

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
MALIBU LIGHTING CORPORATION, et al.,¹)
Debtors.) Case No. 15-12080 (KG)
) (Jointly Administered)
)
) Hearing Date: July 26, 2017 at 2:00 p.m. (ET)

**DISCLOSURE STATEMENT IN RESPECT TO THE DEBTORS'
AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS' JOINT PLAN
OF LIQUIDATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

IMPORTANT DATES

- Date by which Ballots must be received: 4:00 p.m. on July 19, 2017 (Prevailing Pacific Time)
- Date by which objections to Confirmation of the Plan must be filed and served:
4:00 p.m. on July 19, 2017 (Prevailing Eastern Time)
- Hearing on Confirmation of the Plan: July 26, 2017 at 2:00 p.m. (prevailing Eastern time)

Dated: June 14, 2017

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and

¹ The Debtors, together with the last four digits of each Debtors' tax identification number, are: Malibu Lighting Corporation (0556); Outdoor Direct Corporation f/k/a The Brinkmann Corporation (9246); NC Estate Corporation f/k/a National Consumer Outdoors Corporation (1153); Q-Beam Corporation (1560); Smoke 'N Pit Corporation (9951); Treasure Sensor Corporation (9938); and Stubbs Collections, Inc. (6615). The Debtors' service address is P.O. Box 5960, Frisco, TX 75035.



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EXHIBITS

- 1 – Disclosure Statement Order
- 2 – Corporate/Organizational Chart
- 3 – Intercompany Claims and Brinkmann Intercompany Claims
- 4 – Tooling Creditors
- 5 – Liquidation Analysis

I.

PREFATORY STATEMENT AND DEFINITIONS

Pursuant to chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”), the above captioned debtors and debtors in possession (collectively, the “Debtors”) and the Official Committee of Unsecured Creditors (the “Committee,” and together with the Debtors, the “Plan Proponents”) hereby submit this disclosure statement (the “Disclosure Statement”) in support of the *Debtors’ and the Official Committee of Unsecured Creditors’ Joint Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code* (as may be amended or modified, the “Plan”). The definitions contained in the Bankruptcy Code are incorporated herein by reference. The definitions set forth in Article II of the Plan will also apply to capitalized terms used herein that are not otherwise defined. The Debtors believe that the Plan maximizes the recoveries to Holders of General Unsecured Claims and strongly recommends that creditors vote to accept the Plan. Also, as explained more fully below and in the Committee’s letter in support of the Plan that was included in the solicitation package sent to you along with the Plan, this Disclosure Statement and accompanying Ballots, the Committee believes that the Plan is the best interests of Creditors, and also strongly recommends that creditors vote to accept the Plan.

II.

INTRODUCTION AND OVERVIEW

A. **Summary of Treatment of Claims and Equity Interests Under the Plan**

The Plan is a plan of liquidation which, *inter alia*, provides for the treatment of all Claims against and equity security interests in the Debtors. The Plan provides for partial substantive consolidation of certain of the Debtors. As discussed in more detail herein, each of the Debtors are being substantively consolidated with their respective parent corporation as they (i) have de minimis, if any, assets, (ii) have de minimis, if any Claims scheduled or filed against them, and (iii) were not operating on the Petition Date.

Thus, each category of Claims in the Plan consists of three (3) classes² denoted, as Classes (A) through (C), which correspond to the ODC Debtors, MLC, and the NCOC Debtors. Class (A) corresponds to the ODC Debtors (which are: (i) Outdoor Direct Corporation f/k/a the Brinkmann Corporation (“ODC”); (ii) Smoke ‘N Pit Corporation, (iii) Treasure Sensor Corporation, and (iv) Q-Beam Corporation); Class (B) corresponds to Malibu Lighting Corporation (“MLC”); and Class (C) corresponds to the NCOC Debtors (which are: (i) NC Estate Corporation f/k/a National Consumer Outdoors Corporation, and (ii) Stubbs Collections, Inc. (“Stubbs”)).

The Plan contemplates the compromise, settlement, and release of the Debtors’ and the Estates’ Claims against the Brinkmann Parties and CCC.

² Except for Class 3 (A&B), which only has 2 sub-classes because the Claims treated under the Plan with respect to the Debtors’ tooling equipment only relate to MLC and the ODC Debtors.

The terms of the Global Settlement are set forth in the Global Settlement Agreement attached to the Plan as **Exhibit A** and provides for the settlement of Claims by and against the Debtors; the Brinkmann Parties, and the Debtors' insurer, Continental Casualty Insurance Company ("CCC"). The settlement embodied in the Global Settlement Agreement provides for the following:

- Settlement Consideration to the Debtors' Estates: As discussed in paragraphs 2 and 3 of the Global Settlement Agreement.
- Tooling Equipment: As discussed in paragraph 4 of the Global Settlement Agreement.
- Intercompany Claims: As discussed in paragraph 7 of the Global Settlement Agreement.
- Brinkmann Intercompany Claims: As discussed in paragraph 6 of the Global Settlement Agreement.
- JBBI's agreement to vote JBBI Secured Claim in favor of Plan: As discussed in paragraph 8 of the Global Settlement Agreement.
- Mutual General Release: As discussed in paragraphs 10-13 of the Global Settlement Agreement.
- Estimated distributions to Holders of General Unsecured Claims are discussed in detail in the Distribution Model attached to the Plan as **Exhibit C**.

The proceeds from the Global Settlement shall be deposited into an account maintained by the Liquidation Trust for the benefit of Holders of Allowed Claims. The Liquidation Trust will make distributions to all Holders of Allowed Claims pursuant to the terms of the Plan. As set forth below, the JBBI Secured Claims (Classes 4 (A-C)) shall not receive any distributions under the Plan. The Equity Interests (Class 6(A)) and Subsidiary Equity Interests (Class 6(B)) will be cancelled on the Effective Date of the Plan. The Intercompany Claims are not classified, but as described in more detail herein, provide the basis for the allocation of the Settlement Consideration between and among the ODC Debtors, MLC and the NCOC Debtors, pursuant to the Distribution Model Methodology. The Brinkman Intercompany Claims shall be treated in accordance with paragraph 6 of the Global Settlement Agreement.

Thus, the Plan also provides for the compromise of controversy of all Claims and causes of action by the Debtors and the Estates pursuant to Rule 9019 of the Bankruptcy Rules against CCC, the Brinkmann Parties in exchange for the Settlement Consideration.

The Disclosure Statement, distributed with the accompanying Plan, contains a discussion of the Debtors' history, a summary of the Debtors' assets and liabilities, a summary of what Holders of Claims will receive under the Plan, a discussion of certain alternatives to the Plan, and a summary of the procedures and voting requirements necessary for Confirmation of the Plan. The Disclosure Statement is intended to provide Holders of Claims with information

sufficient to enable such Holders to vote on the Plan. All Claim Holders entitled to vote on the Plan are encouraged to carefully read the Disclosure Statement and the Plan before voting to accept or reject the Plan. No solicitation materials, other than the Disclosure Statement and related materials transmitted therewith and approved by the Bankruptcy Court, have been authorized for use in soliciting acceptance or rejection of the Plan.

THE PLAN PROPONENTS BELIEVE THAT THE PLAN IS FAIR AND EQUITABLE, WILL MAXIMIZE RECOVERIES TO HOLDERS OF GENERAL UNSECURED CLAIMS, AND IS IN THE BEST INTERESTS OF CREDITORS. THE PLAN PROPONENTS URGE HOLDERS OF CLAIMS WHO ARE ENTITLED TO VOTE ON THE PLAN TO TIMELY RETURN THEIR BALLOTS AND TO VOTE TO ACCEPT THE PLAN.

Class No.	Description	Estimated Allowed Claims	Estimated Recovery Percentage	Treatment
n/a	Administrative Claims	Allowed Claims Paid in the ordinary course	100%	Not classified under Plan and not entitled to vote
n/a	Priority Tax Claims ¹	Up to approx.\$238,000	100%	Not classified under Plan and not entitled to vote
1	Priority Non-Tax Claims (A – C)	None	100%	Unimpaired. Not entitled to vote on Plan and deemed to accept.
2	Miscellaneous Secured Claims ³ (A-C)	None	Value of collateral	Unimpaired. Not entitled to vote on Plan and deemed to accept.
3	Tooling Claims A (ODC Debtors) & B (MLC)	Unknown ⁴	Unknown	Impaired. Entitled to vote on Plan
4	JBBI Secured Claims (A-C)	N/A	\$0 (per Global Settlement Agreement)	Impaired. Entitled to vote on Plan.
5	General Unsecured Claims (A – C)	(A) \$10 million (est.) (B) \$4.8 million (est.) (C) \$2.6 million (est.)	(A) 34.1% to 50.3% (B) 6.1% to 7.1% (C) 100%	Impaired. Entitled to vote on Plan.
6	Equity Interests and Subsidiary Equity Interests (A – B)	N/A	N/A	Impaired. Not entitled to vote on Plan and deemed to reject.

³ Although all Miscellaneous Secured Claims have been placed in one Class for the purposes of nomenclature, each Miscellaneous Secured Claim, to the extent secured by a Lien on any property or interest in property of the Debtors different from that securing any other Miscellaneous Secured Claim, will be treated as being in a separate sub-Class against each applicable Debtor for the purpose of receiving distributions under the Plan.

⁴ Exhibit 4 to the Disclosure Statement lists the asserted claims of the Tooling Creditors, which have the treatment election of their claims explained in detail in Section V.B.3 below. The Plan Proponents reserve all rights to object to any Claims on any and all grounds asserted by the Tooling Vendors to the extent they elect to receive the treatment provided to Holders of Class 5(A-C) (General Unsecured Claims).

B. Disclaimers

THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE DEBTORS' PROPOSED PLAN. PLEASE READ THIS DOCUMENT WITH CARE. THE PURPOSE OF THE DISCLOSURE STATEMENT IS TO PROVIDE "ADEQUATE INFORMATION" OF A KIND, AND IN SUFFICIENT DETAIL, AS FAR AS IS REASONABLY PRACTICABLE IN LIGHT OF THE NATURE AND HISTORY OF THE DEBTORS AND THE CONDITION OF THE DEBTORS' BOOKS AND RECORDS, THAT WOULD ENABLE A HYPOTHETICAL REASONABLE INVESTOR TYPICAL OF HOLDERS OF CLAIMS OR INTERESTS OF THE RELEVANT CLASS TO MAKE AN INFORMED JUDGMENT CONCERNING THE PLAN.

FOR THE CONVENIENCE OF CREDITORS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THE PLAN ITSELF QUALIFIES ANY SUMMARY. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.

NO REPRESENTATIONS CONCERNING THE DEBTORS' FINANCIAL CONDITION OR ANY ASPECT OF THE PLAN ARE AUTHORIZED BY THE PLAN PROPONENTS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OR REJECTION THAT ARE OTHER THAN AS CONTAINED IN OR INCLUDED WITH THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION.

THE FINANCIAL INFORMATION CONTAINED HEREIN, UNLESS OTHERWISE INDICATED, IS UNAUDITED. MOREOVER, BECAUSE OF THE DEBTORS' FINANCIAL DIFFICULTIES, AS WELL AS THE COMPLEXITY OF THE DEBTORS' FINANCIAL MATTERS, THE BOOKS AND RECORDS OF THE DEBTORS, UPON WHICH THIS DISCLOSURE STATEMENT IN PART IS BASED, MAY BE INCOMPLETE OR INACCURATE. HOWEVER, REASONABLE EFFORT HAS BEEN MADE TO ENSURE THAT ALL SUCH INFORMATION IS FAIRLY PRESENTED.

PACHULSKI STANG ZIEHL & JONES LLP ("PSZ&J") SERVES AS GENERAL BANKRUPTCY COUNSEL TO THE DEBTORS. DAVID BAKER OF AURORA MANAGEMENT PARTNERS ("AURORA") IS THE CHIEF RESTRUCTURING OFFICER OF EACH OF THE DEBTORS. LOWENSTEIN SANDLER LLP ("LOWENSTEIN") AND BLANK ROME LLP ("BLANK ROME") ARE COUNSEL FOR THE COMMITTEE AND BDO CONSULTING ("BDO") IS THE FINANCIAL ADVISOR TO THE COMMITTEE. PSZ&J, MR. BAKER, AURORA, BDO, LOWENSTEIN, AND BLANK ROME HAVE RELIED UPON INFORMATION PROVIDED BY EMPLOYEES OF THE DEBTORS IN CONNECTION WITH PREPARATION OF THIS DISCLOSURE STATEMENT. ALTHOUGH PSZ&J, MR. BAKER, AURORA, BDO, BLANK ROME, AND LOWENSTEIN HAVE PERFORMED CERTAIN LIMITED DUE DILIGENCE IN CONNECTION WITH THE PREPARATION OF THIS DISCLOSURE STATEMENT, NEITHER PSZ&J, MR. BAKER,

AURORA, BDO, LOWENSTEIN, NOR BLANK ROME HAVE INDEPENDENTLY VERIFIED ALL OF THE INFORMATION CONTAINED HEREIN.

THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. EACH CREDITOR OR INTEREST HOLDER SHOULD CONSULT HIS OR HER OWN LEGAL COUNSEL AND ACCOUNTANT AS TO LEGAL, TAX AND OTHER MATTERS CONCERNING HIS OR HER CLAIM.

C. Distribution of the Disclosure Statement to Holders of General Unsecured Claims

This Disclosure Statement, submitted in accordance with section 1125 of the Bankruptcy Code, contains information regarding the Plan proposed by the Debtors. The Plan, which has been filed concurrently with the Disclosure Statement, is being provided to you along with a copy of the Disclosure Statement. The Disclosure Statement is being distributed to you for the purpose of enabling you to make an informed judgment about the Plan.

The Disclosure Statement contains information concerning, among other matters: (1) the Debtors' background; (2) the assets available for distribution under the Plan; and (3) a summary of the Plan. Following a hearing on June 14, 2017, the Bankruptcy Court approved this Disclosure Statement as containing sufficient information to enable a hypothetical reasonable investor to make an informed judgment about the Plan. A copy of the order approving the Disclosure Statement is attached hereto as **Exhibit 1**. Under section 1125 of the Bankruptcy Code, this approval enabled the Debtors to send you this Disclosure Statement and solicit your acceptance of the Plan. The Bankruptcy Court has not considered for approval the Plan itself or conducted a detailed investigation into the contents of this Disclosure Statement.

Your vote on the Plan is important. Absent acceptance of the Plan, there may be protracted delays or a chapter 7 liquidation. These alternatives may not provide for distribution of as much value to Holders of Allowed Claims as does the Plan. Accordingly, the Plan Proponents urge you to accept the Plan by completing and returning the enclosed ballot(s) no later than July 19, 2017.

D. Voting on the Plan

1. Who May Vote

The Plan divides Allowed Claims and Interests into multiple Classes. Under the Bankruptcy Code, only Classes that are "impaired" by the Plan are entitled to vote (unless the Class receives no compensation or payment, in which event the Class is conclusively deemed not to have accepted the Plan). A Class is Impaired if legal, equitable or contractual rights attaching to the Claims or Interests in the Class are modified, other than by curing defaults and reinstating maturities. Under the Plan, Administrative Claims and Priority Tax Claims are unclassified and are not entitled to vote. Classes 1 (A-C) and 2 (A-C) are Unimpaired and are therefore conclusively presumed to have accepted the Plan, and are not entitled to vote on the Plan. Classes 3 (A&B); 4 (A-C), and 5 (A-C) are Impaired and entitled to vote to accept or reject the Plan. Equity security interests in and by the various Debtors in Class 6 (A&B) are Impaired, but will not receive any distributions under the Plan and, therefore, are not entitled to vote to accept

or reject the Plan.

2. **How to Vote**

All votes to accept or to reject the Plan must be cast by using the appropriate form of ballot. No votes other than ones using such ballots will be counted except to the extent ordered otherwise by the Bankruptcy Court. A form of ballot is being provided to Holders of Claims in Class 3 (A&B) (Tooling Claims), Class 4 (A-C) (JBBI Secured Claims), and Class 5(A-C) (General Unsecured Claims) by which members in such Class may vote their acceptance or rejection of the Plan. The ballot for voting on the Plan gives Holders of Claims in Class 3 (A&B), Class 4 (A-C), and Class 5 (A-C) an important choice to make with respect to the Plan – you can vote for or against the Plan. To vote on the Plan, after carefully reviewing the Plan and this Disclosure Statement, please complete the ballot (1) by indicating on the enclosed ballot that (a) you accept the Plan or (b) you reject the Plan and (2) by signing your name and mailing the ballot in the envelope provided for this purpose. KCC LLC (“KCC”), as the Balloting Agent, will count the ballots.

IN ORDER TO BE COUNTED, BALLOTS MUST BE COMPLETED, SIGNED AND RECEIVED BY THE BALLOTING AGENT, KCC, NO LATER THAN 4:00 P.M. ON JULY 19, 2017 AT THE FOLLOWING ADDRESS:

Malibu Lighting Corporation Balloting Center
2335 Alaska Avenue
El Segundo, CA 90245

IF YOUR BALLOT IS NOT PROPERLY COMPLETED, SIGNED AND RECEIVED AS DESCRIBED, IT WILL NOT BE COUNTED. IF YOUR BALLOT IS DAMAGED OR LOST, YOU MAY REQUEST A REPLACEMENT BY MAKING A WRITTEN REQUEST TO THE ADDRESS SHOWN ABOVE.

FACSIMILE OR ELECTRONICALLY TRANSMITTED BALLOTS WILL NOT BE COUNTED.

E. **Confirmation of the Plan**

1. **Generally**

“Confirmation” is the technical term for the Bankruptcy Court’s approval of a plan. The timing, standards and factors considered by the Bankruptcy Court in deciding whether to confirm a plan are discussed in Article V below.

2. **Objections to Confirmation**

Any objections to Confirmation of the Plan must be in writing and must be filed with the Clerk of the Bankruptcy Court and served on counsel for the Plan Proponents and the United States Trustee on or before the date set forth in the notice of the Confirmation Hearing sent to you with this Disclosure Statement and the Plan. Bankruptcy Rule 3007 governs the form of any such objection.

3. **Hearing on Confirmation**

The Bankruptcy Court has set **July 26, 2017 at 2:00 p.m. (prevailing Eastern time)** for a hearing (the "Confirmation Hearing") to determine whether the Plan has been accepted by the requisite number of Creditors and whether the other requirements for confirmation of the Plan have been satisfied. The Confirmation Hearing will be held before the Honorable Kevin Gross, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 6th Floor, Courtroom 3, Wilmington, Delaware 19801. The Confirmation Hearing may be continued from time to time and day to day by the Plan Proponents without further notice. If the Bankruptcy Court confirms the Plan, it will enter the Confirmation Order.

F. An Overview of the Chapter 11 Process

Chapter 11 of the Bankruptcy Code contains numerous provisions, the general effect of which is to provide the debtor with "breathing space" within which to propose a restructuring of its obligations to third parties. The filing of a chapter 11 bankruptcy petition creates a bankruptcy "estate" comprising all of the property interests of the debtor. Unless a trustee is appointed by the Bankruptcy Court for cause (no trustee has been appointed in these Chapter 11 Cases), a debtor remains in possession and control of all its assets as a "debtor in possession." The debtor may continue to operate its business in the ordinary course on a day-to-day basis without Bankruptcy Court approval. Bankruptcy Court approval is only required for various statutorily enumerated kinds of transactions (such as certain financing transactions) and transactions out of the ordinary course of a debtor's business. The filing of the bankruptcy petition gives rise to what is known as the "automatic stay" which, generally, enjoins creditors from taking any action to collect or recover obligations owed by a debtor prior to the commencement of a chapter 11 case. The Bankruptcy Court can grant relief from the automatic stay under certain specified conditions or for cause.

The Bankruptcy Code authorizes the creation of one or more official committees to protect the interests of some or all creditors or interest Holders. The fees and expenses of counsel and other professionals employed by such official committees and approved by the Bankruptcy Court are generally borne by a bankruptcy estate. The Committee was appointed in the Debtors' Chapter 11 Cases in order to represent the collective interests of the general unsecured creditors of the Debtors.

A chapter 11 debtor may emerge from bankruptcy by successfully confirming either a plan of reorganization or liquidation. The Debtors' plan is a plan of liquidation. A plan may be either consensual or non-consensual and provide, among other things, for the treatment of the

Claims of creditors and interests of shareholders and Holders of options or warrants. The provisions of the Debtors' Plan are summarized below.

III.

HISTORY, ORGANIZATION AND ACTIVITIES OF THE DEBTOR

A. General Description of Debtors' Operations and Assets

The Debtors each commenced voluntary chapter 11 petitions for relief in the Bankruptcy Court on October 8, 2015 (the "Petition Date"). Prior to the Petition Date, the Debtors operated three primary lines of business, but were in the process of winding down two of these business lines. As more fully explained below, ODC and MLC terminated their businesses prior to the Petition Date and liquidated their remaining assets postpetition. NCOC continued to operate its business postpetition and consummated a sale of its assets on a going concern basis in December 2015.

1. Malibu Lighting Corporation

MLC was established in 2009 and was headquartered in Dallas, Texas. MLC was a manufacturer and supplier of outdoor and landscape lighting products, such as solar and low voltage lights and home security lights, including the parts and accessories associated with these products. MLC was forced to wind down operations after its principal customer, the Home Depot ("Home Depot") terminated its relationship with the company in July 2015. Prior to the wind-down of its business, MLC had product development, design, manufacturing, and quality control operations in China. MLC's product was generally manufactured by third parties in China.

Postpetition, MLC's remaining assets consisted primarily of inventory, a license for certain intellectual property, and related equipment (collectively, the "MLC Assets"). The MLC Assets were jointly marketed by the Debtors' investment bankers, Piper Jaffray & Co. ("PJC") and Hilco IP Services LLC doing business as Hilco Streambank ("Hilco"). These assets were sold pursuant to various asset sales, as summarized in Article III.E below. In addition, prior to the Petition Date, Great American Global Partners, LLC ("Great American") had liquidated obsolete inventory owned by MLC and ODC (the "Obsolete Inventory") and was also retained postpetition to complete the liquidation and sale of such inventory.

2. ODC

ODC was established in 1975. ODC was a manufacturer and supplier of a variety of consumer goods, including (a) outdoor cooking products, such as outdoor gas grills, charcoal grills, smokers and fryers, (b) hand held lighting products, such as flashlights and spotlights, (c) landscape lighting products, and (d) parts and accessories associated with the foregoing products. ODC was also forced to wind down operations after its principal customer, Home Depot, terminated its relationship with the company in June, 2015. Like MLC, ODC also previously had product development, design, manufacturing, and quality control operations in China.

ODC's primary assets consisted of inventory, its owned real estate in Olive Branch, Mississippi, Dallas (Simonton Road) Texas, and Keithville, Louisiana, intellectual property, inventory, and equipment (the "ODC Assets"). PJC and Hilco marketed and sold ODC's personal and intellectual property assets while Keen Summit Capital Partners LLC ("Keen Summit") marketed and sold ODC's real property assets, as summarized in Article III.F below. As noted above, Great American was engaged to liquidate ODC's remaining Obsolete Inventory both prior to and subsequent to the Petition Date.

3. NCOC

NCOC is a wholly-owned subsidiary of ODC and was established in 1988.⁵ NCOC was a leading manufacturer and supplier of both branded and private label pet bedding and pet accessory products. NCOC manufactured beds, accessories, and deodorizers for dogs as well as beds, scratching posts, and toys for cats. In addition, NCOC marketed and sold boat covers manufactured primarily by Chinese suppliers.

Unlike ODC and MLC, NCOC's assets were sold on a going concern basis to Central Garden & Pet Company ("Central Garden"), which sale closed on December 2, 2015, and is summarized in section III.D.1 below.

B. Corporate/Organizational Structure

A corporate chart showing the Debtors and certain of their non-debtor affiliates is attached hereto as Exhibit 2. Debtors MLC and ODC are sister companies and are 100% owned by J. Baxter Brinkmann International Corporation ("JBBI"), which is not a Debtor. The sole shareholder of JBBI is Mr. J. Baxter Brinkmann ("JBB").

NCOC is a subsidiary 100% owned by ODC. ODC also directly owns the following non-operational Debtor subsidiaries: Q-Beam Corporation; Smoke 'N Pit Corporation; and Treasure Sensor Corporation.

The Debtors formerly had one foreign subsidiary and foreign representative office. ODC owns non-debtor Brinkmann International (Hong Kong) Limited Company ("BIHKL"), a Hong Kong limited company, which in turn operates non-debtor Shanghai Representative Office of BIHKL, a Shanghai representative office ("BIHKL Shanghai"). These foreign subsidiaries were wound down and dissolved in connection with the sale of NCOC's assets and the liquidation of ODC's assets.

C. Debtors' Prepetition Liabilities

The Debtors were parties to certain secured financing arrangements with various lenders, as summarized below:

⁵ Stubbs is a wholly-owned subsidiary of NCOC, but had no operations postpetition. Stubbs formerly manufactured western clothing wear, but also liquidated its remaining de minimis assets postpetition.

