 11 U.S.C. § 1125(a)(1).

All creditors are encouraged to read and carefully consider this entire Disclosure Statement, including the Plan attached as Exhibit I and the Risk Factors described in Article VIII hereof prior to submitting Ballots in response to this solicitation.

The summaries of the Plan and other documents contained in this Disclosure Statement are qualified in their entirety by reference to the Plan itself, the exhibits thereto and documents described therein as being filed before approval of the Disclosure Statement. The Debtors will file all exhibits to the Plan with the Bankruptcy Court and make them available for review on the Document Website (www.kcellc.net/boscov) no later than ten days before the Voting Deadline.

The information contained in this Disclosure Statement, including the information regarding the history, businesses and operations of the Debtors and other information regarding the Debtors, is included for purposes of

¹ Pursuant to paragraph 35 of the order dated November 21, 2008 approving the sale of substantially all of the Debtors' assets, the Debtors were authorized by the Court to change their corporate names and the caption of their Bankruptcy Cases upon notice to all parties in interest. On December 12, 2008, the Debtors filed with the Court their notice of change of corporate names and case caption and served such notice on all parties in interest in these Bankruptcy Cases.

soliciting acceptances of the Plan, but, as to contested matters and adversary proceedings, is not to be construed as admissions or stipulations, but rather as statements made in settlement negotiations.

FORWARD-LOOKING STATEMENTS

This Disclosure Statement contains forward-looking statements based primarily on the current expectations of the Debtors and projections about future events and financial trends affecting the financial condition of the Debtors' businesses. The words "believe," "may," "estimate," "continue," "anticipate," "intend," "expect" and similar expressions identify these forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described below under the caption "Risk Factors" in Article VIII hereof. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this Disclosure Statement may not occur, and actual results could differ materially from those anticipated in the forward looking statements. The Debtors do not undertake any obligation to update or revise publicly any forward looking statements, whether as a result of new information, future events or otherwise.

This Disclosure Statement has not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC"), any state securities commission or any securities exchange or association nor has the SEC, any state securities commission or any securities exchange or association passed upon the accuracy or adequacy of the statements contained herein.

All capitalized terms used in this Disclosure Statement and not otherwise defined herein will have the meanings given to them in the Plan.

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EXHIBIT II	Solicitation Order
EXHIBIT III	Chapter 7 Liquidation Analysis

I. PRELIMINARY STATEMENT

Prior to the filing of the Bankruptcy Cases, the Debtors owned and operated the nation's largest family owned, full-service department store chain in the United States. At its peak, the Debtors' retail footprint encompassed 49 department stores located in the Mid-Atlantic region, serving, in most instances, middle-sized markets in Pennsylvania, New Jersey, Maryland, New York and Delaware. Despite the Debtors' strong presence in many of their former operating locations, in the summer of 2008 the Debtors were besieged by a myriad of factors that collectively created insurmountable liquidity constrictions that resulted in the filing of the Bankruptcy Cases.

First, many of the communities in which the Debtors formerly operated were grappling with a collapse in the housing market and the general downturn in the economy, which led to dramatic declines in discretionary spending. Second, the Debtors were facing increasingly strained credit markets, which greatly impacted the Debtors' cash position, and significantly hampered the Debtors' ability to finance the acquisition of inventory and merchandise. Third, the Debtors' liquidity woes caused many of their trade vendors to tighten credit terms, require cash on delivery, or, in some cases, require cash in advance, which further eroded their precarious cash position and impaired their ability to stock adequate merchandise to meet traditional customer demands. As a consequence of these liquidity pressures, on August 4, 2008, the Debtors filed their petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware.

At the inception of the Bankruptcy Cases, in an effort to immediately reduce operating expenses and to boost their liquidity, the Debtors sought and obtained Bankruptcy Court approval to close 10 under-performing retail locations that proved to be a considerable cash drain on the Debtors' operations. This downsizing, which was completed in mid-October 2008, successfully reduced the Debtors' expenses and overall cost structure, and significantly increased the Debtors' liquidity. Nevertheless, despite these positive results, the Debtors' businesses continued to require additional equity capital in order to achieve long-term viability. Indeed, the downward trends in the retail sector generally, as well as the constrictions in the capital markets, greatly limited the Debtors' ability to acquire goods in anticipation of the coming holiday season.

In that regard, in the summer of 2008, at the direction of the Debtors, their investment banker, Barclays Capital, Inc. (f/k/a Lehman Brothers, Inc.) ("Barclays"), commenced a comprehensive process to find a buyer or investor as part of the Debtors' long-term chapter 11 strategy. Relatively early in the process, it became clear to the Debtors that any sale transaction or equity infusion likely would have to occur prior to the upcoming holiday season so that any potential buyer or investor could benefit from the Debtors' most lucrative sales season of the year. Accordingly, the Debtors moved with great urgency to explore a going concern sale transaction.

On October 2, 2008, the Debtors executed an asset purchase agreement (the "Regio APA") with Regio BDS, LLC ("Regio"), which contemplated the sale of substantially all of the Debtors' assets as a going concern. Regio was a newly created affiliate of Versa Capital Management, Inc. ("Versa"). In early October 2008, the Bankruptcy Court approved an expedited sale process in connection with the Regio APA, which contemplated a bidding deadline of October 15, 2008 for any competing qualified bids, an auction, if necessary, on October 20, 2008, and a sale hearing to commence on October 21, 2008.

On October 15, 2008 — the sale bidding deadline — the Debtors received only one other bid, from BLF Acquisition, Inc. ("BLF"), an entity owned by former management and shareholders of the Debtors led by Albert Boscov, the Debtors' previous chairman and chief executive officer. October 15, 2008 was also the deadline set forth in the Regio APA for Regio to provide the Debtors with documentation demonstrating that Regio had the requisite financing and equity commitments to close its purchase of the Debtors within the timeframe set forth in the Regio APA. As of October 15, 2008, the documentation submitted by Regio did not, in the Debtors' view, demonstrate that Regio had the requisite financing to close the transaction, and at that time, Regio proposed to the Debtors that the closing of any sale be deferred until January 7, 2009.

From the Debtors' perspective, a January 2009 closing presented several risks, including running afoul of their commitments to the Debtors' post-petition lenders, who had insisted that any sale close prior to December 2008. Nevertheless, the Debtors and Regio agreed to extend many of the sale-related deadlines, including certain termination rights, in an effort to secure a deal. At the same time, the Debtors continued negotiations with BLF regarding a potential sale transaction. As negotiations between the Debtors and their potential suitors progressed, it became increasingly clear to the Debtors, the Creditors' Committee and the Debtors' lenders that a sale transaction

with BLF would have several advantages over a transaction with Regio, not the least of which was that BLF could finance a transaction to close on the timeframe required by the Debtors' lenders. Consequently, on October 31, 2008, following a meeting of a special committee of the Debtors' board of directors, and with the consent of the Creditors' Committee, the Debtors terminated the Regio APA pursuant to section 4.4(e).

On November 3, 2008, with the support of the Creditors' Committee, the Debtors executed that certain Asset Purchase Agreement by and among Boscov's, Inc. and its Subsidiaries and BLF Acquisition, Inc. dated as of November 3, 2008 (the "BLF APA") for the sale of substantially all of the Debtors' assets to BLF. On November 21, 2008, the Bankruptcy Court approved a sale of the Debtors' assets free and clear of all liens and encumbrances to BLF, as well as the assumption and assignment to BLF of many of the Debtors' contracts and leases. On December 4, 2008, the Debtors closed the sale with BLF. As noted below, the proceeds of the sale have been used to pay down the Debtors' secured creditors. The remainder of the sale proceeds will be used to fund distributions under the Plan and to pay bankruptcy administrative costs. Since the closing, BLF has continued to operate the Boscov's retail chain as Boscov's, Inc. ("New Boscov's") as a going concern in much the same fashion as it was operated by the Debtors prior to the Petition Date.

The consideration paid by BLF under the BLF APA consisted of the following:

- All outstanding amounts owing under the Debtors' first lien debtor in possession revolving loan facility, dated August 5, 2008, among the Debtors, Bank of America, as agent, and a syndicate of lenders (the "DIP Lenders");
- All outstanding amounts owing (including any prepayment fees, make-whole payments or similar amounts) under the Debtors' pre-petition second lien credit agreement, dated March 20, 2008, among the Debtors, GB Merchant Partners LLC (as successor to Bear Stearns Corporate Lending, Inc.), as administrative agent and collateral agent, and the lenders party thereto;
- Cash totaling \$3 million, subject to possible adjustment upward under the BLF APA; and
- The assumption of various liabilities.

Additionally, as part of the consideration under the BLF APA, BLF was required to pay (i) the claims of certain holders of administrative expense claims arising under section 503(b)(9) of the Bankruptcy Code (the "503(b)(9) Claims"), (ii) the administrative expense claims of Estate professionals (the "Administrative Professional Claims") for fees accrued but not yet paid prior to the closing of the sale, up to a cap, (iii) the amounts necessary to cure all monetary defaults under the contracts and leases purchased under the BLF APA, and (iv) certain other amounts. BLF's obligation to pay the 503(b)(9) Claims was capped at \$10 million. Any 503(b)(9) Claims in excess of the \$10 million cap are the responsibility of the Debtors' Estates. Upon the approval of the BLF APA, BLF paid to the Debtors approximately \$7.9 million of the \$10 million available to satisfy 503(b)(9) Claims. To the extent the 503(b)(9) Claims exceed the \$7.9 million already paid by BLF, BLF will be required to pay such additional 503(b)(9) Claims up to \$10 million, at which time the Debtors will be responsible for any additional 503(b)(9) Claims. To the extent that the 503(b)(9) Claims are less than \$7.9 million in the aggregate, the Debtors are required to return the remainder to BLF. BLF's obligations to pay Administrative Professional Claims is capped at \$8 million. In respect of contract and lease cure claims, BLF has paid to the Estate approximately \$10.9 million, and in respect of Administrative Professional Claims, the Debtors received \$5,547,341 at the closing of the sale from BLF.

In connection with the sale, the Creditors' Committee also settled potential claims of the Debtors' Estates against certain current and former shareholders (the "Shareholders") of the Debtors (the "Shareholder Settlement"). Certain of these Shareholders are affiliated with BLF. The Shareholder Settlement, which is outlined in greater detail below, was an integral part of the sale, and was necessary to procure the Creditors' Committee's support for the sale. The Shareholder Settlement consists, in general terms, of releases of liability among the parties in exchange for an \$8 million cash payment from the Shareholders to the Estates on the closing of the BLF sale, and execution of a \$4 million note by BLF (the "Purchaser Note") payable in annual installments on the 120th day after the end of BLF's fiscal year beginning with the fiscal year ending January 31, 2010 and ending on (and including) the fiscal year ending January 31, 2014, subject to certain conditions set forth in the Purchaser Note, including

certain performance goals of BLF. The Shareholder Settlement was approved by the Bankruptcy Court in connection with the sale on November 21, 2008.

Pursuant to section 8.14 of the BLF APA, the Debtors are required, in relevant part, to:

reasonably cooperate with [BLF] prior to and after the Closing in [BLF's] efforts to preserve for the benefit of [BLF] any net operating losses and other related Income Tax credits of [the Debtors]; provided, that [BLF] shall pay for any costs incurred ... in connection with the foregoing.

Shortly after the Sale Effective Date, the parties, in accordance with section 8.14 of the BLF APA, began discussions regarding whether (1) the Debtors had any remaining net operating losses ("NOLs") after giving effect to the sale, and (2) whether any such NOLs could be preserved for BLF under a plan of reorganization. At the same time, given the uncertainty in the discussions with BLF, the Debtors, with the assistance and support of the Creditors' Committee, also began preparing a plan and disclosure statement in an effort to move these chapter 11 cases to a timely conclusion.

In January 2009, the Debtors determined that discussions with BLF were not likely to produce a viable plan structure. In that regard, on January 30, 2009, the Debtors sent a letter to BLF and its counsel expressing the Debtors' view that Plan negotiations had reached a standstill and, as a result, the Debtors and the Creditors' Committee would move forward with a plan of liquidation to distribute the proceeds of the sale and certain anticipated tax refunds to the Debtors' creditors. On February 6, 2009, the Debtors, with the support of the Creditors' Committee, filed with the Bankruptcy Court the following materials:

- Motion of the Debtors for an Order Approving (A) the Disclosure Statement, (B) Notice of Disclosure Statement Hearing, (C) Contents of Solicitation Packages, (D) Procedures for the Distribution of Solicitation Packages and the Solicitation and Tabulation of Votes to Accept or Reject the Proposed Joint Plan of BSCV, Inc. (f/k/a Boscov's, Inc.) and its Debtor Affiliates and (E) Certain Related Relief (the "Solicitation Motion");
- Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code of Joint Plan of BSCV, Inc. (f/k/a Boscov's, Inc.) and its Debtor Affiliates; and
- Joint Plan of BSCV, Inc. (f/k/a Boscov's, Inc.) and its Debtor Affiliates.

At that time, the Bankruptcy Court scheduled a hearing for March 20, 2009 at 2:00 p.m. (ET) to consider approval of the Solicitation Motion and disclosure statement. On March 16, 2009, the Debtors subsequently filed an amended plan and disclosure statement, which reflected changes made in response to objections filed by certain parties in interest. Shortly thereafter, BLF informed the Debtors that BLF believed that one or more of the corporate Debtors had significant NOLs and presented the Debtors with a proposed plan structure intended to preserve such NOLs for BLF. After several discussions between the Debtors, BLF and the Creditors' Committee regarding BLF's plan proposal, the Debtors and the Creditors' Committee agreed to work with BLF to propose to the Bankruptcy Court and the Debtors' creditors a second amended plan. The Debtors have not independently verified BLF's calculations and have made no representations to BLF as to the existence or amount of the NOLs.

As part of the Debtors' and the Committee's agreement with BLF, on March 18, 2009, BLF provided the Debtors' Estates with a good faith deposit in the amount of \$300,000 to reimburse the Estates for all of the expenses incurred by the Estates in connection with the preparation of a second amended plan and related disclosure statement. Thereafter, the Bankruptcy Court was notified of the change in process, and the hearing to consider approval of the disclosure statement and Solicitation Motion was adjourned indefinitely pending the filing of a second amended plan, and related disclosure statement.

On June 15, 2009, the Debtors filed the Plan, the purpose of which is to bring the Bankruptcy Cases to a close by settling the remaining outstanding claims against the Estates with distributions from proceeds received by the Debtors' Estates as part of the BLF sale transaction, including the proceeds received by the Debtors on account of the Shareholder Settlement, as well as the proceeds of certain tax refunds and the Purchaser Note. A general discussion of the Plan's terms, its treatment of creditors and other relevant information follows below.

II. OVERVIEW OF THE PLAN²

A. Introduction

The confirmation of a plan of reorganization, which is the vehicle for satisfying the rights of holders of claims against and equity interests in a debtor, is the overriding purpose of a chapter 11 case. A plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of assets. In either event, upon confirmation of the plan, it becomes binding on the debtor and all of its creditors and stakeholders, and the obligations owed by the debtor to those parties are compromised and exchanged for the obligations specified in the plan.

The primary objectives of the Plan are to: (a) maximize the value of the ultimate recoveries to all creditor groups on a fair and equitable basis; and (b) settle, compromise or otherwise dispose of certain claims and interests on terms that the Debtors believe to be fair and reasonable and in the best interests of the Debtors' respective Estates and creditors. As noted, the Debtors have liquidated substantially all of their assets. As such, the Debtors' assets consist almost exclusively of cash and the right to receive future cash from, among other things, tax refunds and the Purchaser Note. The Plan essentially provides for the distribution of such cash, after the payment of expenses of the Estates, to the holders of Allowed Claims in accordance with the priorities established by the Bankruptcy Code. The Plan also provides for, among other things: (i) the resolution of all claims against each of the Debtors in the manner set forth below, and in the Plan; (ii) the rejection of all unexpired Executory Contracts and Unexpired Leases to which any Debtor is a party that are not included on Exhibit III to the Plan or that have not been assigned to BLF as part of the sale, or otherwise previously assumed, assumed and assigned, or rejected by the Debtors, and (iii) certain other transactions necessary to effectuate the terms of the Plan.

Distributions to creditors under the Plan will be made by the Distribution Trust or Third Party Disbursing Agent from the Distributable Cash pursuant to the terms of the Plan and the Distribution Trust Agreement. As of the date hereof, the Debtors estimate that between approximately \$8.4 million and \$10.4 million will be available to fund distributions to General Unsecured Creditors in Class 4 under the Plan. In addition, the Debtors anticipate that they will receive Tax refunds totaling \$7.0 million during calendar year 2009, although there is no assurance that the Debtors will receive tax refunds in this amount or any amount. Substantially all of the Tax refunds, which are Distribution Trust Assets pursuant to the Plan, would arise from the carryback of an expected net operating loss for the Debtors' tax year ending January 31, 2009 to the Debtors' tax year ended January 31, 2007. If the Debtors receive the tax refund as expected, it is anticipated that between approximately \$15.4 million and \$17.4 million will be made available for distribution by the Distribution Trustee or Third Party Disbursing Agent on account of Allowed Claims in Class 4 under the Plan after payment of the Distribution Trust Expenses. **It is important to note, however, that the foregoing estimates may be subject to significant change, as set forth in Article VIII hereof.**

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the applicable requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of a plan of liquidation are that the plan: (i) is accepted by the requisite holders of claims and interests in impaired classes of the debtor; (ii) is in the "best interests" of each holder of a claim or interest in each impaired class under the plan for the debtor; and (iii) complies with the applicable provisions of the Bankruptcy Code. In this instance, only holders of Allowed Claims in Classes 3 and 4 are entitled to vote on the Plan. See Section II.C of this Disclosure Statement for a discussion of Bankruptcy Code requirements for Plan confirmation.

B. Summary of Classes and Treatment of Claims and Interests

The estimated aggregate amount of claims in each class, and the estimated amount and nature of consideration to be distributed to each class, is summarized in the table below. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified. The Debtors' estimates for recoveries by holders of Allowed Unsecured Claims in Class 4 are based on, among other

² The overview of the Plan set forth herein is designed to simply provide a summary of the Plan's terms. To the extent that anything set forth in this Disclosure Statement is inconsistent with the terms of the Plan, the Plan will govern.

things, the Debtors' current view of the likely amount of Allowed Administrative Claims incurred by the Debtors through confirmation of the Plan and the costs of administering and winding down the Debtors' Estates. There can be no guaranty that the Debtors' estimates will prove to be accurate.

The estimated amount of Claims shown in the table below are based upon the Debtors' preliminary review of their books and records and may be revised substantially following further analysis. The amount designated in the table below as "Estimated Percentage Recovery" for each Class is the quotient of the estimated cash to be distributed to holders of Allowed Claims in such Class, divided by the estimated aggregate amount of Allowed Claims in such Class. For a discussion of various factors that could materially affect the amount of cash to be distributed to unsecured creditors under the Plan, see Article VIII. For purposes of computations of Claim amounts, Administrative Claims and other expenses and for similar computational purposes, the Effective Date is assumed to occur on September 29, 2009. There can be no assurance, however, if or when the Effective Date will actually occur.

SUMMARY OF CLASSIFICATION AND TREATMENT UNDER THE PLAN

CLASS	TREATMENT	STATUS/ RIGHT TO VOTE	ESTIMATED AGGREGATE AMOUNT OF ALLOWED CLAIMS OR INTERESTS	ESTIMATED PERCENTAGE RECOVERY
Class 1 <i>(Prepetition First Lien Lender Claims)</i>	All agreed Prepetition First Lien Lender Claims were paid pursuant to the Final DIP Order.	Unimpaired Not Entitled to Vote	\$0	N/A
Class 2 <i>(Miscellaneous Secured Claims)</i>	On the Effective Date, each holder of an Allowed Claim in Class 2 will be paid in full in Cash with postpetition interest if allowed.	Unimpaired Not Entitled to Vote	\$0	100%
Class 3 <i>(Priority Claims)</i>	On the Effective Date, each holder of an Allowed Claim in Class 3 will receive Cash equal to the amount of such Allowed Claim without postpetition interest, unless the holder of such Priority Claim and the applicable Debtor or the Distribution Trustee agree to a different treatment.	Impaired Entitled to Vote	\$158,000	100%
Class 4 <i>(General Unsecured Claims)</i>	Each holder of an Allowed General Unsecured Claim will receive its Pro Rata share of Distribution Trust Assets as set forth in, and on terms of, Section VI.F of the Plan.	Impaired Entitled to Vote	\$110 million to \$130 million	6.4% to 15.74%
Class 5 <i>(Subordinated Claims)</i>	No property will be distributed to or retained by the holders of Allowed Subordinated Claims on account of such Claims.	Impaired Not Entitled to Vote, Deemed to Have Rejected the Plan	Unknown	0%

CLASS	TREATMENT	STATUS/ RIGHT TO VOTE	ESTIMATED AGGREGATE AMOUNT OF ALLOWED CLAIMS OR INTERESTS	ESTIMATED PERCENTAGE RECOVERY
Class 6 <i>(Prepetition Intercompany Claims)</i>	No property will be distributed to or retained by the holders of Allowed Prepetition Intercompany Claims on account of such Claims. Notwithstanding this treatment of Class 6 Claims, each holder of a Prepetition Intercompany Claim will be deemed to have accepted the Plan.	Impaired Not Entitled to Vote, Deemed to Have Accepted the Plan	N/A	0%
Class 7 <i>(Old Common Stock Interests)</i>	Each Holder of an Old Common Stock Interest will retain such Interest.	Unimpaired Not Entitled to Vote, Deemed to Have Accepted the Plan	N/A	N/A
Class 8 <i>(Subsidiary Debtor Equity Interests)</i>	Each Holder of a Subsidiary Debtor Equity Interest (other than any such Interest terminated or cancelled as a part of the Restructuring Transactions) will retain such Subsidiary Debtor Equity Interest.	Unimpaired Not Entitled to Vote, Deemed to Have Accepted the Plan	N/A	N/A

C. Voting on and Confirmation of the Plan

1. Voting Procedures and Requirements

Pursuant to the Bankruptcy Code, only classes of claims against or equity interests in a debtor that are "impaired" under the terms of a plan of liquidation or reorganization, and who receive distributions under such plan, are entitled to vote to accept or reject the plan. Generally, a class is "impaired" under a plan unless such plan leaves unaltered the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest. Classes of claims and interests that are not impaired are not entitled to vote on the plan and are conclusively presumed to have accepted the plan.

As set forth in the above chart, holders of Claims in Classes 3 and 4 are entitled to vote on the Plan. If either Class 3 or 4 votes to reject the Plan, (a) the Debtors may seek to satisfy the requirements for Confirmation of the Plan under the cramdown provisions of section 1129(b) of the Bankruptcy Code and, if required, may amend the Plan to conform to the standards of such section or (b) the Plan may be modified or withdrawn with respect to a particular Debtor, without affecting the Plan as to other Debtors, or in its entirety.

Please carefully follow all of the instructions contained on the Ballot or Ballots provided to you with this Disclosure Statement if you are entitled to vote on the Plan. All Ballots must be completed and returned in accordance with the instructions provided.

To be counted, your Ballot or Ballots must be received by the Voting Deadline at the address set forth on the preaddressed envelope provided to you. It is of the utmost importance to the Debtors that you vote promptly to accept the Plan.

If you are entitled to vote and you did not receive a Ballot, received a damaged Ballot or lost your Ballot, please call the Debtors' voting agent, Kurtzman Carson Consultants LLC, at (866) 381-9100. Also, this Disclosure Statement, the Plan and all of the related exhibits and schedules, including Ballots, are available, without charge, to any party in interest at www.kccllc.net/boscov.

Votes cannot be transmitted orally, by facsimile, or by email. Accordingly, you are urged to return your signed and completed Ballot, by hand delivery, overnight service or regular U.S. mail, promptly, so that it is received by the Debtors' voting agent on or before the Voting Deadline.

2. Confirmation Hearing

The Bankruptcy Code requires the Bankruptcy Court, after proper notice to parties in interest, to hold a hearing on whether the Debtors have fulfilled the confirmation requirements of section 1129 of the Bankruptcy Code. The Confirmation Hearing with respect to the Plan has been scheduled for September 17, 2009 at 3:00 p.m. (Eastern time) before the Honorable Kevin Gross, United States Bankruptcy Judge of the United States Bankruptcy Court for the District of Delaware at 824 North Market Street, 6th Floor, Courtroom No. 3, Wilmington, Delaware 19801. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned date made at the Confirmation Hearing. Any objection to confirmation must be made in writing and must specify in detail the name and address of the objecting party, all grounds for the objection and the amount of the Claim or Interest held by the objecting party. Any such objections must be filed and served upon the persons designated in the notice of the Confirmation Hearing and in the manner and by the deadline described therein.

3. Confirmation Requirements

To confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of findings concerning the Plan and the Debtors, including, without limitation, that:

- the Plan has classified Claims and Interests in a permissible manner;
- the Plan complies with the applicable provisions of the Bankruptcy Code;
- the Debtors have complied with the applicable provisions of the Bankruptcy Code;
- the Debtors, as proponents of the Plan, have proposed the Plan in good faith and not by any means forbidden by law;
- the disclosure regarding the Plan required by section 1125 of the Bankruptcy Code has been made;
- the Plan has been accepted by all impaired classes of claims and interests by the requisite number of votes; or, alternatively, at least one class of impaired claims or interests has voted to accept the plan (without counting the votes of insiders), and the plan otherwise meets the "cramdown" requirements with respect to any rejecting classes of claims or interests;
- the Plan is feasible;
- all fees and expenses payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the payment of such fees on the Effective Date;
- the Plan provides for the continuation after the Effective Date of all retiree benefits, as defined in section 1114 of the Bankruptcy Code, at the level established at any time prior to Confirmation

pursuant to section 1114(e)(1)(B) or 1114(g) of the Bankruptcy Code, for the duration of the period that the applicable Debtor has obligated itself to provide such benefits; and

- the disclosures required under section 1129(a)(5) of the Bankruptcy Code concerning the identity and affiliations of persons who will serve as officers, directors and voting trustees of the Debtors or the successors to the Debtors have been made.

4. Best Interests Test; Liquidation Analysis

In order to confirm the Plan, the Bankruptcy Court also must determine that the Plan is in the best interests of each holder of a Claim or Interest in any such impaired Class who has not voted to accept the Plan. Accordingly, if an impaired Class does not accept the Plan as required under the Bankruptcy Code, the "best interests" test requires that the Bankruptcy Court find that the Plan provides to each member of such impaired Class a recovery on account of the member's Claim or Interest that has a value, as of the Effective Date, at least equal to the value of the distribution that each such member would receive if the applicable Debtor or Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date.

To estimate what members of each impaired Class of Claims or Interests would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code, the Bankruptcy Court must first determine the aggregate dollar amount that would be available if each of the Bankruptcy Cases were converted to a chapter 7 case under the Bankruptcy Code and each of the respective Debtor's assets were liquidated by a chapter 7 trustee (the "Liquidation Value"). The Liquidation Value of a Debtor would consist of the net proceeds received from the disposition of the Debtor's assets plus any cash held by the Debtor.

The Liquidation Value available to holders of Claims or Interests that are not Secured Claims would be reduced by, among other things: (i) the Claims of secured creditors to the extent of the value of their collateral; (ii) the costs, fees and expenses of the liquidation, as well as other administrative expenses of the Debtor's chapter 7 case; (iii) unpaid Administrative Claims of the Bankruptcy Cases; and (iv) Priority Claims and Priority Tax Claims. The Debtors' costs of liquidation in chapter 7 cases would include the compensation of trustees, as well as of counsel and of other professionals retained by such trustees, asset disposition expenses, applicable Taxes, litigation costs, Claims arising from the administration of the Debtors during the pendency of the chapter 7 cases and all unpaid Administrative Claims incurred by the Debtors during the Bankruptcy Cases that are allowed in the chapter 7 cases.

The information contained in Exhibit III hereto provides a summary of the Liquidation Values of the Debtors' interests in property, assuming a chapter 7 liquidation in which one or more trustees appointed by the Bankruptcy Court would liquidate each Debtors' properties and interests. In summary, the Debtors believe that chapter 7 liquidations would result in diminution in the value to be realized by holders of Claims, as compared to the proposed distributions under the Plan. Consequently, the Debtors believe that the Plan will provide a greater ultimate return to holders of Claims than would a chapter 7 liquidation of each Debtor.

5. Conditions Precedent to the Effective Date of the Plan

In addition to the requirements for confirmation set forth in the Bankruptcy Code, the Plan itself sets forth certain conditions that must be met before the Effective Date can occur and the Plan can be consummated. These conditions include:

Conditions to Confirmation

The Bankruptcy Court shall not be requested to enter an order confirming the Plan unless and until the following conditions have been satisfied or duly waived pursuant to Section IX.C of the Plan:

1. The Confirmation Order shall be reasonably acceptable in form and substance to the Debtors and the Creditors' Committee.
2. All Exhibits to the Plan are in form and substance reasonably satisfactory to the Debtors and the Creditors' Committee.

Conditions to the Effective Date

The Effective Date shall not occur, and the Plan shall not be consummated unless and until the following conditions have been satisfied or duly waived pursuant to Section IX.C of the Plan:

1. The Bankruptcy Court shall have entered the Confirmation Order, which shall be a Final Order.
2. The Distribution Trust Agreement has been executed and the Distribution Trust Accounts have been established.

The conditions to Confirmation and the conditions to the Effective Date may be waived in whole or part at any time by the Debtors, in consultation with the Creditors' Committee, without an order of the Bankruptcy Court.

D. Effect of Nonoccurrence of Conditions to the Effective Date and Amendments to or Revocation of the Plan

If each of the conditions to the Effective Date is not satisfied or duly waived in accordance with Section IX.C of the Plan, then upon motion by the Debtors or any party in interest made before the time that each of such conditions has been satisfied and upon notice to such parties in interest as the Bankruptcy Court may direct, the Confirmation Order will be vacated by the Bankruptcy Court; *provided, however*, that, notwithstanding the Filing of such motion, the Confirmation Order may not be vacated if each of the conditions to the Effective Date is satisfied before the Bankruptcy Court enters an order granting such motion. If the Confirmation Order is vacated pursuant to Section IX.D of the Plan: (1) the Plan will be null and void in all respects and (2) nothing contained in the Plan will (a) constitute a waiver or release of any claims by or against, or any Interest in, any Debtor or (b) prejudice in any manner the rights of the Debtors or any other party in interest.

E. Alternatives to Confirmation and Consummation of the Plan

If no plan of reorganization under chapter 11 of the Bankruptcy Code can be confirmed, the Bankruptcy Cases may be converted to chapter 7 cases. As previously discussed, in a liquidation case under chapter 7 of the Bankruptcy Code, a trustee or trustees would be appointed to liquidate the remaining assets of each Debtor and distribute proceeds to creditors. The proceeds of the liquidation would be distributed to the respective creditors of the Debtors in accordance with the priorities established by chapter 7 of the Bankruptcy Code. The Debtors believe that Confirmation and consummation of the Plan is preferable to a conversion of these chapter 11 cases to chapter 7.

III. HISTORY OF THE DEBTORS

A. Historical Overview

Prior to the sale of their business, the Debtors owned and operated the nation's largest family owned, full service department store chain. Established in 1911 and having opened its first department store in 1962, the Debtors operated 49 stores in Pennsylvania, New Jersey, Maryland, New York, and Delaware prior to the Petition Date. The typical Boscov's store served smaller, middle-market communities and relied extensively on years of customer goodwill derived from its family-oriented background and commitment to the communities in which it operates. This, in turn, has led it to be, in most instances, the leading department store retailer in those communities. Following the closing of the sale of the Debtors' assets to BLF on December 4, 2008, BLF has continued to operate the Boscov's retail chain in much the same fashion as the Debtors operated it prior to the Petition Date.

B. Events Leading up to the Debtors' Chapter 11 Filings

Several internal and external factors severely impacted the Debtors, ultimately prompting the near term liquidity pressures that precipitated the Debtors' decision to file their Bankruptcy Cases. The nation overall and the communities in which the Debtors formerly operated have been grappling over the past year with a collapse in the housing market, skyrocketing energy and gasoline prices and steadily increasing food costs leading to a decline in the discretionary spending by consumers upon which the Debtors' business traditionally relied. The Debtors were

also a victim of the recent tightening in the credit markets, which negatively impacted the Debtors' operations and cash position. As previously discussed, prior to the Petition Date, extremely tight credit markets hampered the Debtors' ability to increase liquidity to finance the acquisition of inventory and merchandise. Moreover, the Debtors' liquidity woes caused many of their trade vendors to tighten credit terms, require cash on delivery, or, in some cases, require cash in advance, which further eroded their precarious Cash position and impaired their ability to stock adequate merchandise to meet traditional customer demands.

Prior to the Petition Date, the Debtors sought to shore up their financial performance, seeking increased liquidity and flexibility in the marketplace. Those efforts included, among other things, attempts to locate alternative sources of financing, discussions and consultations with prospective strategic or financial buyers and the retention of financial advisory and investment banking firms to aid in these efforts. Specifically, in November 2007, the Debtors retained Capstone Advisory Group LLP ("Capstone") to provide financial and strategic advice in connection with a potential restructuring, sale or refinancing. The Debtors extended their engagement with Capstone in July 2008 to provide certain financial, advisory and consulting services in connection with contingency planning and restructuring efforts.

In addition to Capstone, the Debtors also retained Barclays in May 2008 to, among other things, act as the investment banker to the Debtors in connection with a potential sale of the Debtors' business and assets, efforts to raise new capital through potential debt and equity offerings and related matters. To this end, Barclays contacted approximately 25 potential buyers, including both strategic buyers and financial buyers but were unsuccessful in finding an investment significant enough to prevent a bankruptcy filing.

The Debtors also instituted a number of cost cutting measures to trim expenses and increase efficiency in addition to seeking alternative or additional financing to boost liquidity. The Debtors, among other things, reduced headcount at their headquarters, reduced payroll, eliminated holiday and other bonuses, pared back advertising costs and deferred payroll increases.

Notwithstanding the diligent pursuit of out of court alternatives, the Debtors were unable to conclude these efforts within the necessary timeframe. Accordingly, the Debtors filed their Bankruptcy Cases with a view towards engaging in a deliberative and comprehensive strategic planning process while weathering the economic storm buffeting domestic retailers.

IV. CAPITAL STRUCTURE AS OF THE PETITION DATE³

A. General

As of the Petition Date, the Debtors' primary liabilities consisted of: (1) a senior secured credit facility; (2) a junior secured term loan agreement; (3) mortgage debt; (4) unsecured trade debt; and (5) lease obligations. These liabilities are described in more detail below.

B. Secured Debt

1. Prepetition First Lien Credit Facility

Debtors BSCV Department Store, LLC (f/k/a Boscov's Department Store, LLC) and BSCV II, Inc. (f/k/a SDS, Inc.) were borrowers under a certain five-year revolving credit facility dated January 27, 2006 with Bank of America, N.A., as agent, and various lenders thereto (as amended from time to time, the ("Prepetition First Lien Credit Facility"). Each of the other Debtors was a guarantor under the Prepetition First Lien Credit Facility.

Pursuant to its original terms, the Prepetition First Lien Credit Facility included: (a) a last-in, first-out revolving credit facility of up to \$340 million; (b) a first-in, last-out revolving credit facility of up to \$30 million; and (c) a \$50 million sublimit for letters of credit. The Prepetition First Lien Credit Facility was secured by a first-priority lien on substantially all of the Debtors' assets. As of the Petition Date, the principal amount owing under the

³ Nothing in this Article IV is an admission as to the proper characterization of the transactions and liabilities discussed herein.

Prepetition First Lien Credit Facility was approximately \$122 million, in addition to approximately \$35 million of letters of credit that were outstanding thereunder. As discussed below, these amounts were paid in full with the proceeds of the DIP Credit Agreement.

2. Prepetition Second Lien Credit Facility

Debtors BSCV Department Store, LLC (f/k/a Boscov's Department Store, LLC) and BSCV II, Inc. (f/k/a SDS, Inc.) were also borrowers under a term loan credit facility dated March 20, 2008 with Bear Stearns Corporate Lending Inc., as agent, and various lenders thereto (the "Prepetition Second Lien Credit Facility"). Shortly thereafter, Bear Stearns Corporate Lending, Inc. was acquired by J.P. Morgan Chase ("J.P. Morgan") and J.P. Morgan became the agent under the Prepetition Second Lien Credit Facility. Subsequently, GB Merchant Partners LLC ("Gordon Brothers") acquired a one hundred percent (100%) interest in the Prepetition Second Lien Credit Facility and became the agent thereunder. The Prepetition Second Lien Credit Facility was guaranteed by each of the other Debtors as well as by certain non-Debtor real estate entities owned or controlled by members of the Boscov and Lakin families. The Prepetition Second Lien Credit Facility had an original principal amount of \$60 million.