1. MLC Credit Agreement and Term Note

Prior to the Petition Date, MLC and Comerica entered into that certain *Credit Agreement* as of December 15, 2009, as amended (the “MLC Comerica Credit Agreement”). The MLC Comerica Credit Agreement was a revolving credit agreement secured by substantially all of the assets of MLC and guaranteed by NCOC. As of the Petition Date, Comerica was owed \$2,626,671.88 in principal obligations, plus accrued interest and fees, under the MLC Comerica Credit Agreement.

MLC was also a party to that certain *Term Note*, dated as of November 14, 2014 (the “MLC Comerica Term Note”). MLC was the only obligor under the MLC Comerica Term Note, which was secured by substantially all of MLC’s assets and by two tracts of land in Texas owned by MLC’s non-debtor affiliate, South 720, L.P. (“South 720”), which entity is owned by JBB. In addition, the MLC Comerica Term Note was guaranteed by JBB personally for up to \$3.4 million in principal. As of the Petition Date, Comerica was owed \$2,455,555.60 in principal obligations, plus accrued interest and fees, under the MLC Comerica Term Note.

Pursuant to a combination of the sale of the Debtors’ assets and the payment of certain amounts by South 720, Comerica has been fully repaid all amounts owed to it under the MLC Comerica Credit Agreement and MLC Comerica Term Loan and is no longer a creditor of the Debtors’ Estates. South 720, by virtue of its payment of certain of the Debtors’ obligations formally owed to Comerica, is the transferee of Comerica’s former secured claim against MLC in the amount of \$4,010,005. South 720 is not receiving a distribution under the Plan on account of this Claim.

2. ODC BofA Credit Agreement

Prior to the Petition Date, ODC entered into that certain *Amended and Restated Credit Agreement*, dated as of March 9, 2012, as amended (the “ODC BofA Credit Agreement”), by and between ODC and Bank of America, N.A. as administrative agent, and certain lenders thereto (“BofA”).⁶

Debtors NCOC, Q-Beam Corporation, Smoke ‘N Pit Corporation, Treasure Sensor Corporation, and Stubbs were each guarantors of the obligations under the ODC BofA Credit Agreement and, along with ODC, had pledged their respective assets to secure these obligations under the ODC BofA Credit Agreement.

As of the Petition Date, the indebtedness outstanding under the ODC BofA Credit Agreement was approximately \$44,414,000. Pursuant to the Debtors’ various assets sales conducted during these Chapter 11 Cases, plus payments made by NTAcquisitions, LLC (one of the Brinkmann Parties), the entire amount of indebtedness owed under the ODC BofA Credit Agreement was repaid and BofA is no longer a creditor of the Debtors’ Estates.⁷ NT

⁶ ODC also was a party to a letter of credit agreement with BofA, pursuant to which BofA issued letters of credit in favor of certain of ODC’s customers. With the cessation of ODC’s business, this arrangement was terminated by the Petition Date and any remaining amounts owed to BofA thereunder were fully repaid by ODC.

⁷ NCOC was also a guarantor of obligations under the BofA Credit Agreement. However, with the repayment of the amounts under the BofA Credit Agreement, NCOC’s guaranty obligations were satisfied.

Acquisitions, LLC, by virtue of its payment of certain of the ODC's obligations owed to BofA, is the transferee of BofA's secured Claims against ODC in the amount of \$10,278,878. NT Acquisitions, LLC is not receiving a distribution under the Plan on account of this Claim.

3. NCOC Comerica Credit Agreement

Prepetition, NCOC was also a party to that certain *Amended and Restated Credit Agreement*, dated as of June 30, 2013, as amended, between NCOC and Comerica Bank (the "NCOC Comerica Credit Agreement"). NCOC was the only obligor under the NCOC Comerica Credit Agreement, which was secured by substantially all of NCOC's assets. As of the Petition Date, Comerica was owed approximately \$25,802,000.

All amounts owed to Comerica under the NCOC Comerica Credit Agreement were fully repaid from the sale proceeds of the sale of NCOC's assets to Central Garden.

4. Unsecured Obligations

Prior to the Petition Date, the Debtors incurred trade debt in the ordinary course of their business. As of the date of the Disclosure Statement, the Debtors owe estimated amounts to third party vendors and other creditors on account of claims in the following approximate amounts: between \$8.2 million and 10 million by the ODC Debtors; between \$2.1 million and 2.6 million by the NCOC Debtors and between \$3.9 million and 4.8 million by MLC.⁸

A substantial amount of the Debtors' unsecured and priority Claims have already been paid or otherwise assumed through orders entered by the Bankruptcy Court granting certain of the Debtors' "first day motions" discussed in detail below, including the Wage Motion, the Critical Vendor Motion and the Shippers Motion (as these terms are defined below), which allowed the Debtors to pay the Claims of certain prepetition creditors, mostly the Debtors' former employees, shippers, and certain foreign and domestic vendors. In addition to the payment of Claims pursuant to the first day motions, the asset purchase agreement between NCOC and Central Garden provided for the assumption of certain assumed liabilities, including liabilities relating to executory contracts and unexpired leases assumed by NCOC and assigned to Central Garden that satisfied a substantial amount of the unsecured obligations against NCOC.

In addition, the Debtors maintained two general liability insurance policies with respect to insurance coverage for Claims arising from property or personal injury in connection with the sale of the Debtors' products. These insurance companies are Catlin Group ("Catlin") and Continental Insurance Company ("CNA"). CNA insured the Debtors from 2010 through April, 2015 and Catlin insured the Debtors thereafter.

In general, the Debtors' insurance policies⁹ provide for SIR amounts for various claims asserted under the policies. Certain personal injury and property general unsecured claims were

⁸ The foregoing amounts are only estimates of potential Claims. Actual Claim amounts may differ from these estimates once all of the Claims against the Debtors have been fully and finally determined and liquidated.

⁹ The foregoing is not intended to be a summary of the economic terms of the Debtors' insurance policies, which are voluminous. Nothing herein shall constitute an admission with respect to any liability or claims against the Debtors, including the scope and terms of the Debtors' applicable insurance coverage, and the Debtors reserve all rights with respect to the foregoing.

filed against the Debtors with respect to alleged damages arising from the sale of the Debtors' products. The Plan provides for the resolution of certain of these personal injury claims pursuant to the ADR Procedures attached to the Plan as **Exhibit B**.

5. **Intercompany Claims**

As noted above, the Debtors are all under common ownership with JBBI serving as the ultimate direct or indirect parent of each of the Debtors. **Exhibit 3** attached hereto identifies (i) debts owed by one Debtor to another Debtor, (ii) debts owed by one or more Debtors to the Brinkmann Parties, (iii) debts owed by one or more of the Brinkmann Parties to one or more Debtors and (iv) debts owed by non-Debtor affiliates (other than the Brinkmann Parties) to one or more Debtors. In addition to the intercompany debts set forth on **Exhibit 3** hereto, certain of the Debtors have interests, rights, holdings, and accounts in non-Debtor entities that are co-owned with certain of the Brinkmann Parties.

Pursuant to the Global Settlement summarized above, the Intercompany Claims (as defined in the Plan) shall be adjusted, continued, extinguished, discharged and/or otherwise resolved to the extent determined appropriate pursuant to the Distribution Model Methodology.

D. Circumstances Prior to the Commencement of the Chapter 11 Cases and the Prepetition Sale Effects to Sell NCOC as a Going Concern and to Liquidate the Assets of ODC and MLC

The Debtors filed these Chapter 11 Cases in order to effectuate an orderly disposition of their assets in a manner that will maximize recoveries by all constituents, including a going concern sale of the operating assets of NCOC and orderly liquidation sales of assets of MLC and ODC.

1. **Going Concern Marketing and Sale Process of NCOC**

The Debtors commenced the process of evaluating their restructuring and sale options in March of 2015 with the hiring of PJC as their exclusive investment banker. Under the terms of its agreement, PJC explored a sale or capital placement transaction for the Debtors. In March of 2015, PJC began contacting parties to determine their interest in the acquisition of or investment in the Debtors, either together or as separate companies.

During this marketing process, the Debtors received notice that Home Depot terminated its respective relationships with MLC and ODC in July 2015. However, buyers expressed a lack of interest in moving forward with a purchase of MLC's and ODC's assets given these circumstances. As a result, the Debtors refocused the sale process for NCOC as a separate entity. On August 20, 2015, NCOC entered into a non-binding letter of intent with Summit Investment Management LLC ("**Summit**") regarding a sale of substantially all of NCOC's operating assets, plus the assumption of certain liabilities for \$36,850,000.

On the Petition Date, NCOC filed its *Motion of Debtor National Consumer Outdoors Corporation f/k/a Dallas Manufacturing Company, Inc. for Order: (A) Approving Bidding Procedures for the Auction of Substantially All of the Debtor's Operating Assets, (B) Scheduling an Auction and Sale Hearing, and (C) Approving Procedures for the Assumption and Assignment*

of *Certain Executory Contracts and Unexpired Leases Related Thereto* [Docket No. 17], seeking approval of: (a) bidding procedures for the sale of substantially all of NCOC's operating assets, including approval of a break-up fee and expense reimbursement; (b) scheduling an auction and hearing to consider the sale of the assets; (c) approving procedures for the assumption and assignment of certain executory contracts and unexpired leases; and (d) granting related relief. The Bankruptcy Court entered an order approving this motion (the "NCOC Sale Procedures Order") on October 27, 2015 [Docket No. 160].

Also on the Petition Date, NCOC filed its *Motion of Debtor National Consumer Outdoors Corporation f/k/a Dallas Manufacturing Company, Inc. for Order (A) Approving Asset Purchase Agreement and Authorizing the Sale of Substantially All of the Debtor's Operating Assets; (B) Authorizing the Sale of Assets Free and Clear of All Liens, Claims, Rights, Encumbrances and Other Interests Pursuant to Bankruptcy Code Sections 105, 363(b), 363(f) and 363(m); (C) Assuming and Assigning Certain Executory Contracts and Unexpired Leases; and (D) Granting Related Relief* [Docket No. 34], seeking: (a) approval of the Asset Purchase Agreement between NCOC, as seller, and DMC Acquisition Holdings, LLC, as buyer,¹⁰ and authorizing the sale of substantially all of the operating assets of the NCOC; (b) authorization of the sale of the assets free and clear of all liens, Claims, rights, encumbrances, and other interests; (c) assuming and assigning certain executory contracts and unexpired leases, and (d) granting related relief.

Postpetition, NCOC continued to market its assets in accordance with the NCOC Sale Procedures Order culminating in an auction that occurred on November 17, 2015 (the "NCOC Auction"). At the NCOC Auction, Central Garden submitted the highest and best offer for NCOC's assets with a cash purchase price of \$61,000,000, plus the assumption of certain liabilities. NCOC concluded that the Central Garden's offer was the highest and best offer, which was approved by the Bankruptcy Court on November 19, 2015 (the "NCOC Sale Order"). NCOC and Central Garden closed the sale of NCOC's assets on December 1, 2015.

E. Liquidation of Assets of ODC and MLC

After the successful going concern sale of NCOC's assets to Central Garden, the Debtors marketed and sold the remaining inventory and intellectual property assets of ODC and MLC, respectively, through various assets sales, summarized as follows:

- **Sale of the MLC, ODC, and Q-Beam Inventory and Q-Beam Intellectual Property**. On February 9, 2016 (the "February Auction"), the Debtors conducted an auction to sell (i) substantially all of the inventory owned by MLC and ODC (the "Inventory"); (ii) certain Q Beam/handheld lighting intellectual property assets (the "Q-Beam Intellectual Property"); and related handheld lighting inventory (the "Q-Beam Inventory").¹¹ The Debtors received multiple bids and combination of bids covering the Inventory, the Q-Beam Intellectual Property, and the Q-Beam Inventory.

¹⁰ DMC Acquisitions Holdings was the acquisition vehicle used by Summit to effectuate the purchase of the NCOC assets.

¹¹ Sears previously submitted a stalking horse bid for the Inventory in the amount of \$1,792,000.

At the February Auction, the highest and best offer to acquire the Inventory and the Q-Beam Inventory was submitted by Sears Holdings, a Delaware corporation (“Sears”) for a purchase price of up to \$3,553,662, which was a substantial increase over the initial stalking horse bid submitted by Sears. The Debtors also agreed to sell the Q-Beam Intellectual Property to Viatek Consumer Products Group, Inc. (“Viatek”) for \$400,000, which was the highest and best offer received for those assets. On February 10, 2016, the Court entered an order approving the sale of the Inventory and Q-Beam Inventory to Sears [Docket No. 450], which sale closed on February 16, 2016. Total net sale proceeds from the proceeds amounted to \$3,153,700 after reductions for non-conforming inventory. On April 18, 2016, the Court approved the sale of the Q-Beam Intellectual Property to Viatek for \$400,000, which sale closed on May 4, 2016.

- Sale of the Stubbs Intellectual Property. After an extensive marketing process to sell the intellectual property owned by Stubbs (the “Stubbs Intellectual Property”), the Debtors determined that the highest and best bid submitted for the Stubbs Intellectual Property was by LightStar Corporation (“LightStar”) in the amount of \$15,000. LightStar is an entity owned by non-Debtor JBBI, of which JBB is the principal. The sale of the Stubbs Intellectual Property closed on May 17, 2016.
- Sale of the ODC Intellectual Property. On May 10, 2016, the Debtors held an auction to sell all of the remaining intellectual property assets owned by ODC, which consisted mainly of intellectual property assets related to grilling licenses and trademarks (the “ODC Intellectual Property”). LightStar was approved by the Court as the stalking horse bidder with an initial bid of \$350,000. As a result of the auction and the marketing process, the highest and best offer for the ODC Intellectual Property was \$2,500,000, which offer was also submitted by LightStar. On May 11, 2016, the Court entered an order approving the sale of ODC Intellectual Property to LightStar [Docket No. 702]. The sale of the ODC Intellectual Property closed on May 18, 2016.
- Prepetition and Postpetition Sales of Obsolete Inventory. Great American remitted approximately \$2,519,165 in aggregate proceeds from the various sales conducted with respect to the Obsolete Inventory. Of this amount, approximately \$1,595,615 related to postpetition sales of Obsolete Inventory with the remainder of proceeds generated from the prepetition liquidation of the Obsolete Inventory.

F. Real Property and Other Asset Sales.

The sale of ODC’s assets also included the sale of its real property: (a) 4821 Simonton Road, Farmers Branch, Texas 75244 (the “Farmers Branch Property”); (b) 10745 Marina Drive, Olive Branch, Mississippi 38654 (the “Olive Branch Property”); and (c) 10096 Drag Strip Road, Keithville, Louisiana 71047 (the “Keithville Property”). ODC retained Keen-Summit as its real estate broker for the sale of the Farmers Branch Property and Olive Branch Property. *See* Docket No. 477.

1. **The Farmers Branch Property**

On April 20, 2016, ODC filed (a) a motion [Docket No. 632] authorizing the sale of the Farmers Branch Property to Maxcom Properties LLC, subject to higher and better offers, and (b) a motion [Docket No. 630] seeking approval of certain sale and bidding procedures for the sale of the Farmers Branch Property (the “Farmers Branch Sale Motion”). The Farmers Branch Sale Motion sought approval to sell the Farmers Branch Property to Maxcom Properties LLC for \$2,605,000, plus the assumption of certain liabilities, subject to higher and better offers.

On May 9, 2016, the Court entered an order [Docket No. 694] approving the bidding procedures for the auction of the Farmers Branch Property. On June 1, 2016, ODC held an auction of the Farmers Branch Property and selected FreshPoint Dallas, Inc.’s bid of \$4,400,000 million as the highest and best offer.

On June 2, 2016, the Court entered an order [Docket No. 747] approving the sale of the Farmers Branch Property to FreshPoint Dallas, Inc. pursuant to the terms of that certain *Purchase and Sale Agreement* dated June 1, 2016. On June 24, 2016, the sale of the Farmers Branch Property to FreshPoint Dallas, Inc. closed.

2. The Olive Branch Property

On April 20, 2016, ODC filed (a) a motion [Docket No. 634] authorizing the sale of the Olive Branch Property to Agracel, Inc., subject to higher and better offers, and (b) a motion [Docket No. 633] seeking approval of certain sale and bidding procedures for the sale of the Olive Branch Property (the “Olive Branch Sale Motion”). The Olive Branch Sale Motion sought approval to sell the Olive Branch Property to Agracel, Inc. for \$1,000,000, plus the assumption of certain liabilities, subject to higher and better offers.

On May 9, 2016, the Court entered an order [Docket No. 695] approving the bidding procedures for the auction of the Olive Branch Property. An auction of the Olive Branch Property was scheduled to take place on June 1, 2016. However, ODC did not receive any competing bids by the May 26, 2016 bid deadline and the auction was cancelled. Accordingly, on June 2, 2016, the Court entered an order [Docket No. 746] granting the Olive Branch Sale Motion and approving the sale of the Olive Branch Property to Agracel, Inc. pursuant to the terms of that certain *Purchase and Sale Agreement* dated April 18, 2016. On June 30, 2016, the sale of the Olive Branch Property to Agracel, Inc. closed.

3. The Keithville Property

On April 4, 2016, the Court entered the *Order Approving Procedures for the Sale, Transfer, and Abandonment of De Minimis Assets* [Docket No. 582] (the “De Minimis Asset Sale Procedures Order”).

The De Minimis Asset Sale Procedures Order authorized the Debtors to sell their assets with a net selling price up to \$250,000.00, subject to certain notice requirements.

ODC received two indications of interest in the Keithville Property, both of which were substantially under the sale price threshold of the De Minimis Asset Sale Procedures Order. Accordingly, on May 2, 2016, ODC held a telephonic auction for the sale of the Keithville Property. The initial bid at the auction was \$80,000.00 and increased during the auction to

\$100,150.00. On May 4, 2015, ODC filed its *Fifth Notice of Sale of De Minimis Assets* [Docket No. 679], providing notice of its proposed sale of the Keithville Property to Danny Earl Jones for \$100,150.00. On May 25, 2016, the Court entered an order [Docket No. 720] approving the sale of the Keithville Property to Danny Earl Jones pursuant to that certain *Purchase and Sale Agreement* dated May 2, 2016. The sale of the Keithville Property closed on or about June 10, 2016.

G. Disputes Over the Management of the Debtors Prior to Appointment of Chief Restructuring Officer

The Committee has alleged certain claims (“D&O Claims”) against the officers and directors of the Debtors including, among other things, mismanagement of ODC and MLC. These D&O Claims were summarized in a letter by the Committee to CCC on July 14, 2016. These Claims are with respect to acts that all occurred prior to both the appointment of the Chief Restructuring Officer in February 2016 and the concurrent engagement of Aurora to provide related restructuring and financial advisory services.

The Committee has alleged that the termination of Home Depot’s customer agreements with ODC and MLC was at least partially precipitated by BofA’s refusal to allow certain debtors to issue letters of credit backed by BofA to the Debtors’ vendors, which was a customary arrangement between the Debtors and certain Asian vendors for the sale and import of manufactured goods that were then sold to Home Depot and other customers. The Committee alleged that one of the reasons for this refusal related to inaccuracies in certain of the reported inventory and accounts receivable values included in ODC and MLC’s borrowing base certificate with BofA. The Committee also asserted that the Debtors failed to maintain accurate accounting records, which caused the deterioration of the Debtors’ relationship with BofA. At the request of BofA, the Chief Restructuring Officer was appointed in February 2016. Following this appointment, Aurora reviewed the Debtors’ accounting records and adjusted ODC’s and MLC’s records to accurately reflect the fair market value of their receivables and inventory, but the Committee has alleged that these adjustments to the Debtors’ accounting records should have occurred much sooner. The Debtors dispute these allegations. The Debtors believe that they properly conducted their business operations at all times and that their accounting records were routinely audited and signed off by independent auditors.

The Committee also asserted that the Debtors failed to address certain business-related complaints by Home Depot, including the alleged failure to deliver goods on time to meet advertised sales, also contributed to the termination of Home Depot’s relationship with the ODC and MLC. The Committee has asserted that the termination of the business relationship with Home Depot and BofA caused creditors to suffer financial economic harm and asserted damages in the amount of at least \$10 million. The Debtors dispute these allegations. The Debtors entered into several modified business relationships with Home Depot during the first half of 2015 based on Home Depot’s expectations of the amount of products that it projected to order. The Debtors diligently addressed Home Depot’s concerns over the delivery of product, as well as agreeing to provide Home Depot with substantial customer discounts and rebates based on the inventory amounts expected to be sold during 2015 and 2016.

The proposed Global Settlement summarized above, resolves these Claims and other potential Claims involving the Intercompany Claims, including, without limitation, Claims of the Debtors against the Brinkmann Parties referenced in **Exhibit 3** hereto, and Brinkmann Intercompany Claims (discussed herein) and, if approved, will avoid the need for costly and uncertain litigation by and among the Debtors, the Committee, the Brinkmann Parties and CCC over these issues.

H. Significant Events Since the Petition Date

1. First Day / Initial Motions

The Debtors sought approval from the Bankruptcy Court of certain motions and applications, which the Debtors filed simultaneously with, or shortly after, their voluntary petition. The Debtors sought such relief to minimize disruption of the Debtors' business as a result of the bankruptcy filings, and to facilitate the Chapter 11 Cases. The motions addressed the following issues, among others:

a. DIP Financing and Cash Collateral Motions

On the Petition Date, NCOC filed its *Motion of Debtor National Consumer Outdoors Corporation f/k/a Dallas Manufacturing Company, Inc. For Entry of Interim and Final Orders (A) Authorizing Postpetition Financing and Use of Cash Collateral, (B) Granting 363(c) and 364(d) Liens, a Superpriority Administrative Claim, and Adequate Protection, (C) Approving Agreements with Comerica Bank, and (D) Setting a Final Hearing* [Docket No. 8] (the "DIP Motion"). As noted above, Debtors NCOC, MLC and ODC had different capital structures and secured lenders. On the Petition Date, Debtor NCOC sought authority to borrow up to \$21,500,000 from Comerica and to use cash collateral and grant adequate protection to NCOC's secured lenders. The Court granted the DIP Motion on an interim basis on October 9, 2015 [Docket 49] and on a final basis on October 27, 2015 [Docket No. 155].

On the Petition Date, Debtor MLC filed a motion [Docket 7] to approve its *Stipulation as to Malibu Lighting Corporation Authorizing the Use of Cash Collateral* (the "MLC Cash Collateral Stipulation") pursuant to the budget attached to the MLC Cash Collateral Stipulation. The Court entered an interim order approving the MLC Cash Collateral Stipulation on October 13, 2015 [Docket No. 74] and a final order approving the MLC Cash Collateral Stipulation on October 27, 2015 [Docket No. 154].

Also on the Petition Date, Debtors ODC, Q-Beam Corporation, Smoke 'N Pit Corporation, Treasure Sensor Corporation and Stubbs Collection, Inc. filed their motion [Docket No. 6] to approve the *Stipulation Authorizing Use of Cash Collateral by Debtors Outdoor Direct Corporation f/k/a The Brinkmann Corporation and Other Syndicated Obligors* (the "ODC Cash Collateral Stipulation") in accordance with the budget attached to the ODC Cash Collateral Stipulation. The Court entered an interim order approving the ODC Cash Collateral Stipulation on October 9, 2015 [Docket No. 73] and a final order approving the ODC Cash Collateral Stipulation on October 27, 2015 [Docket No. 153].