As of the Petition Date, the principal amount owing under the Prepetition Second Lien Credit Facility was approximately \$38 million. As previously discussed above, all amounts owing under the Prepetition Second Lien Credit Facility were paid in full with a portion of the proceeds of the sale of the Debtors' assets to BLF.

3. The Toms River Mortgage

Prior to the Petition Date, Debtor BSCV II, Inc. (f/k/a SDS, Inc.) acquired ownership of two stores in Wilkes-Barre, Pennsylvania and Toms River, New Jersey. Prior to the closing of the sale to BLF, BSCV II, Inc. was the obligor on an \$8 million mortgage on the Toms River store and that mortgage was also guaranteed by BSCV, Inc. (f/k/a Boscov's, Inc.). As part of the sale of the Debtors' assets, BLF assumed all obligations owing with respect to the Toms River mortgage.

C. Unsecured Debt

1. Trade Debt

As an operator of a large retail chain operation, the Debtors purchased inventory from over 3,000 vendors located throughout the world. The Debtors purchased merchandise under normal purchase commitments in the ordinary course of business. As of the Petition Date, the Debtors estimate that they owed in excess of \$100 million for merchandise and other unsecured obligations for goods and services.

2. Leasehold Obligations

Prior to the Petition Date, the Debtors leased all of their retail department stores, with the exception of the two stores owned by Debtor BSCV II, Inc. (f/k/a SDS, Inc.). BSCV II, Inc. in turn leased these two stores to BSCV Department Store LLC (f/k/a Boscov's Department Store LLC).

D. Equity Interests

1. Old Common Stock

The Debtors are a private, family held business and the Old Common Stock was not publicly traded. All of the Old Common Stock is held by members of the Boscov and Lakin families and certain related parties, either in their respective individual capacities or through various trusts.

2. Subsidiary Debtor Equity Interests

BSCV, Inc. (f/k/a Boscov's, Inc.) owns a 100% interest in each of the Debtors except BSCV Department Store, LLC (f/k/a Boscov's Department Store, LLC), 99% of which is owned by BSCV, Inc. The remaining 1% is owned by Debtor BSCV PSI, Inc. (f/k/a Boscov's PSI, Inc.).

V. EVENTS DURING THE BANKRUPTCY CASES

A. First Day Relief

On the Petition Date, the Debtors filed a number of motions and other pleadings (the "First Day Motions"), the most significant of which are described below. The First Day Motions were proposed to ensure an orderly transition into chapter 11.

1. Key First Day Motions:

- a motion to pay prepetition wages and other benefits to the Debtors' employees;
- a motion to honor certain prepetition obligations to customers;
- a motion relating to the continued use of the Debtors' existing cash management system, bank accounts, business forms and investment and deposit guidelines;
- motions relating to case administration and the use of Kurtzman Carson Consultants LLC as the Debtors' Claims, Noticing and Balloting Agent;
- a motion to obtain postpetition debtor in possession financing and the use of cash collateral;
- a motion to approve expedited sale procedures and stalking horse bidder protections as well as to approve store closing sales and related relief;
- a motion to establish procedures for determining adequate assurance for the provision of utility services;
- a motion to pay certain prepetition governmental obligations and taxes;
- a motion to continue and maintain insurance policies (including a workers' compensation program); and
- applications to retain professional advisors to the Debtors, including Jones Day, Capstone and Richards, Layton and Finger, LLP.

The First Day Motions were granted with certain adjustments or modifications to accommodate the concerns of the Bankruptcy Court, the United States Trustee and other parties in interest.

B. The DIP Credit Agreement

After extensive and arm's length negotiations with certain lenders under the Prepetition First Lien Credit Facility and the Prepetition Second Lien Credit Facility, the Debtors entered into the DIP Credit Agreement on August 4, 2008. The DIP Credit Agreement was approved on an interim basis by the Bankruptcy Court on August 5, 2008 and the Final DIP Order was entered by the Bankruptcy Court on August 29, 2008.

Pursuant to its terms, the DIP Credit Agreement included: (a) a revolving credit facility of up to \$225 million (the "First Lien DIP Revolver"); (b) a "last out revolver advance" of up to \$25 million (the "First Lien DIP

Last Out Revolver Advance"); and (c) a \$50 million sublimit for letters of credit. The proceeds of the DIP Credit Agreement were used: (a) to refinance on a rolling basis the obligations owing under the Prepetition First Lien Credit Facility and to pay related transaction fees and expenses; (b) for working capital and the general corporate purposes of the Debtors; and (c) for payment of postpetition expenses arising in connection with the Debtors' Bankruptcy Cases. The amounts outstanding under the DIP Credit Agreement were paid in full in connection with the sale of the Debtors' assets to BLF.

C. Appointment of the Creditors' Committee

On August 12, 2008, the United States Trustee appointed the Creditors' Committee. The current membership of the Creditors' Committee is as follows:

Creditors' Committee Members:

Kellwood Company

Attn: Edward J. Upbin
600 Kellwood Parkway
Chesterfield, MO 63017
Phone: 314-576-8506

Jones Apparel Group, Inc.

Attn: Sharyn Wismann
180 Rittenhouse Circle
Bristol, PA 19007
Phone: 215-781-5520

GMAC Commercial Finance LLC

Attn: Arthur Brown
1290 Avenue of the Americas
New York, NY 10104
Phone: 212-884-7034

VF Jeanswear (d/b/a Lee Company)

Attn: Mike Durrant
335 Church Ct.
Greensboro, NC 27401
Phone: 336-519-6212

HanesBrands, Inc.

Attn: Russell R. D'Souza
1000 E. Hanes Mill Road
Winston-Salem, NC 27105
Phone: 336-519-6212

Philadelphia Newspapers, Inc.

Attn: Scott D. Baker, Esq.
400 N. Broad Street
Philadelphia, PA 19130
Phone: 215-854-5969

Phillips-Van Heusen

Attn: Warren C. Gerber, Jr.
1001 Frontier Road
Bridgewater, NJ 08807
Phone: 908-698-6345

Counsel:

Cooley Godward Kronish LLP

Attn: Larry Gottlieb, Esq.
The Grace Building
1114 Avenue of the Americas
New York, NY 10036-7798
Phone: 212-479-6000

And

Potter Anderson & Corroon LLP

Attn: Steven Yoder, Esq.
Hercules Plaza
1313 North Market Street
Wilmington, DE 19801
Phone: 302-984-6000

Financial Advisors:

Traxi LLC

Attn: Anthony J. Pacchia
120 West 45th Street
Tower 45 - 6th Floor
New York, NY 10036
Phone: 212-810-1927

D. Liquidation of Underperforming Stores

In the summer of 2008, in anticipation of a bankruptcy filing, the Debtors' management, with the assistance of their financial advisors, identified ten store locations (collectively, the "Closing Stores") as underperforming and determined that they should conduct store closing sales at these locations as soon as possible after the Petition Date (the "Store Closing Sales"). The Debtors believed that the proposed Store Closing Sales would maximize recoveries to their Estates with respect to the assets located at the Closing Stores and allow the Debtors to retire immediately a portion of their secured debt. Further, the proposed Store Closing Sales would dramatically reduce, and ultimately eliminate, the administrative costs associated with these underperforming Closing Stores.

In connection with their efforts to liquidate the Closing Stores, the Debtors contacted five national liquidation firms (the "Liquidation Firms") that specialize in, among other things, the large scale liquidation of assets to liquidate the merchandise (the "Merchandise") located at the Closing Stores. After receiving a signed confidentiality agreement from several Liquidation Firms, the Debtors provided these firms with substantial due diligence materials. Soon thereafter, the Debtors received three initial bids. Because the bids received by the Debtors were in different formats, the Debtors decided to circulate a standard agreement to each of the initial bidders and solicit additional bids based on the standard agreement. After circulating the standard form agreement, the Debtors received a bid from Gordon Brothers Retail Partners, LLC ("Gordon Brothers LLC") that, in the Debtors' view, presented the best offer. Soon after selecting Gordon Brothers LLC as the stalking horse bidder, the Debtors negotiated and entered into a stalking horse agreement (the "Stalking Horse Agreement") with Gordon Brothers LLC.

Under the Stalking Horse Agreement, the Debtors were to receive 103% of the Cost Value (as defined in the Stalking Horse Agreement) of the Merchandise, which the Debtors valued at no lower than \$34 million. The Stalking Horse Agreement further provided that the Debtors would receive additional consideration if the proceeds from the Store Closing Sales exceeded certain specified amounts. Finally, the Stalking Horse Agreement provided that Gordon Brothers LLC would assume financial responsibility for the vast majority of the expenses incurred in conducting the Store Closing Sales, including certain payroll and occupancy related expenses.

Pursuant to a Bankruptcy Court order dated August 5, 2008 (the "Store Closing Order"), the Bankruptcy Court authorized the Debtors to execute the Stalking Horse Agreement, subject to higher and better offers, and provided for an auction to be held on August 12, 2008 (the "Store Closing Auction") for the right to liquidate the Closing Stores. The Store Closing Auction was extremely competitive with over 8 nationally known liquidation firms submitting competitive bids. At the conclusion of the Store Closing Auction, a consortium of Gordon Brothers LLC and Hilco Merchant Resources ("Hilco") submitted the winning bid, agreeing to purchase the Merchandise for a Guaranteed Amount of 108.3% of the Cost Value of the Merchandise. On August 15, 2008, the Bankruptcy Court entered an order (the "Store Liquidation Order") approving the Gordon Brothers LLC-Hilco Bid and approving the Debtors' entry into an agency agreement on substantially the same terms as the Stalking Horse Agreement.

On August 17, 2008, Hilco and Gordon Brothers LLC commenced the Store Closing Sales, which concluded in October 2008, at which time each of the real property leases associated with the Closing Stores was rejected.

E. Sale of Substantially All of the Debtors' Assets

Despite the positive results netted from the Store Closing Sales, the Debtors' business continued to require additional capital in order to achieve long-term viability. The downward trend in retail performance and the constrictions in the capital markets greatly limited the Debtors' ability to acquire goods in anticipation of the coming holiday season. Accordingly, Barclays embarked on a process to find a buyer or investor as part of the Debtors' long-term chapter 11 strategy. As part of that process, it became apparent that any potential buyer or investor likely would want to close a transaction with the Debtors prior to the onset of the holiday season, the Debtors' most lucrative sales season of the year. Consequently, the Debtors moved with great urgency to explore a going concern sale transaction that could close near the end of October 2008 or the beginning of November 2008.

On October 2, 2008, the Debtors executed the Regio APA, which contemplated the sale of substantially all of the Debtors' assets as a going concern. In early October 2008, the Bankruptcy Court approved an expedited sale process in connection with the Regio APA, which contemplated a bidding deadline of October 15, 2008 for any competing qualified bids, an auction, if necessary, on October 20, 2008, and a sale hearing to commence on October 21, 2008.

On the sale bidding deadline, the Debtors received only one other bid, from BLF. October 15, 2008 was also the deadline set forth in the Regio APA for Regio to provide the Debtors with documentation demonstrating that Regio had the requisite financing and equity commitments to close its purchase of the Debtors within the timeframe set forth in the Regio APA. As of October 15, 2008, the documentation that Regio had submitted to the Debtors did not, in the Debtors' view, demonstrate that Regio had the requisite financing to close the transaction. At that time, Regio proposed to the Debtors that the closing of any sale be deferred until January 7, 2009. Versa and Regio dispute the Debtors' contention and assert that Regio did provide documentation evidencing its financing and equity commitments provided for under the Regio APA and that Regio would have likely closed the sale at an earlier date if given the opportunity. The Debtors believe that Versa's assertions have no merit.

From the Debtors' perspective, a January 2009 closing presented several risks, including running afoul of their commitments to the Debtors' postpetition lenders, who had insisted that any sale close prior to December 2008. Nevertheless, the Debtors and Regio agreed to extend many of the sale-related deadlines in an effort to secure a deal. At the same time, the Debtors continued negotiations with BLF regarding a potential sale transaction. As negotiations between the Debtors and their potential suitors progressed, it became increasingly clear to the Debtors, the Creditors' Committee and the DIP Lenders that a sale transaction with BLF would have several advantages over a transaction with Regio, not the least of which was that BLF could finance a transaction to close on the timeframe required by the DIP Lenders. Consequently, on October 31, 2008, following a meeting of a special committee of the Debtors' board of directors, and with the consent of the Creditors' Committee, the Debtors terminated the Regio APA pursuant to section 4.4(e) thereof.

On November 3, 2008, with the support of the Creditors' Committee, the Debtors executed the BLF APA, which provided for the sale of substantially all of the Debtors' assets to BLF, and the assumption and assignment of certain contracts and leases in connection therewith. On November 21, 2008, the Bankruptcy Court approved the sale to BLF, as well as the assumption and assignment to BLF of many of the Debtors' contracts and leases. On December 4, 2008, the Debtors closed the sale with BLF, the proceeds from which have been used to pay the Debtors' secured bank debt in full. The remainder of the sale proceeds will be used to fund distributions under the Plan and to pay administrative costs.

F. Shareholder Settlement

Since the inception of the Bankruptcy Cases, the Creditors' Committee, in furtherance of its fiduciary duties, and with the full cooperation of the Debtors, has engaged in a process of gathering and reviewing general due diligence with respect to the Debtors' assets and liabilities, as well as the validity, extent and priority of the Debtors' prepetition credit facilities. In the process of this review, the Creditors' Committee was particularly focused on any and all transactions that involved the transfer of the Debtors' assets to insiders of the company in the years immediately preceding the Petition Date. Based on its review of the due diligence, the Creditors' Committee identified two transactions that, in its opinion, required heightened scrutiny — a recapitalization of the Debtors in 2006 (the "2006 Recapitalization") pursuant to which the Debtors sold significant assets and redeemed equity interests held by the Shareholders for approximately \$185 million; and a transaction in 2008 pursuant to which landlord entities controlled by former Shareholders contributed \$20 million to the Debtors in exchange for, among other things, increased rent payments by the Debtors to such entities for the remaining lease terms (the "2008 Transaction") and, together with the 2006 Recapitalization, the "Shareholder Transactions").

Based on its review of the relevant materials, the Creditors' Committee believed that there was documentary evidence that could give rise to a colorable claim against the Shareholders relative to the Shareholder Transactions, and in particular, that certain transfers made by the Debtors to the Shareholders could be avoidable as constructively fraudulent transfers under applicable law. The Shareholders, in turn, asserted that several valid defenses to any such claims existed, including that the Debtors were solvent during the Shareholder Transactions; that the Debtors received reasonably equivalent value in exchange for the transfers; and that binding Third Circuit

precedent with respect to the so-called "settlement payment defense" pursuant to section 546(e) of the Bankruptcy Code would bar the prosecution of any claims related to the Shareholder Transactions.

Ultimately, the parties agreed that a consensual resolution would provide the maximum benefit to the Debtors' Estates and their creditors and enable the Debtors' Estates and the Shareholders to avoid considerable litigation expenses and delay. Accordingly, in connection with the negotiations of the sale transaction with BLF, the Creditors' Committee and counsel for the Shareholders engaged in arm's length discussions about the terms of a potential settlement. These efforts culminated with the Shareholder Settlement, which provides, in relevant part, the following resolution:

- General Releases. The Debtors and the Creditors' Committee released the Shareholders, related parties, agents, or transferees, and any of the Debtors' current or former shareholders, officers, directors, or employees from any claims, or liabilities, including, without limitation, any claims or liabilities relating to the Shareholder Transactions, and any avoidance or similar actions (whether arising under the Bankruptcy Code, or otherwise) relating to the Shareholder Transactions.
- Consideration. At the closing of the BLF sale transaction the following amounts were paid:
 - The Shareholders paid to the Debtors \$8 million in immediately available funds; and
 - BLF furnished to the Debtors a duly executed copy of the Purchaser Note in the amount of \$4 million.

By a joint motion between the Debtors and the Creditors' Committee dated November 12, 2008, the Debtors sought Bankruptcy Court approval of the Shareholder Settlement. The Bankruptcy Court approved the Shareholder Settlement in all respects on November 21, 2008 in connection with the BLF sale transaction.

G. Bar Date Motion

By motion dated December 2, 2008 (the "Bar Date Motion"), the Debtors sought the Bankruptcy Court's authorization to establish certain bar dates for filing proofs of claim against the Debtors' Estates and seeking allowance of administrative expense claims. By order dated December 19, 2008 (the "Bar Date Order"), the Bankruptcy Court granted the Bar Date Motion, establishing March 2, 2009 at 5:00 p.m. (PT) as the bar date both for (i) filing proofs of claim against the Debtors' Estates (the "General Claim Bar Date"), and (ii) filing applications for allowance of administrative expense claims arising between August 4, 2008 through and including December 4, 2008 (the "Administrative Claim Bar Date"). On December 29, 2008, the Debtors served, among other things, notice of the General Claims Bar Date and the Administrative Claim Bar Date in accordance with the Bar Date Order.

On March 12, 2009, Debtor BSCV Department Store, LLC filed first amended schedules of assets and liabilities, which reflected amendments to its schedules B and F. In connection therewith, creditors of the Debtors affected by the amendments were given until April 12, 2009 at 5:00 p.m. (PT) to file their proofs of claim against the Debtors' Estates (the "Amended General Claim Bar Date"). The General Claim Bar Date remained unchanged for those creditors not impacted by the amendments to the Debtors' schedules. As of the Claims Bar Dates, the Debtors had received or scheduled the following claims:

<u>Claim Priority</u>	<u>Total Number of Claims Filed/Scheduled</u>	<u>Total Face Amount of Claims Filed/Scheduled</u> ⁴
Secured Claims	87	\$21,074,254.81
Administrative Claims	146	\$25,283,383.69

⁴ The figures reflected herein reflect the amounts asserted in proofs of claim or as scheduled by the Debtors. There are claims asserted against, or scheduled by the Debtors that are contingent, unliquidated, or disputed, for which no monetary value has been assigned herein.

Priority Claims	185	\$68,362,452.50
General Unsecured Claims	3,944	\$1,482,542,260.85

The Debtors are currently in the process of reviewing proofs of claim filed against their Estates and prosecuting claims objections in that regard. On May 26, 2009, the Debtors filed their first and second non-substantive objections to claims, objecting to claims filed against their Estates on grounds that such claims are duplicative or have been amended and superseded. The first and second omnibus claims objections were sustained by the Bankruptcy Court by orders dated June 23 and June 24, 2009, respectively. On June 22, 2009, the Debtors filed their third and fourth omnibus objections to claims, which were later revised by the Debtors on June 30, 2009. The second and third omnibus claims objections were sustained by the Bankruptcy Court by orders dated July 22, 2009. On July 21, 2009, the Debtors filed their fifth and sixth omnibus objections to claims. The Bankruptcy Court has not yet ruled on these claims objections. The Debtors expect to file additional omnibus claims objections over the coming months. Consequently, the Debtors anticipate that the figures set forth above, which reflect the face amount of claims filed or scheduled, will be reduced significantly following the claims reconciliation process, and believe the figures reflected in Section II.B of this Disclosure Statement accurately estimate the likely amount of claims in each class.

H. Versa Motion for Payment of Breakup Fee

On December 24, 2008, Versa filed with the Bankruptcy Court a motion (the "Breakup Fee Motion") for the allowance and payment of a super-priority claim in an amount of \$4 million arising under the Regio APA as a result of the termination of the Regio APA and the Debtors' subsequent closing of the sale transaction with BLF. Versa argued that it was entitled to payment of a breakup fee because the Debtors' pursuit of a sale with BLF triggered an automatic right of payment of a breakup fee under section 4.4(p) of the Regio APA. Alternatively, Versa argued that it was entitled to a \$4 million administrative expense claim pursuant to section 503(b) of the Bankruptcy Code because its role as a stalking horse buyer was necessary to preserve and enhance the value of the Debtors' estate.

On January 14, 2009, the Debtors and the Creditors' Committee filed their joint objection to the Breakup Fee Motion, in which they adamantly disputed the assertions raised by Versa in the Breakup Fee Motion. Versa filed a reply in support of the Breakup Fee Motion on January 16, 2009, in which it contested the Debtors' assertions raised in their joint objection.

On July 22, 2009, the parties engaged in binding "baseball" arbitration in front of Bankruptcy Judge Gross. On July 24, 2009, Bankruptcy Judge Gross, in his capacity as arbitrator, rules in favor of the Debtors and the committee and denied Versa its claimed breakup fee.

VI. MEANS FOR IMPLEMENTATION OF THE PLAN

A. Transfer of Distribution Trust Assets to Distribution Trust and Vesting Therein

On or before the Effective Date, each of the Debtors will transfer their respective Distribution Trust Assets to the Distribution Trust, free and clear of claims, liens and interests. Except as otherwise provided in the Plan or the Distribution Trust Agreement, the Distribution Trustee may compromise or settle, and will have authority to compromise or settle, any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules and may pay the charges that it incurs on or after the Effective Date for Distribution Trust Expenses, including, without limitation, professionals' fees, disbursements, expenses or related support services (including fees related to the preparation of applications on account of Professional Fee Claims) without application to the Bankruptcy Court; *provided, however*, that the Distribution Trustee must seek Bankruptcy Court approval of the compromise or settlement of any Claim whereby the amount of such compromise or settlement provides the claimant with an Allowed Claim in excess of \$500,000. In addition, the Distribution Trust will succeed, and will be the sole entity to succeed, to all of the rights, benefits and obligations of the Debtors under any order issued by the Bankruptcy Court.

B. Vesting of Assets; Corporate Existence; Restructuring Transactions

1. Limited Vesting of Assets in Reorganized Debtors

Except as provided in the Plan, each Debtor will, as a Reorganized Debtor, continue to exist after the Effective Date as a separate corporate entity, with all of the powers of a corporation under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution or otherwise) under applicable state law. As of the Effective Date, the Subsidiary Debtor Equity Interests will vest in the applicable Reorganized Debtor, free and clear of all claims, liens, charges, other encumbrances, and interests.

2. Certificates of Incorporation

On the Effective Date, Old Boscov's and the Old Boscov's Subsidiaries will promulgate and file with the necessary governmental authorities their respective charters.

3. Restructuring Transactions Generally

a. On or after the entry of the Confirmation Order, the Debtors will enter into such Restructuring Transactions and will take such actions as may be necessary or appropriate to (i) transfer all of the Distribution Trust Assets to the Distribution Trust and (ii) effect and consummate the Plan.

b. The actions to effect the Restructuring Transactions described above may include: (i) the execution and delivery of appropriate agreements or other documents of transfer, merger, consolidation, disposition, liquidation or dissolution, containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law, as well as other terms to which these entities may agree; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms as these entities may agree; (iii) the filing of appropriate certificates or articles of merger, consolidation, continuance or dissolution or similar instruments with the applicable governmental authorities; and (iv) the taking of all other actions that these entities determine to be necessary or appropriate, including making other filings or recordings that may be required by applicable law in connection with the Restructuring Transactions. For purposes of the Plan, the post-confirmation merger of Retail Construction & Development, Inc. into Old Boscov's will constitute a "Restructuring Transaction."

4. Recourse Solely to Distribution Trust Accounts

The Restructuring Transactions in Section IV.B.3 of the Plan will not in any way merge the assets of the Debtors' Estates, including the Distribution Trust Accounts. All Claims against the Debtors are deemed fully satisfied, waived and released in exchange for the treatment of such Claims under the Plan, and holders of Allowed Claims against any Debtor will have recourse solely to the Distribution Trust Assets for the payment of their Allowed Claims in accordance with the terms of the Plan and the Distribution Trust Agreement.

5. Distribution Trust

a. Distribution Trust Generally

Immediately prior to the Effective Date, the Distribution Trust will be established pursuant to the Distribution Trust Agreement for the purpose of holding Distribution Trust Assets, liquidating the Distribution Trust Assets, resolving all Disputed Claims, making all distributions to holders of Allowed Claims in accordance with the terms of the Plan and otherwise implementing the Plan and administering the Estates. The Distribution Trust is being organized for the primary purpose of holding liquidating and distributing the assets transferred to it, with no objective to continue or engage in the conduct of a trade or business. Prior to the Effective Date, the Distribution Trust Assets will be irrevocably transferred to, and vest in, the Distribution Trust. Subject to and to the extent set forth in the Plan, the Confirmation Order, the Distribution Trust Agreement or other agreement (or any other order of the Bankruptcy Court entered pursuant to or in furtherance hereof), the Distribution Trust (and the Distribution Trustee) will have the power and authority, to the exclusion of all other parties, to: (i) effect all actions and execute

all agreements, instruments and other documents necessary to implement the Plan; (ii) accept, preserve, receive, collect, manage, invest, supervise, prosecute, settle and protect the Distribution Trust Assets (directly or through a Third Party Disbursing Agent), each in accordance with the Plan and Distribution Trust Agreement; (iii) sell, liquidate, transfer, distribute or otherwise dispose of the Distribution Trust Assets (directly or through the Third Party Disbursing Agent) or any part thereof or any interest therein pursuant to the procedures for allowing Claims and making distributions prescribed in the Plan; (iv) calculate and make distributions to holders of Allowed Claims pursuant to the procedures for allowing Claims and making distributions prescribed in the Plan; (v) establish and administer the Distribution Trust Accounts; (vi) comply with the Plan and exercise the Distribution Trust's rights and fulfill its obligations thereunder; (vii) review, reconcile, settle or object to Claims and resolve such objections as set forth in the Plan; (viii) employ professionals to represent the Distribution Trust with respect to its responsibilities; (ix) file appropriate Tax returns and other reports on behalf of the Distribution Trust and pay Taxes or other obligations owed by the Distribution Trust; (x) pay Taxes or other obligations owed by the Debtors for all taxable periods ending on or before the Effective Date and the portion through the end of the Effective Date for any taxable period that includes (but does not end on) the Effective Date, and review and reasonably consent to the filing of Tax returns and other reports on behalf of the Debtors for such pre-Effective Date periods; *provided, however*, that nothing in this clause (x) will (A) constitute an assumption by the Distribution Trust of any obligations to pay pre-Effective Date period Taxes that were assumed by Purchaser in the Sale Agreement or (B) relieve any other person that has assumed or will assume the liability of the Debtors for such pre-Effective Date period Taxes or other obligations from such person's liability for such pre-Effective Date period Taxes or other obligations; (xi) exercise such other powers as may be vested in the Distribution Trust or as deemed by it to be necessary and proper to implement the provisions of the Plan and the Distribution Trust Agreement; (xii) take such actions as are necessary or appropriate to close or dismiss any or all of the Bankruptcy Cases; and (xiii) dissolve the Distribution Trust in accordance with the terms of the Distribution Trust Agreement.

b. Funding of the Distribution Trust

The Distribution Trust will, in accordance with the terms of the Distribution Trust Agreement and the Plan, be funded with the Distribution Trust Assets.

c. Distribution Trustee

The Distribution Trustee will be the exclusive trustee of the assets of the Distribution Trust for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3), as well as the representatives of the Estate of each of the Debtors appointed pursuant to section 1123(b)(3)(B) of the Bankruptcy Code. The powers, rights and responsibilities of the Distribution Trustee will be specified in the Distribution Trust Agreement and will include the authority and responsibility to, among other things, take the actions set forth in Section IV.B.5(a) of the Plan. The Distribution Trustee will distribute the Distribution Trust Assets in accordance with the provisions of the Plan and the Distribution Trust Agreement. Other rights and duties of the Distribution Trustee and the beneficiaries of the Distribution Trust will be as set forth in the Distribution Trust Agreement.

The Distribution Trust Agreement generally will provide for, among other things: (i) the payment of reasonable compensation to the Distribution Trustee; (ii) the payment of other expenses of the Distribution Trust, including the cost of pursuing the Causes of Action assigned to the Distribution Trust; (iii) the retention of counsel, accountants, financial advisors or other professionals and the payment of their compensation; (iv) the investment of Cash by the Distribution Trustee within certain limitations; (v) the orderly liquidation of the Distribution Trust's assets; and (vi) litigation of any Causes of Action assigned to the Distribution Trust, which may include the prosecution, settlement, abandonment or dismissal of any such Causes of Action.

d. Fees and Expenses of the Distribution Trustee

Except as otherwise ordered by the Bankruptcy Court, the Distribution Trust Expenses will be paid from the Distribution Trust Assets in accordance with the Plan and the Distribution Trust Agreement.

e. Reports to be Filed by the Distribution Trustee

The Distribution Trustee, on behalf of the Distribution Trust, will File with the Bankruptcy Court (and provide to any other party entitled to receive any such report pursuant to the Distribution Trust Agreement) quarterly reports regarding the administration of property subject to its ownership and control pursuant to the Plan, distributions made by it and other matters relating to the implementation of the Plan.

f. Expenses for Professionals of the Distribution Trust

The Distribution Trustee, on behalf of the Distribution Trust, may employ, without further order of the Bankruptcy Court, professionals (including Professionals previously retained by the Creditors' Committee) to assist in carrying out its duties hereunder and may compensate and reimburse the expenses of these professionals without further order of the Bankruptcy Court from the Distribution Trust Assets in accordance with the Plan and the Distribution Trust Agreement.

g. Indemnification

The Distribution Trust Agreement may include reasonable and customary indemnification provisions. Any such indemnification will be the sole responsibility of the Distribution Trust and payable solely from the Distribution Trust Assets.

h. Tax Treatment

The Distribution Trust is intended to be treated for U.S. federal income tax purposes as a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d). For federal income tax purposes, the transfer of Distribution Trust Assets to the Distribution Trust will be treated as a transfer of Distribution Trust Assets from the Debtors to the holders of Allowed General Unsecured Claims, subject to any liabilities of the Debtors or the Distribution Trust payable from the proceeds of such assets, followed by such holders' transfer of such assets (subject to such liabilities) to the Distribution Trust. The holders of Allowed General Unsecured Claims will be treated for federal income tax purposes as the grantors and deemed owners of their respective shares of the Distribution Trust Assets, subject to any liabilities of the Debtors or the Distribution Trust payable from the proceeds thereof. For the avoidance of doubt, the holders of Allowed General Unsecured Claims are not intended to be treated for federal income tax purposes as receiving Distribution Trust Assets that are contributed to the disputed claims reserve until such time as the disputed claims reserve makes distributions, in which case (and at which time) the holders of Allowed General Unsecured Claims are intended to be treated as receiving the distributions actually received from the disputed claims reserve, if any. The Distribution Trust Agreement will: (i) require that the Distribution Trustee file income tax returns for the Distribution Trust as a grantor trust; (ii) pay all Taxes owed on any net income or gain of the Distribution Trust, including net income or gain of the disputed claims reserve, on a current basis from Distribution Trust Assets; (iii) provide for consistent valuations for all Distribution Trust Assets by the Distribution Trustee and holders of Allowed General Unsecured Claims, and require that such valuations be used for all Tax reporting purposes; (iv) provide for the Distribution Trust's termination no later than five years after the Effective Date unless the Distribution Trustee elects to extend such period for an additional year as provided for in the Distribution Trust Agreement or the Bankruptcy Court approves a fixed extension based upon a finding that an extension is necessary for the Distribution Trust to resolve all Claims, reduce all Distribution Trust Assets to Cash and liquidate; (v) limit the investment powers of the Distribution Trustee; and (vi) require that the Distribution Trust distribute at least annually all net income and the net proceeds from the sale or other disposition of all Distribution Trusts asset in excess of amounts reasonably necessary to maintain the value of the remaining Distribution Trust Assets and pay claims and contingent liabilities, including Disputed Claims. The Distribution Trustee intends to treat the disputed claims reserve as a discrete trust taxed pursuant to Section 641 *et seq.* of the Internal Revenue Code.

6. Turnover of Distribution Trust Assets

Any Distribution Trust Asset received at any time after the Effective Date by any of Reorganized Debtors (or any of their successors, by virtue of merger or otherwise) will be held by it in trust for, and promptly delivered by it to, the Distribution Trustee. Without limiting the generality of the immediately preceding sentence, the

applicable Reorganized Debtor will promptly deliver to the Distribution Trustee (i) any proceeds of any Tax Refund, including any check on account of any Tax Refund, and (ii) any payment on account of any Sale Agreement Reimbursement Obligation. The Reorganized Debtors will execute such documents and take such other actions as are reasonably requested by the Distribution Trustee to enable the Distribution Trustee to negotiate any check delivered on account of any Tax Refund issued in the name of the Reorganized Debtors, Boscov's or any of their respective affiliates.

In furtherance of the foregoing provisions, each of the Debtors will, immediately prior to the Effective Date, execute and deliver to the Distribution Trustee the Security Agreement and the powers of attorney annexed thereto.

7. Tax Returns

The Reorganized Debtors will not file any Tax return for any taxable period ending on or before the Effective Date, or for any taxable period that includes (but does not end on) the Effective Date, without the written consent of the Distribution Trustee, which consent will not be unreasonably withheld, delayed or conditioned.

C. Employment-Related Agreements

1. Termination of All Employee and Workers' Compensation Benefits

All existing employee benefit plans and workers' compensation benefits not previously expired or terminated by the Debtors will be terminated on or before the Effective Date.

D. Vesting of Distribution Trust Assets

Other than the Subsidiary Debtor Equity Interests, the property of the Debtors' Estates will not revest in the Reorganized Debtors or any other person or entity on or after the Effective Date and will vest solely in the Distribution Trust to be administered by the Distribution Trustee in accordance with the Plan and the Distribution Trust Agreement.

E. Trust Accounts

1. Creation and Funding

The Distribution Trust Accounts will be established and maintained in federally insured domestic banks in the name of the Distribution Trustee and, if applicable, the Third Party Disbursing Agent.

2. Closure

Upon obtaining an order of the Bankruptcy Court authorizing final distribution and closure of the Bankruptcy Cases, any funds remaining in any Distribution Trust Account will be distributed in accordance with the Plan and the Distribution Trust Agreement.

F. Effect of Confirmation of the Plan

1. Discharge of Claims

Except as otherwise provided in the Plan or in the Confirmation Order, the rights afforded in the Plan and the payments and distributions to be made hereunder will discharge all existing debts and Claims against the Debtors of any kind, nature, or description whatsoever against or in the Debtors or any of their assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as provided in the Plan, on the Effective Date, all existing Claims against the Debtors and the Subsidiary Debtors will be, and will be deemed to be, discharged and terminated, and all holders of Claims will be precluded and enjoined from asserting against the Reorganized Debtors or any of their assets or properties, the Distribution Trust or its assets, the Distribution Trustee, the Disbursing Agent, or the Oversight Committee any other or further Claim based upon any act or omission,

transaction, or other activity of any kind or nature that occurred on or prior to the Effective Date, whether or not such holder has filed a proof of Claim.

2. Discharge

As of Effective Date, and in consideration of the distributions to be made hereunder, except as otherwise expressly provided in the Plan, each holder (as well as any trustees and agents on behalf of each holder) of a Claim against the Debtors and any affiliate of such holder will be deemed to have forever waived, released, and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights, and liabilities that arose prior to the Effective Date. As of the Effective Date, all such persons will be precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from asserting against the Debtors and the Distribution Trust or any of their respective assets or properties or the Distribution Trustee, the Disbursement Agent or the Oversight Committee any such discharged Claim, except as provided for in the Plan.

3. Sale and Settlement of Causes of Action by the Debtors

Pursuant to the Sale and Settlement Orders, respectively, the Debtors have resolved or transferred substantially all Causes of Action belonging to the Estates. Notwithstanding the immediate preceding sentence, in accordance with section 1123(b) of the Bankruptcy Code, the Distribution Trust will retain all Causes of Action that have not been fully resolved as of the Effective Date, including all Causes of Action that the Debtors or the Estates may hold against any entity, that were not resolved pursuant to the Sale Order, the Settlement Order or any other order of the Bankruptcy Court, including, but not limited to, Chapter 5 Claims and the Retained Causes of Action. The Distribution Trustee will have sole authority to prosecute or settle all such Causes of Action for the benefit of the Distribution Trust Beneficiaries.

4. Comprehensive Settlement of Claims and Controversies

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan will constitute a good faith compromise and settlement of all claims or controversies relating to the rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Allowed Interest or any distribution to be made pursuant to the Plan on account of any Allowed Claim or Allowed Interest. The entry of the Confirmation Order will constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors, the Distribution Trust, the Estates and their respective property and Claim and Interest holders and is fair, equitable and reasonable.

5. Release of Claims

i. General Releases by the Debtors

Without limiting any applicable provisions of or releases contained in the Sale and Settlement Orders or the Plan, as of the Effective Date, the Debtors, on behalf of themselves, the Estates and their respective successors, assigns and any and all Entities who may purport to claim by, through, for or because of them, will be deemed to forever release, waive and discharge all Causes of Action arising prior to the Effective Date that such entity has, had or may have against each of: (i) the present or former directors, officers, employees, members, managers, agents, attorneys, representatives and advisors of the Debtors, acting in such capacity (ii) the Creditors' Committee and its members, and their respective agents, attorneys, and other professionals, in each case acting in such capacity; and (iii) the Purchaser and its present or former directors, officers, employees, members, shareholders, managers, agents, attorneys and representatives, acting in such capacity; *provided, however*, that the releases provided in this paragraph will have no effect on: (a) the liability of any entity that would otherwise result from the failure to perform or pay any obligation or liability under the Plan, the Settlement Order or any contract, instrument, release or other agreement or document to be entered into or delivered in connection with the Plan; (b) the liability of any entity that would otherwise result from any such act, omission or occurrence to the extent that such act, omission or occurrence is determined in a Final Order to have constituted gross negligence or willful misconduct; (c) the liability of

either of the Debtors or the Purchaser arising under or in respect of the Sale or the Sale Order; or (d) the liability of the Purchaser arising under or in respect of the Purchaser Note or the Sale Agreement.

ii. Injunction Related to Releases

As further provided in Section XI.A of the Plan, the Confirmation Order will enjoin permanently the commencement or prosecution by any entity, whether directly, derivatively or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities released pursuant to the Plan.

G. Special Provisions Regarding Insured Claims

Distributions under the Plan to each holder of an Allowed Insured Claim will be in accordance with the treatment provided under the Plan for the Class in which such Allowed Insured Claim is classified, but solely to the extent that such Allowed Insured Claim is not satisfied from proceeds payable to the holder thereof under any pertinent insurance policies and applicable law. Nothing in Section IV.G of the Plan will constitute a waiver of any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities that any entity may hold against any other entity, including the Debtors' insurance carriers.

H. No Cancellation of Old Common Stock and Subsidiary Debtor Equity Interests

The Old Common Stock and Subsidiary Debtor Equity Interests will remain in full force and effect and do not constitute Distribution Trust Assets. Notwithstanding the foregoing, the Debtors may, without further order of the Bankruptcy Court, terminate and cancel certain Subsidiary Debtor Equity Interests as a component of the Restructuring Transactions.

I. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date and consistent with the treatment provided for Claims and Interests in Article III of the Plan, all Liens on, in or against the Distribution Trust Assets will be fully released and discharged, and all of the right, title and interest of any holder of Liens, including any rights to any Collateral thereunder, will revert to the Distribution Trust and its successors and assigns. As of the Effective Date, the Distribution Trustee will be authorized but not required to execute and file on behalf of the Trust Beneficiaries Form UCC-3 Termination Statements or such other forms as may be necessary or appropriate to implement the provisions of Section IV.I of the Plan.

J. Effectuating Documents; Further Transactions; Exemption from Certain Transfer Taxes

The Distribution Trustee or its designee will be authorized to (1) execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and implement the provisions of the Plan and (2) certify or attest to any of the foregoing actions. Pursuant to section 1146(a) of the Bankruptcy Code, the following will not be subject to any stamp tax, real estate transfer tax, sales and use tax or similar tax: (1) any Restructuring Transaction; (2) the transfer to the Distribution Trust of any Distribution Trust Assets at any time; (3) the execution and implementation of the Distribution Trust Agreement, including any transfers to or by the Distribution Trust; or (4) the making or delivery of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan, including any merger agreements or agreements of consolidation, disposition, liquidation or dissolution executed in connection with any transaction pursuant to the Plan.

K. Anticipated Merger

In order to preserve for the benefit of the Purchaser the benefit of the Debtors' NOLs, within approximately two business days after the Effective Date, the Reorganized Debtors will merge with the Purchaser and its subsidiaries (the "Purchaser Merger") as follows:

- 1) Boscov's, Inc. will be merged with and into BSCV, Inc., with BSCV, Inc. surviving;
- 2) Boscov's PSI, Inc. will be merged with and into BSCV PSI Inc., with BSCV PSI Inc. surviving;
- 3) Boscov's Investment Company, Inc. will be merged with and into BSCV Investment Company, with BSCV Investment Company surviving;
- 4) Boscov's Finance Company, Inc. will be merged with and into BSCV Finance Company, Inc., with BSCV Finance Company, Inc. surviving;
- 5) BLF SDS, Inc. will be merged with and into BSCV II Inc., with BSCV II Inc. surviving;
- 6) BSCV Department Store, LLC will be merged with and into Boscov's Department Store, LLC with Boscov's Department Store, LLC surviving; and
- 7) BSCV Transportation Company, LLC will be merged with and into Boscov's Transportation Company LLC, with Boscov's Transportation Company, LLC surviving.

Subsequent to the Purchaser Merger, the surviving entities described above will continue to operate the business of the Purchaser and its subsidiaries without interruption.

VII. CONSOLIDATION OF THE ESTATES

A. Consolidation

The Confirmation Order will approve the consolidation of the Estates solely for the purpose of implementing the Plan, including for purposes of voting, Confirmation and distributions to be made under the Plan. Pursuant to such order: (1) all assets and liabilities of the Estates will be deemed merged in the Distribution Trust; (2) all guarantees by one Debtor of the obligations of any other Debtor will be deemed eliminated so that any Claim against any Debtor and any guarantee thereof executed by any other Debtor and any joint or several liability of any of the Debtors will be deemed to be one obligation of the Debtors; and (3) each and every Claim Filed or to be Filed in the Bankruptcy Case of any of the Debtors will be deemed Filed against the Debtors and will be deemed one Claim against, and a single obligation of the Distribution Trust.

Such consolidation (other than for the purpose of implementing the Plan) will not affect: (1) the legal and corporate structures of the Debtors, subject to the right of the Debtors to effect any Restructuring Transaction as provided in Section IV.B.3 of the Plan; (2) distributions from any insurance policies or proceeds of such policies; or (3) the revesting of assets in the Distribution Trust pursuant to Section IV.D of the Plan. In addition, such consolidation will not constitute a waiver of the mutuality requirement for setoff under section 553 of the Bankruptcy Code.

All the Debtors, except BSCV Department Store, LLC (f/k/a Boscov's Department Store, LLC) have no or negligible assets and liabilities. As a result, the Debtors believe that essentially all of the claims filed against a Debtor other than BSCV Department Store, LLC (f/k/a Boscov's Department Store, LLC) (i) were filed against the incorrect Debtor and should have, instead, been filed against Debtor BSCV Department Store, LLC (f/k/a Boscov's Department Store, LLC) or (ii) are Secondary Liability Claims with respect to which BSCV Department Store, LLC (f/k/a Boscov's Department Store, LLC), the operating company, is the primary obligor.

B. Order Granting Consolidation and Closing of Cases

The Plan serves as a motion seeking entry of an order consolidating the Estates, as described and to the limited extent set forth in Section VIII.A of the Plan and the closing of the Cases for the Subsidiary Debtors. Unless an objection to such consolidation or case closing is made in writing by any creditor affected by the Plan, Filed with the Bankruptcy Court and served on the parties listed in Section XIII.F of the Plan on or before five days before either the Voting Deadline or such other date as may be fixed by the Bankruptcy Court, the consolidation and case

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

VIII. RISK FACTORS

Prior to voting on the Plan, each holder of a Claim entitled to vote should consider carefully the risk factors described below, as well as all of the information contained in this Disclosure Statement, including the Exhibits hereto. These risk factors should not, however, be regarded as constituting the only risks involved in connection with the Plan and its implementation.

A. Risk of Non-Confirmation of the Plan

Even if all impaired Classes accept or could be deemed to have accepted the Plan, the Plan may not be confirmed by the Bankruptcy Court. As set forth above, section 1129 of the Bankruptcy Code sets forth the requirements for plan confirmation. Although the Debtors believe that the Plan will meet all applicable tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

B. Nonconsensual Confirmation

Pursuant to the "cramdown" provisions of section 1129 of the Bankruptcy Code, the Bankruptcy Court can confirm the Plan at the Debtors' request if at least one impaired Class has accepted the Plan and, as to each impaired Class that has not accepted the Plan, the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such impaired Class.

The Debtors reserve the right to modify the terms of the Plan as necessary for confirmation without the acceptance of all impaired Classes. Such modification could result in less favorable treatment for any non-accepting Classes than the treatment currently provided for in the Plan.

C. Delays of Confirmation and/or Effective Date

Any delay in confirmation and effectiveness of the Plan could result in, among other things, increased Administrative Claims. These or any other negative effects of delays in confirmation or effectiveness of the Plan could endanger the ultimate approval of the Plan by the Bankruptcy Court and reduce recoveries to Class 4 Claim holders.

D. Allowance of Claims

The estimates of Allowed Claims in this Disclosure Statement are based on the Debtors' review of their books and records. As set forth above, although the General and Amended General Claim Bar Dates and the Administrative Claim Bar Date have passed, the Debtors generally have not reconciled or settled Claims. Upon the completion of further analyses of the proofs of Claim, the completion of Claims litigation and related matters, the total amount of Claims that ultimately become Allowed Claims in these Bankruptcy Cases may differ from the Debtors' estimates, and such difference could be material. With respect to Class 4 in particular, the actual ultimate aggregate amount of Allowed General Unsecured Claims in such Class may differ significantly from the estimates set forth in this Disclosure Statement. Accordingly, the amount of Pro Rata distributions of Distribution Trust Assets that may be received by a particular holder of an Allowed General Unsecured Claim in Class 4 may be adversely or favorably affected by the aggregate amount of Claims ultimately allowed in such Class.

E. Priority Treatment of Certain Vendor Claims

Pursuant to section 503(b)(9) of the Bankruptcy Code, sellers of goods to the Debtors within twenty (20) days of the Petition Date are entitled to an Administrative Claim for goods delivered to, but not paid for by, the Debtors. As noted above, pursuant to the BLF APA, BLF is obligated to pay 503(b)(9) Claims asserted against the Debtors' Estates up to \$10 million. To date, BLF has paid to the Debtors' Estates approximately \$7.9 million in respect of 503(b)(9) Claims, the expected maximum allowed amount of such claims. To the extent such Claims exceed the \$10 million cap set forth in the BLF APA, the Distribution Trust will become liable for paying any such excess 503(b)(9) Claims. Additionally, to the extent 503(b)(9) Claims exceed \$7.9 million and BLF is unable to

satisfy its obligations under the BLF APA to reimburse the Estates for such claims up to the \$10 million cap, the Distribution Trust will become liable to pay such Claims. In either circumstance, the amount of Distribution Trust Assets available for holders of Allowed General Unsecured Claims in Class 4 may be less than the Debtors' current estimates. Notwithstanding the foregoing, the Debtors do not estimate that Allowed 503(b)(9) Claims will exceed \$10 million.

F. Dependence Upon BLF

After the sale of the Debtors' assets to BLF, the Debtors were left with one employee. As such, the Estates are dependent upon BLF personnel for, among other things, access to the Debtors' books and records in order to assess and process claims and for other related matters, and for other transition services that the Distribution Trust requires of BLF. The Debtors believe that the transition services agreement provisions of the BLF APA require BLF to provide such access to books and records and transition services that the Distribution Trust requires to properly wind-down their Estates. The Debtors are required to reimburse BLF only for the out-of-pocket costs associated with such services. However, to the extent that BLF becomes unable or refuses to adhere to the terms of the BLF APA with respect to these matters, the Debtors' Estates will be negatively impacted and it is likely that the Distribution Trust will incur additional, unexpected costs and expenses to wind-down their Estates, which costs and expenses may be material.

In addition, BLF's ability and willingness to make payments under the Purchaser Note will affect distributions to creditors under the Plan. Because of the contingent nature of the payments under the Purchaser Note and the long time period prior to the Purchaser's obligation to make the last, non-contingent payment under such note, the estimates for distributions to creditors in Class 4 under the Plan do not include any recovery on account of the Purchaser Note.

G. Expected Tax Refunds

The Debtors anticipate receiving approximately \$7.0 million in tax refunds following the close of Old Boscov's fiscal 2009 year and the filing of the associated tax returns. The Debtors have included such refunds in their projected recoveries for holders of claims in Class 4 under the Plan. Should such tax refunds not be received or be significantly less than expected, distributions to holders of claims in Class 4 will be materially less than projected in the Plan.

Additionally, to the extent that the tax refund becomes payable to the Debtors following the Effective Date, and New Boscov's has entered into chapter 11 bankruptcy proceedings at that time, payment of the tax refund to the Distribution Trust could be delayed due to New Boscov's bankruptcy proceedings. The Plan seeks to avoid that result in that certain powers of attorney that are expected to be executed in connection with the security agreement to be attached as Exhibit IV to the Plan will provide for such tax refunds to be paid directly to the Distribution Trust.

H. Distribution Trustee

The ultimate amount of Cash available to satisfy the allowed amount of Claims in Class 4 depends, in part, on the manner in which the Distribution Trustee operates the Distribution Trust and the expenses the Distribution Trustee incurs. The expenses of the Distribution Trustee will be given priority over distributions to holders of Claims in Class 4. As a result, if the Distribution Trustee incurs professional or other expenses in excess of current expectations, the amount of Cash remaining to satisfy Allowed Claims in Class 4 will decrease. In particular, pursuant to the Distribution Trust Agreement, if the Distribution Trustee determines that funds available for its expenses are insufficient, it may transfer equal funds from each of the Distribution Trust Accounts otherwise designated for payment of Allowed Claims in Class 4 to satisfy Distribution Trust Expenses.

The ultimate amount of Cash available for distribution to holders of Allowed Claims in Class 4 also will be affected by the performance and relative success of the Distribution Trustee in pursuing setoff and other claims against potential parties under the Bankruptcy Code. The less successful the Distribution Trustee is in pursuing such matters, the less Cash there will be available for distribution to satisfy Allowed Claims. However, the Debtors have not assumed any recovery on account of such potential Causes of Action in estimating the recoveries to Allowed Claims under the Plan.

IX. PROVISIONS GOVERNING DISTRIBUTIONS

A. Method of Distributions to Holders of Allowed Claims

The Distribution Trustee in its capacity as Disbursing Agent, or such Third Party Disbursing Agents as the Distribution Trustee may employ at the direction of the Oversight Committee, will make all distributions of Cash required under the Plan to holders of Allowed Claims against the applicable Debtor. At the sole discretion of the Oversight Committee, any Third Party Disbursing Agent will serve with bond or similar financial instrument, and any Third Party Disbursing Agent may employ or contract with other entities to assist in or make the distributions required by the Plan.

B. Compensation and Reimbursement for Services Related to Distributions and Cash Investment Yield

1. Compensation and Reimbursement

Any Third Party Disbursing Agent providing services related to distributions pursuant to the Plan will receive from the Distribution Trust Assets, without further Bankruptcy Court approval, reasonable compensation for such services and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services. These payments will be made on terms agreed to with the Distribution Trustee and will not be deducted from distributions (including any distributions of Cash Investment Yield) to be made pursuant to the Plan to holders of Allowed Claims receiving distributions from a Third Party Disbursing Agent.

2. Investment of Cash Related to Distributions

To assist in making distributions under the Plan, the applicable Distribution Trust Accounts may be held in the name of the Third Party Disbursing Agent for the benefit of holders of Allowed Claims under the Plan. The Third Party Disbursing Agent will invest the Cash in the Distribution Trust Accounts as directed by the Distribution Trustee in accordance with the investment and deposit guidelines set forth in the Distribution Trust Agreement; *provided, however*, that should such Distribution Trustee determine, in his sole discretion, that the administrative costs associated with such investment will exceed the return on such investment, he may direct the Third Party Disbursing Agent to not invest such Cash. Distributions of Cash from accounts held by the Third Party Disbursing Agent will include a Pro Rata share of the Cash Investment Yield, if any, from such investment of Cash.

C. Delivery of Distributions and Undeliverable or Unclaimed Distributions

1. Delivery of Distributions to Holders of Allowed Claims

Distributions to holders of Allowed Claims will be made by the Disbursing Agent (a) at the addresses set forth on the respective proofs of Claim, requests for payment of Administrative Claim or similar document Filed by holders of such Claims; (b) at the addresses set forth in any written certification of address change delivered to the Disbursing Agent (including pursuant to a letter of transmittal delivered to the Disbursing Agent) after the date of Filing of any related proof of Claim, requests for payment of Administrative Claim or similar document; or (c) at the addresses reflected in the applicable Debtor's Schedules if no proof of Claim has been Filed and the Disbursing Agent has not received a written notice of a change of address.

2. Undeliverable Distributions Held by Disbursing Agents

a. Holding of Undeliverable Distributions

Subject to Section VI.C.2.c of the Plan, distributions returned to the Disbursing Agent or otherwise undeliverable will remain in the applicable Distribution Trust Account for the benefit of such claimants.

b. After Distributions Become Deliverable

On each Distribution Date, the Disbursing Agent will make all distributions that have become deliverable to holders of Allowed Claims since the preceding Distribution Date. Each such distribution will include to the extent applicable a Pro Rata share of the Cash Investment Yield from the investment of any undeliverable Cash from the date that such distribution would have first been due had it then been deliverable to the date that such distribution becomes deliverable.

c. Failure to Claim Undeliverable Distributions

Any holder of an Allowed Claim that does not assert a claim pursuant to the Plan for an undeliverable distribution to be made by the Disbursing Agent within 180 days after the later of (i) the Effective Date and (ii) the last date on which a distribution was deliverable to such holder will have its claim for such undeliverable distribution deemed satisfied, waived and released and will be forever barred from asserting any such claim against the Debtors, the Distribution Trust, the Distribution Trustee and their respective property or the Distribution Trust Accounts. In such cases, unclaimed distributions will be maintained in the applicable Distribution Trust Account for redistribution to other claimants entitled to distribution from such Distribution Trust Account.

D. Distribution Record Date

Except as otherwise provided in a Final Order of the Bankruptcy Court, the transferees of any Claims that are transferred pursuant to Bankruptcy Rule 3001 on or prior to the Distribution Record Date will be treated as the holders of such Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to such transfer has not expired by the Distribution Record Date. The Disbursing Agent will have no obligation to recognize the transfer or sale of any Claim that occurs after 4:00 p.m., Eastern time, on the Distribution Record Date and will be entitled for all purposes in respect of the Plan to recognize and make distributions only to those holders who are holders of such Claims as of the close of business on the Distribution Record Date.

E. Means of Cash Payments

Except as otherwise specified in the Plan, Cash payments made pursuant to the Plan will be in U.S. currency by checks drawn on the applicable Distribution Trust Accounts or, at the option of the Distribution Trust, by wire transfer from a domestic bank.

F. Timing and Calculation of Amounts to Be Distributed

1. Allowed Claims

Distributions on account of Allowed Claims in Classes 1, 2 and 3 will be made at the times specified in Articles III and IV of the Plan. Distributions to holders of Allowed (or partially Allowed) General Unsecured Claims will be made on one or more Distribution Dates, as established by the Distribution Trustee at the direction of the Oversight Committee. On each Distribution Date, the Disbursing Agent will distribute to holders of General Unsecured Claims their Pro Rata share of all Distributable Cash, calculated so as to take account of all prior distributions to holders of such claims.

Each holder of an Allowed Claim will receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class pursuant to the terms and conditions of the Plan and the Distribution Trust Agreement, subject to any setoffs or deductions set forth therein. Holders of partially Allowed General Unsecured Claims will receive partial distributions as provided for in Section VII.C.1.b of the Plan. Distributions to holders of Allowed or partially Allowed General Unsecured Claims will be made on each Distribution Date.

2. De Minimis Distributions

The Disbursing Agent will not distribute cash to the holder of an Allowed Claim in an impaired Class if the amount of Cash to be distributed on account of such Claim is less than \$25 in the aggregate. Any holder of an Allowed Claim on account of which the amount of Cash to be distributed is less than \$25 in the aggregate will be

forever barred from asserting its Claim for such distribution against the Distribution Trust or its property. Any Cash not distributed pursuant to Section VI.F.2 of the Plan will be the property of the Distribution Trust free of any restrictions thereon, and any such Cash held by the Third Party Disbursing Agent will be transferred or returned to the Distribution Trust.

3. Compliance with Tax Requirements; Responsibility for Taxes

a. Each Disbursing Agent will comply with all Tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant to the Plan or Distribution Trust Agreement will be subject to such withholding and reporting requirements. Each Disbursing Agent will be authorized to take any actions that it determines, in its reasonable discretion, to be necessary or appropriate to comply with such withholding and reporting requirements.

b. Each person or entity receiving a distribution pursuant to the Plan or the Distribution Trust Agreement will be solely responsible for all Taxes owed with respect to such distribution.

G. Surrender of Canceled Instruments or Securities

As a condition precedent to receiving any distribution pursuant to the Plan on account of an Allowed Claim evidenced by any instruments or securities, the holder of such Claim must tender to the Disbursing Agent in its sole discretion the applicable instruments or securities evidencing such Claim or an affidavit of loss and indemnity satisfactory to the Disbursing Agent in its sole discretion, together with any letter of transmittal required by the Disbursing Agent. Pending such surrender, any distributions pursuant to the Plan on account of any such Claim will be treated as an undeliverable distribution pursuant to Section VI.C.2.a of the Plan.

H. Setoffs

Except with respect to claims of a Debtor released pursuant to the Plan or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the Disbursing Agent or a Third Party Disbursing Agent, as instructed by the Distribution Trustee, pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy law, may setoff against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim (before any distribution is made on account of such Claim) the claims, rights and causes of action of any nature that the applicable Debtor may have held against the holder of such Allowed Claim prior to the Effective Date; *provided, however*, that neither the failure to effect a setoff nor the allowance of any Claim hereunder will constitute a waiver or release by the Distribution Trustee of any claims, rights and causes of action that the Distribution Trust may possess (by virtue of the transfer to it of the Distribution Trust Assets) against such a Claim holder, which are expressly preserved and vested in the Distribution Trust as Distribution Trust Assets under Section IV.B of the Plan.

X. INJUNCTION AND SUBORDINATION RIGHTS

The Plan will provide for the following injunctions:

A. Injunction

Except as provided in the Plan or the Confirmation Order and other than with respect to a right of recoupment or a setoff, as of the Effective Date, all entities that have held, currently hold or may hold a Claim or other debt or liability subject to the Plan or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan will be permanently enjoined from taking any of the following actions in respect of any such Claims, debts, liabilities, Interests or rights: (a) commencing or continuing in any manner any action or other proceeding against the Debtors, the Distribution Trust, the Distribution Trustee, the Creditors' Committee or its members, the Oversight Committee or its members the Disbursing Agent or any Professional, other than to enforce any right pursuant to the Plan to a distribution from the Distribution Trust Assets; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtors, Distribution Trust, Distribution Trustee, the Disbursing Agent or the Creditors' Committee or its members or the Oversight Committee or its members or any Professional

other than as permitted pursuant to (a) above; (c) creating, perfecting or enforcing any Lien or encumbrance against the Debtors, the Distribution Trust, their respective property or the Trust Assets; (d) asserting a right of subrogation of any kind against any debt, liability or obligation due to the Debtors or the Distribution Trust; and (e) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

B. Subordination Rights

The classification and manner of satisfying Claims and Interests under the Plan does not take into consideration subordination rights among and between holders of Claims against the Debtors, and nothing in the Plan or Confirmation Order will affect any subordination rights that a holder of a Claim among and between holders of Claims against the Debtors have with respect to any distribution to be made pursuant to the Plan, whether arising under general principles of equitable subordination, contract, section 510(c) of the Bankruptcy Code or otherwise.

C. Automatic Stay

Except as provided in the Plan or otherwise determined by order of the Bankruptcy Court, the automatic stay imposed by operation of section 362 of the Bankruptcy Code will remain in full force and effect until the earlier of the time the Bankruptcy Cases are closed or dismissed.

XI. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Executory Contracts and Unexpired Leases to Be Rejected

On the Effective Date, except for the Executory Contracts or Unexpired Leases listed on Exhibit III to the Plan, if any, and except to the extent that a Debtor either previously has assumed, assumed and assigned or rejected an Executory Contract or Unexpired Lease by an order of the Bankruptcy Court, including, but not limited to, the Sale Order, or has filed a motion to assume or assume and assign an Executory Contract or Unexpired Lease prior to the Effective Date, each Executory Contract and Unexpired Lease entered into by a Debtor prior to the Petition Date that has not previously expired or terminated pursuant to its own terms will be rejected pursuant to section 365 of the Bankruptcy Code. Each such contract and lease will be rejected only to the extent that any such contract or lease constitutes an Executory Contract or Unexpired Lease. The Confirmation Order will constitute an order of the Bankruptcy Court approving such rejections, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date.

B. Bar Date for Rejection Claims

Notwithstanding anything in the Bar Date Order to the contrary, if the rejection of an Executory Contract or Unexpired Lease pursuant to the Plan gives rise to a Claim by the other party or parties to such contract or lease, such Rejection Claim will be forever barred and will not be enforceable against the Distribution Trust unless a proof of Claim is Filed and served on the Distribution Trust, pursuant to the procedures specified in the Confirmation Order and the notice of the Effective Date or another order of the Bankruptcy Court, no later than thirty (30) days after the Effective Date.

C. Executory Contracts and Unexpired Leases to Be Assumed

1. Assumption Generally

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into in connection with the Plan, on the Effective Date, pursuant to section 365 of the Bankruptcy Code, the Debtors will assume each of the respective Executory Contracts and Unexpired Leases, if any, listed on Exhibit III to the Plan; *provided, however*, that the Debtors reserve the right, at any time prior to the Effective Date, to, in consultation with the Creditors' Committee, amend Exhibit III to the Plan to: (a) delete any Executory Contract or Unexpired Lease listed therein, thus providing for its rejection pursuant hereto; or (b) add any Executory Contract or Unexpired Lease to Exhibit III to the Plan, thus providing for its assumption pursuant to Section V.C.1 of the Plan. The Debtors will provide notice of any amendments to Exhibit III to the Plan to the parties to the Executory

Contracts or Unexpired Leases affected thereby and to the parties on the then-applicable service list in the Bankruptcy Cases. Nothing herein or the Plan will constitute an admission by a Debtor that any contract or lease is an Executory Contract or Unexpired Lease or that a Debtor has any liability thereunder.

2. Assumptions of Executory Contracts and Unexpired Leases

Each Executory Contract or Unexpired Lease assumed under Section V.C.1 of the Plan will include any modifications, amendments, supplements or restatements to such contract or lease.

3. Assignments Related to Post-Effective Date Transactions

As of the Effective Date, any Executory Contract or Unexpired Lease assumed under Section V.C.1 of the Plan will be deemed assigned to the Distribution Trust, pursuant to section 365 of the Bankruptcy Code.

4. Approval of Assumptions and Assumption Procedures

The Confirmation Order will constitute an order of the Bankruptcy Court approving the assumptions and assignments described in Section V.C.1 of the Plan, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date. The procedures for assumption of an Executory Contract or Unexpired Lease are as follows:

- a.** After the entry of the Confirmation Order, the Distribution Trustee will serve upon each party to an Executory Contract or Unexpired Lease being assumed pursuant to the Plan notice of: (i) the contract or lease being assumed or assumed and assigned; (ii) the Cure Amount Claim, if any, that the Distribution Trustee believes it would be obligated to pay in connection with such assumption; and (iii) the procedures for such party to object to the assumption or assumption and assignment of the applicable contract or lease or the amount of the proposed Cure Amount Claim.
- b.** Any entity wishing to object to (i) the proposed assumption and assignment of an Executory Contract or Unexpired Lease under the Plan or (ii) the proposed amount of the related Cure Amount Claim must File and serve on counsel to the Distribution Trustee a written objection setting forth the basis for the objection within twenty (20) days of service of the notice described in Section V.C.4.a of the Plan.
- c.** If no objection to the proposed assumption or Cure Amount Claim is properly Filed and timely served prior to the objection deadline with respect to an Executory Contract or Unexpired Lease then (i) the proposed assumption and assignment of the Executory Contract or Unexpired Lease will be approved in accordance with the Plan and the Confirmation Order, effective as of the Effective Date, without further action of the Bankruptcy Court; and (ii) the Cure Amount Claim identified by the Distribution Trustee in the notice will be fixed and will be paid in accordance with the Plan on or after the Effective Date, without further action of the Bankruptcy Court, to the appropriate contract or lease party identified on the notice.
- d.** If an objection to the proposed assumption and assignment or Cure Amount Claim is properly Filed and served prior to the objection deadline with respect to an Executory Contract or Unexpired Lease, the Distribution Trustee and the objecting party may resolve such objection by stipulation, without further action of the Bankruptcy Court.
- e.** If an objection to the proposed assumption or Cure Amount Claim is properly Filed and timely served prior to the objection deadline with respect to an Executory Contract or Unexpired Lease and the parties are unable to resolve such objection then (i) the Distribution Trustee may File a reply to such objection no later than thirty (30) days after the Filing and service of such objection and ask the Bankruptcy Court to schedule a hearing on the particular objection and the related reply at an appropriate time; or (ii) the Distribution Trustee may designate the Executory Contract or Unexpired Lease underlying such objection for rejection pursuant to Section V.A of the Plan and amend Exhibit III to the Plan accordingly.

D. Payments Related to the Assumption of Executory Contracts and Unexpired Leases

To the extent that such Claims constitute monetary defaults, the Cure Amount Claims associated with each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan will be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code: (1) by payment of the Cure Amount Claim in Cash on or after the Effective Date; or (2) on such other terms as are agreed to by the parties to such Executory Contract or Unexpired Lease. Pursuant to section 365(b)(2)(D) of the Bankruptcy Code, no Cure Amount Claim will be allowed for a penalty rate or other form of default rate of interest. If there is an unresolved dispute regarding: (1) the amount of any Cure Amount Claim; (2) the ability of the Distribution Trustee or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed; or (3) any other matter pertaining to assumption of such contract or lease, the payment of any Cure Amount Claim required by section 365(b)(1) of the Bankruptcy Code will be made following the resolution of such dispute by the parties or the entry of a Final Order resolving the dispute and approving the assumption.

XII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF CONSUMMATION OF THE PLAN

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by 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 penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

A. General

A DESCRIPTION OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN IS PROVIDED BELOW. THE DESCRIPTION IS BASED ON THE INTERNAL REVENUE CODE, TREASURY REGULATIONS, JUDICIAL DECISIONS AND ADMINISTRATIVE DETERMINATIONS, ALL AS IN EFFECT ON THE DATE OF THIS DISCLOSURE STATEMENT. CHANGES IN ANY OF THESE AUTHORITIES OR IN THEIR INTERPRETATION MAY HAVE RETROACTIVE EFFECT, WHICH MAY CAUSE THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO DIFFER MATERIALLY FROM THE CONSEQUENCES DESCRIBED BELOW. NO RULING HAS BEEN REQUESTED FROM THE IRS AND NO LEGAL OPINION HAS BEEN REQUESTED FROM COUNSEL CONCERNING ANY TAX CONSEQUENCE OF THE PLAN, AND NO TAX OPINION IS GIVEN BY THIS DISCLOSURE STATEMENT.

THIS DESCRIPTION DOES NOT COVER ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO THE DEBTORS OR HOLDERS OF CLAIMS. FOR EXAMPLE, THE DESCRIPTION DOES NOT ADDRESS ISSUES OF SPECIAL CONCERN TO CERTAIN TYPES OF TAXPAYERS, SUCH AS DEALERS IN SECURITIES, LIFE INSURANCE COMPANIES, FINANCIAL INSTITUTIONS, TAX EXEMPT ORGANIZATIONS AND FOREIGN TAXPAYERS, NOR DOES IT ADDRESS TAX CONSEQUENCES TO HOLDERS OF STOCK INTERESTS IN THE DEBTORS. THIS DESCRIPTION DOES NOT DISCUSS THE POSSIBLE STATE TAX OR NON-U.S. TAX CONSEQUENCES THAT MIGHT APPLY TO THE DEBTORS OR TO HOLDERS OF CLAIMS.

FOR THESE REASONS, THE DESCRIPTION THAT FOLLOWS IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM. HOLDERS OF CLAIMS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

B. Tax Consequences of Payment of Allowed Claims Pursuant to Plan Generally

The federal income tax consequences of the implementation of the Plan to the holders of Allowed Claims will depend, among other things, on the consideration to be received by the holder, whether the holder reports income on the accrual or cash method, whether the holder receives distributions under the Plan in more than one taxable year, whether the holder's claim is allowed or disputed on the Effective Date, and whether the holder has taken a bad debt deduction or a worthless security deduction with respect to its claim.

1. Recognition of Gain or Loss

In general, a holder of an Allowed Claim should recognize gain or loss equal to the amount realized under the Plan in respect of its claim less the holder's tax basis in the claim. Any gain or loss recognized in the exchange may be long-term or short-term capital gain or loss or ordinary income or loss, depending upon the nature of the Allowed Claim and the holder, the length of time the holder held the claim and whether the claim was acquired at a market discount. If the holder realizes a capital loss, the holder's deduction of the loss may be subject to limitation. The holder's tax basis for any property received under the Plan generally will equal the amount realized. The holder's amount realized generally will equal the sum of the cash and the fair market value of any other property received by the holder under the Plan on the Effective Date or a subsequent distribution date, less the amount (if any) treated as interest, as discussed below.

2. Post-Effective Date Cash Distributions

Because certain holders of Allowed Claims, including Disputed Claims that ultimately become Allowed Claims, may receive cash distributions after the Effective Date, the imputed interest provisions of the Internal Revenue Code may apply and cause a portion of the subsequent distributions to be treated as interest. Additionally, because holders may receive distributions with respect to an Allowed Claim in a taxable year or years following the year of the initial distribution, any loss and a portion of any gain realized by the holder may be deferred. All holders of Allowed Claims are urged to consult their tax advisors regarding the possible application of (or ability to elect out of) the "installment method" of reporting with respect to their claims.

3. Receipt of Interest

Holders of Allowed Claims will recognize ordinary income to the extent that they receive cash or property, including interests in the Distribution Trust, that is allocable to accrued but unpaid interest which the holder has not yet included in its income. If an Allowed Claim includes interest, and if the holder receives less than the amount of the Allowed Claim pursuant to the Plan, the holder must allocate the Plan consideration between principal and interest. The holder may take the position that the amounts received pursuant to the Plan are allocable first to principal, up to the full amount of principal, and only then to interest. However, the proper allocation of Plan consideration between principal and interest is unclear and holders of Allowed Claims should consult their own tax advisors in this regard. If the Plan consideration allocable to interest with respect to an Allowed Claim is less than the amount that the holder has previously included as interest income, the previously included but unpaid interest may be deducted, generally as a loss.

4. Bad Debt or Worthless Securities Deduction

A holder who receives in respect of an Allowed Claim an amount less than the holder's tax basis in the claim may be entitled in the year of receipt (or in an earlier or later year) to a bad debt deduction in some amount under Section 166(a) of the Internal Revenue Code or a worthless securities deduction under Section 165(g) of the Internal Revenue Code. The rules governing the character, timing and amount of bad debt and worthless securities deductions place considerable emphasis on the facts and circumstances of the holder, the obligor and the instrument with respect to which a deduction is claimed. Holders of Allowed Claims, therefore, are urged to consult their tax advisors with respect to their ability to take such a deduction.

C. Treatment of the Distribution Trust and its Beneficial Owners

The Debtors intend that the Distribution Trust be a liquidating trust treated as a "grantor trust" under Section 671 of the Internal Revenue Code. The remainder of this section assumes that this treatment is correct. If the Internal Revenue Service succeeds in requiring a different characterization of the Distribution Trust, the Distribution Trust could be subject to tax on all of its net income and gains, with the result that the amounts received by holders of Allowed Claims could be reduced.

1. Liquidating Trust

Except as discussed under "Disputed Claims Reserve" below, the Distribution Trust will not be treated as a separate entity for federal income tax purposes. Instead, the holders of beneficial interests in the Distribution Trust will be treated as owning their respective pro rata shares of the Distribution Trust Assets, subject to any liabilities of the Debtors assumed by the Distribution Trust and any liabilities of the Distribution Trust itself.