The ODC Cash Collateral Stipulation and MLC Cash Collateral Stipulations were extended during the course of the Chapter 11 Cases by consent of the Debtors and the applicable secured lenders. Following the payment of the obligations owed to BofA in July of 2016, discussed above, the Debtors filed their *Motion of the Debtors Pursuant to Sections 105, 361, 362, 363 and 507 of the Bankruptcy Code, Bankruptcy Rule 4001, and Local Rule 4001-2 for the Entry of an Order Authorizing the Use of Cash Collateral* [Docket No. 942] (the “Consolidated Cash Collateral Motion”), seeking authority to pay existing excess amounts owed to certain Professional Persons from the Professional Fee Account on an aggregate basis and without regard to whether an individual Professional Person’s fees and expenses were under or over budgeted with respect to the Professional Person’s aggregate fees and expenses for a particular debtor, or were under or over budgeted with respect to a particular line item against any one Debtor. The Consolidated Cash Collateral Motion also sought approval of a consolidated budget as of September 1, 2016 and for Professional Persons to file fee applications on a consolidated basis without allocating time among the various Debtors’ Estates. The court entered an order granting the Consolidated Cash Collateral Motion on September 30, 2016 [Docket No. 971].

b. Employee Wages/Benefits

On October 8, 2015, the Debtors filed the *Motion for the Entry of an Order Authorizing the Debtors to (I) Pay and/or Honor Prepetition Wages, Salaries, Employee Benefits, and Other Compensation; (II) Remit Withholding Obligations; (III) Maintain Employee Compensation and Benefits Programs and Pay Related Administrative Obligations; and (IV) Have Applicable Banks and Other Financial Institutions Receive, Process, Honor, and Pay Certain Checks Presented for Payment and Honor Certain Fund Transfer Requests Filed By Malibu Lighting Corporation* [Docket No. 9], seeking authorization to honor/pay prepetition employee wages and various benefits and certain related relief (the “Wage Motion”). As of the Petition Date, the Debtors collectively employed 416 employees, mostly on a full-time basis, to conduct their respective businesses, in addition to temporary or contract workers whom the Debtors hired to supplement staffing. The Wage Motion also sought, among other things, approval to honor prepetition employee health and welfare benefits and employee programs and to continue these programs postpetition in the Debtors’ discretion. On October 9, 2015, the Bankruptcy Court entered an order granting this motion [Docket No. 50].

c. Cash Management System

On the Petition Date, the Debtors filed the *Motion of Debtors for Order Under Sections 105, 345, 363, 503(B), 1107 and 1108 of the Bankruptcy Code Authorizing (I) Maintenance of Existing Bank Accounts; (II) Continuance of Existing Cash Management Systems, Bank Accounts, and Checks; (III) Performance of Intercompany Transactions and Providing Administrative Priority Status to Postpetition Intercompany Receivables; and (IV) Related Relief* [Docket No. 12], seeking an order authorizing, among other things, the maintenance of existing bank accounts, the continued use of the Debtors’ existing cash management system, the continued performance of intercompany transactions, and a limited waiver of Bankruptcy Code section 345(b)’s deposit and investment guidelines. The Bankruptcy Court entered an order on October 9, 2015 granting the motion [Docket No. 51].

d. Utility Providers

On the Petition Date, the Debtors filed the *Motion of the Debtors for an Order Under Section 366 of the Bankruptcy Code (A) Prohibiting Utility Providers from Altering, Refusing or Discontinuing Service, (B) Deeming Utilities Adequately Assured of Future Performance, and (C) Establishing Procedures for Determining Adequate Assurance of Payment* [Docket No. 10], seeking the establishment of certain, routine procedures with respect to the Debtors' utility providers. The Bankruptcy Court entered an interim order on October 9, 2015 [Docket No. 47] and a final order on this motion on October 27, 2015 [Docket No. 156].

e. Prepetition Sale and Use Taxes

On October 8, 2015, the Debtors filed the *Motion Pursuant to Sections 105(a), 507(a)(8), and 541(d) of the Bankruptcy Code for an Order (I) Authorizing the Payment of Prepetition Sales, Use and Similar Taxes and Business Fees and (II) Authorizing Banks and Other Financial Institutions to Receive, Process, Honor, and Pay Checks Issued and Electronic Payment Requests Made Relating to the Foregoing* [Docket No. 13]. This motion was approved by an order entered on October 9, 2015 [Docket No. 44].

f. Shipping Obligations

On July 22, 2013, the Debtors filed the *Motion of Debtors for an Order Authorizing, but not Directing, Payment of Certain Prepetition Shipping Obligations in the Ordinary Course of Business* [Docket No. 14], seeking authority to pay prepetition obligations owed to various shippers and foreign vendors up to a maximum cap of \$9,501,000 solely with respect to NCOC. This motion was approved by an interim order entered on October 9, 2015 [Docket No. 42], and then a final order on this motion on October 27, 2015 authorizing payment of up to an additional \$4,200,000 in additional foreign vendor prepetition Claims [Docket No. 159].

g. Insurance Programs

On October 8, 2015, the Debtors filed the *Motion of the Debtors for Order (A) Authorizing the Debtors to (I) Maintain and Renew Existing Insurance Policies; (II) Continue Insurance Premium Financing Programs, (III) Pay Insurance Premium Financing Obligations Arising Thereunder, and (B) Authorizing Financial Institutions to Honor All Obligations Related Thereto* [Docket No. 16], seeking authority to pay prepetition obligations under certain identified policies (including general liability, umbrella coverage, workers' compensation, international, directors and officers, and fidelity and surety bonds) to the extent the Debtors determined it necessary to avoid cancellation, alteration or other impairment to the coverage, benefits, or other rights provided under these policies, and pay any fees owed to brokers necessary to continue administration of the insurance programs. The Bankruptcy Court entered an interim order on October 9, 2015 [Docket No. 48], and then a final order on this motion on October 27, 2015 [Docket No. 161].

h. Critical Vendor Motion

On October 8, 2015, the Debtors filed the *Debtors' Motion for Entry of an Order Authorizing Debtors to Pay Prepetition Claims of Critical Vendors and Granting Related Relief* [Docket 11], seeking authority to pay certain prepetition Claims of certain essential vendors and service providers up to an aggregate amount of \$1.6 million solely with respect to NCOC. The Bankruptcy Court entered an order on October 9, 2015 [Docket No. 41].

i. **Customer Programs**

On October 8, 2015, the Debtors filed the *Motion of Debtor National Consumer Outdoors Corporation f/k/a Dallas Manufacturing Corporation for Entry of an Order Pursuant to Sections 105(a), 363(c), 1107(a), and 1108 of the Bankruptcy Code Authorizing the Honoring of Prepetition Obligations to Customers and to Otherwise Continue Customer Practices and Programs in the Ordinary Course of Business* [Docket No. 15], seeking authority to honor certain prepetition obligations to its customers and to otherwise continue its customer practices and programs for NCOC only. The Bankruptcy Court entered an order on October 9, 2015 [Docket No. 45].

2. **Committee Formation**

The U.S. Trustee conducted a formation meeting on October 20, 2015. The U.S. Trustee appointed a creditors' committee in the Chapter 11 Cases and appointed the following members: (1) Fibertex Corporation, (2) Matthew Lee, (3) Stein Fibers Ltd. ("Stein")¹², (4) Shanghai Hailian Electric Tools Co., and (5) Pratt Industries, Inc.

3. **Bar Date for Filing Proofs of Claim and Administrative Expense Requests**

On November 17, 2015, the Debtors filed a motion requesting an order establishing (a) February 8, 2016 as the deadline for filing Claims against the Debtors that arose prior to the Petition Date including Claims arising under section 503(b)(9) of the Bankruptcy Code (the "General Bar Date"), and (b) April 5, 2016 as the bar date for Governmental Units. The Bankruptcy Court granted this motion pursuant to an order entered on December 4, 2015. On February 14, 2016, the Court entered an order establishing a bar date for administrative Claims [Docket No. 1114] of March 31, 2017 for administrative Claims (other than Claims arising under section 503(b)(9) of the Bankruptcy Case arising from the Petition Date through January 31, 2017.

4. **Filing of Schedules and Statements of Financial Affairs**

On November 9, 2015, the Debtors each filed their Schedules and Statements with the Bankruptcy Court, which set forth, *inter alia*, the assets of each the Debtors and the prepetition Claims against each of the Debtors as of the Petition Date, based on the Debtors' books and records [Docket Nos. 215-228].

5. **Extension of Debtors' Exclusivity Periods**

¹² Stein subsequently resigned from the Committee.

Upon the Debtors' motion filed on February 3, 2016 [Docket No. 422], the Bankruptcy Court entered an order on February 23, 2016 [Docket No. 478], extending the exclusive time period for the Debtors to file a plan until June 4, 2016 and the Debtors' exclusive solicitation period until August 3, 2016.

Upon the Debtors' motion filed on June 3, 2016 [Docket No. 748], the Bankruptcy Court entered an order on June 23, 2016 [Docket No. 796], further extending the Debtors' exclusive filing period until September 6, 2016 and exclusive solicitation period until November 7, 2016. On September 2, 2016 the Debtors filed the *Third Motion of the Debtors for Entry of an Order Extending the Exclusivity Periods to File a Chapter 11 Plan and Solicit Acceptances Pursuant to Section 1121 of the Bankruptcy Code* [Docket No. 918]. On October 4, 2016, the Court entered and order granting modified such relief [Docket No. 970]. The current deadline (a) for which only the Debtors may file a plan is January 4, 2017 and (b) for which only the Debtors may solicit acceptances of such plan is March 5, 2017. On December 29, 2016, the Debtors requested an additional extension of the deadlines to file and solicit acceptance of the Plan, which the Bankruptcy Court granted on January 12, 2017 [Docket No 1080], which was subsequently extended through April 19, 2017 and June 8, 2017, respectively, by order entered by the Court on March 7, 2017 [Docket No. 1136].

6. Removal of Actions

On December 29, 2015, the Debtors filed the *Motion of the Debtors for Entry of an Order (A) Enlarging the Period within which the Debtors May Remove Actions and (B) Granting Related Relief* [Docket No. 340], seeking to enlarge the removal period for filing notices of removal of the actions by 120 days, up to and including May 4, 2016. On January 19, 2016, the Bankruptcy Court entered an order granting the Debtors' requested extension [Docket No. 380]. Upon subsequent motion by the Debtors [Docket No. 672], the Bankruptcy Court entered an order further extending these deadlines to September 1, 2016 in respect to prepetition civil actions and the later of September 1, 2016 and the time period specified in Bankruptcy Rule 9027(a)(3)(A) and (B) in respect to civil actions initiated postpetition [Docket No. 734]. On October 4, 2016, the Bankruptcy Court entered an order further extending the period within which the Debtors may remove actions to January 16, 2017. On January 13, 2017, the Debtors filed a motion requesting a further extension of the removal deadline to June 16, 2017. On January 30, 2017, the court entered an order extending the removal deadline to June 16, 2017 [Docket No 1100].

7. Rejection of Leases

In connection with the successful sale of NCOC as a going concern (discussed above), NCOC assumed and assigned certain unexpired leases and executory contracts to Central Garden in accordance with the NCOC Sale Order.

With respect to the remaining executory contracts and unexpired leases for MLC and ODC, those Debtors rejected and/or terminated those contracts and leases with the applicable counterparties in connection with the winddown and liquidation of ODC and MLC's assets. This process was completed in stages pursuant to the winddown schedule for these entities. For example, ODC and MLC required the use of certain facilities to store their respective assets until they could be sold and picked up by purchasers. ODC and MLC also required the use of

equipment pursuant to certain personal property leases in order to move and transport personal property prior to the closing of the asset sales. By June 2016, with the final winddown of ODC and MLC substantially complete, the Debtors had rejected and/or terminated all of ODC and MLC's respective unexpired leases and executory contracts pursuant to multiple orders granted by the Bankruptcy Court.

IV.

DESCRIPTION OF THE PLAN

A DISCUSSION OF THE PRINCIPAL PROVISIONS OF THE PLAN AS THEY RELATE TO THE TREATMENT OF CLASSES OF ALLOWED CLAIMS AND INTERESTS IS SET FORTH IN THE FOLLOWING SECTIONS. THE DISCUSSION OF THE PLAN THAT FOLLOWS CONSTITUTES A SUMMARY ONLY, AND SHOULD NOT BE RELIED UPON FOR VOTING PURPOSES. YOU ARE URGED TO READ THE PLAN IN FULL IN EVALUATING WHETHER TO ACCEPT OR REJECT THE DEBTORS' PROPOSED PLAN. IF ANY INCONSISTENCY EXISTS BETWEEN THIS SUMMARY AND THE PLAN, THE TERMS OF THE PLAN CONTROL.

A. Introduction

As required by the Bankruptcy Code, Administrative Expenses and Priority Tax Claims, are not placed into voting Classes. Instead, they are left unclassified, are not considered Impaired, do not vote on the Plan, and receive treatment specified by the Bankruptcy Code or by agreement of the parties.

B. Treatment of Administrative Expenses and Priority Tax Claims

1. Administrative Expenses

Each Holder of an Allowed Administrative Expense against the Debtors will receive, in full satisfaction, settlement, release, and extinguishment of such Allowed Administrative Expense, Cash equal to the full amount of such Allowed Administrative Expense, unless such Holder and the Debtors have mutually agreed in writing to other terms, or an order of the Bankruptcy Court provides for other terms, on the later to occur of (i) the Effective Date, or as soon as practicable thereafter; or (ii) the date on which the Administrative Expense becomes an Allowed Administrative Expense. Notwithstanding any of the foregoing, if any Allowed Administrative Expense represents an obligation incurred in the ordinary course of business, such Allowed Administrative Expense will be paid in the ordinary course by the Liquidation Trustee in accordance with the terms of the particular transaction and/or applicable agreement. Professional Persons requesting compensation or reimbursement on account of Professional Fee Claims must file and serve, on all parties entitled to notice thereof, a fee application for final allowance of compensation and reimbursement of expenses in accordance with the various orders of the Bankruptcy Court establishing procedures for submission and review of such applications; provided that, if no last date is set in such procedures for filing such applications, they must be filed no later than forty-five (45) days after the Effective Date and any objections to such applications must be made in accordance with applicable rules of the Bankruptcy Court. After the Debtors' Professional Persons receive full and final payment of all amounts owed

pursuant to their final Fee Applications, they shall return any excess retainers to the Liquidation Trust within two (2) Business Days after receiving such final fee payment, provided, however, if on the Effective Date, if any of the Debtors' Professional Persons have calculated that any of such Professional Person's retainers are greater than the outstanding Professional Fee Claim (including Claims for any unpaid holdback amounts or unreimbursed expenses) owed to such Professional Person, any excess retainer amount shall be returned to the Liquidation Trust within five (5) Business Days after the Effective Date.

2. **Priority Tax Claims**

Pursuant to section 1123(a)(1) of the Bankruptcy Code, Priority Tax Claims are not to be classified and thus Holders of Priority Tax Claims are not entitled to vote to accept or reject the Plan. Except to the extent that a holder of an Allowed Property Tax Claim agrees to less favorable treatment, and to the extent that such Claim has not been previously satisfied, each Holder of an Allowed Priority Tax Claim, if any, shall receive in full satisfaction of such Allowed Priority Tax Claim (a) payment in Cash equal to the unpaid portion of such Allowed Priority Tax Claim within seven (7) Business Days after such Allowed Priority Tax Claim becomes an Allowed Claim, or as soon thereafter as is practicable; (b) Cash in an amount agreed to by the Debtors, or (c) such other treatment as which the Holder of an Allowed Priority Tax Claim and the Debtors may agree.

V.

**CLASSIFICATION AND TREATMENT
OF CLASSIFIED CLAIMS AND INTERESTS**

A. **Summary**

The categories of Claims and Interests listed below classify Claims and Interests for all purposes, including voting, confirmation and distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. 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 only to the extent that any remainder of the Claim or Interest qualifies within the description of such other Classes. A Claim or Interest is also classified in a particular Class only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released or otherwise satisfied prior to the Effective Date.

In accordance with section 1122 of the Bankruptcy Code, the Plan provides for the classification of Claims and/or Interests as set forth below.

B. **Classification and Treatment of Claims and Interests**

The treatment of each Class of Claims and/or Interests is set forth below. For purposes of voting, the Plan provides the classification of 3 (three) sub-classes of Claims against each Debtor as follows:

- (A) ODC Debtors;
 (B) MLC; and
 (C) NCOC Debtors;

The Plan provides for the partial substantive consolidation of the ODC Debtors and NCOC Debtors, for the reasons discussed herein. MLC shall maintain its separate corporate existence on the Effective Date. Thus, Claims against the ODC Debtors, MLC and the NCOC Debtors shall be treated as three separate Classes for purposes of voting and treatment under the Plan.

Class	Status	Voting Rights
Class 1 (A-C) – Priority Non-Tax Claims	Unimpaired	Not Entitled to Vote
Class 2 (A-C) – Miscellaneous Secured Claims	Unimpaired	Not Entitled to Vote
Class 3 (A (ODC Debtors) & B (MLC)) – Tooling Claims identified on Exhibit 4 hereto	Impaired	Entitled to Vote
Class 4 (A-C) – JBBi Secured Claims	Impaired	Entitled to Vote
Class 5 (A-C) – General Unsecured Claims	Impaired	Entitled to Vote
Class 6 (A) –Equity Interests Class 6 (B) – Subsidiary Equity Interests	Impaired	Not Entitled to Vote

1. **Class 1 (A-C) – Priority Non-Tax Claims**

Classification: Classes 1 (A-C) consist of all Priority Non-Tax Claims against any of the Debtors.

Treatment: The Holder of each Priority Non-Tax Claim against the Debtors will receive, in full satisfaction, settlement, release, and extinguishment of such Priority Non-Tax Claim, on or as soon as practicable after the later of (i) the Effective Date, or (ii) the date upon which the Bankruptcy Court enters a Final Order determining or allowing such Priority Non-Tax Claim, (a) a Cash payment equal to the Allowed amount of such Priority Non-Tax Claim, or (b) such other treatment as otherwise agreed by the Holder of such Priority Non-Tax Claim and the Debtors. **The Debtors are not aware of any Priority Non-Tax Claims.**

Impairment/Voting: Classes 1 (A-C) are Unimpaired. Classes 1 (A-C) therefore are conclusively presumed to have accepted the Plan and Holders of Claims in Classes 1 (A-C) are not entitled to vote to accept or reject the Plan.

2. Class 2 (A-C) – Miscellaneous Secured Claims

Classification: Classes 2 (A-C) consist of all Miscellaneous Secured Claims (if any such Claims exist) against the Debtors. Although all Miscellaneous Secured Claims have been placed in one Class for the purposes of nomenclature, each Miscellaneous Secured Claim, to the extent secured by a Lien on any property or interest in property of the Debtors different from that securing any other Miscellaneous Secured Claim, will be treated as being in a separate sub-Class for the purpose of receiving distributions under the Plan. **The Debtors are not aware of any Miscellaneous Secured Claims.**

Treatment: Except to the extent that a Holder of an Allowed Miscellaneous Secured Claim has been paid by the Debtors, in whole or in part, prior to the Effective Date, on the Effective Date, at the option of the Debtors, (i) each Allowed Miscellaneous Secured Claim will be reinstated and Unimpaired in accordance with section 1124 of the Bankruptcy Code or (ii) each Holder of an Allowed Miscellaneous Secured Claim will receive, in full satisfaction, settlement, and release of, and in exchange for, such Miscellaneous Secured Claim, (x) payment in full in Cash of the unpaid portion of such Allowed Miscellaneous Secured Claim, (y) surrender of the collateral securing such Claim or (z) such other treatment as may be agreed to by the Holder and the Debtors. Prior to the Confirmation Hearing, the Debtors will inform each Holder of a Miscellaneous Secured Claim if such Creditor's Secured Claim will be treated as Unimpaired under the Plan. Prior to the Confirmation Hearing, the Debtors will inform each Holder of a Miscellaneous Secured Claim of the option selected for treatment of each Holder's Miscellaneous Secured Claim.

Impairment/Voting: Classes 2 (A-C) are unimpaired. Classes 2 (A-C) therefore are conclusively presumed to have accepted the Plan. Holders of Claims in Classes 2 (A-C) are therefore not entitled to vote to accept or reject the Plan.

3. Classes 3 (A&B) – Tooling Claims

Classification: Class 3 (A&B) consist of the Tooling Claims against the ODC Debtors and the MLC.

Treatment: Except to the extent a Holder of an Allowed Tooling Claim agrees to a less favorable, treatment, in exchange for settlement and satisfaction of each Allowed Tooling Claim, each Holder of such Allowed Tooling Claim shall receive one of the following treatments, as elected on the Ballot by each Tooling Creditor: (i) treatment as a secured creditor and retention of the tooling/equipment in its possession in full and complete satisfaction of any and all Claims against the Debtors, including, without limitation, any General Unsecured Claims, or (ii) treatment as a General Unsecured Claim in Class 5 to the extent such Claim is or becomes Allowed, in which case such Tooling Creditor must (A) return all tooling/equipment in its possession to the Debtors and (B) transfer of all right, title and interest in any tooling/equipment by any Tooling Creditor to JBBI (or its designee), at JBBI's sole expense, as a condition to receiving any distribution on account of such Allowed Unsecured Claim. If a Tooling Creditor does not return a Ballot or does not make an election on a Ballot, such Tooling Creditor shall be deemed to have elected option (i) above.

Impairment/Voting: Class 3 (A&B) are Impaired. Holders of Claims in Classes 3 (A&B) are entitled to vote to accept or reject the Plan.

4. **Classes 4 (A-C) – JBBI Secured Claims**

Classification: Classes 4 (A-C) consist of the JBBI Secured Claims against the Debtors. As of the date of this Disclosure Statement, the Debtors believe that the JBBI Secured Claims will total (a) \$4,009,000, by virtue of Comerica's former secured claim against MLC that was assigned to South 720, and (b) \$10,354,000, by virtue of Bank of America N.A.'s former secured claim against ODC and the former guarantee obligations owed by NCOC to Bank of America N.A., and which was assigned to NT Acquisitions, LLC.

Treatment: As part of the Global Settlement, the JBBI Secured Claims shall be cancelled, extinguished and of no force and effect. For the avoidance of doubt, the JBBI Secured Claims shall not be entitled to any distributions from the Liquidation Trust.

Impairment/Voting: Classes 4 (A-C) are Impaired. Classes 4 (A-C) therefore are conclusively presumed to have accepted the Plan. Holders of Claims in Class 4 (A-C) are entitled to vote to accept or reject the Plan.

5. **Classes 5 (A-C) – General Unsecured Claims**

Classification: Classes 5 (A-C) consist of all General Unsecured Claims against the Debtors.

Treatment: On or as soon as practicable after the Effective Date, each Holder of an Allowed General Unsecured Claim will receive, in full satisfaction, settlement and release of and in exchange for such Claim, its Pro Rata share of the Liquidation Trust Interests allocated to the ODC Debtors, MLC and the NCOC Debtors, respectively. The amount of these Liquidation Trust Interests shall equal the sum of (a) the Distribution Pro Rata Share of the ODC Net Distributable Assets attributable to each Holder of a General Unsecured Claim against the ODC Debtors, (b) the Distribution Pro Rata Share of the MLC Net Distributable Assets attributable to each Holder of a General Unsecured Claim against MLC, and (c) the Distribution Pro Rata Share of the NCOC Net Distributable Assets attributable to each Holder of a General Unsecured Claim against the NCOC Debtors.

The Liquidation Trust shall be the exclusive source of payment to Holders of Allowed General Unsecured Claims. Estimated recoveries for Holders of Allowed General Unsecured Claims are included in the Distribution Model attached to the Plan as **Exhibit C**.

Special Treatment for CCC Class 5 Claims: All CCC Class 5 Claims are Disputed. All CCC Class 5 Claims shall be administered pursuant to the ADR Procedures annexed as Exhibit B to the Plan and shall be subject to the Injunction provision set forth in Section X.A.3 of the Plan. To the extent any CCC Class 5 Claim becomes an Allowed Claim, such Claim shall be treated pursuant to this subparagraph, unless otherwise agreed by the Liquidation Trustee, CCC and the Holder of such Allowed CCC Class 5 Claim.

Impairment/Voting: Classes 5 (A-C) are Impaired. Holders of Claims in Classes 5 (A-C) are entitled to vote to accept or reject the Plan.

6. **Classes 6 (A&B) – Equity Interests in the Debtors**

Classification: Class 6 consist of two subclasses. Class 6 (A) consists of the Equity Interests and Class 6 (B) consists of the Subsidiary Equity Interests.

Treatment: The Holders of Equity Interests and Subsidiary Equity Interests shall not receive any distribution on account of such Interests. On the Effective Date, the Equity Interests and Subsidiary Equity Interests shall be cancelled.

Impairment/Voting: Classes 6 (A&B) are Impaired and are conclusively presumed to have rejected the Plan. Holders of Classes 6 (A&B) Interests are not entitled to vote to accept or reject the Plan.

VI.

ACCEPTANCE OR REJECTION OF PLAN

A. **Identification of Unimpaired Classes**

The following Classes of Claims are Unimpaired under the Plan:

Class 1 (A-C) – Priority Non-Tax Claims

Class 2 (A-C) – Miscellaneous Secured Claims

B. **Identification of Impaired Classes**

Class 3 (A&B) - Tooling Claims

Class 4 (A-C) – JBBI Secured Claims

Class 5 (A-C) – General Unsecured Claims

Class 6 (A) – Equity Interests

Class 6 (B) – Subsidiary Equity Interests

C. **Classes Permitted and Not Permitted to Vote**

Classes 1 (A-C) and 2 (A-C) are Unimpaired. Holders of Claims in these Classes are conclusively presumed pursuant to section 1126(f) of the Bankruptcy Code to have accepted the Plan and therefore will not be entitled to vote to accept or reject the Plan. Holders of Claims in Class 3 (A&B), Class 4 (A-C) and Class 5 (A-C) are Impaired and permitted to vote to accept or reject the Plan. Classes 6 (A&B) are Impaired and are conclusively presumed pursuant to

section 1126(f) of the Bankruptcy Code to have rejected the Plan and therefore will not be entitled to vote to accept or reject the Plan.

An Impaired Class of Claims that votes will have accepted the Plan if (a) the Holders of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan, and (b) the Holders of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

D. Nonconsensual Confirmation

In the event any Class of Claims votes to reject the Plan and given the deemed rejection of the Plan by the Holders of Interests, the Debtors request that the Bankruptcy Court confirm the Plan notwithstanding such rejection pursuant to section 1129(b) of the Bankruptcy Code on the basis that the Plan is fair and equitable and does not discriminate unfairly as to the Holders of any Class of Claims or Interests.