Each holder of an Allowed General Unsecured Claim on the Effective Date should be treated as transferring its claim to the Debtors in exchange for the holder's pro rata share of the Distribution Trust Assets, less any Debtor liabilities assumed by the Distribution Trust and any Distribution Trust liabilities, followed by the holder's transfer of such assets (subject to such liabilities) to the Distribution Trust. The holder should recognize gain or loss equal to the difference between the fair market value of such assets (subject to such liabilities) and the holder's adjusted basis in its Allowed General Unsecured Claim. The tax basis of the Distribution Trust Assets deemed received in the exchange will equal the amount realized by the holder and the holding period for such assets will begin on the day following the exchange. For the avoidance of doubt, the holders of Allowed General Unsecured Claims are not intended to be treated for federal income tax purposes as receiving Distribution Trust Assets that are contributed to the disputed claims reserve until such time as the disputed claims reserve makes distributions, in which case (and at which time) the holders of Allowed General Unsecured Claims are intended to be treated as receiving the distributions actually received from the disputed claims reserve, if any.

Each holder of an Allowed General Unsecured Claim will be required to include in income the holder's allocable share of any income, gain, loss, deduction or credit recognized by the Distribution Trust, including interest or dividend income earned on bank accounts and other investments. If the Distribution Trust sells or otherwise disposes of a Distribution Trust Asset in a transaction in which gain or loss is recognized, each holder of an Allowed General Unsecured Claim will be required to include in income gain or loss equal to the difference between (i) the holder's pro rata share of the cash or property received in exchange for the asset sold or otherwise disposed of, and (ii) the holder's adjusted basis in the holder's pro rata share of the asset. The character and amount of any gain or loss will be determined by reference to the character of the asset sold or otherwise disposed of. Holders of Allowed General Unsecured Claims will be required to report any income or gain recognized on the sale or other disposition of a Distribution Trust Asset whether or not the Distribution Trust distributes the sales proceeds currently and may, as a result, incur a tax liability before the holder receives a distribution from the Distribution Trust.

2. Disputed Claims Reserve

The disputed claims reserve will be treated as a discrete trust taxed under Sections 641 *et seq.* of the Internal Revenue Code. Under these provisions, income and gain recognized with respect to the Distribution Trust Assets in the disputed claims reserve will be subject to an entity-level tax to the extent the income or gain is not distributed to holders of Allowed Claims within the same taxable year.

D. Information Reporting and Withholding

Under the Internal Revenue Code's backup withholding rules, the holder of an Allowed Claim may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan unless the holder comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact, or provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax, but merely an advance payment that may be refunded to the extent it results in an overpayment of tax. Holders of Allowed Claims may be required to establish exemption from backup withholding or to make arrangements with respect to the payment of backup withholding.

XIII. ADDITIONAL INFORMATION

Any statements in this Disclosure Statement concerning the provisions of any document are not necessarily complete, and in each instance reference is made to such document for the full text thereof. Certain documents described or referred to in this Disclosure Statement have not been attached as exhibits because of the

impracticability of furnishing copies of these documents to all recipients of this Disclosure Statement. The Debtors will file all exhibits to the Plan with the Bankruptcy Court and make them available for review on the Document Website (www.kccllc.net/boscov) no later than ten (10) days before the Voting Deadline.

XIV. RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtors believe that the Confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtors urge all holders of Claims in Classes 3 and 4 to vote to accept the Plan and to evidence their acceptance by duly completing and returning their Ballots so that they will be received on or before the Voting Deadline

Dated: July 22, 2009

Respectfully submitted,

BSCV, INC., on its own behalf and on behalf of each
affiliate Debtor

By: /s/ Michael J. Hughes
Name: **Michael J. Hughes**
Title: **Chief Executive Officer**

DISCLOSURE STATEMENT EXHIBIT I

**SECOND AMENDED JOINT PLAN OF BSCV, INC. (F/K/A BOSCOV'S, INC.)
AND ITS DEBTOR AFFILIATES**

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re:	:	Chapter 11
	:	
BSCV, Inc. (f/k/a Boscov's, Inc.), a Pennsylvania Corporation, <u>et al.</u>,	:	Jointly Administered Case No. 08-11637 (KG)
	:	
Debtors.	:	
	:	
BSCV Investment Company (f/k/a Boscov's Investment Company)	:	08-11635 (KG)
	:	
BSCV Finance Company, Inc. (f/k/a Boscov's Finance Company, Inc.)	:	08-11636 (KG)
	:	
BSCV Department Store, LLC (f/k/a Boscov's Department Store, LLC)	:	08-11638 (KG)
	:	
BSCV Transportation Company LLC (f/k/a Boscov's Transportation Company LLC)	:	08-11639 (KG)
	:	
BSCV PSI Inc. (f/k/a Boscov's PSI Inc.)	:	08-11640 (KG)
	:	
BSCV II, Inc. (f/k/a SDS. Inc.)	:	08-11641 (KG)
	:	
Retail Construction & Development, Inc.	:	08-11642 (KG)
	:	
<hr style="border: 0.5px solid black;"/>		
SECOND AMENDED JOINT PLAN OF BSCV, INC. (F/K/A BOSCOV'S, INC.) AND ITS DEBTOR AFFILIATES		DANIEL J. DeFRANCESCHI (DE 2732) RICHARDS, LAYTON & FINGER, P.A. One Rodney Square 920 North King Street Wilmington, Delaware 19801 (302) 651-7700
		- AND -
		DAVID G. HEIMAN (OH I.D. 0038271) JONES DAY North Point 901 Lakeside Avenue Cleveland, Ohio 44114 (216) 586-3939
		BRAD B. ERENS (IL I.D. 6206864) MARK A. CODY (IL I.D. 6236871) MARC F SKAPOF (NY I.D. MFS 5746) JONES DAY 77 West Wacker Drive Chicago, Illinois 60601 (312) 782-3939
		ATTORNEYS FOR DEBTORS

July 22, 2009

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TABLE OF EXHIBITS¹

Exhibit I	Form of Boscov's Inc. Charter
Exhibit II	Distribution Trust Agreement
Exhibit III	Executory Contracts and Unexpired Leases to be Assumed
Exhibit IV	Retained Causes of Action
Exhibit V	Form of Security Agreement

¹ All exhibits to this joint plan shall be filed with the Bankruptcy Court no later than ten (10) days before the deadline to vote to accept or reject the plan. The exhibits shall be made available on the internet site address www.kcellc.net/boscov once they are filed. Old Boscov's and its debtor affiliates reserve the right to modify, amend, supplement, restate or withdraw the exhibits after they are filed and shall promptly make such changes available on the internet site address www.kcellc.net/boscov.

INTRODUCTION

BSCV, INC. (f/k/a Boscov's, Inc.) ("Old Boscov's") and the other above-captioned debtors (collectively, the "Debtors") propose the following joint plan (the "Plan") for the resolution of the outstanding claims against and equity interests in the Debtors. The Debtors are proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code, 11 U.S.C. § 1129. Reference is made to the Debtors' Disclosure Statement (as such term is defined below) for a discussion of the Debtors' history, businesses, assets, and other pertinent information, and for a summary and analysis of the Plan. There also are other agreements and documents, which are or shall be filed with the United States Bankruptcy Court for the District of Delaware, that are referenced in the Plan or the Disclosure Statement and that shall be available for review.

ARTICLE I DEFINED TERMS, RULES OF INTERPRETATION AND COMPUTATION OF TIME

A. Defined Terms

As used in the Plan, capitalized terms have the meanings set forth below. Any term that is not otherwise defined herein, but that is used in the Bankruptcy Code or the Bankruptcy Rules (as each term is defined below), shall have the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

1. "Administrative Claim" means a Claim for costs and expenses of administration allowed under sections 503(b), 503(c), 507(a) or 507(b) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the respective Estates and operating the businesses of the Debtors (such as wages, salaries, commissions for services and payments for inventories, leased equipment and premises); (b) compensation for legal, financial advisory, accounting and other services and reimbursement of expenses awarded or allowed under sections 330(a) or 331 of the Bankruptcy Code, including Professional Fee Claims; (c) Claims, pursuant to section 503(b)(9) of the Bankruptcy Code, for the value of goods received by the Debtors in the 20 days immediately prior to the Petition Date and sold to the Debtors in the ordinary course of the Debtors' businesses; (d) all fees and charges assessed against the Estates under chapter 123 of title 28, United States Code, 28 U.S.C. §§ 1911-1930; and (e) all Postpetition Intercompany Claims.

2. "Allowed Claim" means:

a. a Claim that (i) has been listed by a particular Debtor on its Schedules as other than disputed, contingent or unliquidated and (ii) is not a Disputed Claim;

b. a Claim (i) for which a proof of Claim or request for payment of Administrative Claim (or similar request) has been Filed by the applicable Bar Date or otherwise has been deemed timely Filed under applicable law and (ii) that is not a Disputed Claim;

c. a Claim that is allowed: (i) in any Stipulation of Amount and Nature of Claim executed by or on behalf of (a) the applicable Debtor and Claim holder, or, if entered into on or after the Effective Date, (b) the Distribution Trustee and such Claim holder; (ii) in any contract, instrument or other agreement entered into in connection with the Plan and, if prior to the Effective Date, approved by the Bankruptcy Court; (iii) pursuant to a Final Order; or (iv) pursuant to the terms of the Plan; or

d. a Claim listed by a particular Debtor on its Schedules as other than disputed, contingent or unliquidated or a Claim that the Debtors determine prior to the Claims Objection Bar Date (i) shall not be subject to an objection or to an amendment to the Schedules and (ii) shall be satisfied in accordance with the terms of the Plan on or after the Effective Date.

3. "Allowed . . . Claim" means an Allowed Claim in the particular Class or category specified. Any reference herein to a particular Allowed Claim includes both the secured and unsecured portions of such Claim.

4. "Ballot" means the form or forms distributed to each holder of an impaired Claim entitled to vote on the Plan on which the holder may indicate acceptance or rejection of the Plan or any election for treatment of such Claim under the Plan.

5. "Bankruptcy Case" means: (a) when used with reference to a particular Debtor, the chapter 11 case pending for that Debtor in the Bankruptcy Court; and (b) when used with reference to all Debtors, the chapter 11 cases pending for the Debtors in the Bankruptcy Court.

6. "Bankruptcy Code" means title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as now in effect or hereafter amended, applicable to these Bankruptcy Cases.

7. "Bankruptcy Court" means the United States District Court having jurisdiction over the Bankruptcy Cases and, to the extent of any reference made pursuant to 28 U.S.C. § 157, the bankruptcy unit of such District Court.

8. "Bankruptcy Rules" means, collectively, the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court, as now in effect or hereafter amended, applicable to these Bankruptcy Cases.

9. "Bar Date" means the applicable bar date by which a proof of Claim or request for payment of Administrative Claim must be or must have been Filed, as established by an order of the Bankruptcy Court, including the Bar Date Order and the Confirmation Order.

10. "Bar Date Order" means that certain order dated December 19, 2008, establishing March 2, 2009 at 5:00 p.m. (PT) as the bar date both for (i) filing proofs of claim against the Debtors' Estates and (ii) filing applications for allowance of administrative expense claims arising between August 4, 2008 through and including December 4, 2008, as the same may be amended, modified and supplemented.

11. "Business Day" means any day, other than a Saturday, Sunday or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

12. "Cash" means legal tender of the United States of America and equivalents thereof.

13. "Cash Investment Yield" means the net yield earned by the Disbursing Agent from the investment of Cash, if any, held in a Distribution Trust Account pending distribution pursuant to the Plan. Any such investment will be in a manner consistent with the provisions of the Distribution Trust Agreement. Net yield means the cash yield net of any investment and other expenses and taxes payable thereon

14. "Causes of Action" means claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities, arising on, prior to or after the Petition Date, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising in law, equity or otherwise, that are based in whole or in part on any act, omission, transaction or other occurrence in any way relating to any Debtor or the Plan.

15. "Chapter 5 Claims" means all of the Estates' claims and rights of action arising under chapter 5 of the Bankruptcy Code.

16. "Claim" means a "claim," as defined in section 101(5) of the Bankruptcy Code, against any Debtor.

17. "Claims Objection Bar Date" means, for all Claims, other than Administrative Claims, unless otherwise extended by order of the Bankruptcy Court, 180 days after the Effective Date.

18. "Class" means a class of Claims or Interests, as described in Article II.

19. "Collateral" means any property or interest in property, whether tangible, intangible or otherwise, pledged by a Debtor to a creditor as security for a Secured Claim.

20. "Confirmation" means the entry of the Confirmation Order on the docket of the Bankruptcy Court.

21. "Confirmation Date" means the date on which the Bankruptcy Court enters the Confirmation Order on its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

22. "Confirmation Hearing" means the hearing held by the Bankruptcy Court on confirmation of the Plan, as such hearing may be continued from time to time.

23. "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

24. "Creditors' Committee" means the statutory official committee of unsecured creditors of the Debtors appointed by the United States Trustee in the Bankruptcy Cases pursuant to section 1102 of the Bankruptcy Code, as such committee may be reconstituted from time to time.

25. "Cure Amount Claim" means a Claim based upon a Debtor's monetary defaults under an Executory Contract or Unexpired Lease at the time such contract or lease is assumed by that Debtor under section 365 of the Bankruptcy Code.

26. "Debtors" means, collectively, the above-captioned debtors and debtors in possession specifically identified on the cover page to this Plan.

27. "Disbursing Agent" means the Distribution Trustee, in its capacity as disbursing agent pursuant to Section VI.A, or any Third Party Disbursing Agent (acting at the direction of the Distribution Trustee).

28. "Disclosure Statement" means the disclosure statement (including all exhibits and schedules thereto or referenced therein) that relates to the Plan and has been prepared and distributed by the Debtors, as plan proponents, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code, as the same may be amended, modified or supplemented.

29. "Disputed Claim" means:

a. if no proof of Claim or request for payment of Administrative Claim has been Filed by the applicable Bar Date or has otherwise been deemed timely Filed under applicable law, (i) a Claim that is listed on a Debtor's Schedules as disputed, contingent or unliquidated or (ii) a Claim that is not listed on a Debtor's Schedules;

b. if a proof of Claim or request for payment of Administrative Claim has been Filed by the applicable Bar Date or has otherwise been deemed timely Filed under applicable law, a Claim for which an objection, complaint or request for estimation has been Filed by the Debtors or, after the Effective Date, the Distribution Trustee or, prior to the Confirmation Date, any other party in interest, by the Claims Objection Bar Date, and such objection has not been withdrawn or denied in its entirety by a Final Order;

c. a Claim for which a proof of Claim or request for payment of Administrative Claim is required to be Filed under the Plan and no such proof of Claim or request for payment of Administrative Claim is timely Filed; or

d. a Tort Claim.

30. "Disputed Insured Claim" means an Insured Claim that also is a Disputed Claim.

31. "Distributable Cash" means all Distribution Trust Assets in the form of Cash as of any Distribution Date after (i) payment of Distribution Trust Expenses and unpaid, Administrative Claims and Allowed

Priority Tax Claims and (ii) the imposition of such reserves as the Distribution Trustee deems appropriate, including, without limitation, reserves for Distribution Trust Expenses and Disputed Claims, as provided for in the Distribution Trust Agreement.

32. "Distribution Date" means each date established by the Distribution Trustee, at the direction of the Oversight Committee, for the delivery of a distribution to holders of Allowed (or partially Allowed) General Unsecured Claims; *provided, however*, that the first Distribution Date shall occur as soon as reasonably practicable after the Effective Date.

33. "Distribution Record Date" means the Confirmation Date.

34. "Distribution Trust" means the trust established pursuant to Section IV.B.5(a), among other things, to hold the Distribution Trust Assets and make distributions on account of Claims pursuant to Article VI.

35. "Distribution Trust Account" means one or more accounts established by the Distribution Trustee to hold Distribution Trust Assets (at least one of which shall be established before the Effective Date) and to fund the distribution of the Distribution Trust Assets or the proceeds thereof to holders of Allowed Claims against the Debtors or to otherwise carry out the purposes of the Plan.

36. "Distribution Trust Agreement" means the trust agreement, to be dated as of or prior to the Effective Date, among the Debtors, the Creditors' Committee and the Distribution Trustee, governing the Distribution Trust, which shall be substantially in the form of Exhibit II.

37. "Distribution Trust Assets" means all assets of the Debtors, other than the old Common Stock and Subsidiary Debtor Equity Interests, including, without limitation, all Cash on hand, the Purchaser Note and all of the rights of the Debtors thereunder, proceeds of the Sale, all rights under the Sale Agreement, Sale Order and Settlement Order (and any other order of the Bankruptcy Court), any Tax Refund, any payment on account of any Sale Agreement Reimbursement Obligation, all Causes of Action of the Debtors, including, without limitation, all Retained Causes of Action and Chapter 5 Claims (other than Chapter 5 Claims acquired by Purchaser), all proceeds of any of the foregoing, and any right or claim of any Debtor on account of the foregoing and all proceeds of any of the foregoing received by any person or Entity on or after the Effective Date.

38. "Distribution Trust Beneficiary" shall have the meaning ascribed to such term in the Distribution Trust Agreement.

39. "Distribution Trust Expenses" means any and all reasonable fees, costs and expenses incurred by the Distribution Trust or the Distribution Trustee (or any Disbursing Agent, person, Entity or professional engaged by the Distribution Trustee) on or after the Effective Date in connection with any of their duties under the Plan and the Distribution Trust Agreement, including any administrative fees, attorneys' fees and expenses, insurance fees, taxes and escrow expenses.

40. "Distribution Trustee" means a person or an entity to be selected by the Creditors' Committee and disclosed no later than ten days before the Voting Deadline, or such other party that may be selected by the Oversight Committee on or after the Effective Date pursuant to the Distribution Trust Agreement.

41. "Document Website" means the internet site address www.kccllc.net/boscov at which all of the exhibits and schedules to the Plan and the Disclosure Statement shall be available, without charge, to any party in interest and the public.

42. "Effective Date" means a day designated by the Debtors that is a Business Day no earlier than the date on which all conditions to the effectiveness of the Plan set forth in Section IX.B have been met or waived in accordance with Section IX.C.

43. "Estate" means, as to each Debtor, the estate created for that Debtor in its Bankruptcy Case pursuant to section 541 of the Bankruptcy Code.

44. "Exculpated Parties" means, collectively and individually, the Debtors, the Distribution Trustee, the Distribution Trust, the Creditors' Committee and its members (solely in their capacity as such), the Oversight Committee and its members (solely in their capacity as such), any Disbursing Agent (solely in such capacity) and the Representatives of each of the foregoing.

45. "Executory Contract or Unexpired Lease" means a prepetition contract or lease to which a Debtor is a party that is subject to assumption, assumption and assignment or rejection under section 365 of the Bankruptcy Code and includes any modifications, amendments, addenda or supplements thereto or restatements thereof.

46. "Exhibit" means the exhibits to the Plan as identified on the Table of Exhibits, as the same may be amended, modified or supplemented.

47. "File," "Filed" or "Filing" means file, filed or filing with the Bankruptcy Court or its authorized designee in the Bankruptcy Cases.

48. "Final DIP Order" means the Final Order Pursuant to 11 U.S.C. Sections 105, 361, 362, 363 and 364 and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (1) Authorizing Incurrence by the Debtor of Post-Petition Secured Indebtedness with Priority Over All Other Secured Indebtedness and with Administrative Superpriority, (2) Granting Liens, (3) Authorizing Use of Cash Collateral by the Debtor Pursuant to 11 U.S.C. Section 363 and Providing for Adequate Protection and (4) Modifying the Automatic Stay (Docket No. 267), entered by the Bankruptcy Court on August 29, 2008, as amended.

49. "Final Order" means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket in any Bankruptcy Case or the docket of any other court of competent jurisdiction, that has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari or move for a new trial, reargument or rehearing has expired, and no appeal or petition for certiorari or other proceedings for a new trial, reargument or rehearing has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, reargument or rehearing shall have been denied or resulted in no modification of such order.

50. "General Unsecured Claim" means any Claim that is not a Secured Claim, Administrative Claim, Priority Claim, Priority Tax Claim, Cure Amount Claim, Subordinated Claim or Intercompany Claim.

51. "Insured Claim" means that portion of any Claim arising from an incident or occurrence alleged to have occurred prior to the Effective Date that is covered under an insurance policy applicable to the Debtors or their businesses.

52. "Intercompany Claim" means any Claim held by any Debtor against another Debtor.

53. "Interest" means the rights and interests of the holders of the common stock of any Debtor, any other instruments evidencing an ownership interest in a Debtor and the rights of any entity to purchase or demand the issuance of any of the foregoing, including: (a) redemption, conversion, exchange, voting, participation and dividend rights (including any rights in respect of accrued and unpaid dividends); (b) liquidation preferences; and (c) stock options and warrants.

54. "Liens" means any mortgage, pledge, deed of trust, assessment, security interest, lease, lien, adverse claim, levy, charge or other encumbrance of any kind, including any "lien" as defined in section 101(37) of the Bankruptcy Code, or a conditional sale contract, title retention contract or other contract to give any of the foregoing.

55. "Old Boscov's" means Debtor, BSCV, Inc. (f/k/a/ Boscov's, Inc.).

56. "Old Common Stock" means the common stock, membership interests, partnership interests or similar ownership interests, including options, warrants or rights to acquire or convert any such interests, issued by Old Boscov's and outstanding immediately prior to the Petition Date.

57. "Ordinary Course Professionals Order" means the Order Authorizing the Retention and Payment of Professionals Utilized by the Debtors in the Ordinary Course of Business (Docket No. 288), entered by the Bankruptcy Court on September 8, 2008.

58. "Oversight Committee" means the committee comprised of former members of the Creditors' Committee pursuant to Section XIII.A of the Plan to oversee the activities of the Distribution Trustee and the affairs of the Distribution Trust.

59. "Petition Date" means August 4, 2008, the date on which the Debtors Filed their petitions for relief commencing their Bankruptcy Cases.

60. "Plan" means this second amended joint plan of the Debtors, to the extent applicable to any Debtor, and all Exhibits attached hereto or referenced herein, as the same may be amended, modified or supplemented.

61. "Postpetition Intercompany Claim" means any Intercompany Claim that is not a Prepetition Intercompany Claim.

62. "Prepetition First Lien Credit Agreement" means, collectively: (a) that certain five-year revolving credit facility, dated as of January 27, 2006, among Boscov's Department Store, LLC and SDS, Inc. (as borrowers), the other Debtors (as guarantors), Bank of America, N.A. (as administrative agent and collateral agent), The CIT Group/Business Credit, Inc. (as syndication agent), Banc of America Securities, LLC (as lead arranger and bookrunner) and the other lenders party thereto; (b) any and all amendments thereto and extensions thereof; and (c) all security agreements and instruments related to the documents identified in (a) and (b).

63. "Prepetition First Lien Lender Claims" means any Claims against a Debtor under or evidenced by the Prepetition First Lien Credit Agreement.

64. "Prepetition Intercompany Claim" means an Intercompany Claim that arose prior to the Petition Date.

65. "Prepetition First Lien Lenders" means those lenders under the Prepetition First Lien Credit Agreement.

66. "Priority Claim" means an unsecured Claim that is entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code that is not an Administrative Claim or a Priority Tax Claim.

67. "Priority Tax Claim" means a Claim that is entitled to priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code.

68. "Professional" means any professional employed in the Bankruptcy Cases pursuant to sections 327, 328 or 1103 of the Bankruptcy Code or any professional or other entity seeking compensation or reimbursement of expenses from the Debtors in connection with the Bankruptcy Cases pursuant to section 503(b)(4) of the Bankruptcy Code.

69. "Professional Fee Claim" means a Claim against one or more of the Debtors under sections 328, 330(a), 331, 503 or 1103 of the Bankruptcy Code for compensation of a Professional or other entity for services rendered or expenses incurred in the Bankruptcy Cases.

70. "Professional Fee Order" means the Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (Docket No. 256), entered by the Bankruptcy Court on August 28, 2008.

71. "Pro Rata" means, when used in reference to a distribution of property pursuant to Article VI to holders of Allowed Claims in a particular Class or other specified group of Claims, a proportionate distribution so that with respect to a particular partially or fully Allowed Claim in such Class or group of Claims, after giving effect to all prior distributions from the Distribution Trust, the ratio of (a)(i) the amount of property distributed on account of the Allowed portion of such Claim to (ii) the total amount of the Allowed portion of such Claim, is the same as the ratio of (b)(i) the amount of property distributed on account of all fully or partially Allowed Claims in such Class or group of Claims to (ii) the aggregate total amount of the Allowed portions of all Allowed Claims in such Class or group of Claims.

72. "Purchaser" means BLF Acquisition, Inc., a Delaware corporation.

73. "Purchaser Merger" means the post-Effective Date merger of the Reorganized Debtors and the Purchaser as set forth in Section IV.K hereof.

74. "Purchaser Note" means that certain note dated as of the Sale Effective Date in the face amount of \$4 million by and between the Purchaser, as payor, and Old Boscov's, as payee.

75. "Reorganized Debtors" means, collectively, Old Boscov's and each surviving Subsidiary Debtor as of the Effective Date.

76. "Representatives" means, with respect to any entity: successor, predecessor, officer, director, partner, employee, agent, attorney, advisor, investment banker, financial advisor, accountant or other Professional of such entity, and committee of which such entity is a member, in each case in such capacity, serving on or after the Petition Date.

77. "Restructuring Transactions" means those transactions necessary to effect consummation of the Plan and set forth in Section IV.B.3(b) hereof.

78. "Retained Causes of Action" means those Causes of Action listed on Exhibit IV hereto.

79. "Sale" means the sale of substantially all of the Debtors' assets free and clear of all liens and encumbrances to BLF Acquisition, Inc., which sale closed on December 4, 2008.

80. "Sale Agreement" means that certain Asset Purchase Agreement by and Among the Debtors and the Purchaser, dated as of November 3, 2008 (as amended).

81. "Sale Agreement Reimbursement Obligations" means the obligations of Purchaser to pay, subject to certain caps, (i) the claims of holders of administrative expense claims arising under section 503(b)(9) of the Bankruptcy Code, (ii) Professional Fee Claims, (iii) the amounts necessary to cure all monetary defaults under the contracts and leases purchased under the Sale Agreement, and (iv) certain other accounts, as provided for in the Sale Agreement.

82. "Sale Effective Date" means December 4, 2008, the effective date of the Sale.

83. "Sale Order" means that certain Order (I) Approving Asset Purchase Agreement and Authorizing the Sale of Assets of Debtors Outside the Ordinary Course of Business, (II) Authorizing the Sale of Assets Free and Clear of All Liens, Claims, Encumbrances and Interests, (III) Authorizing the Assumption and Sale and Assignment of Certain Executory Contracts and Unexpired Leases and (IV) Granting Related Relief, dated November 21, 2008 (Docket No. 729), which approved the Sale.

84. "Schedules" means the schedules of assets and liabilities and the statements of financial affairs Filed by the Debtors, as required by section 521 of the Bankruptcy Code, as the same may have been or may be amended, modified or supplemented.

85. "Secondary Liability Claim" means a Claim that arises from a Debtor being liable as a guarantor of, or otherwise being jointly, severally or secondarily liable for, any contractual, tort, guaranty or other obligation of another Debtor, including any Claim based on: (a) vicarious liability; (b) liabilities arising out of piercing the corporate veil, alter ego liability or similar legal theories; (c) guaranties of collection, payments or performance; (d) indemnity bonds, obligations to indemnify or obligations to hold harmless; (e) performance bonds; (f) contingent liabilities arising out of contractual obligations or out of undertakings (including any assignment or transfer) with respect to leases, operating agreements or other similar obligations made or given by a Debtor or relating to the obligations or performance of another Debtor; (g) several liability of a member of a consolidated (or equivalent) group of corporations for Taxes of other members of the group or of the entire group; or (h) any other joint or several liability, including Claims for indemnification or contribution, that any Debtor may have in respect of any obligation that is the basis of a Claim.

86. "Secured Claim" means a Claim that is secured by a Lien on property in which an Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim holder's interest in such Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to sections 506(a) and, if applicable, 1129(b) of the Bankruptcy Code.

87. "Security Agreement" means that certain Security Agreement between the Purchaser and the Distribution Trust in the form of Exhibit V hereto.

88. "Settlement Order" means that certain Order Approving Joint Motion of Debtors and Official Committee of Unsecured Creditors for an Order Authorizing Settlement with Certain Current and Former Shareholders of the Debtors, dated November 21, 2008 (Docket No. 730).

89. "Stipulation of Amount and Nature of Claim" means a stipulation or other agreement between the applicable Debtor or, after the Effective Date, the Distribution Trustee and a holder of a Claim or Interest, or an agreed order of the Bankruptcy Court, establishing the Allowed amount and nature of a Claim or Interest.

90. "Subordinated Claim" means any Claim subordinated by Final Order pursuant to sections 510(b) or 510(c) of the Bankruptcy Code or any penalty arising with respect to or in connection with allowed Priority Tax Claims.

91. "Subsidiary Debtor" means any Debtor other than Old Boscov's.

92. "Subsidiary Debtor Equity Interests" means, as to a particular Subsidiary Debtor, any Interests in such Debtor.

93. "Tax" means: (a) any net income, alternative or add-on minimum, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, property, environmental or other tax, assessment or charge of any kind whatsoever (together in each instance with any interest, penalty, addition to tax or additional amount) imposed by any federal, state or local taxing authority; or (b) any liability for payment of any amounts of the foregoing types as a result of being a member of an affiliated, consolidated, combined or unitary group, or being a party to any agreement or arrangement whereby liability for payment of any such amounts is determined by reference to the liability of any other entity.

94. "Tax Refund" means any refund on account of any Taxes paid by the Debtors at any time prior to the Effective Date, including, without limitation, the expected refund of certain federal income taxes paid by Old Boscov's for the fiscal year 2008, any right to receive any such refund, and all proceeds of the foregoing.

95. "Third Party Disbursing Agent" means an Entity designated by the Distribution Trustee to act as a Disbursing Agent pursuant to Section VI.A.

96. "Tort Claim" means any Claim that has not been settled, compromised or otherwise resolved that: (a) is a tort or other similar claim and/or arises out of allegations of personal injury, wrongful death, property damage, products liability or similar legal theories of recovery; or (b) arises under any federal, state or local statute, rule, regulation or ordinance governing, regulating or relating to health, safety, employment, civil rights, hazardous substances or the environment.

97. "United States Trustee" means the Office of the United States Trustee for the District of Delaware.

98. "Voting Deadline" means the deadline for submitting Ballots to either accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code that is specified in the Disclosure Statement, the Ballots or related solicitation documents approved by the Bankruptcy Court.

B. Rules of Interpretation and Computation of Time

1. Rules of Interpretation

For purposes of the Plan, unless otherwise provided herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural; (b) unless otherwise provided in the Plan, any reference in the Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) 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 pursuant to the Plan or Confirmation Order; (d) any reference to an entity as a holder of a Claim or Interest includes that entity's successors, assigns and affiliates; (e) all references in the Plan to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits of or to the Plan; (f) the words "herein," "hereunder" and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (g) 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; (h) subject to the provisions of any contract, certificates of incorporation, bylaws, similar constituent documents, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and the Bankruptcy Rules; and (i) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply.

2. Computation of Time

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

ARTICLE II CLASSES OF CLAIMS AND INTERESTS

All Claims and Interests, except Administrative Claims and Priority Tax Claims, are placed in the following Classes. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims, as described in Section III.A, have not been classified and thus are excluded from the following Classes. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any remainder of the Claim or Interest qualifies within the description of such other Classes.

1. Class 1 (Prepetition First Lien Lender Claims): Prepetition First Lien Lender Claims against any Debtor.

2. Class 2 (Miscellaneous Secured Claims): Secured Claims against any Debtor other than Claims in Class 1.

3. **Class 3 (Priority Claims):** Unsecured Claims against any Debtor that are entitled to priority under section 507(a) of the Bankruptcy Code, other than Administrative Claims and Priority Tax Claims.

4. **Class 4 (General Unsecured Claims):** General Unsecured Claims against any Debtor.

5. **Class 5 (Subordinated Claims):** Subordinated Claims against any Debtor.

6. **Class 6 (Prepetition Intercompany Claims):** Prepetition Intercompany Claims against any Debtor.

7. **Class 7 (Old Common Stock Interests):** Interests on account of the Old Common Stock.

8. **Class 8 (Subsidiary Debtor Equity Interests):** Subsidiary Debtor Equity Interests held directly or indirectly by Old Boscov's.

ARTICLE III TREATMENT OF CLAIMS AND INTERESTS

A. Unclassified Claims

1. Payment of Administrative Claims

a. Administrative Claims in General

Except as specified in this Section III.A.1, and subject to the Bar Date provisions herein, unless otherwise agreed by the holder of an Administrative Claim and the applicable Debtor or, after the Effective Date, the Distribution Trustee, or unless an order of the Bankruptcy Court provides otherwise, each holder of an Allowed Administrative Claim shall receive from the Distribution Trust, in full satisfaction of its Administrative Claim, Cash equal to the amount of such Allowed Administrative Claim either (i) as soon as reasonably practicable after the Effective Date or (ii) if the Administrative Claim is not Allowed as of the Effective Date, 30 days after the date on which such Administrative Claim becomes an Allowed Administrative Claim.

b. Statutory Fees

On or after the Effective Date, Administrative Claims for fees payable pursuant to 28 U.S.C. § 1930 shall be paid in Cash equal to the amount of such Administrative Claims. All fees payable pursuant to 28 U.S.C. § 1930 after the Effective Date shall be paid by the Distribution Trustee in accordance therewith until the earlier of the conversion or dismissal of the applicable Bankruptcy Case under section 1112 of the Bankruptcy Code, or the closing of the applicable Bankruptcy Case pursuant to section 350(a) of the Bankruptcy Code.

c. Ordinary Course Liabilities

Allowed Administrative Claims based on liabilities incurred by a Debtor in the ordinary course of its business after the Sale Effective Date, including Administrative Claims arising from or with respect to the sale of goods or provision of services in the ordinary course of the applicable Debtor's business, Administrative Claims of governmental units for Taxes (including Tax audit Claims), and Administrative Claims arising from those contracts and leases of the kind described in Section V.C shall be paid by the Debtors and, after the Effective Date, the Distribution Trustee, pursuant to the terms and conditions of the particular transaction giving rise to those Administrative Claims, without further action by the holders of such Administrative Claims or further approval by the Bankruptcy Court.

d. Bar Dates for Administrative Claims

i. General Bar Date Provisions

Except as otherwise provided in Section III.A.1.d.ii or in the Bar Date Order or other order of the Bankruptcy Court, unless previously Filed, requests for payment of Administrative Claims arising after the Sale Effective Date must be Filed and served on the Distribution Trustee pursuant to the procedures specified in the Confirmation Order and the notice of occurrence of the Effective Date, no later than 30 days after the Effective Date. Holders of such Administrative Claims that are required to File and serve a request for payment of such Administrative Claims and that do not File and serve such a request by the applicable Bar Date shall be forever barred from asserting such Administrative Claims against the Debtors, the Distribution Trust or their respective property, and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to such requests must be Filed and served on the requesting party no later than 120 days after the Effective Date.

ii. Bar Dates for Certain Administrative Claims

A. Professional Fee Claims

Professionals or other entities asserting a Professional Fee Claim for services rendered before the Effective Date must, unless previously Filed, File and serve on the Distribution Trust and such other entities who are designated by the Bankruptcy Rules, the Professional Fee Order, the Confirmation Order or other order of the Bankruptcy Court an application for final allowance of such Professional Fee Claim no later than 30 days after the Effective Date; *provided, however*, that any Professional who may receive compensation or reimbursement of expenses pursuant to the Ordinary Course Professionals Order may continue to receive such compensation and reimbursement of expenses for services rendered before the Effective Date pursuant to the Ordinary Course Professionals Order without further Bankruptcy Court review or approval (except as provided in the Ordinary Course Professionals Order). Objections to any Professional Fee Claim must be Filed and served on the Distribution Trust and the requesting party by the later of (1) 50 days after the Effective Date, (2) 20 days after the Filing of the applicable request for payment of the Professional Fee Claim or (3) such other period of limitation as may be specifically fixed by a Final Order for objecting to such Professional Fee Claims. To the extent necessary, the Confirmation Order shall amend and supersede any previously entered order of the Bankruptcy Court regarding the payment of Professional Fee Claims.