E. Postpetition Interest

Nothing in the Plan or the Disclosure Statement will be deemed to entitle the Holder of a Claim to receive postpetition interest on account of such Claim, except to the extent that the Holder of a Claim has the benefit of a Lien on assets that exceed the value of such Claim or the Plan expressly provides for postpetition interest on account of such Claim.

VII.

MEANS FOR IMPLEMENTATION OF THE PLAN

A. Settlement of Claims Against the Brinkmann Parties and CCC.

The terms of the Global Settlement are set forth in the Global Settlement Agreement attached to as **Exhibit A** to the Plan. The Global Settlement is summarized above in this Disclosure Statement.

The Plan Proponents propose to effectuate the terms of the Global Settlement Agreement under the Plan in accordance with section 1123(b)(3)(A) of the Bankruptcy Code. At the Confirmation Hearing, the Plan Proponents will request, pursuant to Bankruptcy Rule 9019 and subject to the occurrence of the Effective Date, that the Bankruptcy Court approve the Global Settlement. Such approval by the Bankruptcy Court will entail consideration of certain factors to determine whether the Global Settlement is in the best interests of the Debtors' estates. Among the determinative factors to be considered are: (a) the probability of success in litigation; (b) the likely difficulties in collection; (c) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it; and (d) the paramount interest of creditors.

Based upon the factors set forth above, the Plan Proponents believe the Global Settlement falls well within the range of reasonableness and reflects a reasonable compromise of complex issues. The outcome of the potential litigation being settled is uncertain. Moreover, such litigation would be extremely expensive, complex and protracted. In addition, even if successful,

it is possible that the Debtors or the Committee would have difficulty collecting a judgment against the Brinkmann Parties. The Global Settlement avoids delay and dissipation of estate assets that would result from litigating with the Brinkmann Parties and CCC. Lastly, the Global Settlement provides a source of significant recovery for the General Unsecured Creditors and is, thus, in the paramount interest of the Debtors and their estates and creditors, and is supported fully by the Committee, which took the lead in negotiating the Global Settlement with the Brinkmann Parties. For all of the foregoing reasons, the Plan Proponents believe that the Global Settlement is in the best interest of the estates in these cases. As noted above, the Global Settlement Agreement is attached as Exhibit A to the Plan.

Settlement Consideration to the Debtors' Estates. As discussed in paragraphs 2 and 3 of the Global Settlement Agreement.

Tooling and Equipment. As discussed in paragraph 4 of the Global Settlement Agreement.

Intercompany Claims. As discussed in paragraph 7 of the Global Settlement Agreement.

Brinkmann Intercompany Claims. As discussed in paragraph 6 of the Global Settlement Agreement.

JBBI's agreement to vote JBBI Secured Claim in favor of Plan. As discussed in paragraph 8 of the Global Settlement Agreement.

Mutual General Release. As discussed in paragraphs 10-13 of the Global Settlement Agreement.

The Plan and Disclosure Statement, jointly, shall serve as, and shall be deemed a motion for entry of an order by the Bankruptcy Court under Bankruptcy Rule 9019 approving the Global Settlement. If no objection to the Global Settlement is timely filed and served by a Holder of a Claim affected by the Plan as provided herein on or prior to the Voting Deadline (or such other deadline established by the Bankruptcy Court), the settlement may be approved by the Bankruptcy Court as part of the Confirmation Order. If any such objections to the Global Settlement are timely filed, the Global Settlement and objections thereto shall be considered at the Confirmation Hearing.

Section 105 of the Bankruptcy Code provides, in pertinent part, that the “[c]ourt may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions” of the Bankruptcy Code. 11 U.S.C. § 105(a). Bankruptcy Rule 9019 governs the procedural prerequisites to approval of a settlement agreement and provides, in relevant part, that “[o]n motion by the [debtor-in-possession] and after notice and a hearing, the court may approve a compromise or settlement.” Fed. R. Bankr. P. 9019(a). Together, section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019(a) empower a bankruptcy court to approve a proposed compromise and settlement when it is in the best interests of the debtor’s estate and its creditors. See *In re Marvel Entm’t Group, Inc.*, 222 B.R. 243, 249 (D. Del. 1998); *In re Louise’s Inc.*, 211 B.R. 798, 801 (D. Del. 1997); *Vaughn v. Drexel Burnham Lambert Group (In re Drexel Burnham Lambert Group)*, 134 B.R. 499, 505 (Bankr. S.D.N.Y. 1991); *In re Texaco*, 84 B.R.

893, 901-02 (Bankr. S.D.N.Y. 1988). “[C]ompromises are favored in bankruptcy” because they minimize litigation costs and further the parties’ interest in expediting administration of a bankruptcy estate. *Myers v. Martin (In re Martin)*, 91 F.3d 389, 393 (3rd Cir. 1996). Thus, a court should approve a settlement agreement if the proposed agreement does not “fall beneath the lowest point in the range of reasonableness.” *In re Coram Healthcare Corp.*, 315 B.R. 321, 330 (Bankr. D. Del. 2004); *In re Drexel Burnham*, 134 B.R. at 505.

The Third Circuit has identified four factors to be utilized in determining whether a settlement falls within the range of reasonableness: (1) the probability of success in the litigation; (2) difficulties to be encountered in collection; (3) the complexity of the litigation and related expense, inconvenience, and delay; and (4) the interests of the creditors. *Fry’s Metals, Inc. v. Gibbons (In re RFE Indus., Inc.)*, 283 F.3d 159, 165 (3d Cir. 2002); *In re Etoys, Inc.*, 331 B.R. 176, 198 (Bankr. D. Del. 2005); *In re Coram Healthcare Corp.*, 315 B.R. at 330-31; see also *Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968).

The Plan Proponents believe that the settlement of Claims and causes of action provided under the Global Settlement Agreement and implemented thereunder and under the Plan is in the best interest of the Debtors’ and their respective estates because it is the most efficient resolution of the complex disputes with the Brinkmann Parties and CCC and will preserve value for Creditors holding Allowed Claims. As explained above, any litigation with the Brinkmann Parties would be costly, complex, and uncertain because of, among other things, the nature of, and lack of documentation underlying, the various Brinkmann Intercompany Claims by and among the Debtors and the Brinkmann Parties. In addition, the Debtors and the Brinkmann Parties will settle their Claims with CCC as part of the Global Settlement Agreement. The Estates will receive cash payments of \$2,500,000 from CCC and \$550,000 from the Brinkmann Parties shortly after the Effective Date and will receive a note from the Brinkmann Parties, as joint makers, in the principal amount of \$3,950,000 for the remaining amount of the Settlement Consideration. The Plan Proponents believe that Holders of Claims against the Debtors’ estates, which are estimated to receive a range of recovery set forth in section II.A. of this Disclosure Statement on account of their Allowed Claims, will obtain a certain and relatively prompt recovery on account of such Claims as opposed to being mired in costly, time-consuming and uncertain litigation if the Global Settlement Agreement was not entered into.

The Plan and Disclosure Statement, jointly, shall also serve as, and be deemed a motion for entry of an order by the Bankruptcy Court under Bankruptcy Rule 9019 approving the CCC Settlement Agreement, which provides for, among other things, the approval of the ADR Procedures, the settlement of CCC’s claim against the Debtors, and the mutual release of certain claims between the Debtors, the Committee the Liquidating Trust, the Liquidating Trustee, and the Liquidation Trust Oversight Committee on the one hand, and CCC. The Plan Proponents believe that the settlement of the claims provided under the CCC Settlement Agreement are in the best interests of the Debtors and will provide an orderly procedure with respect to the determination of the Class 5 CCC Claims through the ADR Procedures as well as resolve the range of the claim allowance of CCC. If no objection to the CCC Settlement Agreement is timely filed and served by a Holder of a Claim affected by the Plan as provided herein on or prior to the Voting Deadline (or such other deadline established by the Bankruptcy Court), the settlement may be approved by the Bankruptcy Court as part of the Confirmation Order.

B. The Distribution Model Methodology

The Distribution Model Methodology is attached to the Plan as Exhibit E.

C. Partial Substantive Consolidation.

i. Consolidation of the ODC Debtors

The Assets and Liabilities of each of the ODC Debtors shall be deemed to be the Assets and Liabilities of a single, consolidated entity. Each and every Claim filed or to be filed in the Chapter 11 Cases against any of the ODC Debtors shall be considered filed against the consolidated ODC Debtors on and after the Effective Date. Any joint and several Liability of two or more of the ODC Debtors, and all Claims against such entities on account of such joint and several Liability, shall be considered a single Claim and single Liability against the consolidated ODC Debtors. Any guarantee by an ODC Debtor of the Liabilities of any other ODC Debtor arising prior to the Effective Date shall be deemed eliminated under the Plan so that any Claim against any ODC Debtor and any guaranty thereof executed by any other ODC Debtor shall be deemed to be one obligation of the consolidated ODC Debtors. Intercompany Claims between the ODC Debtors shall be treated in accordance with Article 5(C) of the Plan.

ii. Consolidation of the NCOC Debtors

The Assets and Liabilities of each of the NCOC Debtors shall be deemed to be the Assets and Liabilities of a single, consolidated entity. Each and every Claim filed or to be filed in the Chapter 11 Cases against any of the NCOC Debtors shall be considered filed against the consolidated NCOC Debtors on and after the Effective Date. Any joint and several Liability of the two NCOC Debtors, and all Claims against such entities on account of such joint and several Liability, shall be considered a single Claim and single Liability against the consolidated NCOC Debtors. Any guarantee by an NCOC Debtor of the Liabilities of any other NCOC Debtor arising prior to the Effective Date shall be deemed eliminated under the Plan so that any Claim against any NCOC Debtor and any guaranty thereof executed by any other NCOC Debtor shall be deemed to be one obligation of the consolidated NCOC Debtors. Intercompany Claims between the NCOC Debtors shall be treated in accordance with Article 5(C) of the Plan.

iii. Rationale For Substantive Consolidation

The Plan reflects a consensual resolution and global settlement among the Debtors, the Committee, and the Brinkmann Parties regarding: (i) the allocation of the Settlement Consideration in accordance with the Distribution Model, (ii) the partial substantive consolidation of the ODC Debtors and NCOC Debtors, and (iii) the validity and enforceability of Intercompany Claims and Brinkmann Intercompany Claims. The Plan has the support of the Plan Proponents, the Brinkmann Parties and CCC.

Distributions to be made under the Plan are premised on the partial substantive consolidation of the ODC Debtors and NCOC Debtors into two consolidated Estates that correlate to the Debtors' historic business and operational groups. MLC is not being substantively consolidated and will be administrated separately. The consolidated Estates are:

- ODC, Smoke 'N Pit Corporation, Treasure Sensor Corporation, and Q-Beam Corporation will be consolidated and treated for all purposes under the Plan as the “ODC Debtors”; and
- NCOC and Stubbs will be consolidated and treated for all purposes under the Plan as the “NCOC Debtors.”

Substantive consolidation is an equitable remedy that a bankruptcy court may be asked to apply in chapter 11 cases of affiliated debtors. Substantive consolidation involves the pooling of the assets and liabilities of the affected debtors. All of the debtors in each of the partially substantively consolidated Debtor Groups are treated as if they were a single corporate and economic entity. Consequently, a creditor of one of the substantively consolidated debtors is treated as a creditor of the substantively consolidated group of debtors, and issues of individual corporate ownership of property and individual corporate liability on obligations are ignored. Substantive consolidation of two or more debtors' estates generally results in: (a) the consolidation of all assets and liabilities of the separate debtors into the assets and liabilities of a single debtor; (b) the elimination of intercompany Claims, subsidiary equity or ownership interests, multiple and duplicative creditor Claims, joint and several liability Claims and guarantees by one debtor of another debtors' obligations; and (c) the payment of allowed Claims from a common fund.

It is well established that section 105(a) of the Bankruptcy Code empowers a bankruptcy court to authorize substantive consolidation. The United States Court of Appeals for the Third Circuit, the circuit in which the Chapter 11 Cases are pending, has articulated a test for evaluating a request for substantive consolidation. *See In re Owens Corning*, 419 F.3d 195 (3d Cir. 2005). Specifically, absent consent, a court may substantively consolidate estates if either “(i) prepetition the entities to be consolidated disregarded separateness so significantly that their creditors relied on the breakdown of entity borders and treated them as one legal entity, or (ii) postpetition their assets and liabilities are so scrambled that separating them is prohibitive and hurts all creditors.” *Id.* at 211. The Plan Proponents submit that, under the circumstances here, this test is satisfied and that partial substantive consolidation of certain of the Debtors into the ODC Debtors and the NCOC Debtors, respectively, is appropriate. In addition, the Plan Proponents believe that the relief requested is very similar to the relief recently granted by the Bankruptcy Court in *FBI WIND DOWN, INC. (f/k/a Furniture Brands International, Inc.), et al.*, Case No. 13-12329 (CSS) [Docket Nos. 1663 (disclosure statement), 1799 (plan), and 1840 (confirmation order)].

In addition, on the Petition Date, aside from ODC and NCOC, the Debtors that are proposed to be partially substantively consolidated were very small with limited, if any, operations, and de minimis indebtedness. As discussed in more detail below, there are also de minimis, if any, Claims filed or scheduled against these Debtors aside from ODC and NCOC. Therefore, partial substantive consolidation will neither dilute the recoveries to Holders of Claims against ODC and NCOC, nor prejudice the Holders of Claims against the other ODC Debtors and NCOC Debtors. In fact, the handful of creditors with Claims against these Estates will likely recover more with partial substantive consolidation as it is unclear without significant and costly forensic accounting to determine the recovery to which these Creditors would otherwise be entitled.

Of the ODC Debtors, only ODC had any material scheduled Assets or Liabilities (aside from guarantees on secured Claims that were extinguished as the Claims have been paid in full), or Claims filed against them. Smoke 'N Pit Corporation had Assets totaling \$413,067.97, \$0 scheduled Liabilities, and a single \$6,459.04 Claim filed against it. As there are virtually no Claims against Smoke 'N Pit Corporation, the vast majority of the Settlement Consideration allocable to this Debtor, which is impossible to determine based on the condition of the Debtors' books and records, would revert back to the parent ODC. Thus, the partial substantive consolidation would not prejudice this single creditor. The same analysis applies to Treasure Sensor Corporation and Q-Beam Corporation. Treasure Sensor Corporation had \$0 Assets and \$0 Claims filed or scheduled against it. Likewise, Q-Beam Corporation had \$0 Assets (aside from certain intellectual property that was scheduled with an unknown value that was sold for \$400,000 after an auction), \$0 Liabilities scheduled against it, and only a single \$76.29 Claim scheduled against it.

Of the NCOC Debtors, only NCOC had any material scheduled Assets or Liabilities (aside from guarantees on secured Claims that were extinguished as the Claims have been paid in full), or Claims filed against them. Stubbs had assets totaling \$4,266,521.76 (including an intercompany receivable from NCOC in the amount of \$3,697,367.00) included on its schedules. However, there was only one scheduled Priority Non-Tax Claim in the amount of \$4,179.80, which was satisfied in full pursuant to one of the Debtors' first day orders, \$0 General Unsecured Claims, and an intercompany claim of \$1,054,654.72 payable to JBBI. The intercompany claim owed to JBBI is being resolved as part of the Global Settlement. Also, as there are no Creditors, there is no need to seek recovery on account of the NCOC receivable as those funds would flow back to NCOC as the parent corporation of Stubbs. Thus, the partial substantive consolidation would not prejudice creditors of the NCOC Debtors.

Finally, due to the magnitude of the Intercompany Transactions and Brinkmann Intercompany Transfers, it would be more costly, difficult and time-consuming to keep these entities separate. Accordingly, the added cost to keep these entities separate will not benefit the creditors of these entities or the parent entities. Rather, leaving them separate will simply add unnecessary costs that will result in a smaller recovery for all General Unsecured Creditors. Therefore the partial substantive consolidation proposed in the Plan will result in higher recoveries for all General Unsecured Creditors by reducing the administrative costs required to keep these four inconsequential entities separate.

D. Settlement of Issues Relating to Intercompany Claims

Intercompany Claims shall be adjusted, continued, extinguished, discharged and/or otherwise resolved to the extent determined appropriate pursuant to the Distribution Model Methodology. Any such transaction may be effected on or subsequent to the Effective Date without any further action by the Debtors or the Liquidation Trustee, as applicable. For the avoidance of doubt, the treatment of the Intercompany Claims is separate and apart from the treatment of the Brinkmann Intercompany Claims, which, upon the Liquidation Trust's indefeasible receipt of the full amount of the Settlement Consideration, shall be cancelled, extinguished, released, voided and relinquished.

E. Corporate Action

Upon the Effective Date, all matters under this Plan involving or requiring corporate action of the Debtors shall be deemed to have been authorized and to have occurred and be in effect from and after the Effective Date without further action by the Debtors or authorization from the Bankruptcy Court.

F. Vesting of Assets

Except as otherwise provided in the Plan, upon the Effective Date, pursuant to section 1141(b) of the Bankruptcy Code, all property of the estate of each Debtor not otherwise distributed on the Effective Date shall vest in the Liquidation Trust for the benefit of the Holders of Claims against and Equity Interests in that Debtor. Pursuant to section 1123(b)(3) of the Bankruptcy Code, after the Effective Date, the Liquidation Trust shall retain and enforce any Claims or interests belonging to each of the Debtors' respective chapter 11 bankruptcy estates that were not released by the Plan. From and after the Effective Date, the Liquidation Trustee, acting through the Liquidation Trust, may take any action consistent with the terms of the Plan, Confirmation Order, and Liquidation Trust Agreement, and execute, deliver, implement, and fully perform any and all obligations, instruments, documents and papers or otherwise in connection with any of the foregoing, free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code, except as explicitly provided herein.

G. Resignation of Officers and Directors

As of the Effective Date, any of the Debtors' remaining officers and members of their boards of directors shall be deemed to have resigned, if they have not already done so, without the necessity of any further action or writing, and they shall be released from any responsibilities, duties, and obligations that arise after the Effective Date to the Debtors or their creditors under the Plan or applicable law.

H. Corporate Existence; Dissolution of Debtors

As of the Effective Date each of the Debtors will cease to exist and shall be deemed dissolved for all purposes without the necessity for other or further actions to be taken by the Debtors or payments to be made in connection therewith.

I. Cancellation and Surrender of Instruments, Securities and Existing Agreements

Except as otherwise provided in this Plan, on the Effective Date, all notes, indentures, stock, instruments, certificates, and other documents evidencing Equity Interests shall be deemed automatically cancelled and shall be of no further force or effect, whether surrendered for cancellation or otherwise, and the obligations of the Debtors' estates thereunder or in any way related thereto shall be terminated.

J. Retained Rights of Action

All retained Rights of Action shall be preserved pursuant to section 1123(b) of the Bankruptcy Code and retained by the Liquidation Trustee for the sole and exclusive benefit of

the Liquidating Trust beneficiaries. The Liquidation Trustee shall have standing, as representative of the Estates pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, to pursue, or decline to pursue, the retained Rights of Action, as appropriate, in the business judgment of the Liquidation Trustee. The Liquidation Trustee may settle, release, sell assign, otherwise transfer, or compromise, retained Rights of Action without need for notice or order of the Bankruptcy Court.

Any and all potential Rights of Action against the Brinkmann Parties and CCC shall be treated as retained Rights of Action until all of the Sale Consideration is indefeasibly received by the Liquidation Trust in the case of the Brinkmann Parties and the CCC Payment is indefeasibly received by the Liquidation Trust in the case of CCC. Once these payments are received, any Rights of Action against the Brinkmann Parties or CCC shall be deemed immediately cancelled, extinguished, released, voided and relinquished without any further order of the Bankruptcy Court.

To the extent any retained Rights of Action are already pending on the Effective Date, the Liquidation Trustee as successor to the Debtors may continue the prosecution of such Action(s).

K. Full and Final Satisfaction

Upon the Effective Date, the Debtors shall have no further liability on account of any Claims or Interests except as set forth in the Plan without an order of the Bankruptcy Court substituting the Liquidating Trustee for one or more of the Debtors.

L. Creation and Governance of the Liquidation Trust

On the Effective Date, the Debtors and the Liquidation Trustee shall execute the Liquidation Trust Agreement and shall take all steps necessary to establish the Liquidation Trust in accordance with the Plan and the beneficial interests therein, which shall be for the benefit of the Liquidation Trust Beneficiaries. Additionally, on the Effective Date the Debtors shall irrevocably transfer and shall be deemed to have irrevocably transferred to the Liquidation Trust all of their rights, title, and interest in and to all of the Liquidation Trust Assets. In accordance with section 1141 of the Bankruptcy Code, the Liquidation Trust Assets shall automatically vest in the Liquidation Trust free and clear of all Claims, Liens, encumbrances, or interests subject only to the Liquidation Trust Interests and the Liquidation Trust Expenses, as provided for in the Plan, Confirmation Order, and the Liquidation Trust Agreement. The transfer of the Liquidation Trust Assets to the Liquidation Trust shall be exempt from any stamp, real estate transfer, other transfer, mortgage reporting, sales, use, or other similar tax. The Liquidation Trustee shall be the exclusive trustee of the Liquidation Trust Assets for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3), as well as the representative of the Estates appointed pursuant to section 1123(b)(3)(B) of the Bankruptcy Code solely with respect to the Liquidation Trust Assets. The Liquidation Trust shall be governed by the Liquidation Trust Agreement and administered by the Liquidation Trustee. The powers, rights, and responsibilities of the Liquidation Trustee shall be specified in the Liquidation Trust Agreement and shall include the authority and responsibility to, among other things, take the actions set forth in Article VI of the Plan, subject to any required reporting to the Liquidation Trust Oversight Committee as may be set forth in the Liquidation Trust Agreement.

The Liquidation Trust shall hold and distribute the Liquidation Trust Assets in accordance with the provisions of the Plan, Confirmation Order, and the Liquidation Trust Agreement. Other rights and duties of the Liquidation Trustee and the Liquidation Trust Beneficiaries shall be set forth in the Liquidation Trust Agreement. For the avoidance of doubt, after the Effective Date, the Debtors and the Estates shall have no interest in the Liquidation Trust Assets, the transfer of the Liquidation Trust Assets to the Liquidation Trust is absolute, and the Liquidation Trust Assets shall not be held or deemed to be held in trust by the Liquidation Trustee on behalf of any of the Debtors or the Estates.

On and after the Effective Date, the Liquidation Trust shall succeed to all of the Debtors' and the Estates rights under section 558 of the Bankruptcy Code solely with respect to Claims.

1. **Purpose of the Liquidation Trust**

The Liquidation Trust shall be established for the purpose of distributing the Liquidation Trust Assets to the Liquidation Trust Beneficiaries in accordance with Treasury Regulation section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business.

2. **Liquidation Trustee and Liquidation Trust Agreement**

The Liquidation Trust Agreement generally will provide for, among other things: (i) the payment of the Liquidation Trust Expenses; (ii) the payment of other reasonable expenses of the Liquidation Trust; (iii) the retention of counsel, accountants, financial advisors, or other professionals and the payment of their reasonable compensation; (iv) the investment of Cash by the Liquidation Trustee within certain limitations, including those specified in the Plan; and (v) the establishment of such Disputed Claim Reserve(s) as the Liquidation Trustee deems appropriate.

Except as otherwise ordered by the Bankruptcy Court, the Liquidation Trust Expenses shall be paid from the Liquidation Trust Assets in accordance with the Plan, Confirmation Order, and Liquidation Trust Agreement. The Liquidation Trustee shall establish a reserve for the payment of Liquidation Trust Expenses and shall periodically replenish such reserve, as necessary.

The Liquidation Trustee, on behalf of the Liquidation Trust, may employ, without further order of the Bankruptcy Court, professionals (including those previously retained by the Committee or the Debtors) to assist in carrying out its duties hereunder and may compensate and reimburse the reasonable expenses of these professionals without further Order of the Bankruptcy Court from the Liquidation Trust Assets in accordance with the Plan, Confirmation Order, and the Liquidation Trust Agreement. The Liquidation Trust Agreement may include reasonable and customary provisions that allow for indemnification by the Liquidation Trust in favor of the Liquidation Trustee and the Liquidation Trust Oversight Committee. Any such indemnification shall be the sole responsibility of the Liquidation Trust and payable solely from the Liquidation Trust Assets.

In furtherance of and consistent with the purpose of the Liquidation Trust and the Plan, the Liquidation Trustee, for the benefit of the Liquidation Trust, shall, subject to reporting to and

oversight by the Liquidation Trust Oversight Committee, have the rights and powers of the Liquidating Trustee as specified in the Liquidation Trust Agreement. The Liquidation Trustee shall be responsible for all decisions and duties with respect to the Liquidation Trust and the Liquidation Trust Assets, except as otherwise provided in the Plan, Confirmation Order, and the Liquidation Trust Agreement. In all circumstances, the Liquidation Trustee shall act in the best interests of the Liquidation Trust Beneficiaries pursuant to the terms of the Plan, Confirmation Order, and the Liquidation Trust Agreement.

3. **Compensation and Duties of Liquidation Trustee**

The salient terms of the Liquidation Trustee's employment, including the Liquidation Trustee's duties and compensation shall be set forth in the Liquidation Trust Agreement. The Liquidation Trustee shall be entitled to reasonable compensation in an amount consistent with that of similar functionaries in similar types of bankruptcy cases.

4. **Liquidation Trust Expenses**

From and after the Effective Date, the Liquidation Trust shall, in the ordinary course of business and without the necessity of any approval by the Bankruptcy Court, pay the reasonable professional fees and expenses incurred by the Liquidation Trust and any professionals retained by the Liquidation Trust from the Liquidation Trust Assets, except as otherwise provided in the Liquidation Trust Agreement.

5. **Distributions by Liquidation Trustee**

The Liquidation Trustee, in its discretion, may make distributions at any time on account of Allowed Claims provided that such distributions are otherwise permitted under, and not inconsistent with, the terms of the Plan, Confirmation Order, the Liquidation Trust Agreement, and applicable law.

6. **Cash Investments**

The Liquidation Trustee may invest Cash (including any earnings thereon or proceeds therefrom); *provided, however*, that such investments are investments permitted to be made by a "liquidating trust" within the meaning of Treasury Regulation section 301.7701-4(d), as reflected therein, or under applicable IRS guidelines, rulings or other controlling authorities.

7. **Closure of ODC Bank Account at Bank of America**

ODC currently maintains a bank account with Bank of America, N.A., account number ending 5871 (the "BOA Account"), that ODC intends to close before June 30, 2017. However, to the extent the BOA Account is still open on June 30, 2017, ODC consents to Bank of America closing the BOA Account and remitting any remaining funds to ODC within 30 day after closing the account. The Debtors either have or are in the process of migrating funds in the BOA Account to a separate account at a different bank that is an authorized depository under the United States Trustee Guidelines.

8. **Dissolution of the Liquidation Trust**

The Liquidation Trustee and the Liquidation Trust shall be discharged or dissolved, as the case may be, at such time as: (a) all objections to Disputed Claims are fully resolved, and (b) all distributions required to be made by the Liquidation Trust have been made, but in no event shall the Liquidation Trust be dissolved later than five (5) years from the Effective Date unless the Bankruptcy Court, upon motion made within the six-month period before such fifth anniversary (and, in the event of further extension, by order of the Bankruptcy Court, upon motion made at least six months before the end of the preceding extension), determines that a fixed period extension (not to exceed three years, together with any prior extensions, without a favorable letter ruling from the Internal Revenue Service that any further extension would not adversely affect the status of the Liquidation Trust as a liquidating trust for federal income tax purposes) is necessary to facilitate or complete the recovery on, and liquidation of, the Liquidation Trust Assets. Upon dissolution of the Liquidation Trust, any remaining Liquidation Trust Assets that exceed the amounts required to be paid under the Plan shall be transferred by the Liquidation Trustee to the American Bankruptcy Institute Endowment Fund.

9. **Control Provisions**

To the extent there is any inconsistency between the Plan as it relates to the Liquidation Trust and the Liquidation Trust Agreement, the Plan shall control.

K. **Rights of Action**

The Liquidation Trust shall be vested with and shall retain and may enforce any and all Claims, rights, demands and Rights of Action of any kind or nature whatsoever held by, through or on behalf of the Debtors, the Committee and/or the Estates against any other Entity, arising before the Effective Date that have not been fully resolved or disposed of prior to the Effective Date, or waived under the Plan, whether or not such Claims or Rights of Action are specifically identified in the Disclosure Statement accompanying this Plan or the Plan Supplement and whether or not litigation with respect to same has been commenced prior to the Effective Date.

VIII.

**PROVISIONS GOVERNING DISTRIBUTIONS
AND DISTRIBUTION PROCEDURES**

A. **Disbursements on Account of Allowed Claims**

The Liquidation Trustee shall be exclusively responsible for making distributions to Holders of Allowed Claims in accordance with the terms of the Plan, Confirmation Order, and Liquidation Trust Agreement. The Liquidation Trustee shall not be required to give any bond or surety or other security for the performance of their duties under this Plan with respect to distributions made pursuant to the Plan. Distributions on account of all Allowed Professional Fee Claims shall be made from the Professional Fee Account.

B. **Disputed Payments**

No payments or distributions will be made on account of a Disputed Claim until such Claim becomes an Allowed Claim. In the event of any dispute between and among Creditors as to the right of any Entity to receive or retain any payment or distribution to be made to such Entity under the Plan, the Liquidation Trustee or the Debtors, may, in lieu of making such payment or distribution to such Entity, instead hold such payment or distribution until the disposition thereof shall be determined by the Bankruptcy Court.

C. Fractional Distributions; De Minimis Distributions

Notwithstanding any other provision of the Plan to the contrary, (a) the Liquidation Trustee shall not be required to make distributions or payments of fractions of dollars, and whenever any distribution of a fraction of a dollar under the Plan would otherwise be required, the actual distribution made shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars being rounded down; and (b) the Liquidation Trustee shall have no duty to make a distribution on account of any Allowed Claim (i) if the aggregate amount of all distributions authorized to be made on such date is less than \$30,000, in which case such distributions shall be deferred to the next distribution, (ii) if the amount to be distributed to a Holder on the particular distribution date is less than \$100.00, unless such distribution constitutes the final distribution to such Holder, or (iii) if the amount of the final distribution to such Holder is \$50.00 or less, in which case no distribution will be made to that holder, such distribution shall revert to the Liquidation Trust for distribution on account of other Allowed Claims, and that holder shall be forever barred from asserting such claim against the Liquidation Trust Assets or the Liquidation Trustee.

After final distributions have been made in accordance with the terms of the Plan and the Liquidation Trust Agreement, if the amount of remaining Cash is less than \$30,000, the Liquidation Trustee shall donate such amounts to the American Bankruptcy Institute Endowment Fund, a not-for-profit nonreligious organization dedicated to, among other things, promoting research and scholarship in the area of insolvency, free of any restrictions thereon, notwithstanding any federal or state escheat laws to the contrary.

D. Delivery of Distributions

Distributions to Holders of Allowed Claims shall be made (a) at the addresses set forth on the proofs of claim Filed by such Holders, (b) at the addresses reflected in the Schedules if no proof of claim has been Filed, or (c) at the addresses set forth in any written notices of address changes delivered to the Debtors or Liquidation Trustee, as applicable. If any Holder's distribution is returned as undeliverable the Liquidation Trustee shall have no responsibility to determine the current address of such Holder and no further distributions to such Holder shall be made unless and until the Liquidation Trustee is notified of such Holder's then current address, at which time all missed distributions shall be made to such Holder without interest. The responsibility to provide the Liquidation Trustee a current address of a Holder of Claims shall always be the responsibility of such Holder. Amounts with respect to undeliverable distributions made by the Liquidation Trustee shall be held in trust on behalf of the Holder of the Claim to which they are payable by the Liquidation Trust until the earlier of the date that such undeliverable distributions are claimed by such Holder and ninety (90) days after the date the undeliverable distributions were made.

E. Application of Distribution Record Date

At the close of business on the Distribution Record Date, the Claims registers for all Claims shall be closed, and there shall be no further changes in the record Holders of Claims. Except as provided herein, the Liquidation Trustee shall not have any obligation to recognize any transfer of Claims occurring after the Distribution Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only those record Holders stated on the Claims registers as of the close of business on the Distribution Record Date.

F. Withholding, Payment, and Reporting Requirements with Respect to Distributions

All distributions under the Plan to be made by the Liquidation Trustee shall, to the extent applicable, comply with all tax withholding, payment, and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority, and all distributions shall be subject to any such withholding, payment, and reporting requirements.

The Liquidation Trustee shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding, payment, and reporting requirements. The Liquidation Trustee may require, in its sole and absolute discretion and as a condition to the receipt of any distribution, that the Holder of an Allowed Claim complete and return to the Liquidation Trust the appropriate Form W-8 or Form W-9 of each Holder.

Notwithstanding any other provision of the Plan, (a) each Holder of an Allowed Claim that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Unit, including income, withholding, and other tax obligations, on account of such distribution, and including, in the case of any Holder of a Disputed Claim that has become an Allowed Claim, any tax obligation that would be imposed upon the Liquidation Trust in connection with such distribution, and (b) no distribution shall be made to or on behalf of such Holder pursuant to the Plan unless and until such Holder has made arrangements reasonably satisfactory to the Liquidation Trustee for the payment and satisfaction of such withholding tax obligations or such tax obligation that would be imposed upon the Liquidation Trust in connection with such distribution.

G. Setoffs

The Liquidation Trust may, but shall not be required to, set off against any Claim, and the payments or other distributions to be made pursuant to the Plan in respect of such Claim, Claims of any nature whatsoever that the Debtors or the Liquidation Trust may have against the Holder of such Claim; *provided, however*, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Liquidation Trust of any such claim that it may have against such Holder.

Holders of Claims can only exercise setoff rights against the Liquidation Trust if such setoff was formally asserted in a timely Filed proof of Claim or in a pleading Filed with the Bankruptcy Court prior to entry of the Confirmation Order.

H. Forfeiture of Distributions

If the Holder of a Claim fails to cash a check payable to it or fails to claim an undeliverable distribution within the time period set forth in Article VII.D, of the Plan, or fails to complete and return to the Liquidation Trust the appropriate Form W-8 or Form W-9 within ninety (90) days of the request by the Liquidation Trust for the completion and return to it of the appropriate form pursuant to Article VII.F of the Plan, then such Holder shall be (i) deemed to have forfeited its right to any reserved and future distributions from the Liquidation Trust, (ii) any Liquidation Trust Interests held by such Holder shall be deemed cancelled, and (iii) the Claims of such Holder shall be forever barred. In the event the Liquidation Trustee determines, in its sole discretion, that any such amounts are too small in total to redistribute cost-effectively to the Liquidation Trust Beneficiaries, the Liquidation Trustee shall donate them to the American Bankruptcy Institute Endowment Fund, a not-for-profit nonreligious organization dedicated to, among other things, promoting research and scholarship in the area of insolvency, free of any restrictions thereon, notwithstanding any federal or state escheat laws to the contrary.

IX.

PROCEDURES FOR RESOLUTION OF DISPUTED CLAIMS AND DISTRIBUTIONS WITH RESPECT THERETO

A. Authority to Object to Claims

As of the Effective Date, the Liquidation Trustee shall have the exclusive authority to file objections, settle, compromise, withdraw or litigate to judgment objections to all Claims.

In addition to any other available remedies or procedures with respect to Tax issues or liabilities or rights to Tax refunds, the Liquidation Trust, at any time, may utilize (and receive the benefits of) section 505 of the Bankruptcy Code with respect to: (1) any Tax issue or liability or right to a Tax refund relating to an act or event occurring prior to the Effective Date; or (2) any Tax liability or right to a Tax refund arising prior to the Effective Date. If the Liquidation Trust utilizes section 505(b) of the Bankruptcy Code, the Bankruptcy Court will determine the amount of the subject Tax liability or right to a Tax refund in the event that the appropriate Governmental Entity timely determines a Tax to be due in excess of the amount indicated on the subject return.

B. Time to Object to Claims and Settlement of Disputed Claims

Objections to Claims by the Liquidation Trustee shall be filed by the Claims Objection Deadline, provided however, that the Liquidation Trustee may each seek extension(s) of such deadline subject to Bankruptcy Court approval and with notice only to parties that have requested such notice pursuant to Bankruptcy Rule 2002. The Liquidation Trustee shall be

authorized to settle, or withdraw any objections to, any Disputed Claim following the Effective Date without further notice to Creditors or authorization of the Bankruptcy Court, in which event such Claim shall be deemed to be an Allowed Claim in the amount compromised for purposes of this Plan. Distributions shall only be made on account of Allowed Claims.

C. Estimation of Claims

The Liquidation Trustee may at any time request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether the Debtors have previously objected to such Claim or whether the Bankruptcy Court has ruled on such objection. The Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any such Claim, including during the pendency of any appeal relating to such objection. In the event the Bankruptcy Court so estimates any contingent or unliquidated Claim, that estimate amount shall constitute the Allowed amount of the Claim. Unless otherwise ordered by the Bankruptcy Court, unliquidated Claims shall be estimated at \$0 for purposes of distributions and calculation of the Disputed Claims Reserve.

X.

**TREATMENT OF EXECUTORY
CONTRACTS AND UNEXPIRED LEASES**

A. Rejection of Executory Contracts and Unexpired Leases

Pursuant to section 365(a) of the Bankruptcy Code, any executory contract or unexpired lease (excluding any contracts of insurance in favor of, or that benefit, the Debtors' or the Estates) that (i) has not expired by its own terms on or prior to the Effective Date, (ii) has not been previously rejected by an order of the Bankruptcy Court; (iii) are not listed for assumption by the Debtors as of the Effective Date in the Plan Supplement to be filed and served on affected non-Debtor counterparties; (iii) as to which a motion for approval of the assumption or rejection of such contract of lease has been Filed and served prior to the Effective Date; (iv) that were previously sold, conveyed or otherwise assigned pursuant to Final Order; and (v) has not been assumed, assumed and assigned, or rejected with the approval of the Bankruptcy Court; shall be deemed rejected pursuant to section 365 of the Bankruptcy Code as of the Effective Date. The Confirmation Order shall constitute the approval of the rejection of executory contracts and unexpired leases pursuant to this section of the Plan and sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

B. Bar Date for Rejection Damages

If the rejection of an executory contract or unexpired lease pursuant to the Plan or otherwise gives rise to a Claim by the other party or parties to such contract or lease, such Claim will be forever barred and will not be enforceable against the Debtors or the Liquidation Trustee, as applicable, unless a proof of Claim is Filed and served on Liquidation Trustee and its counsel within thirty (30) days after the earlier of (a) Effective Date or (b) service of a notice that the executory contract or unexpired lease has been rejected. All such Claims for which proofs of

Claim are required to be Filed, if Allowed, will be, and will be treated as, General Unsecured Claims, subject to the provisions of the Plan.

XI.

RELEASES, INJUNCTIONS, EXCULPATION AND RELATED PROVISIONS

A. Injunctions

1. Generally

Unless otherwise provided in the Plan or the Confirmation Order, all injunctions and stays provided for in the Chapter 11 Cases pursuant to sections 105 and 362 of the Bankruptcy Code or otherwise in effect on the Confirmation Date, will remain in full force and effect until the Effective Date.

2. Injunction Related to Rights of Action and Claims, Administrative Expenses and Interests

Except as provided in the Plan or in the Confirmation Order, as of the Effective Date, all Entities that have held, currently hold or may hold a Claim, Administrative Expense, Interest or other debt or liability against or in the Debtors are permanently enjoined from taking any of the following actions against property of the Debtors or their Estates, and the Liquidation Trust on account of all or such portion of any such Claims, Administrative Expenses, Interests, debts or liabilities: (a) commencing or continuing, in any manner or in any place, any action or other proceeding; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order, (c) creating, perfecting or enforcing any lien or encumbrance; and (d) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan.

3. Injunction Related to CCC Class 5 Claims Pending Completion of ADR Procedures

Except as provided in the Confirmation Order, as of the Effective Date, all Holders of CCC Class 5 Claims are prohibited from taking any of the following actions for the purpose of, directly or indirectly, litigating, collecting, recovering, or receiving payment of, on or with respect to any CCC Class 5 Claims, from or against CCC, until such CCC Class 5 Claim Holder participates in the ADR Procedures attached as Exhibit B to the Plan, including, but not limited to: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding (including a judicial, arbitral, administrative or other proceeding) in any forum against or affecting the Debtors and/or CCC or any property or interests in property of the Debtors and/or CCC; and (b) proceeding in any manner in any place with regard to any matter that is subject to resolution pursuant to the ADR Procedures, except in conformity and compliance therewith.

Pursuant to the terms of the ADR Procedures, if an Unsuccessful Mediation Filing (as defined in the ADR Procedures) is filed in accordance with the ADR Procedures, the injunction set forth in Section X.A.3 of the Plan against the applicable Holder of the CCC Class 5 Claim shall be modified within two business days of the filing of the Unsuccessful Mediation Program to permit such holder to liquidate and fix the value of such claim.

B. Exculpation

As of, and subject to the occurrence of the Effective Date, for good and valuable consideration, the Exculpated Parties will neither have nor incur any liability to any Person or Entity for any act taken or omitted to be taken, on or after the Petition Date, in connection with, or related to, the formulation, preparation, dissemination, implementation, administration, Confirmation or consummation of the Plan or any contract, instrument, waiver, release or other agreement or document created or entered into, in connection with the Plan, or any other act taken or omitted to be taken in connection with the Chapter 11 Cases up to and including the Effective Date; provided, however, that the foregoing provisions of this subsection will have no effect on the liability of any Person or Entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence, willful misconduct or fraud.

C. Releases and Released Matters

(a) **Releases by Debtors.** As of the Effective Date, for good and valuable consideration, including, without limitation, the consideration provided under the Plan with respect to the Settlement Consideration, the Debtors, for themselves and the Estates and the Committee, for themselves and their predecessors, assigns and heirs, as applicable, irrevocably, unconditionally and generally releases and discharges all of the Released Parties, from: any and all Claims, demands, damages, debts, liabilities, accounts, interests, reckonings, obligations, costs (including attorneys' fees), expenses, liens, promises, agreements, contracts, covenants, actions and causes of action of every kind and nature whatsoever whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, fixed or contingent, matured or unmatured, in law or equity or otherwise (the "Released Claims"), which the Debtors or their Estates, or the Committee, ever had, now have or hereafter can, will or may have against any of the Released Parties, from the beginning of time to the Effective Date; *provided, however*, that (i) the release of the Released Claims against the Brinkmann Parties shall not occur until the date of the Liquidation Trustee's indefeasible receipt of all of the Settlement Consideration; and (ii) release of the Released Claims against CCC shall not occur until the date of the Liquidation Trustee's indefeasible receipt of the CCC Payment.

(b) Entry of the Confirmation Order shall constitute the (i) the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases set forth in this Section X.C of the Plan and, (ii) the Bankruptcy Court's finding that such releases are (1) in exchange for good and valuable consideration provided by the Released Parties and a good faith settlement and compromise of the Released Claims, (2) in the best interests of

the Debtors, and the Estates, (3) fair, equitable and reasonable; and (4) given and made after notice and opportunity for hearing.

(c) **Releases by Creditors.** As of the Effective Date, each Holder of a Claim that is unimpaired and that is not entitled to vote on the Plan shall be deemed to grant the release of the Released Claims in section X.C. of the Plan in favor of the Released Parties. As of the Effective Date, each Holder of a Claim in Class 3 and Class 5 shall be deemed to grant the release of the Released Claims in Article X.C of the Plan in favor of the Released Parties unless such holder timely submits a Release Opt-Out indicating such Holder's decision not to grant the release of the Released Claims set forth in section X.C of the Plan. Holders of Claims in Class 4 (A-C) are providing a release pursuant to the Global Settlement Agreement.

XII.

NO REGULATED RATE CHANGE WITHOUT GOVERNMENT APPROVAL

The Debtors do not charge any rates for purposes of section 1129(a)(6) that are regulated by any governmental regulatory commission with jurisdiction under applicable non-bankruptcy law.

XIII.

EXEMPTION FROM CERTAIN TRANSFER TAXES

Pursuant to section 1146(c) of the Bankruptcy Code, any transfers by the Debtors pursuant to the Plan will not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax or other similar Tax or governmental assessment. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or Governmental Unit or parish in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, intangible tax or similar tax.

XIV.

RETENTION OF JURISDICTION AND MISCELLANEOUS MATTERS

A. Retention of Jurisdiction

Notwithstanding the entry of the Confirmation Order or the occurrence of the Effective Date, the Bankruptcy Court will retain jurisdiction over the Chapter 11 Cases and any of the proceedings related to the Chapter 11 Cases pursuant to section 1142 of the Bankruptcy Code and 28 U.S.C. § 1334 to the fullest extent permitted by the Bankruptcy Code and other applicable law, including, without limitation, such jurisdiction as is necessary to ensure that the

purpose and intent of the Plan are carried out. Without limiting the generality of the foregoing, the Bankruptcy Court shall retain jurisdiction for the following purposes:

1. establish the priority or secured or unsecured status of, allow, disallow, determine, liquidate, classify, or estimate any Claim, Administrative Expense or Interest (including, without limitation and by example only, determination of Tax issues or liabilities in accordance with section 505 of the Bankruptcy Code), resolve any objections to the allowance or priority of Claims, Administrative Expenses or Interests, or resolve any dispute as to the treatment necessary to reinstate a Claim, Administrative Expense or Interest pursuant to the Plan;
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 rejection of any executory contract or unexpired lease to which the Debtors are a party or with respect to which the Debtors may be liable, and to hear, determine and, if necessary, liquidate any Claims or Administrative Expenses arising therefrom;
4. ensure that distributions to Holders of Allowed Claims and Administrative Expenses are made pursuant to the provisions of the Plan, and to effectuate performance of 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 the Debtors that may be pending before the Effective Date or that may be commenced by the Liquidation Trustee thereafter as provided in the Plan;
6. enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Plan, the Disclosure Statement or the Confirmation Order, except as otherwise provided in the Confirmation Order or in the Plan, including, without limitation, any stay orders as may be appropriate in the event that the Confirmation Order is for any reason reversed, stayed, revoked, modified, supplemented or amended;
7. resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Plan or the Confirmation Order;
8. subject to the restrictions on modifications provided in any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, modify the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code or modify the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order; or remedy any defect or omission or reconcile any

inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, or any other related documents, in such manner as may be necessary or appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code;

9. issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation or enforcement of the Plan or the Confirmation Order,
10. consider and act on the compromise and settlement of any Claim against, or Retained Right of Action of the Debtors;
11. decide or resolve any Retained Rights of Action under the Bankruptcy Code;
12. enter such orders as may be necessary or appropriate in connection with the recovery of the assets of the Debtors or Liquidation Trust, as applicable, wherever located;
13. hear and decide any objections to Claims brought by the Liquidation Trust;
14. hear and decide any litigation, including any Avoidance Claims, brought by the Liquidation Trustee;
15. hear and determine any motions or contested matters involving Priority Tax Claims or Taxes either arising prior (or for periods including times prior) to the Effective Date or relating to the administration of the Chapter 11 Case, including, without limitation (i) matters involving federal, state and local Taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code, (ii) matters concerning Tax refunds due for any period including times prior to the Effective Date, and (iii) any matters arising prior to the Effective Date affecting Tax attributes of the Debtors;
16. determine such other matters as may be provided for in the Confirmation Order or as may from time to time be authorized under the provisions of the Bankruptcy Code or any other applicable law;
17. enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings issued or entered in connection with the Chapter 11 Case or the Plan;
18. remand to state court any claim, cause of action, or proceeding involving any of the Debtors that was removed to federal court, in whole or in part in reliance upon 28 U.S.C. § 1334;

19. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, except as otherwise provided in the Plan;
20. determine any other matter not inconsistent with the Bankruptcy Code; and
21. enter an order or final decree concluding the Chapter 11 Cases.

XV.

MISCELLANEOUS MATTERS

A. Final Decree

On the Effective Date, all of the Debtors' Chapter 11 Cases aside from ODC, MLC and NCOC shall be closed without any further order of this Court. At any time following the Effective Date, the Liquidation Trustee will be authorized to file a motion for the entry of a final decree closing the Chapter 11 Cases of ODC, MLC and NCOC, pursuant to section 350 of the Bankruptcy Code.

B. Records

Upon the entry of a final decree closing all of the Chapter 11 Cases, unless otherwise ordered by the Bankruptcy Court, the Liquidation Trustee shall offer to transfer to the Brinkman Parties, with all expenses and costs related to the foregoing to be paid by the Brinkmann Parties to the Liquidation Trustee in advance, the following property to the extent in the dominion, control or possession of the Liquidation Trustee:

1. Brinkmann.net Domain and IT System. Access to the Debtors' dormant intellectual technology systems, all backup copies and data files in storage at Iron Mountain (or at any other storage location), including the email network, and transfer of any billing.
2. Accounting. All accounting data, records and backup copies and data kept on the Debtors' former intellectual technology systems in storage at Iron Mountain (or at any other storage location), and all accounting records kept by Debtors on QuickBooks and all backup copies, and the transfer of any billing records.
3. Physical Files and Records. All files and records (including billing records) retained by Debtors onsite at any location and in storage at Iron Mountain (or at any other storage location), specifically those accounting, corporate and other records retained by Debtors dated from 2007 to date that they were located at the Debtors' former locations located at (a) 4215 McEwen Road, Dallas, Texas; and

(b) 4821 Simonton Road, Dallas, Texas, and any existing files and records and backup copies kept by Debtors (the documents, records, files and other property referenced in this paragraph (1) through (3), the “Brinkmann Records”)

If the Brinkmann Parties do not respond to the Liquidating Trustee’s offer to transfer any or all of the Brinkmann Records within 5 days, then the Liquidating Trustee may destroy or otherwise dispose of all records maintained by the Liquidating Trustee or previously maintained by the Debtors, including the Brinkmann Records. Notwithstanding anything to the contrary (but subject to the above procedures regarding the transfer of the Brinkmann Records to the Brinkman Parties), the Liquidation Trustee may, without Bankruptcy Court approval, destroy any documents or records that it reasonably believes are no longer required to effectuate the terms and conditions of the Plan.