B. Ordinary Course Liabilities

Except as otherwise provided in the Confirmation Order, holders of Administrative Claims arising from liabilities incurred by a Debtor in the ordinary course of its business after the Sale Effective Date, including Administrative Claims arising from or with respect to the sale of goods or provision of services in the ordinary course of the applicable Debtor's business, Administrative Claims of governmental units for Taxes including Tax audit Claims related to, and Administrative Claims arising from those contracts and leases of the kind described in Section V.C shall not be required to File or serve any request for payment of such Administrative Claims. Such Administrative Claims shall be satisfied pursuant to Section III.A.1.c.

2. Payment of Priority Tax Claims

a. Priority Tax Claims

Unless otherwise agreed by the holder of an Allowed Priority Tax Claim and the applicable Debtor or, after the Effective Date, the Distribution Trustee, each holder of an Allowed Priority Tax Claim shall receive, from the Distribution Trust, in full satisfaction of its Priority Tax Claim, payment, in full in Cash, of such Priority Tax Claim (i) as soon as reasonably practicable after the Effective Date or (ii) if the Priority Tax Claim is not Allowed as of the Effective Date, 30 days after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim.

b. Other Provisions Concerning Treatment of Priority Tax Claims

Notwithstanding the provisions of Section III.A.2.a, the holder of an Allowed Priority Tax Claim shall not be entitled to receive any payment on account of any penalty arising with respect to or in connection with the Allowed Priority Tax Claim, and such penalty shall be treated as a Class 5 Claim. The holder of an Allowed Priority Tax Claim shall not assess or attempt to collect such penalty from the Debtors, the Distribution Trust or their respective property (other than as provided herein).

B. Classified Claims and Interests

1. Class 1 Claims (Prepetition First Lien Lender Claims) are unimpaired. All agreed Prepetition First Lien Lender Claims were paid pursuant to the Final DIP Order. Disputed Prepetition First Lien Lender Claims for prepayment penalties that become Allowed Claims will be paid pursuant to the terms of the Final DIP Order and Sale Order from the indemnity account established for such claims.

2. Class 2 Claims (Miscellaneous Secured Claims) are unimpaired. As soon as reasonably practicable after the Effective Date, or, if the Miscellaneous Secured Claim is not Allowed as of the Effective Date, 30 days after the date on which such Miscellaneous Secured Claim becomes an Allowed Miscellaneous Secured Claim, each holder of an Allowed Claim in Class 2 will be paid in full in Cash with postpetition interest if allowed.

3. Class 3 Claims (Priority Claims) are impaired. As soon as reasonably practicable after the Effective Date, or, if the Priority Claim is not Allowed as of the Effective Date, 30 days after the date on which such Priority Claim becomes an Allowed Priority Claim, each holder of an Allowed Claim in Class 3 shall receive Cash equal to the amount of such Allowed Claim without postpetition interest, unless the holder of such Priority Claim and the applicable Debtor or the Distribution Trust agree to a different treatment.

4. Class 4 Claims (General Unsecured Claims) are impaired. Each holder of an Allowed or partially Allowed General Unsecured Claim shall receive its Pro Rata share (if any) of Distributable Cash on each Distribution Date as set forth in, and on the terms of, Article VI and the Distribution Trust Agreement.

5. Class 5 Claims (Subordinated Claims) are impaired. No property will be distributed to or retained by the holders of Allowed Subordinated Claims on account of such Claims.

6. Class 6 Claims (Prepetition Intercompany Claims) are impaired. No property shall be distributed to or retained by the holders of Allowed Prepetition Intercompany Claims on account of such Claims. Notwithstanding this treatment of Class 6 Claims, each holder of a Prepetition Intercompany Claim shall be deemed to have accepted the Plan.

7. Class 7 Interests (Old Common Stock Interests) are unimpaired. Each Holder of an Old Common Stock Interest shall retain such Interest.

8. Class 8 Interests (Subsidiary Debtor Equity Interests) are unimpaired. Each Holder of a Subsidiary Debtor Equity Interest (other than any such Interest terminated or cancelled as a part of the Restructuring Transactions) shall retain such Subsidiary Debtor Equity Interest.

C. Maximum Recovery for Secondary Liability Claims

Holders of Allowed Secondary Liability Claims against any Debtor shall be entitled to only one distribution in respect of the liabilities related to such Allowed Secondary Liability Claim and shall be deemed satisfied in full by the distributions on account of the related underlying Allowed Claim. Notwithstanding the existence of a Secondary Liability Claim, no multiple recovery on account of any Allowed Claim against any Debtor shall be provided or permitted.

ARTICLE IV
MEANS FOR IMPLEMENTATION OF THE PLAN

A. Transfer of Distribution Trust Assets to Distribution Trust and Vesting Therein

On or before the Effective Date, each of the Debtors shall transfer their respective Distribution Trust Assets to the Distribution Trust, free and clear of claims, liens and interests. Except as otherwise provided in the Plan or the Distribution Trust Agreement, the Distribution Trustee may compromise or settle, and shall have authority to compromise or settle, any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules and may pay the charges that it incurs on or after the Effective Date for Distribution Trust Expenses, including, without limitation, professionals' fees, disbursements, expenses or related support services (including fees related to the preparation of applications on account of Professional Fee Claims) without application to the Bankruptcy Court; *provided, however*, that the Distribution Trustee must seek Bankruptcy Court approval of the compromise or settlement of any Claim whereby the amount of such compromise or settlement provides the claimant with an Allowed Claim in excess of \$500,000. In addition, the Distribution Trust shall succeed, and shall be the sole entity to succeed, to all of the rights, benefits and obligations of the Debtors under any order issued by the Bankruptcy Court.

B. Vesting of Assets; Corporate Existence; Restructuring Transactions

1. Limited Vesting of Assets in Reorganized Debtors

Except as provided herein, each Debtor will, as a Reorganized Debtor, continue to exist after the Effective Date as a separate legal entity, with all of the powers of a corporation under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution or otherwise) under applicable state law. As of the Effective Date, the Subsidiary Debtor Equity Interests shall vest in the applicable Reorganized Debtor, free and clear of all claims, liens, charges, other encumbrances and interests

2. Certificates of Incorporation

On the Effective Date, Old Boscov's and the Old Boscov's Subsidiaries shall promulgate and file with the necessary governmental authorities their respective charters.

3. Restructuring Transactions Generally

a. On or after the entry of the Confirmation Order, the Debtors will enter into such Restructuring Transactions and will take such actions as may be necessary or appropriate to (i) transfer all of the Distribution Trust Assets to the Distribution Trust and (ii) effect and consummate the Plan.

b. The actions to effect the Restructuring Transactions described above may include: (i) the execution and delivery of appropriate agreements or other documents of transfer, merger, consolidation, disposition, liquidation or dissolution, containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law, as well as other terms to which these entities may agree; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms as these entities may agree; (iii) the filing of appropriate certificates or articles of merger, consolidation, continuance or dissolution or similar instruments with the applicable governmental authorities; and (iv) the taking of all other actions that these entities determine to be necessary or appropriate, including making other filings or recordings that may be required by applicable law in connection with the Restructuring Transactions. For purposes of the Plan, the post-confirmation merger of Retail Construction & Development, Inc. into Old Boscov's shall constitute a "Restructuring Transaction."

4. Recourse Solely to Distribution Trust Accounts

The Restructuring Transactions in Section IV.B.3 will not in any way merge the assets of the Debtors' Estates, including the Distribution Trust Accounts. All Claims against the Debtors are deemed fully satisfied, waived and released in exchange for the treatment of such Claims under the Plan, and holders of Allowed Claims against any Debtor will have recourse solely to the Distribution Trust Assets for the payment of their Allowed Claims in accordance with the terms of the Plan and the Distribution Trust Agreement.

5. Distribution Trust

a. Distribution Trust Generally

Immediately prior to the Effective Date, the Distribution Trust shall be established pursuant to the Distribution Trust Agreement for the purpose of holding Distribution Trust Assets, liquidating the Distribution Trust Assets, resolving all Disputed Claims, making all distributions to holders of Allowed Claims in accordance with the terms of the Plan and otherwise implementing the Plan and administering the Estates. The Distribution Trust is being organized for the primary purpose of holding liquidating and distributing the assets transferred to it, with no objective to continue or engage in the conduct of a trade or business. Prior to the Effective Date, the Distribution Trust Assets shall be irrevocably transferred to, and vest in, the Distribution Trust. Subject to and to the extent set forth in the Plan, the Confirmation Order, the Distribution Trust Agreement or other agreement (or any other order of the Bankruptcy Court entered pursuant to or in furtherance hereof), the Distribution Trust (and the Distribution Trustee) shall have the power and authority, to the exclusion of all other parties, to: (i) effect all actions and execute all agreements, instruments and other documents necessary to implement the Plan; (ii) accept, preserve, receive, collect, manage, invest, supervise, prosecute, settle and protect the Distribution Trust Assets (directly or through a Third Party Disbursing Agent), each in accordance with the Plan and Distribution Trust Agreement; (iii) sell, liquidate, transfer, distribute or otherwise dispose of the Distribution Trust Assets (directly or through the Third Party Disbursing Agent) or any part thereof or any interest therein pursuant to the procedures for allowing Claims and making distributions prescribed in the Plan; (iv) calculate and make distributions to holders of Allowed Claims pursuant to the procedures for allowing Claims and making distributions prescribed in the Plan; (v) establish and administer the Distribution Trust Accounts; (vi) comply with the Plan and exercise the Distribution Trust's rights and fulfill its obligations thereunder; (vii) review, reconcile, settle or object to Claims and resolve such objections as set forth in the Plan; (viii) employ professionals to represent the Distribution Trust with respect to its responsibilities; (ix) file appropriate Tax returns and other reports on behalf of the Distribution Trust and pay Taxes or other obligations owed by the Distribution Trust; (x) pay Taxes or other obligations owed by the Debtors for all taxable periods ending on or before the Effective Date and the portion through the end of the Effective Date for any taxable period that includes (but does not end on) the Effective Date, and review and reasonably consent to the filing of Tax returns and other reports on behalf of the Debtors for such pre-Effective Date periods; *provided, however*, that nothing in this clause (x) shall (A) constitute an assumption by the Distribution Trust of any obligations to pay pre-Effective Date period Taxes that were assumed by Purchaser in the Sale Agreement or (B) relieve any other person that has assumed or will assume the liability of the Debtors for such pre-Effective Date period Taxes or other obligations from such person's liability for such pre-Effective Date period Taxes or other obligations; (xi) exercise such other powers as may be vested in the Distribution Trust or as deemed by it to be necessary and proper to implement the provisions of the Plan and the Distribution Trust Agreement; (xii) take such actions as are necessary or appropriate to close or dismiss any or all of the Bankruptcy Cases; and (xiii) dissolve the Distribution Trust in accordance with the terms of the Distribution Trust Agreement.

b. Funding of the Distribution Trust

The Distribution Trust shall, in accordance with the terms of the Distribution Trust Agreement and the Plan, be funded with the Distribution Trust Assets.

c. Distribution Trustee

The Distribution Trustee shall be the exclusive trustee of the assets of the Distribution Trust for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3), as well as the representatives of the Estate of each of the Debtors appointed pursuant to section 1123(b)(3)(B) of the Bankruptcy Code. The powers, rights and

responsibilities of the Distribution Trustee shall be specified in the Distribution Trust Agreement and shall include the authority and responsibility to, among other things, take the actions set forth in Section IV.B.5(a) hereof. The Distribution Trustee shall distribute the Distribution Trust Assets in accordance with the provisions of the Plan and the Distribution Trust Agreement. Other rights and duties of the Distribution Trustee and the beneficiaries of the Distribution Trust shall be as set forth in the Distribution Trust Agreement.

The Distribution Trust Agreement generally will provide for, among other things: (i) the payment of reasonable compensation to the Distribution Trustee; (ii) the payment of other expenses of the Distribution Trust, including the cost of pursuing the Causes of Action assigned to the Distribution Trust; (iii) the retention of counsel, accountants, financial advisors or other professionals and the payment of their compensation; (iv) the investment of Cash by the Distribution Trustee within certain limitations; (v) the orderly liquidation of the Distribution Trust's assets; and (vi) litigation of any Causes of Action assigned to the Distribution Trust, which may include the prosecution, settlement, abandonment or dismissal of any such Causes of Action.

d. Fees and Expenses of the Distribution Trustee

Except as otherwise ordered by the Bankruptcy Court, the Distribution Trust Expenses shall be paid from the Distribution Trust Assets in accordance with the Plan and the Distribution Trust Agreement.

e. Reports to be Filed by the Distribution Trustee

The Distribution Trustee, on behalf of the Distribution Trust, shall File with the Bankruptcy Court (and provide to any other party entitled to receive any such report pursuant to the Distribution Trust Agreement) quarterly reports regarding the administration of property subject to its ownership and control pursuant to the Plan, distributions made by it and other matters relating to the implementation of the Plan.

f. Expenses for Professionals of the Distribution Trust

The Distribution Trustee, on behalf of the Distribution Trust, may employ, without further order of the Bankruptcy Court, professionals (including Professionals previously retained by the Creditors' Committee) to assist in carrying out its duties hereunder and may compensate and reimburse the expenses of these professionals without further order of the Bankruptcy Court from the Distribution Trust Assets in accordance with the Plan and the Distribution Trust Agreement.

g. Indemnification

The Distribution Trust Agreement may include reasonable and customary indemnification provisions. Any such indemnification shall be the sole responsibility of the Distribution Trust and payable solely from the Distribution Trust Assets.

h. Tax Treatment

The Distribution Trust is intended to be treated for U.S. federal income tax purposes as a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d). For federal income tax purposes, the transfer of Distribution Trust Assets to the Distribution Trust will be treated as a transfer of Distribution Trust Assets from the Debtors to the holders of Allowed General Unsecured Claims, subject to any liabilities of the Debtors or the Distribution Trust payable from the proceeds of such assets, followed by such holders' transfer of such assets (subject to such liabilities) to the Distribution Trust. The holders of Allowed General Unsecured Claims will be treated for federal income tax purposes as the grantors and deemed owners of their respective shares of the Distribution Trust Assets, subject to any liabilities of the Debtors or the Distribution Trust payable from the proceeds thereof. For the avoidance of doubt, the holders of Allowed General Unsecured Claims are not intended to be treated for federal income tax purposes as receiving Distribution Trust Assets that are contributed to the disputed claims reserve until such time as the disputed claims reserve makes distributions, in which case (and at which time) the holders of Allowed General Unsecured Claims are intended to be treated as receiving the distributions actually received from the disputed claims reserve, if any. The Distribution Trust

Agreement will: (i) require that the Distribution Trustee file income tax returns for the Distribution Trust as a grantor trust; (ii) pay all Taxes owed on any net income or gain of the Distribution Trust, including net income or gain of the disputed claims reserve, on a current basis from Distribution Trust Assets; (iii) provide for consistent valuations for all Distribution Trust Assets by the Distribution Trustee and holders of Allowed General Unsecured Claims, and require that such valuations be used for all Tax reporting purposes; (iv) provide for the Distribution Trust's termination no later than five years after the Effective Date unless the Distribution Trustee elects to extend such period for an additional year as provided for in the Distribution Trust Agreement or the Bankruptcy Court approves a fixed extension based upon a finding that an extension is necessary for the Distribution Trust to resolve all Claims, reduce all Distribution Trust Assets to Cash and liquidate; (v) limit the investment powers of the Distribution Trustee; and (vi) require that the Distribution Trust distribute at least annually all net income and the net proceeds from the sale or other disposition of all Distribution Trusts asset in excess of amounts reasonably necessary to maintain the value of the remaining Distribution Trust Assets and pay claims and contingent liabilities, including Disputed Claims. The Distribution Trustee intends to treat the disputed claims reserve as a discrete trust taxed pursuant to Section 641 *et seq.* of the Internal Revenue Code.

6. Turnover of Distribution Trust Assets

Any Distribution Trust Asset received at any time after the Effective Date by any of Reorganized Debtors (or any of their successors, by virtue of merger or otherwise) shall be held by it in trust for, and promptly delivered by it to, the Distribution Trustee. Without limiting the generality of the immediately preceding sentence, the applicable Reorganized Debtor shall promptly deliver to the Distribution Trustee (i) any proceeds of any Tax Refund, including any check on account of any Tax Refund, and (ii) any payment on account of any Sale Agreement Reimbursement Obligation. The Reorganized Debtors shall execute such documents and take such other actions as are reasonably requested by the Distribution Trustee to enable the **[Distribution Trustee]** to negotiate any check delivered on account of any Tax Refund issued in the name of the Reorganized Debtors, Boscov's or any of their respective affiliates.

In furtherance of the foregoing provisions, each of the Debtors shall, immediately prior to the Effective Date, execute and deliver to the Distribution Trustee the Security Agreement and the powers of attorney annexed thereto.

7. Tax Returns

The Reorganized Debtors shall not file any Tax return for any taxable period ending on or before the Effective Date, or for any taxable period that includes (but does not end on) the Effective Date, without the written consent of the Distribution Trustee, which consent shall not be unreasonably withheld, delayed or conditioned.

C. Employment-Related Agreements

1. Termination of All Employee and Workers' Compensation Benefits

All existing employee benefit plans and workers' compensation benefits not previously expired or terminated by the Debtors will be terminated on or before the Effective Date.

2. Compliance with Section 1114 of the Bankruptcy Code

Notwithstanding Section IV.C.1, from and after the Effective Date, the Distribution Trust shall be obligated to pay retiree benefits (as defined in section 1114(a) of the Bankruptcy Code), if any, in accordance with the terms of any of the Debtors' retiree benefit plans or other agreements governing the payment of such benefits, subject to any rights to amend, modify or terminate such benefits under the terms of the applicable retiree benefits plan, other agreement or applicable nonbankruptcy law.

D. Vesting of Distribution Trust Assets

Other than the Subsidiary Debtor Equity Interests, the property of the Debtors' Estates shall not revert in the Reorganized Debtors or any other person or entity on or after the Effective Date and will vest solely in the Distribution Trust to be administered by the Distribution Trustee in accordance with the Plan and the Distribution Trust Agreement.

E. Trust Accounts

1. Creation and Funding

The Distribution Trust Accounts will be established and maintained in federally insured domestic banks in the name of the Distribution Trustee and, if applicable, the Third Party Disbursing Agent

Closure

Upon obtaining an order of the Bankruptcy Court authorizing final distribution and closure of the Bankruptcy Cases, any funds remaining in any Distribution Trust Account shall be distributed in accordance with the Plan and the Distribution Trust Agreement.

F. Effect of Confirmation of the Plan

1. Discharge of Claims

Except as otherwise provided herein or in the Confirmation Order, the rights afforded herein and the payments and distributions to be made hereunder shall discharge all existing debts and Claims against the Debtors of any kind, nature, or description whatsoever against or in the Debtors or any of their assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as provided herein, on the Effective Date, all existing Claims against the Debtors and the Subsidiary Debtors shall be, and shall be deemed to be, discharged and terminated, and all holders of Claims shall be precluded and enjoined from asserting against the Reorganized Debtors or any of their assets or properties, the Distribution Trust or its assets, the Distribution Trustee, the Disbursing Agent, or the Oversight Committee any other or further Claim based upon any act or omission, transaction, or other activity of any kind or nature that occurred on or prior to the Effective Date, whether or not such holder has filed a proof of Claim.

2. Discharge

As of Effective Date, and in consideration of the distributions to be made hereunder, except as otherwise expressly provided herein, each holder (as well as any trustees and agents on behalf of each holder) of a Claim against the Debtors and any affiliate of such holder shall be deemed to have forever waived, released, and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights, and liabilities that arose prior to the Effective Date. As of the Effective Date, all such persons shall be precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from asserting against the Debtors and the Distribution Trust or any of their respective assets or properties or the Distribution Trustee, the Disbursement Agent or the Oversight Committee any such discharged Claim, except as provided for in the Plan.

3. Sale and Settlement of Causes of Action by the Debtors

Pursuant to the Sale and Settlement Orders, respectively, the Debtors have resolved or transferred substantially all Causes of Action belonging to the Estates. Notwithstanding the immediate preceding sentence, in accordance with section 1123(b) of the Bankruptcy Code, the Distribution Trust shall retain all Causes of Action that have not been fully resolved as of the Effective Date, including all Causes of Action that the Debtors or the Estates may hold against any entity, that were not resolved pursuant to the Sale Order, the Settlement Order or any other order of the Bankruptcy Court, including, but not limited to, Chapter 5 Claims and the Retained Causes of

Action. The Distribution Trustee shall have sole authority to prosecute or settle all such Causes of Action for the benefit of the Distribution Trust Beneficiaries.

4. Comprehensive Settlement of Claims and Controversies

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all claims or controversies relating to the rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Allowed Interest or any distribution to be made pursuant to the Plan on account of any Allowed Claim or Allowed Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors, the Distribution Trust, the Estates and their respective property and Claim and Interest holders and is fair, equitable and reasonable.

5. Release of Claims

i. General Releases by the Debtors

Without limiting any applicable provisions of or releases contained in the Sale and Settlement Orders or the Plan, as of the Effective Date, the Debtors, on behalf of themselves, the Estates and their respective successors, assigns and any and all Entities who may purport to claim by, through, for or because of them, shall be deemed to forever release, waive and discharge all Causes of Action arising prior to the Effective Date that such entity has, had or may have against each of: (i) the present or former directors, officers, employees, members, managers, agents, attorneys, representatives and advisors of the Debtors, acting in such capacity (ii) the Creditors' Committee and its members, and their respective agents, attorneys, and other professionals in each case acting in such capacity; and (iii) the Purchaser and its present or former directors, officers, employees, members, shareholders, managers, agents, attorneys and representatives, acting in such capacity *provided, however*, that the releases provided in this paragraph shall have no effect on: (a) the liability of any entity that would otherwise result from the failure to perform or pay any obligation or liability under the Plan, the Settlement Order or any contract, instrument, release or other agreement or document to be entered into or delivered in connection with the Plan; (b) the liability of any entity that would otherwise result from any such act, omission or occurrence to the extent that such act, omission or occurrence is determined in a Final Order to have constituted gross negligence or willful misconduct; (c) the liability of either of the Debtors or the Purchaser arising under or in respect of the Sale or the Sale Order; or (d) the liability of the Purchaser arising under or in respect of the Purchaser Note or the Sale Agreement.

ii. Injunction Related to Releases

As further provided in Section XI.A, the Confirmation Order will enjoin permanently the commencement or prosecution by any entity, whether directly, derivatively or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities released pursuant to the Plan.

G. Special Provisions Regarding Insured Claims

Distributions under the Plan to each holder of an Allowed Insured Claim shall be in accordance with the treatment provided under the Plan for the Class in which such Allowed Insured Claim is classified, but solely to the extent that such Allowed Insured Claim is not satisfied from proceeds payable to the holder thereof under any pertinent insurance policies and applicable law. Nothing in this Section IV.G shall constitute a waiver of any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities that any entity may hold against any other entity, including the Debtors' insurance carriers.

H. No Cancellation of Old Common Stock and Subsidiary Debtor Equity Interests

The Old Common Stock and Subsidiary Debtor Equity Interests shall remain in full force and effect and do not constitute Distribution Trust Assets. Notwithstanding the foregoing, the Debtors may, without further order of the Bankruptcy Court, terminate and cancel certain Subsidiary Debtor Equity Interests as a component of the Restructuring Transactions.

I. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date and consistent with the treatment provided for Claims and Interests in Article III, all Liens on, in or against the Distribution Trust Assets shall be fully released and discharged, and all of the right, title and interest of any holder of Liens, including any rights to any Collateral thereunder, shall revert to the Distribution Trust and its successors and assigns. As of the Effective Date, the Distribution Trustee shall be authorized but not required to execute and file on behalf of the Trust Beneficiaries Form UCC-3 Termination Statements or such other forms as may be necessary or appropriate to implement the provisions of this Section IV.I.

J. Effectuating Documents; Further Transactions; Exemption from Certain Transfer Taxes

The Distribution Trustee or its designee shall be authorized to (1) execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and implement the provisions of the Plan and (2) certify or attest to any of the foregoing actions. Pursuant to section 1146(a) of the Bankruptcy Code, the following will not be subject to any stamp tax, real estate transfer tax, sales and use tax or similar tax: (1) any Restructuring Transaction; (2) the transfer to the Distribution Trust of any Distribution Trust Assets at any time; (3) the execution and implementation of the Distribution Trust Agreement, including any transfers to or by the Distribution Trust; or (4) the making or delivery of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan, including any merger agreements or agreements of consolidation, disposition, liquidation or dissolution executed in connection with any transaction pursuant to the Plan.

K. Anticipated Merger

In order to preserve for the benefit of the Purchaser the benefit of the Debtors' NOLs, within approximately two business days after the Effective Date, the Reorganized Debtors shall merge with the Purchaser and its subsidiaries as follows:

- 1) Boscov's, Inc. will be merged with and into BSCV, Inc., with BSCV, Inc. surviving;
- 2) Boscov's PSI, Inc. will be merged with and into BSCV PSI Inc., with BSCV PSI Inc. surviving;
- 3) Boscov's Investment Company, Inc. will be merged with and into BSCV Investment Company, with BSCV Investment Company surviving;
- 4) Boscov's Finance Company, Inc. will be merged with and into BSCV Finance Company, Inc., with BSCV Finance Company, Inc. surviving;
- 5) BLF SDS, Inc. will be merged with and into BSCV II Inc., with BSCV II Inc. surviving;
- 6) BSCV Department Store, LLC will be merged with and into Boscov's Department Store, LLC with Boscov's Department Store, LLC surviving; and
- 7) BSCV Transportation Company, LLC will be merged with and into Boscov's Transportation Company, LLC, with Boscov's Transportation Company, LLC surviving.

Subsequent to the Purchaser Merger, the entities described above shall continue to operate the business of the Purchaser and its subsidiaries without interruption.

ARTICLE V TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Executory Contracts and Unexpired Leases to Be Rejected

On the Effective Date, except for the Executory Contracts or Unexpired Leases listed on Exhibit III, if any, and except to the extent that a Debtor either previously has assumed, assumed and assigned or rejected an Executory Contract or Unexpired Lease by an order of the Bankruptcy Court, including, but not limited to, the Sale Order, or has filed a motion to assume or assume and assign an Executory Contract or Unexpired Lease prior to the Effective Date, each Executory Contract and Unexpired Lease entered into by a Debtor prior to the Petition Date that has not previously expired or terminated pursuant to its own terms will be rejected pursuant to section 365 of the Bankruptcy Code. Each such contract and lease will be rejected only to the extent that any such contract or lease constitutes an Executory Contract or Unexpired Lease. The Confirmation Order will constitute an order of the Bankruptcy Court approving such rejections, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date.

B. Bar Date for Rejection Claims

Notwithstanding anything in the Bar Date Order to the contrary, if the rejection of an Executory Contract or Unexpired Lease pursuant to the Plan gives rise to a Claim by the other party or parties to such contract or lease, such Rejection Claim will be forever barred and will not be enforceable against the Distribution Trust unless a proof of Claim is Filed and served on the Distribution Trust, pursuant to the procedures specified in the Confirmation Order and the notice of the Effective Date or another order of the Bankruptcy Court, no later than 30 days after the Effective Date.

C. Executory Contracts and Unexpired Leases to Be Assumed

1. Assumption Generally

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into in connection with the Plan, on the Effective Date, pursuant to section 365 of the Bankruptcy Code, the Debtors shall assume each of the respective Executory Contracts and Unexpired Leases, if any, listed on Exhibit III; *provided, however*, that the Debtors reserve the right, at any time prior to the Effective Date, to, in consultation with the Creditors' Committee, amend Exhibit III to: (a) delete any Executory Contract or Unexpired Lease listed therein, thus providing for its rejection pursuant hereto; or (b) add any Executory Contract or Unexpired Lease to Exhibit III, thus providing for its assumption pursuant to this Section V.C.1. The Debtors shall provide notice of any amendments to Exhibit III to the parties to the Executory Contracts or Unexpired Leases affected thereby and to the parties on the then-applicable service list in the Bankruptcy Cases. Nothing herein shall constitute an admission by a Debtor that any contract or lease is an Executory Contract or Unexpired Lease or that a Debtor has any liability thereunder.

2. Assumptions of Executory Contracts and Unexpired Leases

Each Executory Contract or Unexpired Lease assumed under Section V.C.1 shall include any modifications, amendments, supplements or restatements to such contract or lease.

3. Assignments Related to Post-Effective Date Transactions

As of the Effective Date, any Executory Contract or Unexpired Lease assumed under Section V.C.1 shall be deemed assigned to the Distribution Trust, pursuant to section 365 of the Bankruptcy Code.

4. Approval of Assumptions and Assumption Procedures

The Confirmation Order shall constitute an order of the Bankruptcy Court approving the assumptions and assignments described in Section V.C.1, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date. The procedures for assumption of an Executory Contract or Unexpired Lease are as follows:

a. After the entry of the Confirmation Order, the Distribution Trustee shall serve upon each party to an Executory Contract or Unexpired Lease being assumed pursuant to the Plan notice of: (i) the contract or lease being assumed or assumed and assigned; (ii) the Cure Amount Claim, if any, that the Distribution Trustee believes it would be obligated to pay in connection with such assumption; and (iii) the procedures for such party to object to the assumption or assumption and assignment of the applicable contract or lease or the amount of the proposed Cure Amount Claim.

b. Any entity wishing to object to (i) the proposed assumption and assignment of an Executory Contract or Unexpired Lease under the Plan or (ii) the proposed amount of the related Cure Amount Claim must File and serve on counsel to the Distribution Trustee a written objection setting forth the basis for the objection within 20 days of service of the notice described in Section V.C.4.a.

c. If no objection to the proposed assumption or Cure Amount Claim is properly Filed and timely served prior to the objection deadline with respect to an Executory Contract or Unexpired Lease: (i) the proposed assumption and assignment of the Executory Contract or Unexpired Lease shall be approved in accordance with the Plan and the Confirmation Order, effective as of the Effective Date, without further action of the Bankruptcy Court; and (ii) the Cure Amount Claim identified by the Distribution Trustee in the notice shall be fixed and shall be paid in accordance with the Plan on or after the Effective Date, without further action of the Bankruptcy Court, to the appropriate contract or lease party identified on the notice.

d. If an objection to the proposed assumption and assignment or Cure Amount Claim is properly Filed and served prior to the objection deadline with respect to an Executory Contract or Unexpired Lease, the Distribution Trustee and the objecting party may resolve such objection by stipulation, without further action of the Bankruptcy Court.

e. If an objection to the proposed assumption or Cure Amount Claim is properly Filed and timely served prior to the objection deadline with respect to an Executory Contract or Unexpired Lease and the parties are unable to resolve such objection: (i) the Distribution Trustee may File a reply to such objection no later than 30 days after the Filing and service of such objection and ask the Bankruptcy Court to schedule a hearing on the particular objection and the related reply at an appropriate time; or (ii) the Distribution Trustee may designate the Executory Contract or Unexpired Lease underlying such objection for rejection pursuant to Section V.A and amend Exhibit III accordingly.

D. Payments Related to the Assumption of Executory Contracts and Unexpired Leases

To the extent that such Claims constitute monetary defaults, the Cure Amount Claims associated with each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code: (1) by payment of the Cure Amount Claim in Cash on or after the Effective Date; or (2) on such other terms as are agreed to by the parties to such Executory Contract or Unexpired Lease. Pursuant to section 365(b)(2)(D) of the Bankruptcy Code, no Cure Amount Claim shall be allowed for a penalty rate or other form of default rate of interest. If there is an unresolved dispute regarding: (1) the amount of any Cure Amount Claim; (2) the ability of the Distribution Trustee or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed; or (3) any other matter pertaining to assumption of such contract or lease, the payment of any Cure Amount Claim required by section 365(b)(1) of the Bankruptcy Code shall be made following the resolution of such dispute by the parties or the entry of a Final Order resolving the dispute and approving the assumption.

**ARTICLE VI
PROVISIONS GOVERNING DISTRIBUTIONS**

A. Method of Distributions to Holders of Allowed Claims

The Distribution Trustee in its capacity as Disbursing Agent, or such Third Party Disbursing Agents as the Distribution Trustee may employ at the direction of the Oversight Committee, will make all distributions of Cash required under the Plan to holders of Allowed Claims against the applicable Debtor. At the sole discretion of the Oversight Committee, any Third Party Disbursing Agent will serve with bond or similar financial instrument, and any Third Party Disbursing Agent may employ or contract with other entities to assist in or make the distributions required by the Plan.

B. Compensation and Reimbursement for Services Related to Distributions and Cash Investment Yield

1. Compensation and Reimbursement

Any Third Party Disbursing Agent providing services related to distributions pursuant to the Plan will receive from the Distribution Trust Assets, without further Bankruptcy Court approval, reasonable compensation for such services and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services. These payments will be made on terms agreed to with the Distribution Trustee and will not be deducted from distributions (including any distributions of Cash Investment Yield) to be made pursuant to the Plan to holders of Allowed Claims receiving distributions from a Third Party Disbursing Agent.

2. Investment of Cash Related to Distributions

To assist in making distributions under the Plan, the applicable Distribution Trust Accounts may be held in the name of the Third Party Disbursing Agent for the benefit of holders of Allowed Claims under the Plan. The Third Party Disbursing Agent will invest the Cash in the Distribution Trust Accounts as directed by the Distribution Trustee in accordance with the investment and deposit guidelines set forth in the Distribution Trust Agreement; *provided, however*, that should such Distribution Trustee determine, in his sole discretion, that the administrative costs associated with such investment will exceed the return on such investment, he may direct the Third Party Disbursing Agent to not invest such Cash. Distributions of Cash from accounts held by the Third Party Disbursing Agent will include a Pro Rata share of the Cash Investment Yield, if any, from such investment of Cash.

C. Delivery of Distributions and Undeliverable or Unclaimed Distributions

1. Delivery of Distributions to Holders of Allowed Claims

Distributions to holders of Allowed Claims will be made by the Disbursing Agent (a) at the addresses set forth on the respective proofs of Claim, requests for payment of Administrative Claim or similar document Filed by holders of such Claims; (b) at the addresses set forth in any written certification of address change delivered to the Disbursing Agent (including pursuant to a letter of transmittal delivered to the Disbursing Agent) after the date of Filing of any related proof of Claim, requests for payment of Administrative Claim or similar document; or (c) at the addresses reflected in the applicable Debtor's Schedules if no proof of Claim has been Filed and the Disbursing Agent has not received a written notice of a change of address.

2. Undeliverable Distributions Held by Disbursing Agents

a. Holding of Undeliverable Distributions

Subject to Section VI.C.2.c, distributions returned to the Disbursing Agent or otherwise undeliverable will remain in the applicable Distribution Trust Account for the benefit of such claimants.

b. After Distributions Become Deliverable

On each Distribution Date, the Disbursing Agent shall make all distributions that have become deliverable to holders of Allowed Claims since the preceding Distribution Date. Each such distribution shall include to the extent applicable a Pro Rata share of the Cash Investment Yield from the investment of any undeliverable Cash from the date that such distribution would have first been due had it then been deliverable to the date that such distribution becomes deliverable.

c. Failure to Claim Undeliverable Distributions

Any holder of an Allowed Claim that does not assert a claim pursuant to the Plan for an undeliverable distribution to be made by the Disbursing Agent within 180 days after the later of (i) the Effective Date and (ii) the last date on which a distribution was deliverable to such holder will have its claim for such undeliverable distribution deemed satisfied, waived and released and will be forever barred from asserting any such claim against the Debtors, the Distribution Trust, the Distribution Trustee and their respective property or the Distribution Trust Accounts. In such cases, unclaimed distributions will be maintained in the applicable Distribution Trust Account for redistribution to other claimants entitled to distribution from such Distribution Trust Account.

D. Distribution Record Date

Except as otherwise provided in a Final Order of the Bankruptcy Court, the transferees of any Claims that are transferred pursuant to Bankruptcy Rule 3001 on or prior to the Distribution Record Date will be treated as the holders of such Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to such transfer has not expired by the Distribution Record Date. The Disbursing Agent will have no obligation to recognize the transfer or sale of any Claim that occurs after 4:00 p.m. Wilmington time on the Distribution Record Date and will be entitled for all purposes herein to recognize and make distributions only to those holders who are holders of such Claims as of the close of business on the Distribution Record Date.

E. Means of Cash Payments

Except as otherwise specified herein, Cash payments made pursuant to the Plan will be in U.S. currency by checks drawn on the applicable Distribution Trust Accounts or, at the option of the Distribution Trust, by wire transfer from a domestic bank.