The Brinkmann Records are being transferred to the Brinkmann Parties on an “as is where is basis” and neither the Liquidation Trust, Liquidation Trustee nor any of their Professional Persons are making any representations or warranties concerning the Brinkmann Records. Upon receipt of the Brinkmann Records, the Brinkmann Parties shall release any and all potential Claims against the Liquidation Trust, Liquidation Trustee, or any of their Professional Persons concerning, regarding or relating to the Brinkmann Records.

C. Headings

The headings used in the Plan are inserted for convenience only and neither constitute a portion of the Plan nor in any manner affect the construction of the provisions of the Plan.

D. Services by and Fees for Professionals and Certain Parties

All budgeted fees and expenses for each Professional Person shall be maintained in the Professional Fee Account through the Effective Date. Notwithstanding any other provision herein or in the Plan, Allowed Professional Fee Claims will be paid from the Professional Fee Account in accordance with the terms of the order(s) authorizing such payments as promptly as possible after the Effective Date for any outstanding amounts due as of the Effective Date, and as soon as practicable thereafter as such obligation to pay becomes due unless otherwise agreed upon by the applicable Professional Person. Any amounts remaining in the Professional Fee Account after payment of all Allowed Professional Fee Claims shall be refunded and returned to the Liquidation Trust.

From and after the Effective Date, the Liquidation Trustee will in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses of professionals thereafter incurred by the Liquidation Trust, provided, however, if on the Effective Date, any of the Debtors’ Professional Persons have calculated that any of such Professionals’ Person’s retainers are greater than the outstanding Professional Fee Claim (including Claims for any unpaid holdback amounts or unreimbursed expenses) owed to such Professional Person, any excess retainer amount shall be returned to the Liquidation Trust within five (5) Business Days after the Effective Date.

E. Bar Date for Administrative Expenses

Requests for payment of all Administrative Expenses, other than for those for which a bar date was previously set (including the Bar Dates set by the Bar Date Orders) or for which a request and/or proof of Claim has previously been filed, must be Filed and served on the Liquidation Trustee and the United States Trustee by no later than thirty (30) days after the Effective Date. Any Administrative Expense subject to a prior bar date and not filed (including the Bar Date set by the Bar Date Order) shall be considered Disputed Claims and not Timely Filed. The Liquidation Trustee will have until ninety (90) days after the Effective Date to bring an objection to a Timely Filed request for payment of an Administrative Expense (as may be extended pursuant to this section, the "Administrative Expense Objection Deadline"), provided that the Liquidation Trustee may seek extension(s) thereof subject to Bankruptcy Court approval and with notice only to parties that have requested such notice pursuant to Bankruptcy Rule 2002. Nothing in the Plan will prohibit the Liquidation Trustee from paying Administrative Expenses in the ordinary course in accordance with applicable law during or after the Chapter 11 Cases, but after the Effective Date, the Liquidation Trustee's obligation to pay an Administrative Expense will depend upon the claimant's compliance with this section and such Administrative Expense being Allowed under the provisions of the Plan.

F. Non-Voting Equity Securities

If and to the extent applicable, the Plan Proponents will comply with the provisions of section 1123(a)(6) of the Bankruptcy Code.

G. Subordination Agreements

Pursuant to section 510(a) of the Bankruptcy Code, to the extent there is any subordination agreement in place between creditors that is enforceable under nonbankruptcy law, the Liquidation Trustee shall honor such subordination agreement and turn over any distributions required to be turned over pursuant to the terms of such agreements and the Bankruptcy Code.

H. Notices

All notices and requests in connection with the Plan shall be in writing and shall be hand delivered or sent by mail or facsimile addressed to:

Debtors:

Mr. David M. Baker
Aurora Management Partners
112 South Tryon Street
Suite 1770
Charlotte, North Carolina 28284
Telephone: 704-377-6010
Facsimile: 704-943-9893

Debtors' Counsel:

Pachulski Stang Ziehl & Jones LLP
Attn: Jeffrey N. Pomerantz, Esq.
Joshua M. Fried, Esq.
10100 Santa Monica Blvd., 13th Floor
Los Angeles, CA 90067-4003
Telephone: 310-277-6910
Facsimile: 310-201-0760

Liquidation Trustee:

Lowenstein Sandler LLP
Attn: Bruce S. Nathan, Esq.
Eric S. Chafetz, Esq.
1251 Avenue of the Americas
New York, New York 10020
Telephone: 212-262-6700
Facsimile: 212-262-7402

Blank Rome LLP
Attn: Victoria A. Guilfoyle, Esq.
1201 Market Street, Suite 800
Wilmington, DE 19801
Telephone: 302-425-6404
Facsimile: 302-428-5101

All notices and requests to any Person of record holding any Claim, Administrative Expense or Interest shall be sent to such Person at the Person's last known address or to the last known address of the Person's attorney of record. Any such Person may designate in writing any other address for purposes of section XIV.H of the Plan, which designation will be effective on receipt.

I. Successors and Assigns

The rights, duties and obligations of any Person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors and assigns of such Person.

J. Severability of Plan Provisions

If, prior to Confirmation, any non-material term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as altered or

interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to their terms.

Neither the filing of the Plan nor any statement or provision contained in the Plan or in the Disclosure Statement, nor the taking by any party in interest of any action with respect to the Plan, shall (a) be or be deemed to be an admission against interest, and (b) until the Effective Date, be or be deemed to be a waiver of any rights any party in interest may have (i) against any other party in interest, or (ii) in any of the assets of any other party in interest, and, until the Effective Date, all such rights are specifically reserved. In the event that the Plan is not confirmed or fails to become effective, neither the Plan nor the Disclosure Statement or any related documents nor any statement contained in the Plan or in the Disclosure Statement or any related documents may be used or relied upon in any manner in any suit, action, proceeding or controversy within or without these Chapter 11 Cases involving the Debtors, except with respect to Confirmation of the Plan.

K. No Waiver

Neither the failure of the Debtors to list a Claim in the Debtors' Schedules, the failure of the Debtors to object to any Claim or Interest for purposes of voting, the failure of the Debtors to object to a Claim or Administrative Expense prior to Confirmation or the Effective Date, the failure of the Debtors to assert a Retained Right of Action prior to Confirmation or the Effective Date, the absence of a proof of Claim having been filed with respect to a Claim, nor any action or inaction of the Debtors or any other party with respect to a Claim, Administrative Expense, Interest or Retained Right of Action other than a legally effective express waiver or release shall be deemed a waiver or release of the right of the Debtors or Liquidation Trustee, before or after solicitation of votes on the Plan or before or after Confirmation or the Effective Date to (a) object to or examine such Claim, Administrative Expense or Interest, in whole or in part or (b) retain and either assign or exclusively assert, pursue, prosecute, utilize, otherwise act or otherwise enforce any Rights of Action.

L. Inconsistencies

In the event the terms or provisions of the Plan are inconsistent with the terms and provisions of the exhibits to the Plan or documents executed in connection with the Plan, excluding the Liquidation Trust Agreement the terms of the Plan shall control.

M. U.S. Trustee Fees

All fees payable on or before the Effective Date pursuant to section 1930 of title 28 of the United States Code shall be paid by the Debtors on or before the Effective Date. From and after the Effective Date, the Liquidation Trustee shall pay, on behalf of the Debtors, the fees assessed against their Estates until such time as the particular chapter 11 case is closed, dismissed or

converted. In addition, the Liquidation Trustee shall file post confirmation quarterly reports in conformity with the U.S. Trustee guidelines until entry of an order closing or converting the Chapter 11 Cases.

N. Plan Supplement

No later than ten (10) days prior to the Confirmation Hearing, the Plan Supplement shall File with the Bankruptcy Court the Plan Supplement, which shall contain such substantially final agreements, other documents and information as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. Holders of Claims or Interests may obtain a copy of the Plan Supplement upon written request to the Claims Agent.

O. Preservation of Insurance

The Debtors' release from and payment of Claims as provided in the Plan shall not diminish or impair the enforceability of any insurance policy that may cover any Claims.

P. Certain Actions

By reason of entry of the Confirmation Order, prior to, on or after the Effective Date (as appropriate), all matters provided for under the Plan that would otherwise require approval of directors or stockholders of the Debtors under the Plan, including, without limitation, (i) the distribution of Cash pursuant to the Plan, (ii) the adoption, execution, delivery, and implementation of all contracts, leases, instruments, releases, and other agreements or documents related to the Plan, and (iii) the adoption, execution, and implementation of other matters provided for under the Plan involving the company or organizational structure of the Debtors, shall be deemed to have occurred and shall be in effect prior to, on or after the Effective Date (as appropriate), pursuant to the applicable general corporation, limited liability, or partnership law of the states in which the Debtors are chartered, organized or incorporated, without any requirement of further action by the directors and stockholders of the Debtors.

Q. Debtors' Privileges as to Rights of Action

Effective as of the Effective Date, all Privileges of the Debtors relating to the Liquidation Trust Assets (which include the Rights of Action) shall be deemed transferred, assigned, and delivered to the Liquidation Trust, without waiver or release, and shall vest with the Liquidation Trust. The Liquidation Trustee shall hold and be the beneficiary of all such Privileges and entitled to assert such Privileges. No such Privilege shall be waived by disclosures to the Liquidation Trustee of the Debtors' documents, information, or communications subject to attorney-client privileges, or other immunities (including those related to common interest or joint defense with third parties), or protections from disclosure held by the Debtors. The Debtors' Privileges relating to the Liquidation Trust Assets will remain subject to the rights of third parties under applicable law, including any rights arising from the common interest doctrine, the joint defense doctrine, joint attorney-client representation, or any agreement. Nothing contained herein or in the Confirmation Order, nor any Professional Person's compliance herewith and therewith, shall constitute a breach of any Privileges of the Debtors.

R. Dissolution of Committee and Debtors' Professionals

On the Effective Date, the Committee shall dissolve and all members, employees, agents, and Professional Persons thereof shall be released and discharged for all rights and duties arising from or related to the Chapter 11 Cases. The Professional Persons retained by the Committee and the members thereof will not be entitled to assert any fee Claims for any services rendered or expenses incurred after the date on which the Committee is dissolved, except for reasonable fees for services rendered, and actual and necessary costs incurred, in connection with any applications for allowance of Professional Fees pending on the Effective Date or filed and served after the Effective Date pursuant to the Plan.

On the Effective Date, the Debtors' Professional Persons shall be deemed terminated, but may be re-hired in the Liquidation Trustee's discretion after the Effective Date.

S. Waiver of Stay

The Plan Proponents request as part of the Confirmation Order a waiver from the Bankruptcy Court of the fourteen (14) day stay of Bankruptcy Rule 3020(e) and, to the extent applicable, a waiver of the fourteen (14) day stay of Bankruptcy Rule 6004(h).

T. Substantial Consummation

On the Effective Date, the Plan shall be deemed substantially consummated under Bankruptcy Code sections 1101 and 1127(b).

U. Choice of Law

Except to the extent a rule of law or procedures is supplied by federal law (including but not limited to the Bankruptcy Code and the Bankruptcy Rules), the Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware applicable to contracts executed in and to be performed in that State.

XVI.

CONDITIONS TO EFFECTIVENESS

The Plan will not be consummated and the Effective Date will not occur unless and until: (A) the Confirmation Order is in a form acceptable to the Plan Proponents, (B) all documents to be provided in the Plan Supplement are in form and substance acceptable to the Plan Proponents, (C) the Confirmation Order shall be a Final Order, (D) Cash in the amount of not less than the Liquidation Trust Minimum Funding is transferred to the Liquidation Trust, (E) the Brinkmann Downpayment is released to the Debtors or the Liquidation Trust, as applicable, from account number M28996003 held at JPMorgan Chase Bank, N.A., and (F) the parcels of land covered by the deed of trust securing the Brinkmann Note shall be free and clear of any liens, claims, or

encumbrances Any such waiver shall not require any notice, Bankruptcy Court order, or any further action.

XVII.

EFFECT OF CONFIRMATION

A. Binding Effect of Confirmation

Confirmation will bind the Debtors, all Holders of Claims, Administrative Expenses, or Interests and other parties in interest to the provisions of the Plan whether or not the Claim, Administrative Expense, or Interest of such Holder is Impaired under the Plan and whether or not the Holder of such Claim, Administrative Expense, or Interest has accepted the Plan.

B. Good Faith

Confirmation of the Plan shall constitute a finding that: (i) the Plan has been proposed in good faith and in compliance with applicable provisions of the Bankruptcy Code; and (ii) all Persons' solicitations of acceptances or rejections of the Plan and the offer, issuance, sale, or purchase of a security offered or sold under the Plan have been in good faith and in compliance with applicable provisions of the Bankruptcy Code.

C. No Limitations on Effect of Confirmation

Nothing contained in the Plan shall limit the effect of Confirmation as described in section 1141 of the Bankruptcy Code.

XVIII.

MODIFICATION OR WITHDRAWAL OF PLAN

A. Modification of Plan

The Plan Proponents may seek to amend or modify the Plan at any time prior to Confirmation in the manner provided by section 1127 of the Bankruptcy Code or as otherwise permitted by law without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as the Bankruptcy Court may otherwise order, and except as otherwise set forth herein, the Plan Proponents reserve the right to amend the terms of the Plan or waive any conditions to Confirmation, effectiveness or consummation, if the Plan Proponents determine that such amendments or waivers are necessary or desirable to confirm, effectuate or consummate the Plan.

B. Defects, Omissions and Amendments

After the Effective Date, the Liquidation Trustee may apply to the Bankruptcy Court to remedy defects or omissions in the Plan or to reconcile inconsistencies in the Plan. The Plan

may be altered or amended before or after Confirmation as provided in section 1127 of the Bankruptcy Code if, in the opinion of the Bankruptcy Court, the modification does not materially and adversely affect the interests of Holders of Claims, so long as the Plan, as modified, complies with sections 1122 and 1123 of the Bankruptcy Code and the Plan Proponents have complied with section 1125 of the Bankruptcy Code. The Plan may be altered or amended before or after the Confirmation Date but, prior to substantial consummation, in a manner which, in the opinion of the Bankruptcy Court, materially and adversely affects Holders of Claims, so long as the Plan, as modified, complies with Bankruptcy Code sections 1122 and 1123, the Plan Proponents have complied with Bankruptcy Code section 1125 and, after notice and a hearing, the Bankruptcy Court confirms such Plan, as modified, under Bankruptcy Code section 1129.

C. Withdrawal of Plan

The Plan Proponents reserve the right to revoke and withdraw the Plan at any time prior to the Effective Date, in which case the Plan will be deemed to be null and void. If the Plan Proponents revoke or withdraw the Plan, or if Confirmation or the Effective Date does not occur, then: (i) the Plan will be null and void in all respects; (ii) any settlement or compromise embodied in the Plan (if any), assumption or rejection of executory contracts or unexpired leases affected by the Plan, and any document or agreement executed pursuant to the Plan, will be deemed null and void; and (iii) nothing contained in the Plan will: (a) constitute a waiver or release of any Claims or Interests or Claims by either of the Plan Proponents against any other Entity; (b) prejudice in any manner the rights of either of the Plan Proponents or any other Entity; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort either of the Plan Proponents or any other Entity.

XIX.

REQUIREMENTS FOR CONFIRMATION

A. Acceptances Necessary to Confirm Plan

Voting rights are set forth as follows:

Class	Status	Voting Rights
Classes 1 (A-C) – Priority Non-Tax Claims	Unimpaired	Not Entitled to Vote
Classes 2 (A-C) – Miscellaneous Secured Claims	Unimpaired	Not Entitled to Vote
Classes 3 (A&B) – Tooling Claims	Impaired	Entitled to Vote
Classes 4 (A-C) – JBBI Secured Claims	Impaired	Entitled to Vote
Classes 5 (A-C) – General Unsecured Claims	Impaired	Entitled to Vote
Classes 6 (A&B) – Equity Interests and Subsidiary Equity Interests	Impaired	Not Entitled to Vote

B. Best Interest of Creditors Test

Confirmation requires, among other things, that each Holder of a Claim in an Impaired Class and each Holder of an Interest either: (a) accepts the Plan; or (b) receives or retains under the Plan property of a value, as of the Effective Date, that is not less than the value such Holder

would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. This requirement is commonly referred to as the “best interests test.”

The Plan provides for distribution of the Settlement Consideration in accordance with the Distribution Model Methodology to Holders of Allowed Claims if the Plan is confirmed. The Settlement Consideration would not be distributed to Holders of Allowed Claims in a chapter 7 liquidation.

As explained above, the Plan implements the Global Settlement, which provides for the contribution of the Settlement Consideration by the Brinkmann Parties and CCC and provides for the release of Claims against those parties. In addition, the Brinkmann Parties have agreed to waive the JBBI Secured Claims, which arguably would have to be paid in full before any distribution could be made to Holders of General Unsecured Claims. As noted above, certain of the Debtors have Claims scheduled against JBBI. Certain Debtors also reflect scheduled Claims owed to JBBI. The intercompany transaction history of the Debtors and JBBI dates back many years and includes a variety of transfers by and among the Debtor and non-Debtor entities. While the Debtors can allocate intercompany transactions after February 2015 pursuant to the controls and mechanics instituted at that time, there is insufficient documentation and information to reconcile and analyze the older prepetition intercompany transactions. Absent the settlement contemplated in the Global Settlement, there would be much uncertainty on how to allocate the Intercompany Claims and prepetition Claims by and against JBBI because there is no documentation to disaggregate them. As explained above, the Committee believes the Debtors’ estates have potentially meritorious claims against the Brinkmann Parties for various claims and causes of action. JBB has asserted an entitlement to coverage by CCC with regard to certain potential claims against JBB that have been and could be asserted by the Debtors’ estates. In addition, ODC and NCOC are covered insureds under the applicable CCC insurance policy. Without the Global Settlement with CCC, the Debtors, the Committee, and the JBBI Parties would have to litigate the amount of the payment of these claims and creditors would not receive the CCC Payment in the amount of \$2.5 million provided under the Global Settlement.

Thus, if the Plan were not confirmed and the Settlement Amount and related releases and compromise of controversies were not implemented, a chapter 7 trustee would have to somehow resolve and analyze the various Intercompany Claims by and among the Debtors. A chapter 7 trustee would also have to resolve the Claims against CCC with respect to the insurance coverage asserted by JBB, ODC, and NCOC. A chapter 7 trustee would need to investigate and hire professionals to try and reconcile these Claims and, potentially pursue actions against the Brinkmann Parties, CCC, and, potentially, by one Debtor against another Debtor with respect to the Intercompany Claims. The costs to perform these services would be deducted from any net recoveries payable to Holders of General Unsecured Claims.¹³ In addition, the protracted litigation with the Brinkmann Parties over the amounts claimed by and against those parties and the Debtors would be costly and uncertain since many of the prepetition transfers between these entities cannot be disentangled.

¹³ In addition, if the Chapter 11 Cases were converted to chapter 7 cases, the Debtors’ Estates would also incur the costs of payment of a statutorily allowed sliding-scale commission to the chapter 7 trustee.

The Debtors' Estates would likely suffer additional delays, as a chapter 7 trustee and his/her counsel and other professionals would need time to develop a necessary learning curve in order to complete the administration of the Estates. Moreover, a chapter 7 case would trigger a new bar date for filing Claims that would be more than 90 days following conversion of the cases to chapter 7. Fed. R. Bankr. P. 3002(c). Hence, a chapter 7 liquidation would not only delay distributions, but raise the prospect of additional Claims that were not asserted in the Chapter 11 Cases.

Based upon these reasons, the Plan Proponents believe that the Plan provides an opportunity to bring the highest return for Creditors. This is because the Settlement Consideration will provide a definite and immediate recovery to Holders of General Unsecured Claims compared with the delay and uncertainty over what, if anything, Holders of General Unsecured Claims would recover in the chapter 7 scenario described above. The Plan also resolves any disputes over the Intercompany Claims and Brinkmann Intercompany Claims, which cannot otherwise be disaggregated.

A Liquidation Analysis comparing hypothetical recoveries under a chapter 7 liquidation of the Debtors compared with the distributions provided under the Plan is attached as **Exhibit 5** hereto.

1. **Feasibility of Plan**

Under section 1129(a)(11) of the Bankruptcy Code, the Plan Proponents must show that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors (unless such liquidation or reorganization is proposed in the Plan). The Plan complies with this requirement because on the Effective Date, the Brinkmann Parties and CCC will pay the Settlement Amount to the Liquidation Trust which, along with the Debtors' other assets on the Effective Date, will be used to satisfy Allowed Claims. In addition, the Plan is a liquidating Plan, so by definition there will be no need for additional financial reorganization. The Debtors believe the Plan is feasible.

2. **Classification**

In accordance with section 1122 of the Bankruptcy Code, the Plan provides for the classification of Claims. Section 1122(a) permits a plan to place a claim or equity interest in a particular class only if the claim or equity interest is substantially similar to the other Claims or interests in that class. The Plan Proponents believe that the classification of Claims and Interests under the Plan is appropriate and consistent with applicable law.

3. **Confirmation of Plan Without Necessary Acceptances; Cramdown**

A COURT MAY CONFIRM A PLAN, EVEN IF IT IS NOT ACCEPTED BY ALL IMPAIRED CLASSES, IF THE PLAN HAS BEEN ACCEPTED BY AT LEAST ONE IMPAIRED CLASS OF CLAIMS, AND THE PLAN MEETS THE "CRAMDOW" REQUIREMENTS SET FORTH IN SECTION 1129(b) OF THE BANKRUPTCY CODE. SECTION 1129(b) OF THE BANKRUPTCY CODE REQUIRES THAT THE BANKRUPTCY COURT FIND THAT A PLAN IS "FAIR AND EQUITABLE," AND DOES NOT

“DISCRIMINATE UNFAIRLY” WITH RESPECT TO EACH NON-ACCEPTING IMPAIRED CLASS OF CLAIMS OR INTERESTS. IN THE EVENT THAT ANY IMPAIRED CLASS REJECTS THE PLAN, IN ACCORDANCE WITH SECTION 1129(a)(8) OF THE BANKRUPTCY CODE, AND AT LEAST ONE IMPAIRED CLASS HAS VOTED TO ACCEPT THE PLAN, THE DEBTOR INTENDS TO REQUEST THAT THE BANKRUPTCY COURT CONFIRM THE PLAN IN ACCORDANCE WITH THE “CRAMDOWN” PROVISION OF SECTION 1129(b) OF THE BANKRUPTCY CODE, OR MODIFY THE PLAN IN ACCORDANCE WITH THE TERMS THEREOF.

The Plan provides for the possibility of invoking the “cramdown” provisions as defined in section 1129(a) of the Bankruptcy Code. Under this provision, the Bankruptcy Court has the authority to confirm the Plan even though a Class of Claims that is Impaired does not vote to accept the Plan, if another Class of Claims, which is also Impaired, votes to accept the Plan. This provision takes into account the possibility that one large claimant or several claimants may arbitrarily vote not to accept the Plan and that those arbitrary votes could be detrimental to other Creditors. In this instance the Bankruptcy Court, notwithstanding the negative vote of an Impaired Class, in the interest of being “fair and equitable,” may confirm the Plan if another Impaired Class has accepted the Plan. Such determination, if necessary, would be addressed at the Confirmation Hearing.

4. **No Unfair Discrimination**

The Plan Proponents believe that under the Plan: (i) all Impaired Classes of Claims and Interests are treated in a manner that is consistent with the treatment of other Classes of Claims and Interests with which their legal rights are intertwined, if any; and (ii) no Class of Claims or Interests will receive payments or property with an aggregate value greater than the aggregate value of the Allowed Claims or Allowed Interests in such Class. The Plan Proponents believe that the Plan does not discriminate unfairly as to any Impaired Class.

5. **Fair and Equitable Test**

The cramdown provisions of the Bankruptcy Code are complex and this summary is not intended to be a complete statement of the law in this area.

XX.

RISK FACTORS

The Plan provides for certain conditions that must be satisfied (or waived) prior to the Effective Date. As of the date of this Disclosure Statement, there can be no assurance that any or all such conditions will be satisfied (or waived). The Plan is also premised on the contribution of the Settlement Amount.

Further, there is a risk that the Plan may not be confirmed by the Bankruptcy Court, either because the requisite votes in favor of the Plan are not received or the Bankruptcy Court decides not to confirm the Plan on some other basis.

Notwithstanding the risks, however, the Plan Proponents believe that the same risks described herein are present in and greater to Creditors in a chapter 7 case. Although the Plan Proponents believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

Finally, there can be no assurance that modifications to the Plan will not be required for confirmation or that such modifications would not necessitate the resolicitation of votes.