F. Timing and Calculation of Amounts to Be Distributed

1. Allowed Claims

Distributions on account of Allowed Claims in Classes 1, 2 and 3 shall be made at the times specified in Articles III and IV. Distributions to holders of Allowed (or partially Allowed) General Unsecured Claims shall be made on one or more Distribution Dates, as established by the Distribution Trustee at the direction of the Oversight Committee. On each Distribution Date, the Disbursing Agent shall distribute to holders of General Unsecured Claims their Pro Rata share of all Distributable Cash, calculated so as to take account of all prior distributions to holders of such claims.

Each holder of an Allowed Claim will receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class pursuant to the terms and conditions of the Plan and the Distribution Trust Agreement, subject to any setoffs or deductions set forth therein. Holders of partially Allowed General Unsecured Claims shall receive partial distributions as provided for in Section VII.C.1.b. Distributions to holders of Allowed or partially Allowed General Unsecured Claims shall be made on each Distribution Date.

2. De Minimis Distributions

The Disbursing Agent shall not distribute cash to the holder of an Allowed Claim in an impaired Class if the amount of Cash to be distributed on account of such Claim is less than \$25 in the aggregate. Any holder of an Allowed Claim on account of which the amount of Cash to be distributed is less than \$25 in the aggregate will be forever barred from asserting its Claim for such distribution against the Distribution Trust or its property. Any

Cash not distributed pursuant to this Section VI.F.2 will be the property of the Distribution Trust free of any restrictions thereon, and any such Cash held by the Third Party Disbursing Agent shall be transferred or returned to the Distribution Trust.

3. Compliance with Tax Requirements; Responsibility for Taxes

a. Each Disbursing Agent will comply with all Tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant to the Plan or Distribution Trust Agreement will be subject to such withholding and reporting requirements. Each Disbursing Agent will be authorized to take any actions that it determines, in its reasonable discretion, to be necessary or appropriate to comply with such withholding and reporting requirements.

b. Each person or entity receiving a distribution pursuant to the Plan or the Distribution Trust Agreement will be solely responsible for all Taxes owed with respect to such distribution.

G. Surrender of Canceled Instruments or Securities

As a condition precedent to receiving any distribution pursuant to the Plan on account of an Allowed Claim evidenced by any instruments or securities, the holder of such Claim must tender to the Disbursing Agent in its sole discretion the applicable instruments or securities evidencing such Claim or an affidavit of loss and indemnity satisfactory to the Disbursing Agent in its sole discretion, together with any letter of transmittal required by the Disbursing Agent. Pending such surrender, any distributions pursuant to the Plan on account of any such Claim will be treated as an undeliverable distribution pursuant to Section VI.C.2.a.

H. Setoffs

Except with respect to claims of a Debtor released pursuant to the Plan or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the Disbursing Agent or a Third Party Disbursing Agent, as instructed by the Distribution Trustee, pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy law, may setoff against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim (before any distribution is made on account of such Claim) the claims, rights and causes of action of any nature that the applicable Debtor may have held against the holder of such Allowed Claim prior to the Effective Date; *provided, however*, that neither the failure to effect a setoff nor the allowance of any Claim hereunder will constitute a waiver or release by the Distribution Trustee of any claims, rights and causes of action that the Distribution Trust may possess (by virtue of the transfer to it of the Distribution Trust Assets) against such a Claim holder, which are expressly preserved and vested in the Distribution Trust as Distribution Trust Assets under Section IV.F.

ARTICLE VII PROCEDURES FOR RESOLVING DISPUTED CLAIMS

A. Treatment of Disputed Claims

1. Tort Claims

After the Effective Date, at the Distribution Trust's option, any unliquidated Tort Claim (as to which a proof of Claim was timely Filed in the Bankruptcy Cases) not resolved through Final Order of the Bankruptcy Court or as agreed to by the holder of such unliquidated Tort Claim and the applicable Debtor or the Distribution Trust, shall be (i) determined and liquidated in the administrative or judicial tribunal(s) in which it is pending on the Effective Date or, if no action was pending on the Effective Date, in any administrative or judicial tribunal of appropriate jurisdiction; (ii) estimated, pursuant to section 502(c) of the Bankruptcy Code, in a proceeding before the United States District Court for the District of Delaware; or (iii) resolved through an alternative dispute resolution program approved by the Bankruptcy Court after notice and a hearing. The Distribution Trustee may exercise the above option by service upon the holder of the applicable Tort Claim of a notice informing the holder of such Tort Claim that the Distribution Trustee has exercised such

option. Upon the Distribution Trustee's service of such notice, the injunction set forth in Section XI.A and the automatic stay imposed by operation of section 362 of the Bankruptcy Code, shall be deemed modified, without the necessity for further Bankruptcy Court approval, solely to the extent necessary to allow the parties to determine or liquidate the Tort Claim in the applicable administrative or judicial tribunal(s). Notwithstanding the foregoing, at all times prior to or after the Effective Date, the Bankruptcy Court shall retain jurisdiction relating to Tort Claims, including the Debtors' or the Distribution Trust's rights to have such Claims determined and/or liquidated in the Bankruptcy Court (or the United States District Court having jurisdiction over the Bankruptcy Cases) pursuant to section 157(b)(2)(B) of title 28 of the United States Code, as may be applicable. Any Tort Claim determined and liquidated pursuant to a judgment obtained in accordance with this Section VII.A.1 and applicable non-bankruptcy law that is no longer appealable or subject to review shall be deemed an Allowed Claim, as applicable, in Class 4 against the applicable Debtor in such liquidated amount, provided that only the amount of such Allowed Claim that is less than or equal to the Debtor's self-insured retention or deductible in connection with any applicable insurance policy and that cannot be satisfied from proceeds of insurance payable to the holder of such Allowed Claim under the Debtors' insurance policies shall be treated as an Allowed Claim for the purposes of distributions under the Plan. The Debtors' self-insured retention is \$250,000. In the event a Tort Claim is determined and liquidated pursuant to a judgment or order that is obtained in accordance with this Section VII.A.1 and is no longer appealable or subject to review, and applicable non-bankruptcy law provides for no recovery against the applicable Debtor, such Tort Claim shall be deemed expunged without the necessity for further Bankruptcy Court approval upon the applicable Debtor's, or, after the Effective Date, the Distribution Trustee's, service of a copy of such judgment or order upon the holder of such Tort Claim. Nothing contained in this Section shall constitute or be deemed a waiver of any claim, right or Cause of Action that a Debtor or the Distribution Trustee may have against any person or entity in connection with or arising out of any Tort Claim, including but not limited to any rights under section 157(b)(5) of title 28 of the United States Code. All claims, demands, rights, defenses and Causes of Action that the Debtors or the Distribution Trust may have against any person or entity in connection with or arising out of any Tort Claim are expressly retained and preserved.

2. Disputed Insured Claims

The resolution of Disputed Insured Claims, including Tort Claims, pursuant to this Section VII.A.2 shall be subject to the provisions of Section IV.G of the Plan.

B. Prosecution of Objections to Claims

1. Objections to Claims

All objections to Claims must be Filed and served on the holders of such Claims by the Claims Objection Bar Date. If an objection has not been Filed to a proof of Claim or a scheduled Claim by the Claims Objection Bar Date, the Claim to which the proof of Claim or scheduled Claim relates shall be treated as an Allowed Claim if such Claim has not been allowed earlier. An objection is deemed to have been timely Filed as to all Tort Claims, thus making each such Claim a Disputed Claim as of the Claims Objection Bar Date. Each such Tort Claim shall remain a Disputed Claim until it becomes an Allowed Claim in accordance with Section I.A.2.

2. Authority to Prosecute Objections

After the Effective Date, only the Distribution Trustee shall have the authority to File, settle, compromise, withdraw or litigate to judgment objections to Claims, including pursuant to any alternative dispute resolution or similar procedures approved by the Bankruptcy Court. The Distribution Trustee may settle or compromise any Disputed Claim up to an Allowed Amount of \$500,000 or less or any objection or controversy relating to any Claim without approval of the Bankruptcy Court.

C. Treatment of Disputed Claims

1. Partial Distributions Pending Allowance

a. No payments or distributions will be made on account of a Disputed Claim until such Claim becomes an Allowed Claim. Distributions on account of any Disputed Claim that has become an Allowed Claim will be governed by the Distribution Trust Agreement. In addition, the Distribution Trust Agreement shall include reasonable and customary provisions establishing reserves to account for Disputed Claims that become Allowed Claims.

b. Notwithstanding Section VII.C.1.a., Holders of Disputed Claims in Class 4 shall be entitled to distributions on account of the Allowed portion, if any, of such Disputed Claims pending final resolution of the disputed portion of such claim. On the Distribution Date, the Distribution Trustee shall take a reserve for the full amount of the Disputed portion of any such Claim on account of which the Distribution Trustee makes a distribution on such date on account of the Allowed portion of such Claim.

2. Recourse

Each holder of a Disputed Claim that ultimately becomes an Allowed Claim will have recourse only to the undistributed Cash held by the Distribution Trustee for the satisfaction of such Allowed Claim and not to any other assets previously distributed on account of any Allowed Claim.

3. Authority to Amend Schedules

After the Effective Date, the Distribution Trustee, at the direction of the Oversight Committee, shall have the authority to amend the Schedules with respect to any Claim and to make distributions based on such amended Schedules without approval of the Bankruptcy Court. If any such amendment to the Schedules reduces the amount of a Claim or changes the nature or priority of a Claim, the Distribution Trustee shall provide the holder of such Claim with notice of such amendment and such holder shall have 20 days to File an objection to such amendment with the Bankruptcy Court. If no such objection is Filed, the Distribution Trustee may proceed with distributions based on such amended Schedules without approval of the Bankruptcy Court.

4. Distributions on Account of Disputed Claims Once Allowed

Distributions on account of previously Disputed or partially Disputed Claims, shall be made in accordance with Article VI of the Plan.

ARTICLE VIII CONSOLIDATION OF THE ESTATES

A. Consolidation

The Confirmation Order shall approve the consolidation of the Estates solely for the purpose of implementing the Plan, including for purposes of voting, Confirmation and distributions to be made under the Plan. Pursuant to such order: (1) all assets and liabilities of the Estates shall be deemed merged in the Distribution Trust; (2) all guarantees by one Debtor of the obligations of any other Debtor shall be deemed eliminated so that any Claim against any Debtor and any guarantee thereof executed by any other Debtor and any joint or several liability of any of the Debtors shall be deemed to be one obligation of the Debtors; and (3) each and every Claim Filed or to be Filed in the Bankruptcy Case of any of the Debtors shall be deemed Filed against the Debtors and shall be deemed one Claim against, and a single obligation of the Distribution Trust.

Such consolidation (other than for the purpose of implementing the Plan) shall not affect: (1) the legal and corporate structures of the Debtors, subject to the right of the Debtors to effect any Restructuring Transaction as provided in Section IV.B.3; (2) distributions from any insurance policies or proceeds of such policies; or (3) the revesting of assets in the Distribution Trust pursuant to Section IV.D. In addition, such

consolidation shall not constitute a waiver of the mutuality requirement for setoff under section 553 of the Bankruptcy Code.

B. Order Granting Consolidation and Closing of Cases

This Plan serves as a motion seeking entry of an order consolidating the Estates, as described and to the limited extent set forth in Section VIII.A above and the closing of the Cases for the Subsidiary Debtors. Unless an objection to such consolidation or case closing is made in writing by any creditor affected by the Plan, Filed with the Bankruptcy Court and served on the parties listed in Section XIII.F on or before five days before either the Voting Deadline or such other date as may be fixed by the Bankruptcy Court, the consolidation and case closing order (which may be the Confirmation Order) may be entered by the Bankruptcy Court. In the event any such objections are timely Filed, a hearing with respect thereto shall occur at or before the Confirmation Hearing.

ARTICLE IX
CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions to Confirmation

The Bankruptcy Court shall not be requested to enter the Confirmation Order, unless and until the following conditions have been satisfied or duly waived pursuant to Section IX.C:

1. The Confirmation Order shall be reasonably acceptable in form and substance to the Debtors and the Creditors' Committee.

2. All Exhibits to the Plan are in form and substance reasonably satisfactory to the Debtors and the Creditors' Committee.

B. Conditions to the Effective Date

The Effective Date shall not occur, and the Plan shall not be consummated unless and until the following conditions have been satisfied or duly waived pursuant to Section IX.C:

1. The Bankruptcy Court shall have entered the Confirmation Order, which shall be a Final Order.

2. The Distribution Trust Agreement has been executed and at least one the Distribution Trust Accounts has been established.

C. Waiver of Conditions to the Confirmation or Effective Date

The conditions to Confirmation and the conditions to the Effective Date in Section IX.B.1 but not Section IX.B.2 may be waived in whole or part at any time by the Debtors and the Creditors' Committee, in consultation with the Purchaser, without an order of the Bankruptcy Court.

D. Effect of Nonoccurrence of Conditions to the Effective Date

If each of the conditions to the Effective Date is not satisfied or duly waived in accordance with Section IX.C, then upon motion by the Debtors or any party in interest made before the time that each of such conditions has been satisfied and upon notice to such parties in interest as the Bankruptcy Court may direct, the Confirmation Order shall be vacated by the Bankruptcy Court; *provided, however*, that, notwithstanding the Filing of such motion, the Confirmation Order may not be vacated if each of the conditions to the Effective Date is satisfied before the Bankruptcy Court enters an order granting such motion. If the Confirmation Order is vacated pursuant to this Section IX.D: (1) the Plan shall be null and void in all respects and (2) nothing contained in the Plan shall (a) constitute a waiver or release of any claims by or against, or any Interest in, any Debtor or (b) prejudice in any manner the rights of the Debtors or any other party in interest.

ARTICLE X CRAMDOWN

The Debtors request Confirmation under section 1129(b) of the Bankruptcy Code with respect to any impaired Class that has not accepted or is deemed not to have accepted the Plan pursuant to section 1126 of the Bankruptcy Code.

ARTICLE XI INJUNCTION AND SUBORDINATION RIGHTS

A. Injunction

Except as provided in the Plan or the Confirmation Order and other than with respect to a right of recoupment or a setoff, as of the Effective Date, all entities that have held, currently hold or may hold a Claim or other debt or liability subject to the Plan or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan will be permanently enjoined from taking any of the following actions in respect of any such Claims, debts, liabilities, Interests or rights: (a) commencing or continuing in any manner any action or other proceeding against the Debtors, the Distribution Trust, the Distribution Trustee, the Creditors' Committee or its members, the Oversight Committee or its members the Disbursing Agent or any Professional, other than to enforce any right pursuant to the Plan to a distribution from the Distribution Trust Assets; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtors, Distribution Trust, Distribution Trustee, the Disbursing Agent or the Creditors' Committee or its members or the Oversight Committee or its members or any Professional other than as permitted pursuant to (a) above; (c) creating, perfecting or enforcing any Lien or encumbrance against the Debtors, the Distribution Trust, their respective property or the Trust Assets; (d) asserting a right of subrogation of any kind against any debt, liability or obligation due to the Debtors or the Distribution Trust; and (e) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

B. Subordination Rights

The classification and manner of satisfying Claims and Interests under the Plan does not take into consideration subordination rights among and between holders of Claims against the Debtors, and nothing in the Plan or Confirmation Order shall affect any subordination rights among and between holders of Claims against the Debtors with respect to any distribution to be made pursuant to the Plan, whether arising under general principles of equitable subordination, contract, section 510(c) of the Bankruptcy Code or otherwise.

C. Automatic Stay

Except as provided herein or otherwise determined by order of the Bankruptcy Court, the automatic stay imposed by operation of section 362 of the Bankruptcy Code shall remain in full force and effect until the earlier of the time the Bankruptcy Cases are closed or dismissed.

ARTICLE XII RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain such exclusive jurisdiction over the Bankruptcy Cases after the Effective Date as is legally permissible, including jurisdiction to:

1. allow, disallow, determine, liquidate, reduce, classify, re-classify, estimate or establish the priority or secured or unsecured status of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any objections to the amount, allowance, priority or classification of Claims or Interests;

2. grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan for periods ending on or before the Effective Date;
3. resolve any matters related to the assumption, assumption and assignment or rejection of any Executory Contract or Unexpired Lease to which any Debtor is a party or with respect to which any Debtor or the Distribution Trustee may be liable and to hear, determine and, if necessary, liquidate any Claims arising therefrom, including any Cure Amount Claims;
4. ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;
5. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving any Debtor or the Distribution Trustee that may be pending on the Effective Date or brought thereafter;
6. enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents entered into or delivered in connection with the Plan, the Disclosure Statement or the Confirmation Order or the Distribution Trust Agreement;
7. resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Plan, the Distribution Trust Agreement or any contract, instrument, release or other agreement or document that is entered into or delivered pursuant to the Plan, including, but not limited to the Distribution Trust Agreement, or any entity's rights arising from or obligations incurred in connection with the Plan or such documents;
8. modify the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code; modify the Confirmation Order or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, or the Confirmation Order; or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Confirmation Order or any contract, instrument, release or other agreement or document entered into, delivered or created in connection with the Plan or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan;
9. issue injunctions, enforce the injunctions contained in the Plan and the Confirmation Order, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with consummation, implementation or enforcement of the Plan or the Confirmation Order;
10. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason or in any respect modified, stayed, reversed, revoked or vacated or distributions pursuant to the Plan are enjoined or stayed;
11. determine any other matters that may arise in connection with or relate to the Plan, the Confirmation Order, the Distribution Trust or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan or the Confirmation Order;
12. enter a final decree closing the Bankruptcy Cases;
13. determine matters concerning state, local and federal Taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code, including any Disputed Claims for Taxes and the right of the Distribution Trust to receive Tax Refunds under the Plan;
14. adjudicate any matters delegated or transferred to the Oversight Committee, including, but not limited to, the prosecution of any Causes of Action that are Distribution Trust Assets;
15. recover all assets of the Estates, wherever located; and

16. hear any other matter not inconsistent with the Bankruptcy Code.

ARTICLE XIII MISCELLANEOUS PROVISIONS

A. Dissolution of Creditors' Committee; Oversight Committee

On the Effective Date, immediately after the formation of the Oversight Committee, the Creditors' Committee shall dissolve, and the members thereof shall be released and discharged from all duties and obligations arising from or related to their membership (except those duties or obligations which may arise from membership in the Oversight Committee). The Professionals retained by the Creditors' Committee and the respective members thereof shall not be entitled to assert any Fee Claims for any services rendered or expenses incurred on behalf of the Creditors' Committee after the Effective Date, except for fees for time spent and expenses incurred: (a) in connection with any applications for allowance of compensation and reimbursement of expenses pending on the Effective Date or Filed and served after the Effective Date pursuant to Section III.A.1.d.ii.A; (b) in connection with any appeal pending as of the Effective Date, including any appeal of the Confirmation Order; or (c) in connection with the resolution of any disputed Prepetition First Lien Lenders Claims.

The Oversight Committee shall be formed on the Effective Date and shall consist of up to nine (9) members. Each member of the Creditors' Committee as of the Effective Date is entitled to be a member of the Oversight Committee. Each such member's appointment to the Oversight Committee shall be subject to the consent (which shall not unreasonably be withheld) of the Debtors and the Creditors' Committee, respectively. The members of the Oversight Committee shall be identified by the Debtors at least ten days before the Confirmation Hearing. The Oversight Committee shall be authorized to direct the affairs of the Distribution Trust and the Distribution Trustee, as provided for in the Distribution Trust Agreement, which authority shall include, without limitation: (a) overseeing the General Unsecured Claims reconciliation and settlement process conducted by the Distribution Trustee; (b) formulating with the Distribution Trustee appropriate procedures for the settlement of Claims; (c) overseeing the distributions to the holders of General Unsecured Claims under this Plan; (d) investigating and prosecuting any Causes of Action; (e) appearing before and being heard by the Bankruptcy Court and other courts of competent jurisdiction in connection with the above duties; (f) implementing the provisions of the Plan, authorized and directed by order of the Bankruptcy Court; and (g) such other matters as may be agreed upon between the Distribution Trustee and the Oversight Committee or specified in this Plan. For so long as the Distribution Trust shall continue, the Distribution Trustee shall make regular reports to the Oversight Committee as and when required under the Distribution Trust Agreement. The Oversight Committee shall be authorized to adopt such by-laws as it deems appropriate without further order of the Bankruptcy Court. The reasonable out-of-pocket expenses of members of the Oversight Committee shall be reimbursed by the Distribution Trustee out of Distribution Trust Assets. Members of the Oversight Committee may be added, removed or substituted from time to time, provided that all members of the Oversight Committee shall be persons or entities who were members of the Creditors' Committee as of the Effective Date. The Oversight Committee may employ, without further order of the Bankruptcy Court, professionals to assist it in carrying out its duties, including any professionals previously retained by the Creditors' Committee in these Bankruptcy Cases, and the Distribution Trustee shall pay the reasonable costs and expenses of the Oversight Committee, including reasonable professional fees, in the ordinary course without further order of the Bankruptcy Court. Nothing herein shall disqualify the Distribution Trustee from retaining the same professionals as those employed or retained by the Creditors' Committee.

B. Limitation of Liability

1. From and after the Effective Date, the Exculpated Parties shall neither have nor incur any liability to any entity for any act taken or omitted to be taken in connection with, related to or arising out of the Bankruptcy Cases, the Debtors, their Estates, the Distribution Trust or the consideration, formulation, preparation, dissemination, implementation, Confirmation, consummation or administration of the Plan, the Disclosure Statement, the Sale, the Distribution Trust Agreement or any transaction proposed in connection with the Bankruptcy Cases or any contract, instrument, release or other agreement or document created or entered into, or any other act taken or omitted to be taken, in connection therewith; *provided, however*, that the foregoing provisions of this Section XIII.B.1 shall have no effect on: (a) the liability of any entity that would otherwise result from the

failure to perform or pay any obligation or liability under the Plan or any contract, instrument, release or other agreement or document to be entered into or delivered in connection with the Plan or (b) the liability of any entity that would otherwise result from any such act, omission or occurrence to the extent that such act, omission or occurrence is determined in a Final Order to have constituted gross negligence or willful misconduct.

2. Notwithstanding any other provision of this Plan, no holder of a Claim or Interest, no other party in interest, none of their respective agents, employees, representatives, financial advisors, attorneys or affiliates, and no successors or assigns of the foregoing, shall have any right of action against any Exculpated Party for any act or omission in connection with, relating to or arising out of the Bankruptcy Cases, the Debtors, their Estates, the Distribution Trust or the consideration, formulation, preparation, dissemination, implementation, Confirmation, consummation or administration of the Plan, the Disclosure Statement, the Distribution Trust Agreement or any transaction or document created or entered into, or any other act taken or omitted to be taken, in connection therewith, except for: (a) the liability of any entity that would otherwise result from the failure to perform or pay any obligation or liability under the Plan or any contract, instrument, release or other agreement or document to be entered into or delivered in connection with the Plan or (b) the liability of any entity that would otherwise result from any such act, omission or occurrence to the extent that such act, omission or occurrence is determined in a Final Order to have constituted gross negligence or willful misconduct.

C. Modification of the Plan

Subject to the restrictions on modifications set forth in section 1127 of the Bankruptcy Code, the Debtors, in consultation with the Purchaser and the Creditors' Committee, reserve the right to alter, amend or modify the Plan before the Effective Date, *provided, however*; that the Debtors shall not make any material alteration, amendment or modification to the Plan without the consent of the Creditors' Committee.

D. Revocation of the Plan

The Debtors, in consultation with the Creditors' Committee and the Purchaser, reserve the right to revoke or withdraw the Plan prior to the Effective Date. If the Debtors revoke or withdraw the Plan, or if Confirmation does not occur, then the Plan shall be null and void in all respects, and nothing contained in the Plan shall: (1) constitute a waiver or release of any claims by or against, or any Interests in, any Debtor; (2) prejudice in any manner the rights of any Debtor or any other party in interest, including, but not limited to, the Purchaser; or (3) constitute an admission of any sort by any Debtor or any other party in interest, including, but not limited to, the Purchaser.

E. Successors and Assigns

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

F. Service of Certain Plan and Disclosure Statement Exhibits

With respect to any Exhibits that are not being Filed or served with copies of the Plan and the Disclosure Statement, the Debtors shall File such Exhibits no later than 10 days before the deadline to vote to accept or reject the Plan. Once Filed, the Debtors shall make available for review the relevant Exhibits on the Document Website (<http://www.kccllc.net/boscov>).

G. Service of Documents

Any pleading, notice or other document required by the Plan or the Confirmation Order to be served on or delivered to the Debtors, the Distribution Trustee, the Oversight Committee, or the Creditors' Committee must be sent by overnight delivery service, facsimile transmission, courier service or messenger to those parties specified in the Confirmation Order.

[Remainder of Page Intentionally Left Blank]

Dated: July 22, 2009

Respectfully submitted,

BSCV, INC., on its own behalf and on behalf of each affiliate Debtor

By: /s/ Michael J. Hughes
Name: **Michael J. Hughes**
Title: **Chief Executive Officer**

Plan Exhibit I
Form of Boscov's Inc. Charter

[To be filed with Plan supplement.]

Plan Exhibit II
Distribution Trust Agreement

DISTRIBUTION TRUST AGREEMENT

This DISTRIBUTION TRUST AGREEMENT (the “Agreement” or “Distribution Trust Agreement”), effective as of the Effective Date, pursuant to the Plan (as hereinafter defined), by and among BSCV, Inc. (f/k/a Boscov’s, Inc.) (“Boscov’s”), BSCV Investment Company (f/k/a Boscov’s Investment Company) (“Boscov’s Investment”), BSCV Finance Company, Inc. (f/k/a Boscov’s Finance Company, Inc.) (“Boscov’s Finance”), BSCV Department Store, LLC (f/k/a Boscov’s Department Store, LLC (“Boscov’s Department Store”), BSCV Transportation Company, LLC (f/k/a Boscov’s Transportation Company, LLC) (“Boscov’s Transportation”), BSCV PSI, Inc. (f/k/a Boscov’s PSI, Inc.) (“Boscov’s PSI”), and BSCV II, Inc. (f/k/a SDS, Inc.) (“SDS”, and collectively with Boscov’s, Boscov’s Investment, Boscov’s Finance, Boscov’s Department Store, Boscov’s Transportation and Boscov’s PSI, the “Debtors”), the Oversight Committee (the “Committee”), and [], in his capacity as the distribution trustee (the “Trustee”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Plan.

RECITALS

WHEREAS, on August 4, 2008, each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”);

WHEREAS, on June 15, 2009, the Debtors Committee filed that Second Amended Joint Plan of BSCV, Inc. (f/k/a Boscov’s, Inc.) and its Debtor Affiliates (the “Plan”) pursuant to the Bankruptcy Code;

WHEREAS, by order dated [], 2009, the Bankruptcy Court confirmed the Plan;

WHEREAS, under the terms of the Plan, effective as of the Effective Date, all Distribution Trust Assets will be transferred to and held by the Distribution Trust created by this Distribution Trust Agreement so that, among other things: (i) the Distribution Trust Assets can be disposed of in an orderly and expeditious manner; (ii) objections to claims can be pursued and disputed claims can be resolved; and (iii) distributions can be made to the beneficiaries of the Distribution Trust in accordance with the Plan;

WHEREAS, this Distribution Trust is established under and pursuant to the Plan, which provides for the appointment of the Trustee to administer the Distribution Trust for the benefit of creditors of the Debtors and to provide administrative services relating to the implementation of the Plan; and

WHEREAS, the Trustee has agreed to serve as such upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in accordance with the Plan and in consideration of the promises and of the mutual covenants and agreements contained herein, the validity and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

DECLARATION OF TRUST

The Debtors hereby absolutely and irrevocably assign to the Distribution Trust, and to its successors in trust and its successors and assigns, all of their right, title and interest to and in the Distribution Trust Assets;

TO HAVE AND TO HOLD unto the Distribution Trust and its successors in trust and its successors and assigns forever;

IN TRUST NEVERTHELESS upon the terms and subject to the conditions set forth herein and for the benefit of the holders of allowed claims, as and to the extent provided in the Plan, and for the performance of and compliance with the terms hereof and of the Plan;

PROVIDED, HOWEVER, that upon termination of the Distribution Trust in accordance with Article V hereof, this Agreement shall cease, terminate and be of no further force and effect; and

IT IS HEREBY FURTHER COVENANTED AND DECLARED that the Distribution Trust Assets are to be held and applied by the Trustee upon the further covenants and terms and subject to the conditions herein set forth.

I NAME; PURPOSE

1.1 Name of Trust. The trust created by this Agreement shall be known as the "BSCV Distribution Trust" and shall be referred to herein as the "Distribution Trust."

1.2 Transfer of Distribution Trust Assets. In accordance with the provisions of the Plan, on the Effective Date, each of the Debtors shall transfer their respective Distribution Trust Assets to the Distribution Trust, free and clear of all liens, claims, encumbrances and other interests of the Debtors or any other person or entity, to be held by the Trustee in trust for the holders of Allowed Claims (and, in the case of holders of Class 4 Claims, partially Allowed Claims) as and to the extent provided in the Plan (such holders, collectively, the "Distribution Trust Beneficiaries") on the terms and subject to the conditions set forth herein and in the Plan. The Debtors shall retain no interest in the Distribution Trust Assets transferred to the Distribution Trust, and the Distribution Trust shall have all of the rights, claims, powers, objections, counterclaims, defenses, setoffs and actions of the Debtors and their Estates. As of the Effective Date, any and all claims, rights and causes of action of the Debtors shall be exclusively filed, prosecuted and/or settled by the Trustee in the name of the Distribution Trust.

1.3 Purpose. The Distribution Trust is established for the sole purpose of liquidating the Distribution Trust Assets in accordance with Treasury Regulation § 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business except to the extent reasonably necessary to and consistent with its liquidating purpose. Accordingly, the Trustee shall not unduly prolong the duration of the Distribution Trust.

1.4 Acceptance by the Trustee. The Trustee is willing and hereby accepts the appointment to serve as Trustee pursuant to this Agreement and the Plan and agrees to observe and perform all duties and obligations imposed upon the Trustee by this Agreement and under

the Plan, including, without limitation, to accept and hold and administer the Distribution Trust Assets and otherwise to carry out the purpose of the Distribution Trust in accordance with the terms and subject to the conditions set forth herein.

1.5 Further Assurances. The Debtors or their agents will, on request of the Trustee, execute and deliver such further documents and perform such further acts as may be necessary or proper to transfer to the Trustee any portion of the Distribution Trust Assets or to vest the powers or property hereby conveyed. The Debtors disclaim any right to any reversionary interest in any of the Distribution Trust Assets, but nothing herein will limit the right and power of the Trustee to abandon any Distribution Trust Assets in the event the Trustee determines it is in the best interests of the Distribution Trust and the Distribution Trust Beneficiaries to do so.

1.6 The Oversight Committee.

(a) As provided in Section XIII.A of the Plan, the Oversight Committee shall continue in existence until such times as its members elect to cause its dissolution for the purpose of, among other things, assisting and directing the Trustee in: (i) investigating and prosecuting objections to claims and (ii) monitoring and facilitating the satisfaction of the provisions contained in the Plan. The Oversight Committee is authorized to retain Cooley Godward Kronish LLP as counsel and such other professional persons previously retained by the Creditors' Committee as have previously been approved by the Bankruptcy Court or as it deems necessary and appropriate, who shall be compensated from the Distribution Trust Assets on a monthly basis.

(b) The Trustee shall report to the Oversight Committee on at least a monthly basis, or such other period as subsequently agreed to between the Oversight Committee and the Trustee, as to the status of all material litigation and claims objections, and all other material matters affecting the Distribution Trust. The Trustee shall provide the Oversight Committee with at least seven days advanced notice in writing of any proposed action by the Trustee that is material to the affairs of the Distribution Trust, and, in the event the Oversight Committee objects to such proposed action, the Trustee and the Oversight Committee shall attempt to consensually resolve such dispute and, if they are unable to do so, the matter shall be resolved by the Bankruptcy Court. The Trustee's failure to receive objections from members of the Oversight Committee within seven days after written (including facsimile or electronic) notice is provided to the Oversight Committee of a proposed action shall be deemed an approval of the Oversight Committee for purposes of this Section. In the event Trustee and counsel for the Oversight Committee agree that urgent circumstances require a more expedited decision, such decision may be made upon less than seven days notice, and with the mutual agreement of the Trustee and counsel to the Oversight Committee, without notice, provided that the Trustee and the counsel to the Oversight Committee are in agreement on the course of action to be pursued.

II RIGHTS, POWERS AND DUTIES OF LIQUIDATION TRUSTEE

2.1 General. As of the Effective Date, the Trustee shall take possession and charge of the Distribution Trust Assets and, subject to the provisions hereof and in the Plan, shall have full right, power and discretion to manage the affairs of the Distribution Trust, subject to Section 1.6(b) above. Except as otherwise provided herein and in the Plan, the Trustee shall have the

right and power to enter into any covenants or agreements binding the Distribution Trust and in furtherance of the purpose hereof and of the Plan and to execute, acknowledge and deliver any and all instruments which are necessary or deemed by the Trustee to be consistent with and advisable in connection with the performance of his duties hereunder. On and after the Effective Date, the Trustee, subject to Section 1.6(b) above, shall have the power and responsibility to do all acts contemplated by the Plan to be done by the Trustee and all other acts that may be necessary or appropriate in connection with the disposition of the Distribution Trust Assets and the distribution of the proceeds thereof, as contemplated by the Plan, including, without limitation:

(a) To exercise all power and authority that may be or could have been exercised, commence all proceedings that may be or could have been commenced and take all actions that may be or could have been taken by any member, officer, director or shareholder of any of the Debtors with like effect as if authorized, exercised and taken by unanimous action of such members, officers, directors and shareholders;

(b) To maintain escrows, bank accounts (including checking and money market accounts) and other accounts, make distributions to holders of allowed claims and take other actions consistent with the Plan and the implementation of this Agreement, including the establishment, re-evaluation, adjustment and maintenance of appropriate reserves in the name of the Distribution Trust;

(c) To collect, hold, liquidate and distribute all Distribution Trust Assets pursuant to the Plan and this Agreement and to engage in all acts that would constitute ordinary performance of all obligations of a trustee of a liquidating trust;

(d) To object to any claim, right or cause of action (disputed or otherwise) as set forth in the Plan.

(e) To investigate, prosecute, defend, compromise, settle (subject to Section IV.A. of the Plan), adjust, retain, enforce or abandon any claim, right or cause of action under section 1123(b) of the Bankruptcy Code or otherwise in accordance with the Plan and this Agreement, and to seek Bankruptcy Court approval if required under and pursuant to the terms of the Plan;

(f) To make decisions, without further Bankruptcy Court approval, regarding the retention or engagement of professionals, employees and consultants by the Distribution Trust and to pay, from the Distribution Trust Assets, the charges incurred by the Distribution Trust on or after the Effective Date for services of professionals, disbursements, expenses or related support services relating to the implementation of the Plan and this Agreement without any supervision of, or approval by, the Bankruptcy Court or the United States Trustee;

(g) To prepare and file the Tax returns described in Section 2.7(b) hereof;

(h) To act as the Debtors' attorney-in-fact with respect to any Tax Refund not received by the Debtors before the Effective Date;

(i) To do all other acts or things not inconsistent with the provisions of the Plan and this Agreement that the Trustee deems reasonably necessary or desirable with respect to implementing and administering the Plan and this Agreement;

(j) To make all distributions to holders of allowed claims provided for or contemplated by the Plan;

(k) To make investments as permitted in Section 2.3 hereof and as deemed appropriate by the Trustee and the Oversight Committee;

(l) To collect any accounts receivable or other claims of the Debtors or their Estates not otherwise disposed of pursuant to the Plan, which may include the use of a collection company or agent for such purpose;

(m) To enter into any agreement or execute any document required by or consistent with the Plan and this Agreement and perform all of the obligations the Trustee thereunder;

(n) To abandon in any commercially reasonable manner, including abandonment or donation to a charitable organization of the Trustee's choice, any assets, including documents, books and records, that the Trustee concludes are of no benefit to creditors of the Estates or, at the conclusion of the Debtors' chapter 11 cases, are determined to be too impractical to distribute, store or otherwise maintain;

(o) To utilize the Distribution Trust Assets to purchase or create and carry all appropriate insurance policies and pay all insurance premiums and costs deemed necessary or advisable by the Trustee to insure the acts and omissions of the Trustee, and if appropriate, the Committee;

(p) To implement and/or enforce all provisions of the Plan and this Agreement;

(q) To maintain appropriate books and records;

(r) To pay fees incurred pursuant to 28 U.S.C. § 1930(a)(6), and in calculating such fees, to file with the Bankruptcy Court and serve upon the United States Trustee a quarterly Post Confirmation Status Report regarding all income and disbursements, including all plan payments, for each quarter (or portion thereof) the Debtors' chapter 11 cases remain open; and

(s) To serve the unaudited financial statements and unaudited written reports upon the holders of all interests in the Trust and entities having requested special notice pursuant to and in accordance with any order of the Bankruptcy Court.