XXI.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain United States federal income tax consequences of the Plan to Holders of Claims. This discussion is based on the Internal Revenue Code of 1986, as amended (the “Tax Code”), Treasury Regulations promulgated and proposed thereunder, judicial decisions and published administrative rules and pronouncements of the Internal Revenue Service (“IRS”), all as in effect on the date hereof. Due to the complexity of certain aspects of the Plan, the lack of applicable legal precedent, the possibility of changes in the law, the differences in the nature of the Claims (including Claims within the same Class), the Holder’s status and method of accounting (including Holders within the same Class) and the potential for disputes as to legal and factual matters with the IRS, the tax consequences described herein are subject to significant uncertainties. No legal opinions have been requested from counsel with respect to any of the tax aspects of the Plan and no rulings have been or will be requested from the IRS with respect to the any of the issues discussed below. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein. Events occurring after the date of this Disclosure Statement, including changes in law and changes in administrative positions, perhaps with retroactive effect, could affect the United States federal income tax consequences of the Plan as well as the tax consequences to the Holders of Claims.

This discussion does not address United States federal taxes other than income taxes, nor any state, local or non-United States tax consequences of the Plan. This discussion does not purport to address all aspects of United States federal income taxation that may be relevant to United States persons in light of their individual circumstances or to United States persons that may be subject to special tax rules (including, for example, persons who are related to a Debtor within the meaning of the Tax Code, brokers and dealers in securities, traders that mark-to-market their securities, banks, mutual funds, insurance companies, financial institutions, small business investment companies, real estate investment trusts, regulated investment companies, tax-exempt organizations, pass-through entities, beneficial owners of pass-through entities, employees of the Debtor, persons whose functional currency is not the United States dollar, persons subject to the alternative minimum tax, persons who received their Claims as compensation, persons who hold Claims or Interests as part of a straddle, hedge, constructive sale, conversion transaction, or other integrated investment, governmental authorities or agencies, and Holders of Claims who are themselves in bankruptcy). If a partnership or entity treated as a partnership for United States federal income tax purposes holds Claims, the tax

treatment of a partner generally will depend on the status of the partner and the activities of the partnership.

The United States federal income tax consequences of the distributions contemplated by the Plan to the Holders of Claims that are United States Persons will depend upon a number of factors. For purposes of the following discussion, a “United States Person” is any person or entity (1) who is a citizen or resident of the United States, (2) that is a corporation or partnership created or organized in or under the laws of the United States or any state thereof, (3) that is an estate, the income of which is subject to United States federal income taxation regardless of its source or (4) that is a trust if either (a) a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust; or (b) the trust has in effect a valid election to continue to be treated as a United States Person for United States federal income tax purposes. In the case of a partnership, the tax treatment of its partners will depend on the status of the partner and the activities of the partnership. This discussion does not apply to a Holder of a Claim that is not a United States Person. For purposes of the following discussion and unless otherwise noted below, the term “Holder” will mean a Holder of a Claim that is a United States Person.

Except where otherwise indicated, this discussion assumes that the Claims are held as capital assets within the meaning of section 1221 of the Tax Code.

THE FOLLOWING SUMMARY IS NOT INTENDED TO CONSTITUTE ADVICE TO ANY PARTY, AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE PERSONAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM. EACH HOLDER OF A CLAIM, AS WELL AS EACH HOLDER OF AN INTEREST, IS URGED TO CONSULT WITH SUCH HOLDER’S TAX ADVISORS CONCERNING THE UNITED STATES FEDERAL, STATE, LOCAL, NON-UNITED STATES, AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

BECAUSE THE TAX TREATMENT DEPENDS ON EACH PARTY’S SPECIFIC SITUATION, PARTIES IN INTEREST ARE URGED TO CONSULT WITH THEIR TAX ADVISORS REGARDING THE TAX IMPLICATIONS TO THEM WITH RESPECT TO THE TRANSACTIONS CONTEMPLATED UNDER OR IN CONNECTION WITH THE PLAN AND THEIR SPECIFIC SITUATION, AND NOTHING HEREIN IS INTENDED TO CONSTITUTE TAX ADVICE TO ANY PARTY.

A. Consequences to Creditors

1. Holders of Claims

Generally, a Holder of a Claim should in most, but not all, circumstances realize gain or loss equal to the difference between the “amount realized” by such Holder in exchange for its Claim and such Holder’s adjusted tax basis in the Claim. The “amount realized” is equal to the sum of the cash and the fair market value of any other consideration received under the Plan in respect of a Holder’s Claim. To the extent applicable, the character of any recognized gain or loss (*e.g.*, ordinary income, or short-term or long-term capital gain or loss) will depend upon the status of the Holder, the nature of the Claim in the Holder’s hands, the purpose and

circumstances of its acquisition, the Holder's holding period in the Claim, and the extent to which the Holder previously claimed a deduction for the worthlessness of all or a portion of the Claim. Generally, if the Claim is a capital asset in the Holder's hands, any gain or loss realized will be characterized as capital gain or loss, and will constitute long-term capital gain or loss if the Holder has held such Claim for more than one year.

A Holder who receives Cash in satisfaction of its Claims may recognize ordinary income or loss to the extent that any portion of such consideration is characterized as accrued interest. A Holder who did not previously include in income accrued but unpaid interest attributable to its Claim, and who receives a distribution on account of its Claim pursuant to the Plan, will be treated as having received interest income to the extent that any consideration received is characterized for United States federal income tax purposes as interest, regardless of whether such Holder realizes an overall gain or loss as a result of surrendering its Claim. A Holder who previously included in its income accrued but unpaid interest attributable to its Claim should recognize an ordinary loss to the extent that such accrued but unpaid interest is not satisfied, regardless of whether such Holder realizes an overall gain or loss as a result of the distribution it may receive under the Plan on account of its Claim.

Under the Plan, certain Creditors may receive only a partial distribution of their Allowed Claims. Whether the Holder of such Claims will recognize a loss or any other tax treatment will depend upon facts and circumstances that are specific to the nature of the Holder and its Claims. Holders should consult their own tax advisors.

2. **Federal Income Tax Treatment of the Liquidation Trust.**

For all United States federal income tax purposes, except as noted in the following paragraph, the parties shall treat the transfer of the Liquidation Trust Assets to the Liquidation Trust as: (i) a transfer of the Liquidation Trust Assets directly to the applicable Liquidation Trust Beneficiaries, followed by (ii) the transfer by the Liquidation Trust Beneficiaries to the Liquidation Trust of such Liquidation Trust Assets in exchange for the Liquidation Trust Interests. Accordingly, the applicable Liquidation Trust Beneficiaries shall be treated for United States federal income tax purposes as the grantors and owners of their respective share of the Liquidation Trust Assets. The foregoing treatment shall also apply, to the extent permitted by applicable law, for state and local income tax purposes. Please note that the Liquidation Trust Assets will be subject to any post-Effective Date obligations incurred by the Liquidation Trust relating to the pursuit of Liquidation Trust Assets.

The Plan permits the Liquidation Trustee to establish Disputed Claim Reserves. The Liquidation Trustee may, at the Liquidation Trustee's sole discretion, file a tax election to treat any such Disputed Claim Reserve as a Disputed Ownership Fund or other taxable entity rather than as a part of the Liquidation Trust for federal income tax purposes. If the Liquidation Trustee timely elects to treat any portion of the Liquidation Trust subject to Disputed Claims as a Disputed Ownership Fund, any holders of Claims who, as of the Effective Date, are holders of Disputed Claims shall, to the extent of such Disputed Claims, not be treated as having received any portion of the Liquidation Trust Assets as to which legal or beneficial title is transferred to the Liquidation Trust hereunder and shall not be deemed grantors of the Liquidation Trust to the extent of such Disputed Claims for U.S. federal income tax purposes, but rather shall be subject

to U.S. federal income taxation in accordance with rules set forth in Section 468B of the Internal Revenue Code and the Treasury Regulations thereunder. If such election is made, the Liquidation Trust shall comply with all tax reporting and tax compliance requirements applicable to the Disputed Ownership Fund or other taxable entity, including, but not limited to, the filing of separate income tax returns for the Disputed Ownership Fund or other taxable entity and the payment of any federal, state or local income tax due.

3. **Liquidation Trust Tax Reporting.**

For United States federal income tax purposes, the Liquidation Trustee shall file tax returns for the Liquidation Trust treating the Liquidation Trust as a grantor trust pursuant to Treasury Regulation section 1.671-4(a), except to the extent the Liquidation Trustee files a tax election to treat a Disputed Claim Reserve as a Disputed Ownership Fund or other taxable entity rather than as a part of the Liquidation Trust. As a grantor trust, the Liquidation Trustee shall report to each Liquidation Trust Beneficiary a statement of the Liquidation Trust Beneficiary's share of the Liquidation Trust income, gain, loss, deduction, and credit for inclusion in the Liquidation Trust Beneficiary's United States federal income tax return. Liquidation Trust Beneficiaries therefore may owe tax on Liquidation Trust income without the receipt of cash to pay the tax. The Liquidation Trustee shall be responsible for payment, out of the Liquidation Trust Assets, of any taxes imposed on the Liquidation Trust or its assets. The Liquidation Trustee shall distribute such notices to the applicable Liquidation Trust Beneficiaries as the Liquidation Trustee determines are necessary or desirable.

B. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A CLAIM HOLDER'S OR INTEREST HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, EACH HOLDER OF A CLAIM, AS WELL AS EACH HOLDER OF AN INTEREST, IS STRONGLY URGED TO CONSULT WITH SUCH HOLDER'S TAX ADVISORS CONCERNING THE UNITED STATES FEDERAL, STATE, LOCAL, NON-UNITED STATES, AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

XXII.

ALTERNATIVES TO PLAN AND MISCELLANEOUS MATTERS

A. Alternatives to Plan Proponents' Proposed Plan

The Plan Proponents believe that if the Plan is not confirmed, or is not confirmable, the alternatives to the Plan include: (a) conversion of the Chapter 11 Cases to chapter 7; or (b) dismissal of the Debtors' cases; which, in the Plan Proponents' view, would offer less favorable treatment to creditors than that proposed under the Plan. Dismissal of the Chapter 11 Cases would result in each individual creditor having to protect its own rights in disparate

nonbankruptcy forums. The Plan Proponents believe that dismissal of the Chapter 11 Cases would result in disparate, delayed and likely smaller recoveries by creditors.

If no plan can be confirmed, the Debtors' Chapter 11 Cases may be converted to a case under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed to liquidate the Debtors' assets for distribution to Creditors in accordance with the priorities established by the Bankruptcy Code. As explained above, this would likely result in substantial litigation between the trustee and other third parties, including the Brinkmann Parties. For the reasons previously discussed above, the Plan Proponents believe that Confirmation of the Plan will provide Creditors with a recovery that is expected to be substantially more than could be achieved in a liquidation under chapter 7 of the Bankruptcy Code.

XXIII.

CONCLUSION

The Plan Proponents believe that the Plan is in the best interest of Creditors and urge Creditors to vote to accept the Plan.

Date: June 14, 2017

/s/ David M. Baker
David M. Baker
Chief Restructuring Officer

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Counsel for the Official Committee of Unsecured Creditors

Exhibit 1

Disclosure Statement Order

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
MALIBU LIGHTING CORPORATION, <i>et al.</i> , ¹	Case No. 15-12080 (KG)
Debtors.	(Jointly Administered)
	Related to Docket Nos. 1224, _____

**ORDER (I) APPROVING THE DISCLOSURE STATEMENT;
(II) SCHEDULING CONFIRMATION HEARING; (III) APPROVING
FORM AND MANNER OF NOTICE OF CONFIRMATION HEARING;
(IV) ESTABLISHING PROCEDURES FOR SOLICITATION AND TABULATION
OF VOTES TO ACCEPT OR REJECT PLAN, INCLUDING (A) APPROVING FORM
AND CONTENT OF SOLICITATION PACKAGE; (B) ESTABLISHING VOTING
RECORD DATE AND APPROVING PROCEDURES FOR DISTRIBUTION OF
SOLICITATION PACKAGES; (C) APPROVING FORMS OF BALLOTS;
(D) ESTABLISHING VOTING DEADLINE FOR RECEIPT OF BALLOTS;
AND (E) APPROVING PROCEDURES FOR VOTE TABULATIONS;
(V) ESTABLISHING DEADLINE AND PROCEDURES FOR FILING OBJECTIONS
TO CONFIRMATION OF PLAN; AND (VI) GRANTING RELATED RELIEF**

This matter coming before the Court on the *Disclosure Statement in Respect of Debtors' and the Official Committee of Unsecured Creditors' Joint Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code* (the "Disclosure Statement") [D. I. ____] and the motion (the "Motion") [D. I. 1224] for the entry of an order: (i) approving the Disclosure Statement; (ii) scheduling the Confirmation Hearing (as defined below); (iii) approving the form and manner of notice of the Confirmation Hearing; (defined below); (iv) establishing procedures for solicitation and tabulation of votes to accept or reject the *Debtors' and the Official Committee of Unsecured*

¹ The Debtors, together with the last four digits of each Debtor's tax identification number, are: Malibu Lighting Corporation (0556); Outdoor Direct Corporation f/k/a The Brinkmann Corporation (9246); NC Estate Corporation f/k/a National Consumer Outdoors Corporation. (1153); Q-Beam Corporation (1560); Smoke 'N Pit Corporation (9951); Treasure Sensor Corporation (9938); and Stubbs Collections, Inc. (6615). The location of the Debtors' headquarters and service address is P.O. Box 5960, Frisco, TX 75035.

Creditors' Joint Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code dated May 19, 2017 [D. I. ____] (including all exhibits thereto and as amended, modified or supplemented from time to time, the "Plan"),² filed by the above captioned debtors (collectively, the "Debtors") and the Official Committee of Unsecured Creditors appointed in the Debtors' Chapter 11 cases (the "Committee" and, together with the Debtors, (the "Plan Proponents") including (A) establishing a Voting Record Date and approving procedures for distributing Solicitation Packages; (B) approving the form and content of the Debtors' proposed Solicitation Package, including Ballots; (C) establishing a voting deadline for receipt of Ballots; and (D) approving procedures for tabulating acceptances and rejections of the Plan; (v) establishing the deadline and procedures for filing objections to confirmation of the Plan; and (vi) granting related relief; and after considering objections to the Motion, if any; and upon the record and after due deliberation thereon; and the Court finding that proper and adequate notice of the hearing on approval of the Disclosure Statement and of the Motion has been given to all parties in interest, and no other or further notice or hearing being necessary; and after due deliberation and sufficient cause appearing therefor; IT IS HEREBY FOUND, ORDERED AND ADJUDGED as follows:

1. The Motion is GRANTED as provided herein.

² Unless otherwise defined in this Order, all capitalized terms used herein shall have the respective meanings ascribed to them in the Motion or Plan, as applicable.

Approval of the Disclosure Statement

2. Notice of the Disclosure Statement, substantially in the form attached hereto as Exhibit 1, served on all known creditors and parties in interest on May 19, 2017, constitutes adequate and sufficient notice of the (a) Disclosure Statement Hearing, (b) the manner in which a copy of the Disclosure Statement (and exhibits thereto, including the Plan) can be obtained, and (c) the time fixed for filing objections to the Disclosure Statement, in satisfaction of the requirements of the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules.

3. The Disclosure Statement contains “adequate information” regarding the Plan within the meaning of Section 1125 of the Bankruptcy Code. Therefore, the Disclosure Statement is approved pursuant to 11 U.S.C. § 1125(b) and Fed. R. Bankr. P. 3017(b).

4. The Disclosure Statement, including all applicable exhibits thereto, provides the Holders of Claims against and equity security interests in the Debtors and all other parties in interest with sufficient notice of the release, injunction, and limitation of liability provisions of the Plan, in satisfaction of Bankruptcy Rule 3016(c).

5. All objections to the adequacy of the Disclosure Statement, if any, are, to the extent not consensually resolved as set forth herein, OVERRULED in their entirety.

Confirmation Hearing

6. The hearing to consider confirmation of the Plan shall commence on July 26, 2017 at 2:00 p. m. (prevailing Eastern Time) (the “Confirmation Hearing”). The Confirmation Hearing may be continued from time to time by announcing such continuance in

open court or otherwise, all without further notice to parties in interest, and the Plan may be modified, if necessary, pursuant to Section 1127 of the Bankruptcy Code, prior to, during, or as a result of, the Confirmation Hearing, without further notice to interested parties.

Approval of Solicitation Packages

7. The Solicitation Package, which shall contain the following information, is hereby approved:

- a. the Confirmation Hearing Notice;
- b. a letter from the Committee indicating its support of the Plan (the "Committee Letter"); and
- c. the Ballot, and a Ballot return envelope.

8. The Plan Proponents shall transmit, or cause to be transmitted, the Solicitation Packages, no later than five (5) business days after entry of this Order, by first-class, United States mail (or by international courier if the addresses are not located in the United States), to holders of Class 3(A-B) (Tooling Claims); Class 4(A-C) (JBBI Secured Claims); and Class 5(A-C) (General Unsecured Claims), the only classes entitled to vote on the Plan (together, the "Voting Classes").

9. The Plan Proponents are not required to distribute paper copies of the Plan and Disclosure Statement unless a holder of a Claim makes a specific request for copies of such documents at least three (3) business days before the Voting Deadline, to: Malibu Lighting Ballot Processing Center c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245, or by calling (866) 967-0499, or by emailing

malibuinfo@kccllc.com. The Plan Proponents will make the Plan and Disclosure Statement available in electronic format online at <https://www.kccllc.net/malibu>.

10. To avoid duplication and reduce expenses, the Plan Proponents may serve only one Solicitation Package to each creditor who has more than one claim, but shall include the appropriate Ballots for each class of Claim. For the avoidance of doubt, the Plan Proponents may serve only one Solicitation Package to a creditor who has filed substantially identical claims against multiple Debtors.

11. Pursuant to Bankruptcy Rule 3017(d), the Plan Proponents are not required to transmit a Solicitation Package holders of claims in Class 1(A-C) (Priority Non-Tax Claims) and Class 2(A-C) (Miscellaneous Secured Claims) and holders of equity security interests in Class 6(A) (Equity Interests) and 6(B) (Subsidiary Equity Interests) (collectively, the “Non-Voting Classes”). The Plan Proponents shall transmit or cause a notice of non-voting status (the “Non-Voting Class Notice”) to be transmitted no later than five (5) business days after entry of this Order, by first-class United States mail (or by international courier if the addresses are not located in the United States), to each holder of a claim or interest in the Non-Voting Classes, at the address to which notices are required to be sent pursuant to Bankruptcy Rule 2002(g). The Non-Voting Class Notice shall be substantially in the form attached hereto as Exhibit 2. The Non-Voting Class Notice will indicate that accepting Non-Voting Classes are entitled to receive a copy of the Plan and Disclosure Statement, in electronic format unless specifically requested otherwise, at the expense of the Debtors, upon request. The Non-Voting

Class Notice shall be deemed a summary of the Plan for purposes of compliance with Bankruptcy Rule 3017(d).

12. The Committee Letter, substantially in the form as the attached Exhibit 3 is approved.

Approval of Form and Manner of Notice of Confirmation Hearing

13. The Confirmation Hearing Notice, in substantially the form attached hereto as Exhibit 4, is approved. As set forth above, the Confirmation Hearing Notice shall be included in the Solicitation Package. The Confirmation Notice shall be sent no later than five (5) business days after entry of this Order via United States mail (or by international courier or electronic transmission if the Plan Proponents have no physical mailing address for the creditor) to all other creditors and parties in interest who have not been served a Solicitation Package. In addition, the Plan Proponents shall serve the Confirmation Hearing Notice upon (a) the Securities & Exchange Commission; (b) the Internal Revenue Service; (c) the Office of the United States Trustee; and (d) those parties that have requested service under Bankruptcy Rule 2002.

14. The Plan Proponents are authorized, in their discretion, to publish the Confirmation Hearing Notice in the national edition of USA Today or a similar paper of national circulation and are authorized to pay any expenses and costs related thereto.

Voting Record Date and Approval of Procedures for Distribution of Solicitation Packages

15. June 14, 2017, shall be the voting record date (the “Voting Record Date”) for purposes of determining which parties are entitled to receive the Solicitation Packages or the Non-Voting Class Notice and, where applicable, vote on the Plan.

16. Kurtzman Carson Consultants LLC (“KCC” or the “Solicitation Agent”) shall serve the Solicitation Package and notices regarding the Confirmation Hearing; inspect, monitor and supervise the solicitation process; serve as the tabulator of the ballots; and certify to the Court the results of the balloting.

17. The Plan Proponents and/or the Solicitation Agent, shall serve the Solicitation Packages or Non-Voting Class Notices as applicable, (i) to the address included in the last filed proof of claim, or (ii) if no such address, to the address listed in any request for notice or other pleading filed in the Bankruptcy Court, or (iii) if no such address, to the last known address in the Debtors’ books and records; *provided, however*, that the Plan Proponents and/or the Solicitation Agent are permitted to dispense with the mailing of Solicitation Packages or Non-Voting Class Notices to addresses and entities to which the notice of the Disclosure Statement hearing was returned by the United States Postal Service. The Plan Proponents and/or the Solicitation Agent are further relieved of any obligation to attempt to locate the correct address and resend prior to the Voting Deadline the Solicitation Packages or the Non-Voting Class Notice that are returned as undeliverable.

18. In cases where a party has executed a Ballot in accordance with the terms of this Order, and has indicated corrections or updates to the mailing address used in the service

of the Solicitation Package, either physically on the face of the Ballot or otherwise separately enclosed with the Ballot, the corrected or updated mailing address shall be used to reflect the mailing address of the creditor on the official register of Claims against the Debtors.

Approval of Form of Ballots

19. The Ballots, substantially in the form attached hereto as Exhibit 5, are approved.

Deadline for Receipt of Ballots

20. Unless extended by the Plan Proponents or their counsel in writing, Ballots must be received on or before July 19, 2017 at 4:00 p.m. (prevailing Pacific Time) (the "Voting Deadline"), to KCC at the following address:

Malibu Lighting Balloting Processing Center
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, California 90245

21. Ballots received by facsimile, email, or other electronic transmission will not be counted unless approved by the Plan Proponents.

Procedures for Vote Tabulation

22. Votes may not be changed after the Voting Deadline unless the Court, for cause, permits such change after notice and hearing pursuant to Bankruptcy Rule 3018(a).

23. Ballots must be properly executed and counted. Any Ballot that is illegible or contains insufficient information to permit the identification of the Holder of such Claim will not be counted.

24. The following tabulation procedures are approved solely for purposes of voting on the Plan:

- a. If an objection to a Claim has not been filed, the amount of such Claim for voting purposes shall be the non-contingent, liquidated, and undisputed Claim amount contained on a timely filed proof of Claim or, if no timely filed proof of Claim was filed, the non-contingent, liquidated, and undisputed amount of such Claim listed in the Debtors' Schedules;
- b. If a Claim for which a proof of Claim has been timely filed is wholly contingent, unliquidated, disputed, undetermined, or unknown in amount, such Claim shall be temporarily allowed in the amount of \$1.00 for voting purposes only, but not for purposes of allowance or distribution;
- c. If a Claim is partially liquidated and partially unliquidated, such Claim shall be allowed for voting purposes only in the liquidated amount;
- d. If a holder of a Claim in a Voting Class casts a Ballot with respect to a claim that is the subject of an objection filed no later than twenty-one (21) days prior to the Confirmation Hearing, the Plan Proponents request, in accordance with Bankruptcy Rule 3018, that the party's Ballot not be counted, unless the Court temporarily allows such claim for purposes of voting to accept or reject the Plan, and that such creditor be required to file a motion for such relief (the "Rule 3018 Motion") no later than a date that is fourteen (14) days before the Confirmation Hearing, and that the Court schedule a hearing on such motion for a date on or prior to the Confirmation Hearing. Notwithstanding the foregoing, if either of the Plan Proponents file an objection to a claim and request that such claim be allowed in a specific amount, such creditor's Ballot shall be counted in such specified amount;
- e. Holders of proofs of Claim filed for \$0.00 are not entitled to vote;
- f. Notwithstanding anything to the contrary contained herein, any creditor who has filed or purchased one or more duplicate Claims within the same Class against multiple Debtors shall be provided with only one Solicitation Package and one Ballot for voting a single Claim in such Class, regardless of whether either of the Plan Proponents have objected to such duplicate Claims;
- g. If a Claim is the subject of an amended proof of Claim, the originally filed proof of Claim shall be deemed superseded by the later filed amended proof of Claim, regardless of whether or not the Debtors have objected to such Claim, and only the amended proof of Claim shall be used for the purpose of determining voting eligibility in accordance with the provisions herein;

- h. For purposes of the numerosity requirement of § 1126(c), separate Claims held by a single Creditor in a particular Class shall be aggregated as if such Creditor held one Claim against the Debtors in such Class, and the votes related to such Claims shall be treated as a single vote to accept or reject the Plan;
- i. If a Claim has been disallowed by agreement of the applicable creditor or order of the Court at any time before the Voting Deadline, such Claim shall also be disallowed for voting purposes; and
- j. If a Claim has been estimated or otherwise allowed for voting purposes by order of the Court, such Claim shall be temporarily allowed in the amount so estimated or allowed by the Court for voting purposes only, and not for purposes of allowance or distribution.