Other than the obligations of the Trustee enumerated or referred to herein or under the Plan, the Trustee shall have no duties or obligations of any kind or nature respecting the implementation and administration of the Plan or this Agreement.

2.2 Distributions. On and after the Effective Date, the Distribution Trust shall: (i) pay or provide for all expenses of the Distribution Trust from the Distribution Trust Assets; (ii) establish and maintain a reserve for expenses of the Distribution Trust; (iii) establish and maintain a reserve for disputed claims in the full disputed amount of such claims; (iv) establish and maintain a reserve for unclaimed distributions; (v) establish any other reserves or accounts the Trustee deems necessary or appropriate; and (vi) make distributions of Cash to the holders of allowed claims from the Distribution Trust in accordance with the Plan and this Agreement. The Trustee shall record and account for all proceeds received upon any disposition of Distribution Trust Assets (after deduction therefrom of appropriate reserves as provided herein and in the Plan) for distribution in accordance with the provisions of the Plan and this Agreement.

(a) Distribution Trust Expense Reserve. On the Effective Date, a reserve shall be established in an amount to be determined by the Trustee, in consultation with the Oversight Committee (the “Distribution Trust Expense Reserve”), to fund all operating and administrative costs and expenses and other costs and expenses necessary to conduct all activities in connection with the Distribution Trust, as set forth in the Plan and this Agreement, including, without limitation, the Trustee’s compensation, insurance premiums, any bond required of, or desirable to be obtained by, the Trustee to protect the Distribution Trust Assets, fees and expenses to be incurred with respect to legal services to be provided to the Trustee and the Oversight Committee, and accounting fees. No distributions will be made from the Distribution Trust on account of claims or interests until the Trustee establishes appropriate reserves for the Distribution Trust Expense Reserve.

(b) Reserve for Disputed and Unpaid Claims. On and after the Effective Date, the Trustee shall establish and maintain reserves for disputed and unpaid secured claims, administrative claims, priority tax claims, disputed priority (non-tax) claims and the disputed portion of general unsecured claims (collectively, the “Disputed Claims” and the “Disputed Claim Reserve”). For purposes of establishing the Disputed Claim Reserve, Cash will be set aside from the Distribution Trust Assets on the Effective Date equal to the amount that would have been distributed to the holders on account of the Disputed Claims (or the disputed portion of general unsecured claims) had their Disputed Claims been deemed fully allowed claims on the Effective Date or such other amount as may be approved by final order of the Bankruptcy Court. The balance of the Disputed Claim Reserve, if any, remaining after all such Disputed Claims have been resolved and distributions with respect to and on account of the Disputed Claims have been made pursuant to subsection (d) below, shall be added to any other reserve hereunder if necessary or distributed to holders of allowed claims in a manner consistent with the Plan.

(c) Distributions of Allowed Secured Claims, Administrative Claims and Priority Claims. On the Effective Date or as soon thereafter as is practicable, the Trustee shall make Cash distributions to holders of allowed secured claims, allowed administrative claims, allowed priority tax claims, and allowed priority (non-tax) claims, in each case, as provided for in the Plan.

(d) Distributions on Account of Disputed Claims. Partial distributions on account of partially allowed claims in Class 4 shall be made by the Trustee as provided for in Section VII.C of the Plan. Distributions, if any, with respect to and on account of the disputed portion of Disputed Claims in Class 4 will be made as soon as practicable after an order,

judgment, decree or settlement agreement with respect to such claim becomes a Final Order of the Bankruptcy Court and the disputed portion of such claim becomes fully or partially allowed, and the applicable creditor shall not receive interest on its allowed claim unless so entitled under the provisions of the Bankruptcy Code. As provided for in Section VII.C. of the Plan, no distribution shall be made on account of disputed claims other than those in Class 4 until such claims become allowed claims.

(e) Unclaimed Distributions. If any distribution remains unclaimed for a period of 180 days after the later of (i) the Effective Date and (ii) the last date on which a distribution was made in accordance with the Plan to the holder of an allowed claim entitled thereto, such unclaimed property shall be forfeited by such holder, whereupon all right, title and interest in and to the unclaimed property shall be added to any other reserve hereunder if necessary or distributed in holders of allowed claims in a manner consistent with the Plan.

(f) Other Reserves. The Trustee may at any time establish such additional reserves as he deems necessary to effectuate the provisions and intent of the Plan and this Agreement.

(g) Limits on Retained Cash. The Distribution Trust may not receive or retain Cash or Cash equivalents in excess of an amount reasonably necessary to meet expenses, pay contingent liabilities (including Disputed Claims) and maintain the value of the Distribution Trust Assets. Without limiting the foregoing, the Trustee shall distribute at least annually the net income of the Distribution Trust and the net proceeds from the sale or other disposition of the Distribution Trust Assets in excess of the amount retained for such purposes.

2.3 Limitations on Investment Powers of Trustee. Funds in the Distribution Trust shall be invested in demand and time deposits in banks or other savings institutions, or in other temporary, liquid investments, such as Treasury bills, consistent with the liquidity needs of the Distribution Trust as determined by the Trustee and the Oversight Committee, and need not be invested in accordance with section 345 of the Bankruptcy Code unless the Bankruptcy Court otherwise requires. All such investments shall comply with the limitations contained in Revenue Procedure 94-45, 1994-2 C.B. 684.

2.4 Liability of Trustee.

(a) Standard of Care. Except in the case of willful misconduct, gross negligence or fraud, the Trustee shall not be liable for any loss or damage by reason of any action taken or omitted by him pursuant to the discretion, powers and authority conferred, or in good faith believed by the Trustee to be conferred, on the Trustee by this Agreement or the Plan.

(b) No Liability for Acts of Predecessors. No successor Trustee shall be in any way responsible for the acts or omissions of any Trustee in office prior to the date on which such successor becomes the Trustee, unless a successor Trustee expressly assumes such responsibility.

(c) No Implied Obligations. The Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth herein, and no implied covenants or obligations shall be read into this Agreement against the Trustee.

(d) No Liability for Good Faith Error of Judgment. The Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts.

(e) Reliance by Trustee on Documents or Advice of Counsel or Other Persons. Except as otherwise provided herein, the Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order or other paper or document believed by the Trustee to be genuine and to have been signed or presented by the proper party or parties. The Trustee also may engage and consult with legal counsel for the Distribution Trust and other agents and advisors and shall not be liable for any action taken or suffered by the Trustee in reliance upon the advice of such counsel, agents or advisors. The Trustee and the Oversight Committee shall have the right at any time to seek instructions from the Bankruptcy Court concerning the administration or disposition of the Distribution Trust Assets.

(f) No Personal Obligation for Trust Liabilities. Persons dealing with the Trustee, or seeking to assert claims against the Distribution Trust, shall look only to the Distribution Trust Assets to satisfy any liability incurred by the Trustee to any such Person in carrying out the terms of this Agreement, and the Trustee shall have no personal, individual obligation to satisfy any such liability.

2.5 Selection of Agents. The Trustee may engage any employee or agent of the Debtors or other persons, and also may engage or retain brokers, banks, custodians, investment and financial advisors, attorneys (including existing counsel to the Oversight Committee or the Debtors), accountants (including existing accountants for the Committee or the Debtors) and other advisors and agents, including, without limitation, one or more Disbursing Agents, in each case without Bankruptcy Court approval. The Trustee may pay the salaries, fees and expenses of such persons or entities from amounts in the Distribution Trust Expense Reserve, or, if such amounts are insufficient therefor, out of the Distribution Trust Assets or proceeds thereof. In addition, the parties acknowledge that Distribution Trust Assets may be advanced to satisfy such salaries, fees and expenses. The Trustee shall not be liable for any loss to the Distribution Trust or any person interested therein by reason of any mistake or default of any such person or entity referred to in this Section 2.5 selected by the Trustee in good faith and without gross negligence.

2.6 Trustee's Compensation, Indemnification and Reimbursement.

(a) As compensation for services in the administration of this Distribution Trust, the Trustee shall be compensated as specified on Schedule A attached hereto. The Trustee shall also be reimbursed for all documented actual, reasonable and necessary out-of-pocket expenses incurred in the performance of his duties hereunder.

(b) In addition, the Trustee shall be indemnified by and receive reimbursement from the Distribution Trust Assets against and from any and all loss, liability, expense (including attorneys' fees) or damage which the Trustee incurs or sustains, in good faith and without gross negligence, acting as Trustee under or in connection with this Agreement.

(c) It is anticipated and intended that the Trustee devote his attention to the prompt and orderly administration of the Distribution Trust and the Plan. If the Trustee and the Oversight Committee agree that the Trustee is able to fulfill his obligations under this Agreement and the Plan by devoting a portion of each work-day or work-week to performing the services set forth herein, the Trustee may be retained only on a part-time basis on terms to be agreed upon between the Trustee and Oversight Committee. Subject to the consent of the Oversight Committee, with such consent not to be unreasonably withheld, the Trustee may accept employment elsewhere during any period of part-time services, provided such additional employment does not result in a conflict of interest with his obligations hereunder. Either the Oversight Committee or the Trustee may provide thirty (30) days' prior written notice to the other party notifying such party that the Oversight Committee or Trustee, as applicable, believes that the Trustee's full-time engagement hereunder is no longer required, whereupon the parties agree to in good faith negotiate satisfactory part time engagement terms. If within the notice period the Oversight Committee and Trustee cannot agree on such terms (and subject to the Oversight Committee's right to remove the Trustee at any time under Section 4.2 hereof), either may opt to terminate the Trustee's engagement as of thirty (30) additional days after the expiration of the notice period, or when the appointment of a successor Trustee becomes effective.

(d) The Trustee is hereby authorized to obtain all reasonable insurance coverage for himself, his agents, representatives, employees or independent contractors, including, without limitation, coverage with respect to the liabilities, duties and obligations of the Trustee and his agents, representatives, employees or independent contractors under the Plan and this Agreement.

2.7 Tax Matters.

(a) Income Tax Treatment.

(i) The Debtors, the Trustee and the holders of Allowed General Unsecured Claims shall treat the Distribution Trust as a "liquidating trust" within the meaning of Treasury Regulation § 301.7701-4(d) and any comparable provision of state or local law. For income tax purposes, the Debtors, the Trustee and the holders of Allowed General Unsecured Claims shall treat the transfer of the Distribution Trust Assets to the Distribution Trust as (a) the transfer of the Distribution Trust Assets by the Debtors to the holders of Allowed General Unsecured Claims (subject to any liabilities of the Debtors to which such assets are subject), followed by (b) the transfer of such assets (subject to such liabilities) by the holders of Allowed General Unsecured Claims to the Distribution Trust in exchange for their beneficial interests therein. For the avoidance of doubt, the holders of Allowed General Unsecured Claims are not intended to be treated for federal income tax purposes as receiving Distribution Trust Assets contributed to the Disputed Claim Reserve until such time as the Disputed Claim Reserve makes distributions, in which case (and at which time) the holders of Allowed General Unsecured Claims are intended to be treated as receiving the distributions actually received from the Disputed Claim Reserve, if any.

(ii) As soon as reasonably possible after the Effective Date, the Trustee shall, in consultation with the Oversight Committee, determine the fair market value of each Distribution Trust Asset other than Cash based on a good faith determination and the advice of any professional retained by the Trustee for this purpose. The Trustee shall then, as soon as reasonably possible after such determination, notify each holder of Allowed General Unsecured Claims of the value of such holder's interest in the Distribution Trust. The Debtors, the Trustee and the holders of Allowed General Unsecured Claims shall consistently use such values for all federal income tax purposes.

(iii) The holders of Allowed General Unsecured Claims shall be treated for tax purposes as the grantors and deemed owners of their respective shares of the Distribution Trust. As such, the holders of Allowed General Unsecured Claims shall include in their taxable incomes their respective shares of each item of the Distribution Trust's income, gain, deduction, loss and credit.

(iv) All income of the Distribution Trust and the Disputed Claim Reserve will be subject to tax on a current basis.

(b) Tax Returns.

(i) The Trustee shall timely file all Tax returns required to be filed by the Distribution Trust on the basis that the Distribution Trust is a grantor trust pursuant to Treasury Regulation § 1.671-4(a), and the Trustee may require any holder of Allowed General Unsecured Claims to provide the Trustee with certain Tax information that may be necessary for the Trustee to timely file such Tax returns.

(ii) As soon as reasonably possible after the close of each calendar year, the Trustee shall send each holder of Allowed General Unsecured Claims a statement setting forth such holder's share of the Distribution Trust's income, gain, deduction, loss and credit for the year and shall instruct the holder to report all such items on his, her or its Tax returns for such year and pay any Tax due with respect thereto.

(iii) The Trustee shall timely file all Tax returns required to be filed with respect to the Disputed Claim Reserve on the basis that the Disputed Claim Reserve is a discrete trust pursuant to Section 641 et seq. of the Internal Revenue Code. The Trustee shall pay from the Distribution Trust Assets any Taxes required to be paid with respect to the Disputed Claim Reserve's undistributed income or gains.

(iv) The Trustee may request an expedited determination of the Taxes owed by the Distribution Trust or the Disputed Claim Reserve under Section 505(b) of the Bankruptcy Code for any Tax return for which such determination may be requested.

(v) The Trustee shall not file any Debtor Tax return. The Debtors shall not file any Tax return for any taxable period ending on or before the Effective Date, or for any taxable period that includes (but does not end on) the Effective Date, without the written consent of the Trustee, which consent shall not be unreasonably withheld, delayed or conditioned.

(c) Withholding. The Trustee shall withhold and pay over to the appropriate taxing authority any amount required to be withheld under Tax laws with respect to any distribution to a Distribution Trust Beneficiary. Any Tax withheld shall be treated as distributed to such Distribution Trust Beneficiary for purposes of this Agreement. The Trustee may require that any Distribution Trust Beneficiary certify to the Trustee's satisfaction such Distribution Trust Beneficiary's taxpayer identification number (assigned by the Internal Revenue Service), or certify to the Trustee's satisfaction that distributions to the Distribution Trust Beneficiary are exempt from backup withholding, and the Trustee may condition any distribution to any Distribution Trust Beneficiary on receipt of such information.

2.8 Conflicting Claims. If the Trustee becomes aware of any disagreement or conflicting claims with respect to the Distribution Trust Assets, or is in good faith doubt as to any action that should be taken under this Agreement, the Trustee may take any or all of the following actions as reasonably appropriate:

(i) to the extent of such disagreement or conflict, or to the extent deemed by the Trustee necessary or appropriate in light of such disagreement or conflict, withhold or stop all further performance under this Agreement with respect to the matter of such dispute (except, in all cases, the safekeeping of the Distribution Trust Assets) until the Trustee is reasonably satisfied that such disagreement or conflicting claims have been fully resolved; or

(ii) file a suit in interpleader or in the nature of interpleader in the Bankruptcy Court and obtain an order requiring all persons involved to litigate in the Bankruptcy Court their respective claims arising out of or in connection with this Agreement; or

(iii) file any other appropriate motion for relief in the Bankruptcy Court.

2.9 Records of Trustee. The Trustee shall maintain accurate records of receipts and disbursements and other activity of the Distribution Trust, and duly authorized representatives of the Oversight Committee shall have reasonable access to the records of the Distribution Trust. The books and records maintained by the Trustee, as well as any and all other books and records obtained from the Debtors, may be disposed of by the Trustee at such time as the Trustee determines, in consultation with the Oversight Committee, that the continued possession or maintenance of such books and records is no longer necessary for the benefit of the Distribution Trust or its beneficiaries, or upon the termination of the Distribution Trust, provided that at least thirty (30) days notice of the intention to dispose of such books and records has been provided to the Oversight Committee.

2.10 Bond. The Trustee shall obtain a bond satisfactory to the Oversight Committee in favor of the Distribution Trust in an amount to be determined from time to time by the Oversight Committee, the cost of which shall be an expense of the Distribution Trust Expense Reserve. Any bond shall require thirty (30) days' notice to the Oversight Committee before termination or renewal.

III RIGHTS, POWERS AND DUTIES OF BENEFICIARIES.

3.1 Interests of Distribution Trust Beneficiaries. The Distribution Trust Beneficiaries shall have beneficial interests in the Distribution Trust Assets as provided in the Plan.

3.2 Interests Beneficial Only. The ownership of a beneficial interest hereunder shall not entitle any Distribution Trust Beneficiary to any title in or to the Distribution Trust Assets as such (which title shall be vested in the Trustee) or to any right to call for a partition or division of Distribution Trust Assets or to require an accounting.

IV AMENDMENT OF TRUST OR CHANGE IN TRUSTEE.

4.1 Resignation of Trustee. The Trustee may resign by an instrument in writing signed by the Trustee and filed with the Bankruptcy Court with notice to the Oversight Committee, provided that the Trustee shall continue to serve as such after his resignation for thirty (30) days or, if longer, until the time when appointment of his successor shall become effective in accordance with Section 4.3 hereof, or as otherwise agreed to by the Oversight Committee.

4.2 Removal of Trustee. The Oversight Committee may remove the Trustee with or without cause at any time by majority vote. Such removal shall be effective thirty (30) days after the Oversight Committee's determination or as otherwise agreed to by the Oversight Committee, or after such shorter period (or immediately) as the Oversight Committee may direct for cause. Upon removal of the Trustee by the Oversight Committee in accordance with this Section 4.2 other than for cause, the Trustee shall be entitled to all compensation that has accrued through the effective date of termination, but remains unpaid as of such date which payment shall be made promptly from the Distribution Trust Expense Reserve. In the event the Trustee is removed for cause, the Trustee shall forfeit any accrued unpaid compensation. For the purposes of this Agreement, "cause" shall mean (a) the willful and continued refusal by the Trustee to perform his duties as set forth herein; (b) gross negligence, gross misconduct, fraud, embezzlement or theft; or (c) such other cause as the Oversight Committee shall in good faith determine.

4.3 Appointment of Successor Trustee. In the event of the death, resignation, termination, incompetence or removal of the Trustee, the Oversight Committee may appoint a successor Trustee without the approval of the Bankruptcy Court, which the parties acknowledge shall nevertheless retain jurisdiction to resolve any disputes in connection with the service of the Trustee or his successor. If the Oversight Committee fails to appoint a successor Trustee within thirty (30) days of the occurrence of a vacancy, any Distribution Trust Beneficiary or the outgoing Trustee may petition the Bankruptcy Court for such appointment. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Bankruptcy Court and to the predecessor Trustee (if practicable) an instrument accepting such appointment and the terms and provisions of this Agreement, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers and duties of the retiring Trustee.

4.4 Continuity. Unless otherwise ordered by the Bankruptcy Court, the death, resignation, incompetence or removal of the Trustee shall not operate to terminate or to remove any existing agency created pursuant to the terms of this Agreement or invalidate any action theretofore taken by the Trustee. In the event of the resignation or removal of the Trustee, the Trustee shall promptly execute and deliver such documents, instruments, final reports, and other writings as may be reasonably requested from time to time by the Bankruptcy Court, the Oversight Committee or the successor Trustee.

4.5 Amendment of Agreement. This Agreement may be amended, modified, terminated, revoked or altered only upon (i) order of the Bankruptcy Court; or (ii) agreement of the Trustee and the Oversight Committee.

V TERMINATION OF TRUST

The Distribution Trust shall terminate upon the earlier to occur of (a) the liquidation and distribution of the Distribution Trust Assets in accordance with the Plan, the Confirmation Order and this Agreement and the full performance of all other duties and functions of the Trustee as set forth therein, and (b) the fifth anniversary of the Effective Date, subject to (i) the Trustee's election to extend such period for an additional year (approved by the Bankruptcy Court within six months of the fifth anniversary of the Effective Date), and (ii) any additional fixed extension of such period approved by the Bankruptcy Court within six months of the then current termination date. A Bankruptcy Court's approval of any extension of the Distribution Trust's termination date must be based upon a finding that the extension is necessary to the Distribution Trust's purpose of liquidating the Distribution Trust Assets.

VI RETENTION OF JURISDICTION

Subject to the following sentence, the Bankruptcy Court shall have exclusive jurisdiction over the Distribution Trust, the Trustee and the Distribution Trust Assets as provided in the Plan, including the determination of all controversies and disputes arising under or in connection with the Distribution Trust or this Agreement. However, if the Bankruptcy Court abstains or declines to exercise such jurisdiction or is without jurisdiction under applicable law, any other court of competent jurisdiction may adjudicate any such matter.

VII MISCELLANEOUS

7.1 Applicable Law. The Distribution Trust created by this Agreement shall be construed in accordance with and governed by the laws of the State of Delaware without giving effect to principles of conflict of laws, but subject to any applicable federal law.

7.2 Waiver. No failure or delay of any party to exercise any right or remedy pursuant to this Agreement shall affect such right or remedy or constitute a waiver thereof.

7.3 Relationship Created. Nothing contained herein shall be construed to constitute any relationship created by this Agreement as an association, partnership or joint venture of any kind.

7.4 Interpretation. Section and paragraph headings contained in this Agreement are for convenience of reference only and shall not affect the meaning or interpretation of any provision hereof.

7.5 Savings Clause. If any clause or provision of this Agreement shall for any reason be held invalid or unenforceable by the Bankruptcy Court, such invalidity or unenforceability shall not affect any other clause or provision hereof, but this Agreement shall be construed, insofar as reasonable to effectuate the purpose hereof, as if such invalid or unenforceable provision had never been contained herein.

7.6 Entire Agreement. This Agreement and the Plan constitute the entire agreement by and among the parties and there are no representations, warranties, covenants or obligations with respect to the subject matter hereof except as set forth herein or therein. This Agreement together with the Plan supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, written or oral, of the parties hereto, relating to such subject matter. Except as otherwise authorized by the Bankruptcy Court or specifically provided in this Agreement or in the Plan, nothing in this Agreement is intended or shall be construed to confer upon or to give any person other than the parties hereto any rights or remedies under or by reason of this Agreement.

7.7 Counterparts. This Agreement may be executed by facsimile or electronic transmission and in counterparts, each of which when so executed and delivered shall be an original document, but all of which counterparts shall together constitute one and the same instrument.

7.8 Notices.

(a) All notices, requests or other communications required or permitted to be made in accordance with this Agreement shall be in writing and shall be deemed given five Business Days after first-class mailing, one Business Day after sending by overnight courier, or on the first Business Day after facsimile or electronic transmission.

(i) if to the Distribution Trust or Trustee:

[ADD]

(ii) if to the Oversight Committee:

Cooley Godward Kronish
1114 Avenue of the Americas
New York, NY 10036-7798
Attn: Lawrence C. Gottlieb, Esq.
Richard Kanowitz, Esq.

Tel: (212) 479-6000
Fax: (212) 479-6275

(iii) if to the Debtors:

Jones Day
77 West Wacker Drive
Chicago, IL 60601
Attn: Brad B. Erens, Esq.
Mark A. Cody, Esq.
Marc F. Skapof, Esq.
Tel: (312) 782-3939
Fax: (312) 782-8585

(iv) if to any Distribution Trust Beneficiary, to such address as such Distribution Trust Beneficiary shall have furnished to the Debtors in writing prior to the Effective Date.

(b) Any person may change the address at which it is to receive notices under this Agreement by furnishing written notice to the Trustee in the same manner as above.

7.9 Effective Date. This Agreement shall become effective as of the Effective Date.

7.10 Successors and Assigns. This Agreement shall be binding upon each of the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties, the Distribution Trust Beneficiaries and, subject to the provisions hereof, their respective successors and assigns.

7.11 Conflict with the Plan. In the event of any conflict between the terms of this Agreement and the Plan, the terms of the Plan shall govern.

IN WITNESS WHEREOF the undersigned have caused this Agreement to be executed as of the day and year first above written.

BSCV, Inc. (f/k/a Boscov's, Inc.), BSCV
Investment Company (f/k/a Boscov's Investment
Company), BSCV Finance Company, Inc. (f/k/a
Boscov's Finance Company, Inc.), BSCV
Department Store, LLC (f/k/a Boscov's Department
Store, LLC, BSCV Transportation Company, LLC
(f/k/a Boscov's Transportation Company, LLC),
BSCV PSI, Inc. (f/k/a Boscov's PSI, Inc.), and
BSCV II, Inc. (f/k/a SDS, Inc.)

By: _____
Name:

Title:

LIQUIDATION TRUSTEE OF THE BSCV
LIQUIDATION TRUST

[_____] , as Trustee

OVERSIGHT COMMITTEE OF CREDITORS OF
BSCV, Inc. *et al.*

By:_____

Name:

Title: Chair

SCHEDULE A

TERMS OF COMPENSATION AND REIMBURSEMENT OF EXPENSES OF THE TRUSTEE

1. COMPENSATION

- (a) Beginning as of the Effective Date of this Distribution Trust Agreement, the Trustee shall be compensated at the rate of \$[] per hour.

2. COMPUTATION OF HOURS; RECORDKEEPING

- (a) For the purpose of calculating the days and hours in respect of which the Trustee may receive compensation under Section 1 above, travel times shall be included in the number of hours expended at one-half otherwise applicable rates, but only if such travel is for the purpose of conducting Trustee activities. Travel by the Trustee for personal reasons, including travel to and from any residence of the Trustee, shall not be included in the number of hours expended.
- (b) The Trustee shall maintain a record of his time expended in his capacity as Trustee, which shall include a brief description of such activities. The record shall be available for inspection and copying by the Oversight Committee. The Trustee shall report to the Oversight Committee, as part of the reporting to be provided to the Oversight Committee under the Distribution Trust Agreement, as to the amount of time so expended during each month.

3. REIMBURSEMENT OF EXPENSES

The Trustee shall be entitled to reimbursement for documented actual and reasonable expenses incurred in performing his duties as the Trustee, and may submit a report of monthly expenses, if any, with each report under Section 2 above.

Plan Exhibit III
Executory Contracts and Unexpired Leases to be Assumed

[To be filed with Plan supplement.]

Plan Exhibit IV
Retained Causes of Action

[To be filed with Plan supplement.]

Plan Exhibit V(a)
Form of Security Agreement

SECURITY AGREEMENT

This SECURITY AGREEMENT (the "Agreement"), effective as of the Effective Date, pursuant to the Plan (as hereinafter defined), made by BSCV, Inc. (f/k/a Boscov's, Inc.) ("Boscov's"), BSCV Investment Company (f/k/a Boscov's Investment Company) ("Boscov's Investment"), BSCV Finance Company, Inc. (f/k/a Boscov's Finance Company, Inc.) ("Boscov's Finance"), BSCV Department Store, LLC (f/k/a Boscov's Department Store, LLC ("Boscov's Department Store"), BSCV Transportation Company, LLC (f/k/a Boscov's Transportation Company, LLC) ("Boscov's Transportation"), BSCV PSI, Inc. (f/k/a Boscov's PSI, Inc.) ("Boscov's PSI"), and BSCV II, Inc. (f/k/a SDS, Inc.) ("SDS"), and collectively with Boscov's, Boscov's Investment, Boscov's Finance, Boscov's Department Store, Boscov's Transportation and Boscov's PSI, the "Debtors"), for the benefit of the BSCV Distribution Trust (the "Trust"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Plan.

RECITALS

WHEREAS, on August 4, 2008, each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court");

WHEREAS, on June 15, 2009, the Debtors filed that certain Amended Joint Plan of BSCV, Inc. (f/k/a Boscov's, Inc.) and its Debtor Affiliates (the "Plan") pursuant to the Bankruptcy Code;

WHEREAS, by order dated [], 2009, the Bankruptcy Court confirmed the Plan;

WHEREAS, the Trust has been established pursuant to the Plan and that certain Distribution Trust Agreement (the "Trust Agreement");

WHEREAS, under the terms of the Plan, effective as of the Effective Date, all Trust Assets will be transferred to and held by the Trust so that, among other things: (i) the Trust Assets can be disposed of in an orderly and expeditious manner; (ii) objections to claims can be pursued and disputed claims can be resolved; and (iii) distributions can be made to the beneficiaries of the Trust in accordance with the Plan;

WHEREAS, pursuant to the Plan, the Trust Assets include the right of the Trust to receive, and the Debtors and the Reorganized Debtors are obligated to transfer to the Trust, any refund of Taxes received by either of the Debtors or the Reorganized Debtors, as applicable, for Taxes paid for any fiscal period prior to the Effective Date and any proceeds of any Claim (as defined below) of the Debtors with respect thereto (collectively, the "Tax Refunds");

WHEREAS, [] has agreed to serve as the Trustee for the Trust (in his capacity as such, together with any successor trustee (the "Trustee")); and

WHEREAS the Debtors wish to grant the Trust a security interest in favor for the Trust as herein provided.

NOW, THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions.** The term "Claims," as used herein, shall mean each "claim" as that term is defined under Section 101(5) of the Bankruptcy Code. The term "Obligations," as used herein, means the obligation of the Debtors under the Plan to turn over to the Trust the Tax Refunds and any and all proceeds thereof. The term "State," as used herein, means the State of Delaware. All terms defined in the Uniform Commercial Code of the State and used herein shall have the same definitions herein as specified therein. However, if a term is defined in Article 9 of the Uniform Commercial Code of the State differently than in another Article of the Uniform Commercial Code of the State, the term has the meaning specified in Article 9.

2. **Grant of Security Interest.** The Debtors hereby grant to the Trust, to secure the payment and performance in full of all of the Obligations, a continuing lien upon and security interest in, and do hereby pledge, assign, mortgage and transfer to the Trust, all of the their right, title and interest in and to the Tax Refunds, and any Claims related thereto whether now or hereafter acquired or existing, and all proceeds (including, without limitation, insurance proceeds) and products thereof, wherever located and in whatever form (the "Collateral").

3. **Authorization to File Financing Statements.** The Debtors hereby irrevocably authorize the Trustee at any time and from time to time to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral, and (b) contain any other information required by part 5 of Article 9 of the Uniform Commercial Code of the State for the sufficiency or filing office acceptance of any financing statement or amendment. The Debtors agree to furnish any such information to the Trustee promptly upon request.

4. **Other Actions.** To insure the attachment, perfection and first priority status of, and the ability of the Trustee to enforce, the Trustee's security interest in the Collateral, the Debtors agree, in each case at the Debtors' own expense to take any other action reasonably requested by the Trustee, and to furnish such information and execute such documents, agreements, consents and instruments as the Trustee deems necessary in its sole discretion, to ensure the attachment, and perfection of, and the ability of the Trustee to enforce, the Trustee's security interest in and lien on any and all of the Collateral including, without limitation, (a) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the Uniform Commercial Code, to the extent, if any, that any Debtor's signature thereon is required therefor, (b) causing the Trustee's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of the Trustee to enforce, the Trustee's security interest in such Collateral, (c) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Trustee to enforce, the Trustee's security interest in such Collateral, (d) using commercially reasonable efforts to obtain governmental and other third party consents and approvals, including without limitation any consent of any licensor, lessor or

other person obligated on Collateral and (e) taking all actions required by any earlier versions of the Uniform Commercial Code or by other law, as applicable in any relevant Uniform Commercial Code jurisdiction, or by other law as applicable in any foreign jurisdiction.

5. **Survival.** The Debtors and Trustee intend and agree that the provisions hereof, including without limitation the security interest granted to the Trust herein, shall survive and remain in full force and effect notwithstanding the closing of the Debtors' bankruptcy cases or the conversion thereof under Chapter 7 of the Bankruptcy Code.

6. **Covenants Concerning Collateral, Etc.** The Debtors covenant as follows: (a) the Debtors shall defend against all claims and demands of all persons at any time claiming any interest in the Collateral therein adverse to the Trust, (b) the Debtors shall not pledge, mortgage or create, or suffer to exist a security interest in the Collateral in favor of any person other than the Trust, and (c) the Debtors will not sell, transfer or otherwise dispose, or offer to sell or otherwise dispose, of the Collateral or any interest therein.

7. **Debtors' Obligation to Pay Taxes.** Neither the terms of this Agreement nor the security interest granted hereunder shall be deemed to impose upon the Trustee, the Trust or any beneficiary thereof, any obligation to pay any Tax incurred by any Debtor at any time, and the Debtors shall remain exclusively liable for the payment of all such Taxes.

8. **Power of Attorney.**

8.1. **Appointment and Powers of Trustee.** The Debtors hereby irrevocably constitute and appoint the Trustee, with full power of substitution, as their true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtors or in the name of the Trust, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing to the extent that the Debtors' authorization given in Section 3 is not sufficient to file such financing statements with respect hereto, with or without the Debtors' signatures, or a photocopy of this Agreement in substitution for a financing statement, as the Trustee may deem appropriate and to execute in the name of the Debtors such financing statements and amendments thereto and continuation statements which may require the Debtors' signatures.

In addition, and without limiting the generality of the foregoing, the Debtors hereby acknowledge that they have executed and delivered to the Trustee [Trustee designee] the powers of attorney annexed hereto as Exhibit A, and the Debtors hereby acknowledge and agree that they each intended, through the execution and delivery of such powers of attorney, to authorize and enable the Trustee [Trustee designee] to receive and negotiate any and all checks delivered on account of refunds of any Tax Refunds. The Trustee shall promptly notify the Debtors of its receipt of any payment on account of any Tax Refund. In the event the Trustee shall receive any payment or

property of the Debtors that does not constitute Distribution Trust Assets, the Trustee shall promptly transfer such payment to the Debtors.

9. Standards for Exercising Remedies. To the extent that applicable law imposes duties on the Trustee to exercise remedies in a commercially reasonable manner, the Debtors each acknowledges and agree that it is not commercially unreasonable for the Trustee (a) to fail to incur expenses reasonably deemed significant by the Trustee to prepare Collateral for disposition, or (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of. The Debtors acknowledge that the purpose of this Section 9 is to provide non-exhaustive indications of what actions or omissions by the Trustee would not be commercially unreasonable in the Trustee's exercise of remedies against the Collateral and that other actions or omissions by the Trustee shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 9. Without limitation upon the foregoing, nothing contained in this Section 9 shall be construed to grant any rights to the Debtors or to impose any duties on the Trustee that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section 9.

10. No Waiver by Trustee, etc. The Trustee shall not be deemed to have waived any of its rights upon or under the Obligations or the Collateral unless such waiver shall be in writing and signed by the Trustee. No delay or omission on the part of the Trustee in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion. All rights and remedies of the Trustee with respect to the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as the Trustee deems expedient.

11. Suretyship Waivers by the Debtors. Each of the Debtors waives demand, notice, protest, notice of acceptance of this Agreement, notice of Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to both the Obligations and the Collateral, the Debtors assent to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of or failure to perfect any security interest in any Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Trustee may deem advisable. The Trust and the Trustee shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto. The Debtors further waive any and all other suretyship defenses.

12. Marshalling. The Trustee shall not be required to marshal any present or future collateral security (including but not limited to this Agreement and the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security

or other assurances of payment in any particular order, and all of its rights hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, each Debtor hereby agrees that it will not invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Trustee's rights under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, each Debtor hereby irrevocably waives the benefits of all such laws.

13. Governing Law; Consent to Jurisdiction. THIS AGREEMENT IS INTENDED TO TAKE EFFECT AS A SEALED INSTRUMENT AND SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE. The Debtors agree that any suit for the enforcement of this Agreement may be brought in the courts of the State or any federal court sitting therein and consent to the non-exclusive jurisdiction of such courts. The Debtors hereby waive any objection that any of them may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

14. Miscellaneous. The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon each of the Debtors and their estates, and shall inure to the benefit of the Trust and its successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The each of the Debtors acknowledges receipt of a copy of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, intending to be legally bound, each of the Debtors has caused this Agreement to be duly executed as of the date first above written.

BSCV, INC. (f/k/a BOSCOV'S, INC.)

By: _____
Name:
Title:

BSCV INVESTMENT COMPANY (f/k/a
BOSCOV'S INVESTMENT COMPANY)

By: _____
Name:
Title:

BSCV FINANCE COMPANY, INC. (f/k/a
BOSCOV'S FINANCE COMPANY, INC.)

By: _____
Name:
Title:

BSCV DEPARTMENT STORE, LLC (f/k/a
BOSCOV'S DEPARTMENT STORE, LLC)

By: _____
Name:
Title:

BSCV TRANSPORTATION COMPANY, LLC
(f/k/a BOSCOV'S TRANSPORTATION
COMPANY, LLC)

By: _____
Name:
Title:

BSCV PSI, INC. (f/k/a BOSCOV'S PSI, INC.)