25. The following voting procedures and standard assumptions shall be used

in tabulating the Ballots:

- a. Except to the extent the Plan Proponents otherwise determine, or as permitted by the Court, Ballots received after the Voting Deadline will not be accepted or counted by the Plan Proponents in connection with the confirmation of the Plan;
- b. Claims shall not be split for purposes of voting; thus, each Creditor must vote the full amount of its Claim(s) within each class to either accept or reject the Plan. If a creditor attempts to split such vote on its Ballot, such Ballot will not be counted for voting purposes;
- c. Any executed Ballot that does not indicate an acceptance or rejection shall not be counted;
- d. Any executed Ballot that indicates both an acceptance and rejection of the Plan shall not be counted;
- e. Votes cast pursuant to a Ballot that is not signed or does not contain an original signature shall not be counted, unless the Court orders otherwise;
- f. Parties holding Claims in more than one Class under the Plan shall receive more than one Ballot coded for each different Class;
- g. The method of delivery of Ballots to be sent to the Solicitation Agent is at the election and risk of each Holder of a Claim, but such delivery will be deemed made only when the original, executed Ballot is actually received by the Solicitation Agent;
- h. Delivery of the original executed Ballot to the Solicitation Agent on or before the Voting Deadline is required. Delivery of a Ballot by facsimile, email, or any

other electronic means will not be accepted unless otherwise ordered by the Court;

- i. No Ballot sent to the Plan Proponents, or the Plan Proponents' financial or legal advisors, shall be accepted or counted;
- j. The Plan Proponents expressly reserve the right, subject to the approval of the Court, to amend at any time and from time to time the terms of the Plan (subject to compliance with Section 1127 of the Bankruptcy Code and the terms of the Plan regarding modification). If the Plan Proponents make material changes in the terms of the Plan, the Plan Proponents will disseminate additional solicitation materials and will extend the solicitation deadline, in each case to the extent directed by the Court;
- k. If multiple Ballots are received from or on behalf of an individual holder of a Claim with respect to the same Claim prior to the Voting Deadline, the last properly completed Ballot timely received will be deemed to reflect the voter's intent and to supersede and revoke any prior Ballot;
- l. If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, such person should indicate such capacity when signing and, if requested by the Plan Proponents, must submit proper evidence, satisfactory to the Plan Proponents, of such person's authority to so act in such capacity;
- m. The Plan Proponents, subject to contrary order of the Court, may waive any defect in any Ballot at any time, either before or after the close of voting, and without notice. Except as otherwise provided herein, the Plan Proponents may, in their discretion, reject any such defective Ballot as invalid and, therefore, not count it in connection with confirmation of the Plan;
- n. Unless otherwise ordered by the Court, all questions as to the validity, eligibility (including time of receipt) and revocation or withdrawal of Ballots will be determined by the Plan Proponents, which determination shall be final and binding;
- o. If designation of a Claim is requested under § 1126(e), any vote to accept or reject the Plan cast with respect to such Claim will not be counted for purposes of determining whether the Plan has been accepted or rejected, unless the Court orders otherwise;
- p. Any Holder of a Claim that has delivered a valid Ballot voting on the Plan may withdraw such vote solely in accordance with Bankruptcy Rule 3018(a);
- q. Unless waived or as otherwise ordered by the Court, any defects or irregularities in connection with deliveries of Ballots must be cured by the Voting Deadline, and unless otherwise ordered by the Court, delivery of such Ballots will not be

deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not been cured or waived by the Voting Deadline) will not be counted;

- r. Neither the Plan Proponents nor any other person or entity will be under any duty to provide notification of defects or irregularities with respect to the delivery of Ballots, nor will any of them incur any liability for failure to provide such notification;
- s. No fees, commissions, or other remuneration will be payable to any broker, dealer, or other person for soliciting Ballots to accept the Plan;
- t. The Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan and/or to opt out of the release; and
- u. The Ballot does not constitute, and shall not be deemed to be, a proof of Claim or an assertion or admission of a Claim or Equity Interest.

26. The Solicitation Agent shall file with the Bankruptcy Court, no later than three (3) business days prior to the Confirmation Hearing an affidavit regarding the results of the tabulation of the Ballots received on the Plan. The report of Plan voting will include a list of all votes cast for and against the Plan as well as those votes cast but not counted and shall state the reason why a vote was not counted.

27. The Ballot does not constitute, and shall not be deemed to be, a Proof of Claim or an assertion or admission of a Claim.

Deadline and Procedures for Filing Objections to Confirmation of the Plan and the Confirmation Brief

28. Objections to the confirmation of the Plan 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, including the amount of the claim or number of shares of stock held; and (c) state with particularity the basis and nature of any objection to the confirmation of the Plan. Any such

objection must be filed with the Court and served so that it is received by the following parties on or before July 19, 2017, at 4:00 p.m. (prevailing Eastern Time) (the “Confirmation Objection Deadline”): (a) counsel to the Debtors, Pachulski Stang Ziehl & Jones LLP, 919 N. Market Street, 17th Floor, Wilmington, DE 19801, Attn: Jeffrey N. Pomerantz; Esq.; Joshua M. Fried; Esq. and James O’Neill; Esq.; (b) the Office of the United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Linda Casey, Esq.; and (c) counsel to the Official Committee of Unsecured Creditors, (i) (a) Lowenstein Sandler LLP, 1251 Avenue of the Americas, New York, New York 10020, Attn: Bruce Nathan, Esq.; and Eric S. Chafetz, Esq.; and (b) Blank Rome LLP, 1201 North Market Street, Suite 800, Wilmington, DE 19801, Attn: Victoria A. Guilfoyle, Esq.

29. All objections not timely filed and served in accordance with the provisions of this Order are hereby deemed waived and will not be considered by this Court.

30. The Plan Proponents shall file at least three (3) business days before the Confirmation Hearing a brief supporting confirmation of the Plan (including any supporting memoranda) and replying to objections or responses. The Plan Proponents shall serve the brief on parties that filed objections to the Plan, the Office of the United States Trustee, and all parties that have requested notice in these cases pursuant to Bankruptcy Rule 2002.

31. Prior to mailing the Disclosure Statement, Solicitation Packages, or the Non-Voting Class Notices, the Plan Proponents may fill in any missing dates or other information, correct any typographical errors, and make such other non-substantive changes as they deem necessary.

32. The Plan Proponents and the Solicitation Agent are authorized and empowered to take such steps, expend such monies, and perform such acts as may be necessary to implement and effectuate this Order.

33. This Court retains jurisdiction over any and all matters arising out of or relating to the interpretation or implementation of this Order.

Dated: _____, 2017

Hon. Kevin Gross
United States Bankruptcy Judge

Exhibit 2

Corporate Organization Chart

Corporate Organization Chart

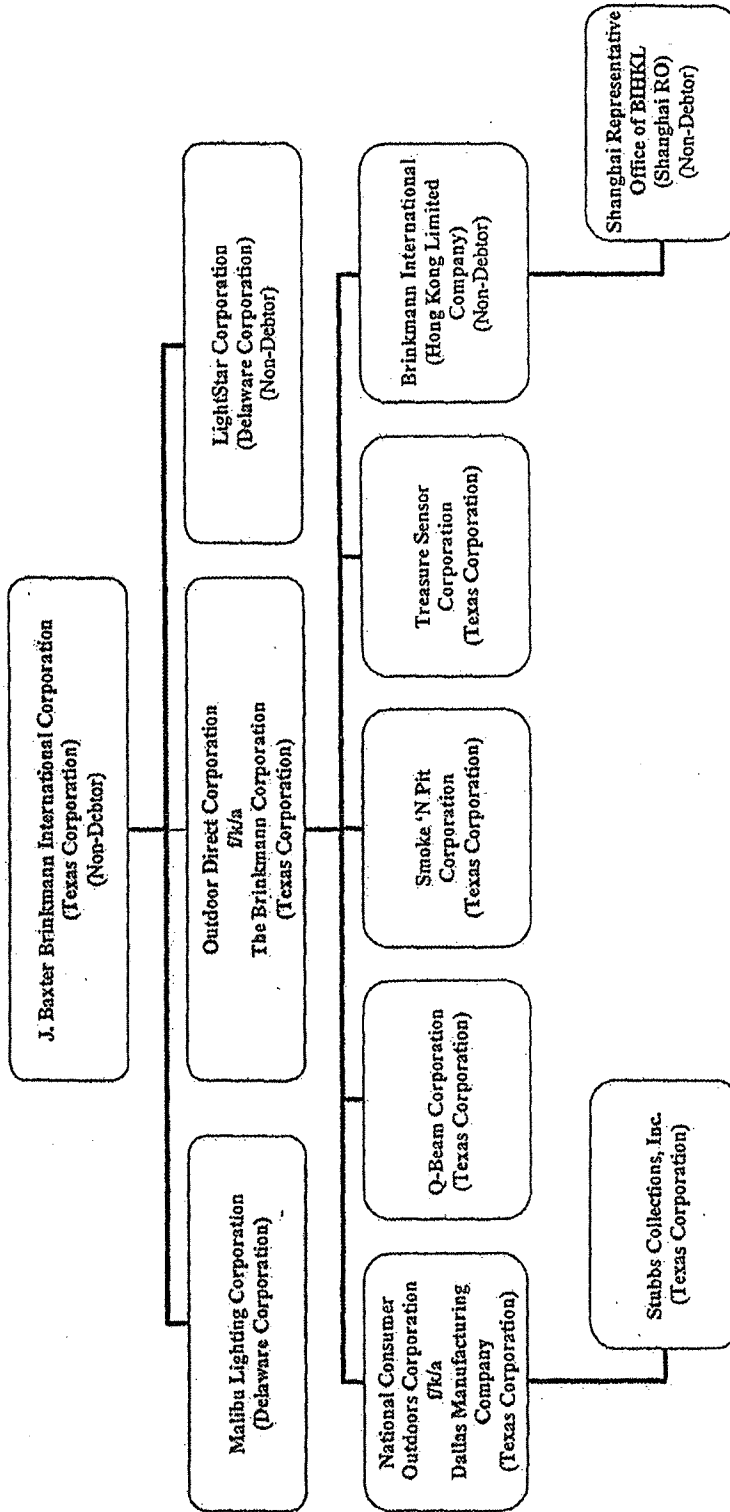


Exhibit 3

Intercompany Claims Chart

Exhibit 3¹⁴**DEBTOR TO DEBTOR DEBT**

Obligor	Obligee	Amount of Claim owed by Obligor Debtor to Obligee Debtor
MLC	ODC	\$468,868.72
MLC	NCOC	\$4,381,664.14
NCOC	Stubbs	\$3,697,367.00
ODC	NCOC	\$78,713,721.97
		\$83,095,386.11

BRINKMANN PARTIES' DEBT

Obligor	Obligee	Amount of Claim
NCOC	JBBI	\$7,010.00
NCOC	JBBI	\$1,626,224.11
NCOC	JBBI	\$16,254,541.00
Stubbs	JBBI	\$1,054,654.72
		\$18,942,429.83

DEBTOR/BRINKMANN PARTIES' DEBT

Obligor	Obligee	Amount of Claim
JBBI	MLC	\$17,645,076.43
JBBI	ODC	\$107,127,937.33
		\$124,773,013.76

DEBTOR/NON-DEBTOR AFFILIATE DEBT

Obligor	Obligee	Amount of Claim
MLC	LightStar	\$550.00
NCOC	LightStar	\$12,579.00
NCOC	Apogee	\$8,893.23
NCOC	Remington	\$325,932.20
ODC	LightStar	\$127,013.69
		\$474,968.12

¹⁴ This chart summarizes the two categories of Claims by and among the parties listed: (1) prepetition, intercompany transactions by and between various Debtors; between certain Debtors and certain Brinkmann Parties; and between Debtors and certain other non-debtor affiliates, that were historically recorded for several purposes, including cash transfers to support liquidity among the related entities, the tax effect of profits and losses by the various entities, and shared services by and among the related companies, consisting primarily of overhead expenses, such as insurance and employee benefits, and services by employees of one entity who provide crossover services that benefit other related entities, including accounting, human resources, legal and risk management services, customer relations, sales, and marketing (the "Shared Services") (of the total \$107,127,937.33 intercompany claims in favor of ODC, \$30 million was in the form of a revolving note); and (2) Shared Services by and between the Debtors commencing after February, 2015 and pursuant to which the Debtors created a methodology to track and allocate such services by and among them by either the respective gross sales of ODC, MLC and NCOC or headcount of each of ODC, MLC, and NCOC, and which continued postpetition, all as reflected in the ODC Cash Collateral Stipulation, MLC Cash Collateral Stipulation and order granting the DIP motion.

Exhibit 4

Tooling Creditors

Tooling Vendor	In Possession of Tooling	POC Filed/Amount	Scheduled Amount	C/U/D	Debtor
CHINA KING LIGHTING LTD	Yes	\$1,160,542.24	\$477,646.52		MLC
COMMERCE TECHNOLOGIES	Yes	N/A	\$487.00		MLC
COMMERCE TECHNOLOGIES	Yes	N/A	\$742.50		ODC
FLOATING STONE INC	Yes	N/A	\$2,500		ODC
GRAPHIC PRODUCTS, LP	Yes	N/A	\$290.50		ODC
HANGZHOU CHINA ARTS IND.	Yes	N/A	\$88.75		MLC
SHANGHAI ALL FAST INTERNATIONAL	Yes	N/A	\$414,731.19	D	ODC
SHANGHAI YUANSHUN ELECTRONIC	Yes	N/A	\$8,985.00		ODC
SHANGHAI YUANSHUN ELECTRONIC	Yes	N/A	\$152,704.62		MLC
TDC POWER PRODUCTS CO	Yes	N/A	\$3,520.00		MLC
XINLI INDUSTRIAL HK TRADING CO LTD	Yes	N/A	\$887,105.46		ODC
YANGJIANG GUANGLONG INDUSTRIAL CO	Yes	N/A	\$93,000		ODC
YANGJIANG PUTIAN TRADING CO LTD	Yes	N/A	\$7,400		ODC
YONGKANG DONGJIE HARDWARE APPARATUS	Yes	N/A	\$1,150		ODC
ZEHJIANG ERA SOLAR TECH	Yes	\$558,046.63	N/A		MLC

Liquidation Analysis

LIQUIDATION ANALYSIS

Introduction

Pursuant to section 1129(a)(7) of the Bankruptcy Code, each holder of an impaired claim or equity interest must either (a) accept a chapter 11 plan or (b) receive or retain under a chapter 11 plan property of a value, as of the plan effective date, that is not less than the value such non-accepting holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code (often referred to as the “Best Interests Test”). To demonstrate that the proposed Plan satisfies the Best Interests Test, the Plan Proponents, have prepared the following hypothetical liquidation analysis (the “Liquidation Analysis”), which is based upon certain assumptions discussed in the Disclosure Statement (as defined herein) and in the accompanying notes to the Liquidation Analysis.

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan and Disclosure Statement, as applicable.

Methodology

The Liquidation Analysis has been prepared assuming that the Debtors’ Chapter 11 Cases are converted to a chapter 7 liquidation on July 31, 2017 (the “Chapter 7 Conversion Date”). Except as otherwise noted herein, the Liquidation Analysis is based upon the unaudited, consolidating balance sheets of the Debtors dated as of March 31, 2017 (the “Consolidating Balance Sheets”). The values set forth therein, in total, are assumed to be representative of the Debtors’ approximate assets and liabilities as of the Chapter 7 Conversion Date. However, the Consolidating Balance Sheets do not place any value on any causes of action owned by the Debtors due to their highly speculative nature. Moreover, as discussed below, there has been no analysis of the validity and the amount of the various intercompany accounts contained on the Consolidated Balance Sheets. As a result, there is subsequent uncertainty regarding the proceeds that would be available for distribution to creditors if the Debtors were liquidated and the Plan not confirmed. It is assumed that, on the Chapter 7 Conversion Date, the Bankruptcy Court would appoint either a chapter 7 trustee or multiple trustees (the “Chapter 7 Trustee”) who would evaluate whether to pursue litigation and distribute the cash proceeds, net of liquidation-related costs, to stakeholders in accordance with applicable law.

Global Notes & Assumptions

1. **Basis of Liquidation** – The Liquidation Analysis assumes the Debtors would be liquidated either on a debtor by debtor basis, or divided as follows into the three business groups that the Debtors conducted their different business operations prepetition: (1) NC Estate Corporation f/k/a National Consumer Outdoors Corporation, and Stubbs Collections, Inc. (the “NCOC Debtors”); (2) Outdoor Direct Corporation f/k/a the Brinkmann Corporation, Smoke ‘N Pit Corporation, Treasure Sensor Corporation, and Q-Beam Corporation (the “ODC Debtors”); and (3) Malibu Lighting Corporation (“MLC”).
2. **Chapter 7 Liquidation Costs & Length of Liquidation Process** – The Plan Proponents have assumed that liquidation pursuant to chapter 7 of the Bankruptcy

Code would require approximately 3–6 months in order to orderly administer and close each of the chapter 7 proceedings, but this period could be significantly longer in the event any of the Chapter 7 Trustees engage in litigation with one or more of the JBBi Parties, or one or more of the other Debtor Groups. In an actual liquidation, the wind down process and time period(s) could vary significantly, thereby impacting recoveries. More specifically, the uncertain duration and potential varying outcomes of the Claims reconciliation and allowance process, including for priority, contingent, litigation, rejection, and other categories of Claims, could substantially impact both the timing and the amounts of the distributions to creditors. Accordingly, there can be no assurance that the values reflected in this Liquidation Analysis would be realized in a chapter 7 liquidation.

Pursuant to section 726 of the Bankruptcy Code, the allowed administrative expenses incurred by each of the Chapter 7 Trustees would be entitled to payment in full prior to any distributions to chapter 11 Allowed Administrative Claims and Allowed Non-Tax Priority Claims. The estimates used in the Liquidation Analysis for these expenses include estimates for operational expenses and the fees and costs for certain legal, accounting, and other professionals, as well as an estimated fee payable to the Chapter 7 Trustees (calculated in accordance with 11 U.S.C. § 326(a)) based on the amount of assets distributed to creditors. The Plan Proponents estimate that, in a chapter 7 liquidation, amounts available for professional fees and wind-down expenses would be limited because the estates would have virtually no unencumbered assets, and professional fees and wind-down expenses in a chapter 7 liquidation would thus be satisfied subject to the availability of funds.

3. **Distribution of Net Proceeds** – The assumed distributions to creditors as reflected in the Liquidation Analysis are estimated in accordance with the absolute priority rule pursuant to section 1129(b)(2) of the Bankruptcy Code or section 726 of the Bankruptcy Code, as applicable.
4. **Preference or Fraudulent Transfers** – No recovery amounts or related litigation costs have been attributed to any potential avoidance actions under the Bankruptcy Code, including potential preference or fraudulent transfer actions due to, among other issues, the costs of such litigation, the uncertainty of the outcome, and anticipated disputes regarding these matters. In addition, the avoidance action claims owned by NCOC were waived pursuant to the NCOC Sale and NCOC Sale Order.
5. **JBBi Secured Claims** – The Liquidation Analysis assumes that, in the chapter 7 cases, the Chapter 7 Trustees, on behalf of the Debtors, would engage in litigation with CCC and the JBBi Parties with respect to the claims that are the subject of the Global Settlement Agreement. As of the Petition Date, the JBBi Secured Claims consisted of claims subrogated by certain of the JBBi Parties pursuant to the payoff of the prepetition secured amounts owed to Comerica and BofA, respectively, consisting of: (i) \$4,009,000 on account of the amounts paid by South 720, L.P (one of the JBBi Parties) to fully satisfy the obligations owed to

MLC under the MLC Comerica Credit Agreement and (ii) \$10,354,000 on account of the amounts paid by National Acquisitions, LLC (one of the JBBI Parties) to fully satisfy the obligations owed to BofA under the ODC BofA Credit Agreement.

6. **Litigation with the JBBI Parties and Distributions to Creditors.** Under a hypothetical liquidation of the Debtors, it is possible that one or more of the Chapter 7 Trustees may engage in litigation (a) with one another, or (b) with one or more of the JBBI Parties with respect to the Intercompany Claims and/or Brinkmann Intercompany Claims. As more fully set forth in the Disclosure Statement, neither the Debtors nor any other independent party have evaluated the merits of each of the Intercompany Claims and the Brinkmann Intercompany Claims. Thus, there is no certainty that the book balances of the Intercompany Claims and Brinkmann Intercompany Claims would represent the amounts owed to (or owed by) the applicable Debtor or Brinkmann parties. Further, there is no likelihood that litigation against any of the JBBI Parties would be successful for the reasons set forth in the Disclosure Statement. However, the Committee has conducted an investigation into the validity and extent of those claims. It has determined that the Settlement Consideration to be received by the Debtors' estates in connection with the Global Settlement is in the best interests of the Debtors' estates, and entering into the Global Settlement and agreeing to the Distribution Model Methodology to allocate the Settlement Consideration is preferable and will ensure a material recovery instead of requiring uncertain, time consuming and expensive litigation against CCC and the JBBI Parties, and the inter-estate litigation concerning allocation of the Settlement Consideration.

Chapter 7 Potential Recoveries

	<u>NCOC Debtors</u>	<u>ODC Debtors</u>	<u>MLC</u>	<u>Chapter 11</u>
A. Estimated Proceeds				\$139,000 ²
Cash				\$0
Other Estate Assets ¹	\$0	\$0	\$0	\$0
CCC Settlement Payment	\$0	\$0	\$0	\$2,500,000
Brinkmann Down Payment	\$0	\$0	\$0	\$550,000
Brinkmann Note	\$0	\$0	\$0	\$3,950,000
Total Estimated Proceeds³	Pro rata share of \$139,000 Cash	Pro rata share of \$139,000 Cash	Pro rata share of \$139,000 cash	<u>\$7,139,000</u>
B. Estimated Wind Down				
Expenditures	\$100,000	\$250,000	\$100,000	\$150,000
Wind-down Professional Fees ⁴	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$300,000</u>	\$600,000
Chapter 7 Trustees Fees	<u>\$ Unknown</u>	<u>\$ Unknown</u>	<u>\$ Unknown</u>	\$ N/A
Litigation Expenses	<u>\$ Unknown</u>	<u>\$ Unknown</u>	<u>\$ Unknown</u>	\$ N/A
Total Estimated Wind-down Expenditures	<u>\$ Unknown</u>	<u>\$ Unknown</u>	<u>\$ Unknown</u>	\$750,000

Estimated Proceeds Available For Distribution⁵

C. Estimated Allowed Administrative Claims	100%	100%	100%	100%
% Recovery to Allowed Administrative Claims	100%	100%	100%	100%

¹ These assets would also include any surplus of professional retainers after payment of final allowed fees and expenses.

² Assumes \$139,000 total on a consolidated cash basis for all of the Debtors.

³ Does not include any potential proceeds from litigation by and between Debtors with respect to Intercompany Claims or litigation by and between any Debtors and any JBBI Parties concerning the Brinkmann Intercompany Claims or any other matters.

⁴ Assumes \$50,000 per month in professional fees for each Debtor Group, which amount could be significantly higher in the event of litigation between the Debtors and the JBBI Parties.

⁵ It is assumed that all outstanding chapter 11 Priority Claims and Administrative Expenses will be paid on the date of the hypothetical conversion of the Debtors' cases to chapter 7. Potential Chapter 7 administrative expenses are unknown.

D. Estimated Allowed Priority Claims

% Recovery to Allowed Priority Claims	100%	100%	100%	100%
Claims	100%	100%	100%	100%

Chapter 7 Potential Recoveries

<u>NCOC Debtors</u>	<u>ODC Debtors</u>	<u>MLC</u>	<u>Chapter 11</u>
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E. Proceeds for Allowed General Unsecured Claims⁶

Estimated Allowed General Unsecured Claims ⁷	\$2,600,000	\$10,000,000	\$4,800,000	NCOC Debtors \$2,600,000 ODC Debtors \$10,000,000 MLC Debtors \$4,800,000
% Recovery to Allowed General Unsecured Claims	\$ <u>Unknown</u>	\$ <u>Unknown</u>	\$ <u>Unknown</u>	NCOC Debtors ⁸ 100% ODC Debtors 34.1%-50.3% MLC Debtors 6.1%-7.1%

F. Proceeds for Allowed JBBI Secured Claims

Estimated Allowed JBBI Secured Claims	\$ <u>see below</u> ⁹	\$ <u>10,278,878</u>	\$ <u>4,010,005</u>	Cancelled Pursuant to Plan
% Recovery to Allowed Other				Cancelled

⁶ As set forth above, distributions (if any) to holders of unsecured claims are unknown and would not be paid until satisfaction of JBBI Secured Claims.

⁷ Does not include intercompany claims by and against Debtors or claims against Debtors by JBBI parties. The claim amounts estimates are on the higher end of currently estimated general unsecured claims, but are subject to the caveats and disclosures set forth in the Disclosure Statement in all respect.

⁸ Recovery Amounts are based on methodology and assumptions in Exhibits C, D and E to the Plan.

⁹ NCOC is a guarantor the obligations under the former *Amended and Restated Credit Agreement*, dated as of March 9, 2013, as amended, between ODC and Bank of America, which obligations were transferred to NT Acquisitions. Under the terms of the Global Settlement Agreement, NT Acquisitions is not receiving a distribution under the Plan.