By: _____
Name:
Title:

BSCV II, INC. (f/k/a SDS, INC.)

By: _____
Name:
Title:

EXHIBIT A
Powers of Attorney

Plan Exhibit V(b)
Form of Security Agreement

SECURITY AGREEMENT

This SECURITY AGREEMENT (the "Agreement"), effective as of the Effective Date, pursuant to the Plan (as hereinafter defined), made by BSCV, Inc. (f/k/a Boscov's, Inc.) ("Boscov's"), BSCV Investment Company (f/k/a Boscov's Investment Company) ("Boscov's Investment"), BSCV Finance Company, Inc. (f/k/a Boscov's Finance Company, Inc.) ("Boscov's Finance"), BSCV Department Store, LLC (f/k/a Boscov's Department Store, LLC ("Boscov's Department Store"), BSCV Transportation Company, LLC (f/k/a Boscov's Transportation Company, LLC) ("Boscov's Transportation"), BSCV PSI, Inc. (f/k/a Boscov's PSI, Inc.) ("Boscov's PSI"), and BSCV II, Inc. (f/k/a SDS, Inc.) ("SDS"), and collectively with Boscov's, Boscov's Investment, Boscov's Finance, Boscov's Department Store, Boscov's Transportation and Boscov's PSI, the "Reorganized Debtors"), for the benefit of the BSCV Distribution Trust (the "Trust"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Plan.

RECITALS

WHEREAS, on August 4, 2008, each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court");

WHEREAS, on June 15, 2009, the Debtors filed that certain Amended Joint Plan of BSCV, Inc. (f/k/a Boscov's, Inc.) and its Debtor Affiliates (the "Plan") pursuant to the Bankruptcy Code;

WHEREAS, by order dated [], 2009, the Bankruptcy Court confirmed the Plan;

WHEREAS, the Trust has been established pursuant to the Plan and that certain Distribution Trust Agreement (the "Trust Agreement");

WHEREAS, under the terms of the Plan, effective as of the Effective Date, all Trust Assets will be transferred to and held by the Trust so that, among other things: (i) the Trust Assets can be disposed of in an orderly and expeditious manner; (ii) objections to claims can be pursued and disputed claims can be resolved; and (iii) distributions can be made to the beneficiaries of the Trust in accordance with the Plan;

WHEREAS, pursuant to the Plan, the Trust Assets include the right of the Trust to receive, and the Debtors and the Reorganized Debtors are obligated to transfer to the Trust, any refund of Taxes received by either of the Debtors or the Reorganized Debtors, as applicable, for Taxes paid for any fiscal period prior to the Effective Date and any proceeds of any Claim (as defined below) of the Debtors with respect thereto (collectively, the "Tax Refunds");

WHEREAS, [] has agreed to serve as the Trustee for the Trust (in his capacity as such, together with any successor trustee (the "Trustee")); and

WHEREAS the Reorganized Debtors wish to grant the Trust a security interest in favor for the Trust as herein provided.

NOW, THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions.** The term "Claims," as used herein, shall mean each "claim" as that term is defined under Section 101(5) of the Bankruptcy Code. The term "Obligations," as used herein, means the obligation of the Reorganized Debtors under the Plan to turn over to the Trust the Tax Refunds and any and all proceeds thereof. The term "State," as used herein, means the State of Delaware. All terms defined in the Uniform Commercial Code of the State and used herein shall have the same definitions herein as specified therein. However, if a term is defined in Article 9 of the Uniform Commercial Code of the State differently than in another Article of the Uniform Commercial Code of the State, the term has the meaning specified in Article 9.

2. **Grant of Security Interest.** The Reorganized Debtors hereby grant to the Trust, to secure the payment and performance in full of all of the Obligations, a continuing lien upon and security interest in, and do hereby pledge, assign, mortgage and transfer to the Trust, all of the their right, title and interest in and to the Tax Refunds, and any Claims related thereto whether now or hereafter acquired or existing, and all proceeds (including, without limitation, insurance proceeds) and products thereof, wherever located and in whatever form (the "Collateral").

3. **Authorization to File Financing Statements.** The Reorganized Debtors hereby irrevocably authorize the Trustee at any time and from time to time to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral, and (b) contain any other information required by part 5 of Article 9 of the Uniform Commercial Code of the State for the sufficiency or filing office acceptance of any financing statement or amendment. The Reorganized Debtors agree to furnish any such information to the Trustee promptly upon request.

4. **Other Actions.** To insure the attachment, perfection and first priority status of, and the ability of the Trustee to enforce, the Trustee's security interest in the Collateral, the Reorganized Debtors agree, in each case at the Reorganized Debtors' own expense to take any other action reasonably requested by the Trustee, and to furnish such information and execute such documents, agreements, consents and instruments as the Trustee deems necessary in its sole discretion, to ensure the attachment, and perfection of, and the ability of the Trustee to enforce, the Trustee's security interest in and lien on any and all of the Collateral including, without limitation, (a) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the Uniform Commercial Code, to the extent, if any, that any Debtor's signature thereon is required therefor, (b) causing the Trustee's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of the Trustee to enforce, the Trustee's security interest in such Collateral, (c) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Trustee to enforce, the Trustee's security interest in such Collateral, (d) using commercially reasonable efforts to obtain governmental and

other third party consents and approvals, including without limitation any consent of any licensor, lessor or other person obligated on Collateral and (e) taking all actions required by any earlier versions of the Uniform Commercial Code or by other law, as applicable in any relevant Uniform Commercial Code jurisdiction, or by other law as applicable in any foreign jurisdiction.

5. **Survival.** The Reorganized Debtors and Trustee intend and agree that the provisions hereof, including without limitation the security interest granted to the Trust herein, shall survive and remain in full force and effect notwithstanding the closing of the Debtors' bankruptcy cases or the conversion thereof under Chapter 7 of the Bankruptcy Code.

6. **Covenants Concerning Collateral, Etc.** The Reorganized Debtors covenant as follows: (a) the Reorganized Debtors shall defend against all claims and demands of all persons at any time claiming any interest in the Collateral therein adverse to the Trust, (b) the Reorganized Debtors shall not pledge, mortgage or create, or suffer to exist a security interest in the Collateral in favor of any person other than the Trust, and (c) the Reorganized Debtors will not sell, transfer or otherwise dispose, or offer to sell or otherwise dispose, of the Collateral or any interest therein.

7. **Reorganized Debtors' Obligation to Pay Taxes.** Neither the terms of this Agreement nor the security interest granted hereunder shall be deemed to impose upon the Trustee, the Trust or any beneficiary thereof, any obligation to pay any Tax incurred by any Reorganized Debtor at any time, and the Reorganized Debtors shall remain exclusively liable for the payment of all such Taxes.

8. **Power of Attorney.**

8.1. **Appointment and Powers of Trustee.** The Reorganized Debtors hereby irrevocably constitute and appoint the Trustee, with full power of substitution, as their true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Reorganized Debtors or in the name of the Trust, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing to the extent that the Reorganized Debtors' authorization given in Section 3 is not sufficient to file such financing statements with respect hereto, with or without the Reorganized Debtors' signatures, or a photocopy of this Agreement in substitution for a financing statement, as the Trustee may deem appropriate and to execute in the name of the Reorganized Debtors such financing statements and amendments thereto and continuation statements which may require the Reorganized Debtors' signatures.

In addition, and without limiting the generality of the foregoing, the Reorganized Debtors hereby acknowledge that they have executed and delivered to the Trustee [Trustee designee] the powers of attorney annexed hereto as Exhibit A, and the Reorganized Debtors hereby acknowledge and agree that they each intended, through the execution and delivery of such powers of attorney, to authorize and enable the Trustee

[Trustee designee] to receive and negotiate any and all checks delivered on account of refunds of any Tax Refunds. The Trustee shall promptly notify the Reorganized Debtors of its receipt of any payment on account of any Tax Refund. In the event the Trustee shall receive any payment or property of the Reorganized Debtors that does not constitute Distribution Trust Assets, the Trustee shall promptly transfer such payment to the Reorganized Debtors.

9. Standards for Exercising Remedies. To the extent that applicable law imposes duties on the Trustee to exercise remedies in a commercially reasonable manner, the Reorganized Debtors each acknowledges and agree that it is not commercially unreasonable for the Trustee (a) to fail to incur expenses reasonably deemed significant by the Trustee to prepare Collateral for disposition, or (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of. The Reorganized Debtors acknowledge that the purpose of this Section 9 is to provide non-exhaustive indications of what actions or omissions by the Trustee would not be commercially unreasonable in the Trustee's exercise of remedies against the Collateral and that other actions or omissions by the Trustee shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 9. Without limitation upon the foregoing, nothing contained in this Section 9 shall be construed to grant any rights to the Reorganized Debtors or to impose any duties on the Trustee that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section 9.

10. No Waiver by Trustee, etc. The Trustee shall not be deemed to have waived any of its rights upon or under the Obligations or the Collateral unless such waiver shall be in writing and signed by the Trustee. No delay or omission on the part of the Trustee in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion. All rights and remedies of the Trustee with respect to the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as the Trustee deems expedient.

11. Suretyship Waivers by the Reorganized Debtors. Each of the Reorganized Debtors waives demand, notice, protest, notice of acceptance of this Agreement, notice of Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to both the Obligations and the Collateral, the Reorganized Debtors assent to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of or failure to perfect any security interest in any Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Trustee may deem advisable. The Trust and the Trustee shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against

prior parties, nor as to the preservation of any rights pertaining thereto. The Reorganized Debtors further waive any and all other suretyship defenses.

12. Marshalling. The Trustee shall not be required to marshal any present or future collateral security (including but not limited to this Agreement and the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, each Reorganized Debtor hereby agrees that it will not invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Trustee's rights under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, each Reorganized Debtor hereby irrevocably waives the benefits of all such laws.

13. Governing Law; Consent to Jurisdiction. THIS AGREEMENT IS INTENDED TO TAKE EFFECT AS A SEALED INSTRUMENT AND SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE. The Reorganized Debtors agree that any suit for the enforcement of this Agreement may be brought in the courts of the State or any federal court sitting therein and consent to the non-exclusive jurisdiction of such courts. The Reorganized Debtors hereby waive any objection that any of them may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

14. Miscellaneous. The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon each of the Reorganized Debtors and their estates, and shall inure to the benefit of the Trust and its successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The each of the Reorganized Debtors acknowledges receipt of a copy of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, intending to be legally bound, each of the Reorganized Debtors has caused this Agreement to be duly executed as of the date first above written.

BSCV, INC. (f/k/a BOSCOV'S, INC.)

By: _____
Name:
Title:

BSCV INVESTMENT COMPANY (f/k/a
BOSCOV'S INVESTMENT COMPANY)

By: _____
Name:
Title:

BSCV FINANCE COMPANY, INC. (f/k/a
BOSCOV'S FINANCE COMPANY, INC.)

By: _____
Name:
Title:

BSCV DEPARTMENT STORE, LLC (f/k/a
BOSCOV'S DEPARTMENT STORE, LLC)

By: _____
Name:
Title:

BSCV TRANSPORTATION COMPANY, LLC
(f/k/a BOSCOV'S TRANSPORTATION
COMPANY, LLC)

By: _____
Name:
Title:

BSCV PSI, INC. (f/k/a BOSCOV'S PSI, INC.)

By: _____
Name:
Title:

BSCV II, INC. (f/k/a SDS, INC.)

By: _____
Name:
Title:

EXHIBIT A
Powers of Attorney

DISCLOSURE STATEMENT EXHIBIT II

SOLICITATION ORDER

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

-----X		
	:	Chapter 11
In re	:	
	:	Case No. 08-11637 (KG)
BSCV, INC. (f/k/a Boscov's, Inc.), <i>et al.</i> , ¹	:	
	:	(Jointly Administered)
Debtors.	:	Re: D.I. 1145
	:	
-----X		

**ORDER APPROVING (A) DISCLOSURE STATEMENT,
(B) NOTICE OF DISCLOSURE STATEMENT HEARING,
(C) CONTENTS OF SOLICITATION PACKAGES, (D) PROCEDURES FOR
THE DISTRIBUTION OF SOLICITATION PACKAGES AND THE
SOLICITATION AND TABULATION OF VOTES TO ACCEPT OR REJECT
PROPOSED JOINT PLAN OF BSCV, INC. (F/K/A BOSCOV'S, INC.)
AND ITS DEBTOR AFFILIATES AND (E) CERTAIN RELATED RELIEF**

This matter coming before the Court on the Motion of Debtors for an Order approving: (i) the Debtors' second amended disclosure statement (as it may be amended, the "Disclosure Statement");² (ii) notice of the hearing on approval of the Disclosure Statement; (iii) the contents of the proposed solicitation packages (collectively, the "Solicitation Packages") to be distributed to creditors and other parties in interest in connection with the solicitation of votes on, and confirmation of, the Second Amended Plan Joint Plan of BSCV, Inc. (f/k/a Boscov's, Inc.) and Its Debtor Affiliates, dated June 15, 2009 (as it may be amended, the "Plan"), including the forms of ballots (the "Ballots") for submitting votes on the Plan; (iv) procedures for

¹ The Debtors are the following eight entities (the last four digits of their respective taxpayer identification numbers, if any, follow in parentheses): BSCV, Inc. (f/k/a Boscov's, Inc.) (1589); BSCV Department Store, LLC (f/k/a Boscov's Department Store, LLC) (9789); BSCV Transportation Company LLC (f/k/a Boscov's Transportation Company LLC) (6388); BSCV PSI Inc. (f/k/a Boscov's PSI Inc.) (1014); BSCV Investment Company (f/k/a Boscov's Investment Company) (4579); BSCV Finance Company, Inc. (f/k/a Boscov's Finance Company, Inc.) (6389); BSCV II, Inc. (f/k/a SDS, Inc.) (7075); and Retail Construction & Development, Inc. (3098). The address of each of the Debtors is 4500 Perkiomen Avenue, Reading, Pennsylvania 19606.

² Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.

the distribution of Solicitation Packages and the solicitation and tabulation of votes to accept or reject the Plan, including establishing (a) procedures for the mailing of Solicitation Packages to creditors entitled to vote on the Plan, (b) the proposed record date for determining which entities are entitled to vote on the Plan, (c) the deadline for the submission of ballots with respect to voting on the Plan and (d) certain vote solicitation and tabulation rules and procedures (including temporary allowance of claims for voting purposes); (v) the form and manner of notice of the hearing on confirmation of the Plan; and (vi) certain related relief (the "Motion"); the Bankruptcy Court having reviewed the Motion and having heard the statement of counsel regarding the relief requested in the Motion at a hearing before the Court (the "Hearing"); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein;

THE COURT HEREBY FINDS THAT:

- A. The Bankruptcy Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.
- B. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
- C. Notice of the Motion and the Hearing, made in the manner described in the Motion, was sufficient and appropriate under the circumstances and complied with the requirements of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules.
- D. The relief requested in the Motion and granted herein is warranted under the circumstances and is in the best interests of the Debtors' respective estates and creditors.
- E. The Disclosure Statement contains adequate information within the meaning of section 1125 of the Bankruptcy Code.

F. The contents of the Solicitation Packages to be distributed to creditors and other parties in interest in connection with the solicitation of votes on the Plan and the procedures for providing notice of the hearing on confirmation of the Plan (the "Confirmation Hearing") and the other matters set forth in the notice of the Confirmation Hearing and the deadline to submit ballots to accept or reject the Plan (the "Confirmation Hearing Notice") comply with Bankruptcy Rules 2002 and 3017 and constitute sufficient notice to all interested parties in accordance with the Bankruptcy Code, the Bankruptcy Rules and the Local Rules.

G. The form of the ballots attached to the Motion as Exhibit B (collectively, the "Ballots") (1) are consistent with Official Form No. 14, (2) adequately address the particular needs of the Chapter 11 Cases, (3) are appropriate for each class of claims or interests entitled to vote to accept or reject the Plan, and (4) comply with Bankruptcy Rule 3017(d).

H. Ballots need not be provided to holders of claims in Classes 1, 2, 5, 6, 7 and 8 because: (1) Classes 1, 2, 7 and 8 are unimpaired under the Plan and are conclusively presumed to accept the Plan in accordance with section 1126(f) of the Bankruptcy Code; (2) Class 6 is also deemed to have accepted the Plan; and (3) holders of claims in Class 5 will not receive or retain any property under the Plan and are deemed to have rejected the Plan.

I. The period during which the Debtors may solicit votes to accept or reject the Plan, as established by this Order, provides a sufficient time for creditors to make informed decisions to accept or reject the Plan and submit timely Ballots.

J. The procedures for the solicitation and tabulation of votes to accept or reject the Plan, as approved herein, provide a fair and equitable voting process and are consistent with section 1126 of the Bankruptcy Code.

K. Kurtzman Carson Consultants LLC is authorized to serve as the voting agent for the Debtors in connection with the preparation, distribution, and tabulation of the Ballots pursuant to the Order Appointing Kurtzman Carson Consultants LLC as Claims, Noticing and Balloting Agent, and Approving the Form and Manner of Notice of Section 341 Meeting entered on August 5, 2008 [D.I. 46].

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.
2. The Disclosure Statement is APPROVED.
3. The notice with respect to the Disclosure Statement in the form attached to the Motion as Exhibit A (the "Disclosure Statement Notice") is hereby APPROVED.
4. The Debtors are directed, except as provided below, to mail Solicitation Packages containing copies of: (a) the Confirmation Hearing Notice; (b) the Disclosure Statement (together with the exhibits thereto, including the Plan, that have been filed with the Court before the date of the mailing) and this Order; (c) the letters recommending acceptance of the Plan in substantially the forms presented to the Court; and (d) for Solicitation Packages sent to holders of claims in classes entitled to vote to accept or reject the Plan, an appropriate form of Ballot and a Ballot return envelope to BSCV Ballot Processing Center, c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, CA 90245.
5. With respect to (a) holders of claims and interests who are not entitled to vote to accept or reject the Plan other than holders of Class 6 Prepetition Intercompany Claims; and (b) parties to executory contracts or unexpired leases to be rejected pursuant to the Plan, (i) the Confirmation Hearing Notice and the applicable Ballot or Notice of Non-Voting Status (as such term is defined below) sent to such entities shall be a paper copy and (ii) any other materials

in the Solicitation Packages sent to such holders of claims and interests shall be sent on CD-ROM.

6. For entities who are listed in the Schedules in the amount of \$0, or who are scheduled as contingent, unliquidated, or disputed and who did not file a proof of claim (other than parties to executory contracts or unexpired leases to be rejected pursuant to the Plan), in lieu of a Solicitation Package, such parties shall only receive the Confirmation Hearing Notice.

7. All Plan documents, including the Disclosure Statement and forms of the Ballots, will be available by paper copy upon written request to the Debtors' Voting Agent and via the Internet on the website of the Debtors' Voting Agent at www.kccllc.net/boscov.

8. The Ballots substantially in the forms attached to the Motion as Exhibit B, including the instructions attached to each Ballot, are APPROVED. The Debtors are authorized to make nonsubstantive changes to the Ballots, including modifications to conform to the deadlines set forth herein. The appropriate Ballots shall be distributed to holders of claims in the following classes entitled to vote to accept or reject Plan:

<u>Ballot No. 3</u>	Ballot for holders of Class 3 Priority Claims (as such term is defined in the Plan) against any Debtor
<u>Ballot No. 4</u>	Ballot for Class 4 General Unsecured Claims (as such term is defined in the Plan) against any Debtor

9. Consistent with sections 1126(f) and 1126(g) of the Bankruptcy Code and Bankruptcy Rule 3017(d), Solicitation Packages for holders of claims against any Debtor in a class under the Plan that is deemed to accept or reject the Plan under section 1126(f) or 1126(g) of the Bankruptcy Code shall not include a Ballot but shall include the appropriate notice with respect to holders of claims and interests who are not entitled to vote to accept or reject the Plan

(the "Notice of Non-Voting Status"). The Debtors shall not be required to provide any additional documents or materials in the Solicitation Packages.

10. The Notices of Non-Voting Status, substantially in the forms attached to the Motion as Exhibits D-1 and D-2, are APPROVED. The Debtors are authorized to make nonsubstantive changes to the Notices of Non-Voting Status, including modifications to conform to the deadlines set forth herein.

11. The "Solicitation and Tabulations Procedures," and those rules set forth on Exhibit 1 to this Order are APPROVED.

12. Except as provided below, the Solicitation Packages shall be mailed not less than 25 days prior to the Voting Deadline (as defined below) to: (a) all persons or entities that have filed proofs of claim on or before the Record Date (as defined below), or their transferees in accordance with the procedures set forth below; (b) all persons or entities listed in the Schedules as holding liquidated, noncontingent and undisputed claims as of the Record Date, or their transferees in accordance with the procedures set forth below; (c) other known holders of claims or potential claims against the Debtors, if any, as of the Record Date (including parties on Schedule G to the Debtors' Schedules); (d) all holders of record of common stock of BSCV, Inc.; (e) all other parties in interest that have filed requests for notice pursuant to Bankruptcy Rule 2002 in the Debtors' chapter 11 cases; (f) the Securities and Exchange Commission; (g) the U.S. Trustee; (h) counsel to the lenders party to Debtors' pre-petition first lien credit agreement; (i) counsel to the lenders party to Debtors' pre-petition second lien credit agreement; and (j) counsel to the DIP lenders.

13. The Debtors are excused from mailing Solicitation Packages to those entities for which the Debtors have only incomplete or inaccurate addresses unless the Debtors

are provided with accurate addresses for such entities, in writing, so as to be received on or before the day of the Disclosure Statement Hearing, July 22, 2009. Failure to mail Solicitation Packages to such entities shall not constitute inadequate notice of the Confirmation Objection Deadline, the Confirmation Hearing, the Voting Deadline or any other matter. If a Solicitation Package is returned as undeliverable, the Voting Agent shall resend such Solicitation Package only once, provided that the United States Post Office has included a forwarding address at least ten business days before the Voting Deadline.

14. Pursuant to Bankruptcy Rule 3017(d), July 22, 2009 shall be the record date for purposes of determining which creditors are entitled to receive Solicitation Packages and, where applicable, vote on the Plan (the "Record Date").

15. With respect to a transferred claim, the transferee shall be entitled to receive a Solicitation Package and cast a Ballot on account of such claim only if by the Record Date (a) all actions necessary to effect the transfer of the claim pursuant to Bankruptcy Rule 3001(e) have been completed or (b) the transferee files (i) the documentation required by Bankruptcy Rule 3001(e) to evidence the transfer and (ii) a sworn statement of the transferor supporting the validity of the transfer.

16. To be counted as votes to accept or reject the Plan, all Ballots must be executed properly, completed and delivered to the Voting Agent either (a) by regular mail, (b) by overnight mail or (c) by personal delivery so that, in each case, such Ballots are received by the Voting Agent no later than 5:00 p.m., Pacific Time, on August 25, 2009 or such other date established by the Debtors that is at least 25 days after the Debtors substantially complete the mailing of all of the Solicitation Packages in accordance with the procedures set forth herein (the "Voting Deadline").

September 17

17. The Confirmation Hearing is scheduled to be conducted on ✓, 2009 at 3:00 p.m. The Confirmation Hearing may be continued from time to time by the Court without further notice other than the announcement of the adjourned date(s) at the Confirmation Hearing or any continued hearing.

18. Objections to confirmation of the Plan, if any, must: (a) be in writing; (b) state the name and address of the objecting party and the nature of the claim or interest of such party; (c) state with particularity the basis and nature of any objection to the confirmation of the Plan; and (d) be filed with the Court and served on (i) the counsel to the Debtors, (ii) counsel to the Committee, and (iii) the U.S. Trustee so that they are received no later than 5:00 p.m., Eastern Time, on August ²⁸~~24~~, 2009 or such other date established by the Debtors that is at least 25 days after the Debtors substantially complete the mailing of the Solicitation Packages (the "Confirmation Objection Deadline").

19. The Confirmation Hearing Notice in substantially the form attached to the Motion as Exhibit C-1 is APPROVED. The Debtors are authorized to make nonsubstantive changes to the Confirmation Hearing Notice, including modifications to conform to the deadlines set forth herein. The Debtors shall serve copies of the Confirmation Hearing Notice, along with the other materials comprising the Solicitation Package, in accordance with the procedures set forth in the Motion and this Order.

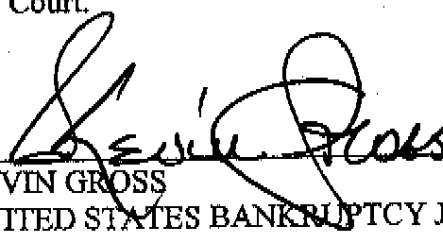
20. The notice in an abbreviated form of the Confirmation Hearing Notice in substantially the form attached to the Motion as Exhibit C-2 (the "Publication Notice") is APPROVED. The Debtors are authorized to make nonsubstantive changes to the Publication Notice, including modifications to conform to the deadlines set forth herein. The Debtors shall

publish the Publication Notice not less than 25 days before the Confirmation Hearing in the national edition of *The Wall Street Journal*.

21. The Debtors and the Committee are each authorized to file a consolidated response to any objections filed to the Plan on or before September ¹¹~~8~~, 2009.

22. The Debtors and the Voting Agent are authorized to take or refrain from taking any action necessary or appropriate to implement the terms of, and the relief granted in, this Order without seeking further Order of the Court.

Dated: Wilmington, Delaware
July 22, 2009



KEVIN GROSS
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

SOLICITATION AND TABULATION PROCEDURES

1. Solely for purposes of voting to accept or reject the Second Amended Joint Plan of BSCV, Inc. (f/k/a Boscov's, Inc.) and Its Debtor Affiliates (collectively, the "Debtors"), dated June 15, 2009 (as it may be amended, the "Plan") — and not for the purpose of the allowance of, or distribution on account of, a claim and without prejudice to the rights of the Debtors in any other context — each claim within a class of claims entitled to vote to accept or reject the Plan is temporarily allowed in accordance with the following rules (collectively, and together with additional rules specified below, the "Tabulation Rules"):

a. unless otherwise provided in the Tabulation Rules described below, a claim will be deemed temporarily allowed for voting purposes in the amount of such claim as set forth in a timely filed proof of claim;

b. if a claim is deemed allowed in accordance with the Plan, such claim will be temporarily allowed for voting purposes in the deemed allowed amount set forth in the Plan;

c. if a claim for which a proof of claim has been timely filed is marked as contingent or unliquidated, or if such proof of claim has not been filed but such claim relates to an unexpired lease or executory contract to be rejected pursuant to the Plan, such claim will be temporarily allowed for voting purposes in the amount of \$1.00;

d. if a claim is listed in the Debtors' respective schedules of assets and liabilities, and any amendments thereto (collectively, the "Schedules") as contingent, unliquidated or disputed and a proof of claim was not timely filed, such claim will be disallowed for voting purposes;

e. if a claim holder identifies a claim amount on its ballot ("Ballot") that is less than the amount otherwise calculated in accordance with the Tabulation Rules, the claim will be temporarily allowed for voting purposes in the lesser amount identified on such Ballot;

f. if a claim has been estimated or allowed by the Court, such claim will be allowed for voting purposes in the amount so estimated or allowed by the Court; and

g. if the Debtors seek to reduce a claim in an objection filed before the Voting Deadline, such claim will be temporarily allowed for voting purposes in the amount to which the Debtors seek to reduce such claim, pending allowance of the claim in a higher amount by the Court.

2. Any claimant that seeks to challenge the allowance of its claim for voting purposes in accordance with the Tabulation Rules, shall be required to file a motion pursuant to Bankruptcy Rule 3018 ("Rule 3018 Motion") and serve such motion on the Debtors and the Committee so that it is received on or before the date that is 10 days prior to the Voting Deadline. Such motion shall, to the extent necessary, be heard at the hearing on confirmation of the Plan. In accordance with Bankruptcy Rule 3018, any Ballot submitted by a creditor that files a Rule 3018 Motion shall be counted solely in accordance with the Tabulation Rules unless and until (i) the underlying claim is temporarily allowed by the Court for voting purposes in a different amount, or (ii) the Debtors and the Committee, in their sole discretion, agree to allow the claim for voting purposes in a different amount.

3. In tabulating the Ballots, the following additional Tabulation Rules shall be utilized: (a) any Ballot that is properly completed, executed, and timely returned to the Voting Agent but does not indicate an acceptance or rejection of the Plan will not be counted as either a vote to accept or a vote to reject the Plan; (b) if a creditor casts more than one Ballot voting the same claim before the Voting Deadline, the last dated Ballot received before the Voting Deadline will be deemed to reflect the voter's intent and thus will supersede any prior Ballots; (c) creditors will be required to vote all of their claims within a particular class under the Plan either to accept or reject the Plan and may not split their votes; thus, a Ballot (or a group of Ballots within a Plan class received from a single creditor) that partially rejects and partially accepts the Plan will not be counted; and (d) Ballots received after the Voting Deadline will not be tabulated for

determining whether a class of creditors has voted to accept or reject the Plan; provided that the Debtors, in their discretion, may agree to extend the Voting Deadline for one or more creditors.

DISCLOSURE STATEMENT EXHIBIT III

CHAPTER 7 LIQUIDATION ANALYSIS

EXHIBIT III

CHAPTER 7 LIQUIDATION ANALYSIS

A. INTRODUCTION

The following is a Liquidation Analysis for BSCV, Inc. and its Debtor Affiliates (the "Debtors"). This Liquidation Analysis reflects the projected outcome of the hypothetical, orderly liquidation of the Debtors under chapter 7 of the Bankruptcy Code. Claims estimates set forth herein are not an admission of liability or amount.

If the Debtors' chapter 11 cases were converted to cases under chapter 7 of the Bankruptcy Code, a chapter 7 trustee would be elected or appointed to liquidate the Debtors' remaining assets for distribution to holders of Allowed Claims.

The cash amount available for distribution to general unsecured creditors in a chapter 7 case consists of the proceeds resulting from the disposition of unencumbered assets of the Debtors reduced by the costs of liquidation and the value of Allowed Administrative Claims, Priority Claims and Priority Tax Claims. The Debtors have reviewed and analyzed liquidation through conversion to cases under chapter 7, and this Liquidation Analysis reflects the Debtors' estimates of recoveries in post-conversion chapter 7 cases for BSCV, Inc. and its Debtor Affiliates.

The Liquidation Analysis assumes that, in a chapter 7 liquidation, the trustee will seek to liquidate any remaining assets, object to and resolve claims and otherwise wind down the estates over approximately 180 days following conversion.

As the Debtors' Plan is a liquidating plan under chapter 11, the principal difference in estimated proceeds available for general unsecured creditors from the distributions and recoveries estimated in the Plan are the estimated chapter 7 trustee fees and potentially higher professional fees due to the unfamiliarity that new professional may have with the case status. Generally, the chapter 7 trustee will incur costs in the transition to learn about the case and the potential recoveries. Additionally, the professionals engaged by the trustee will also have to incur costs to come up the learning curve. Such transition costs would be incremental to the costs of the Debtors' Plan and as such would likely result in lower recoveries versus the Debtors' Plan.

Under the facts and circumstances of these cases, as of the date hereof, the Debtors submit that the assumptions made are reasonable.

B. Assumptions

The Liquidation Analysis considers many factors and makes certain assumptions. The general assumptions are described below.

1. General Assumptions

The Liquidation Analysis assumes that the Bankruptcy Cases were converted to cases under chapter 7 on July 1, 2009.

Both the estimated proceeds arising from the liquidation of the Debtors' assets and the estimated claims associated with the Debtors are shown in the analysis with a low and high estimated amount, where applicable.

The assumed claims amounts are based on the filed and scheduled claims. The Debtors' are continuing to analyze all claims and therefore the amounts used in the Liquidation Analysis are the Debtors' estimates and the actual amount of Allowed Claims could vary materially from these estimates.

2. Balance Sheet Assets

The following are assumptions with respect to specific categories of the balance sheet assets.

- a. **Cash and Short-term Investments:** Estimated cash balances as of July 1, 2009. Does not assume any significant investment income.
- b. **Tax Refund Receivable:** Assumes in the High Recovery Scenario that the Debtor prevails on carrying back losses to prior periods resulting in \$7 million in state and federal income tax refunds. The Low Recovery Scenario assumes that no refunds are obtained.
- c. **Note Receivable from Purchaser:** The High Recovery Scenario assumes that the Debtors are paid 100% of the face amount under the annual excess cash flow formula. The Low Recovery Scenario assumes that only the final minimum payment of \$2 million is earned.

3. Administrative and Priority Claims and Liquidation Expenses

- a. **Secured Claims:** The analysis assumes that there are no remaining unsecured claims.
- b. **Administrative Claims:** The analysis assumes that Administrative Claims that relate to landlord and tax claims as filed are upheld. Assumes that the \$4 million claim of Versa Capital Management is disallowed.
- c. **503(b)(9) Claims:** Assumes that claims arising from the inventory received in the 20 days preceding the filing approximate \$6.6 million.
- d. **Chapter 7 Trustee Fees:** Assumes that a Chapter 7 Trustee would be paid 3% of the value distributed.
- e. **Professional Fees:** Assumes that the Chapter 7 Trustee retains legal counsel, financial advisors and a claims agent to assist in the

administration of the liquidation. Assumes that the case runs for approximately 6 months. Analysis includes estimated amounts for fees incurred before conversion of the cases to chapter 7 and assumes such amounts are paid prior to conversion.

- f. **Wind-down Expenses:** Since there are no ongoing operations related to the estate, assumes no wind-down expenses in addition to the professional fees. Assumes that any services required by employees of the Purchaser are provided without cost to the Estate.
- g. **Priority Claims:** The analysis assumes certain Priority Claims, which include employee and tax claims, are upheld in the Lower Recovery and are disallowed in the Higher Recovery.
- h. **Due to purchaser:** Based on the Debtors current analysis, cure payments related to assumed executory contracts are approximately \$100,000 less than the amount funded by Purchaser at closing. Analysis assumes that the excess is returned to the Purchaser.

4. General Unsecured Claims

General Unsecured Claims include the Debtors' estimate of valid scheduled and filed claims for pre-petition liabilities, including potential rejection damages related to unexpired real estate leases that were rejected by the Debtors. The Debtors are continuing to analyze all claims and therefore the amounts used in the Liquidation Analysis are the Debtors' estimates and the actual amount of Allowed Claims could vary materially from these estimates.

C. Disclaimers and Variances

The process of estimating recoveries in a chapter 7 case is uncertain due to economic, business, litigation and other contingencies. The underlying estimates and projections supporting the attached Liquidation Analysis have been prepared by the Debtors and have not been examined by independent accountants.

The Debtors make no representations of the accuracy of these estimates and projections or a chapter 7 trustee's ability to meet the estimates and projections. The assumptions underlying the estimates and projections are subject to significant uncertainties. Unanticipated results, positive or negative, may occur. The Liquidation Analysis therefore is, by its nature, uncertain. Nonetheless, the Liquidation Analysis represents the Debtors' current and best estimate of the financial results from the conversion of the Bankruptcy Cases to cases under chapter 7 and the associated liquidation of assets under the circumstances described above.

Liquidation Analysis
BSCV, Inc. and its Debtor Affiliates

(\$ in thousands)

	Estimated Liquidation Proceeds	
	<u>Low</u>	<u>High</u>
Assets		
Cash and Short-term Investments	\$ 16,300	\$ 16,300
Tax Refund Receivable	-	7,000
Note Receivable from Purchaser	2,000	4,000
Amounts Available for Distribution	<u>18,300</u>	<u>27,300</u>
<u>Administrative and Priority Claims and Liquidation Expenses</u>		
Secured Claims	\$ -	\$ -
Administrative Claims	2,100	2,100
503(b)(9) Claims	6,600	6,600
Chapter 7 Trustee Fees	500	800
Professional Fees	1,450	1,150
Total Secured and Administrative Claims	<u>10,650</u>	<u>10,650</u>
Amounts Available for Priority and Unsecured Claimants	<u>7,650</u>	<u>16,650</u>
Priority Claims	200	-
Due to Purchaser	100	100
Wind-down Expenses	-	-
Total Priority Claims and Liquidation Expenses	<u>300</u>	<u>100</u>
Total Amount Available for Unsecured Creditors	\$ 7,350	\$ 16,550

Estimated Recoveries to Unsecured Claims

	Estimated Allowed Claim		Estimated Percent Recovery		Estimated Amount Distributed	
	<u>High</u>	<u>Low</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
General Unsecured Claims	\$ 130,000	\$ 110,000	5.7%	15.0%	\$ 7,350	\$ 16,550