

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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In re:	: Chapter 11
	:
PRESTIGE INDUSTRIES LLC, ¹	: Case No. 17-10186 (KG)
	:
Debtor.	:
	:
-----	X

**OFFICIAL COMMITTEE OF UNSECURED CREDITORS' COMBINED
CHAPTER 11 PLAN OF LIQUIDATION AND DISCLOSURE STATEMENT**

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Dated: September 28, 2018
Wilmington, DE

¹ The Debtor and the last four digits of its federal taxpayer identification number are as follows: Prestige Industries, LLC (3213). The Debtor's executive headquarters is located at 1099 Wall St. W #100, Lyndhurst, NJ 07071.

The Official Committee of Unsecured Creditors (the “Committee”) of Prestige Industries LLC (the “Debtor”), proposes the following Combined Chapter 11 Plan of Liquidation and Disclosure Statement pursuant to chapter 11 of the Bankruptcy Code.

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**INTRODUCTION AND BACKGROUND OF
DEBTOR'S BUSINESS AND BANKRUPTCY PROCEEDING**

Introduction

This bankruptcy case commenced on January 30, 2017 when the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware.

This Combined Plan and Disclosure Statement is being proposed by the Committee, appointed in the Debtor's bankruptcy case by the Office of the United States Trustee. The Combined Plan and Disclosure Statement contemplates the complete liquidation of the Debtor's remaining assets by a Plan Administrator, who will prosecute disputed claims and certain other litigation on behalf of the Liquidating Debtor and make distributions to the Debtor's stakeholders.

All creditors are encouraged to read this Combined Plan and Disclosure Statement carefully and completely before voting to accept or reject this Plan.

NO SOLICITATION MATERIALS, OTHER THAN THIS COMBINED PLAN AND DISCLOSURE STATEMENT AND RELATED MATERIALS TRANSMITTED HERewith AND APPROVED BY THE BANKRUPTCY COURT, HAVE BEEN AUTHORIZED BY THE BANKRUPTCY COURT FOR USE IN SOLICITING ACCEPTANCES OR REJECTIONS OF THIS COMBINED PLAN AND DISCLOSURE STATEMENT.

Background of Business Operations and Liquidation of Assets

The Debtor has been in business since 1995. The Debtor was a market leading provider of commercial laundry services to the hospitality industry in the greater New York City area. Headquartered in Lyndhurst, New Jersey, the Debtor operated three laundry facilities located in Bay Shore, New York (the "Bay Shore Facility"), Paterson, New Jersey (the "Paterson Facility") and North Bergen, New Jersey (the "North Bergen Facility").

The Debtor experienced rapid growth from 2007 through 2011 as it expanded capacity through the acquisition of its Paterson Facility and continued to add new hotel customers and further penetrate the hospitality industry in the greater New York City area. In 2012, the Debtor began the build-out of the North Bergen Facility. Construction delays and other challenges encountered during the build-out resulted in higher than anticipated costs and a significant delay in completion. The plant, which was ultimately completed in 2013, is the largest hospitality services facility on the East Coast and was the Debtor's preeminent operation. Although the plant was operational, the North Bergen facility was not generating enough incremental revenue to fully offset the added costs for the first two years following its completion.

During this time, the Debtor also began to experience challenges at its Paterson Facility. Staffing constraints and a lack of adequate operational management at the Paterson Facility resulted in a high rate of employee turnover, excess temporary labor costs and delays in service turnaround time. These issues, coupled with the operational losses and challenges faced during

construction of the North Bergen Facility, negatively impacted the Debtor's liquidity. Furthermore, prior to seeking bankruptcy relief, the Debtor was forced to shut down the Bay Shore Facility after the sudden and complete failure of its primary tunnel washer system.

Having determined that its business likely would not be viable in the long term or on a stand-alone basis absent a strategic transaction and the restructuring of its indebtedness, the Debtor ultimately determined that a sale of its assets through a chapter 11 bankruptcy proceeding would best maximize the value of the Debtor's assets for the benefit of all of the Debtor's stakeholders.

The Combined Plan and Disclosure Statement contemplates the complete liquidation of the Debtor's remaining assets by a Plan Administrator, who will prosecute disputed claims and certain other litigation on behalf of the Liquidating Debtor and make distributions to the Debtor's stakeholders.

Pre-petition Secured Indebtedness and DIP Financing

The Debtor was party to a Credit and Security Agreement, dated as of March 2, 2012, with Wells Fargo Bank, N.A. ("Wells Fargo"), as lender, pursuant to which the Debtor was indebted in the approximate amount of \$3.27 million as of the Petition Date. The debt to Wells Fargo (the "First Lien Debt") was secured by a first position lien on substantially all of the Debtor's assets. Wells Fargo also provided Bankruptcy Court approved interim debtor-in-possession financing to the Debtor during the initial stages of the bankruptcy case, which was paid off in full upon the entry of the Debtor into a separate Bankruptcy Court approved debtor-in-possession financing facility (the "DIP Financing") with Rosenthal & Rosenthal, Inc. ("Rosenthal").

In addition to the pre-petition debt to Wells Fargo, the Debtor was also indebted pre-petition under a separate Securities Purchase Agreement, dated as of February 7, 2012, pursuant to which Medley and St. Cloud Capital Partners II, L.P. ("St. Cloud") extended additional secured financing (the "Second Lien Debt"), which was secured by a second position lien on substantially all of the Debtor's assets. As of the Petition Date, the outstanding Second Lien Debt totaled approximately \$21.2 million.

The Sale of the Debtor's Assets

On February 28, 2017, the Debtor filed its *Amended Motion for Order (i) Authorizing and Approving Procedures for the Sale of the Debtor's Assets; (ii) Scheduling a Sale; (iii) Approving Procedures for the Sale of Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection With the Sale; (iv) Approving Sale of Property Free and Clear of Interests; and (v) Approving Form of Notice of Sale*, seeking authority to sell substantially all of the Debtor's assets. See Docket No. 114. The motion also sought approval of certain procedures for the assumption and assignment of executory contracts and unexpired leases.

On March 16, 2017, the Bankruptcy Court entered its *Order (A) Authorizing and Approving Procedures for the Sale of the Debtor's Assets Free and Clear of All Liens and Interests; (B) Scheduling a Sale Hearing; (C) Approving Procedures for the Assumption and*

Assignment of Executory Contracts and Unexpired Leases in Connection With the Sale of Debtor's Assets; (D) Approving the Form of Notice for the Sale of Debtor's Assets; and (E) Granting Related Relief, authorizing and approving the procedures for the sale of the Debtor's assets free and clear of all liens and interests and scheduling an auction for April 20, 2017. *See* Docket No. 151. The Order also approved certain procedures for the assumption and assignment of executory contracts and unexpired leases.

On April 20, 2017, the Debtor conducted the auction of substantially all of its assets in accordance with the approved procedures. On May 4, 2017, the Bankruptcy Court held a hearing to approve the sale to Project Laundry Opco LLC (“Project Laundry”). The Bankruptcy Court entered its Order approving the sale on May 12, 2017 (the “Sale Order”). *See* Docket No. 270. Thus, shortly after this case was commenced, the Debtor sold substantially all of its assets.

As a result of the sale, the DIP Financing provided by Rosenthal was paid in full and a portion of the Second Lien Debt was also paid off, leaving a balance of approximately \$18.65 million. Any distribution to the Second Lien Agent on the balance of the Second Lien Debt will be pursuant to the terms set forth in Article 10.1 of the Combined Plan and Disclosure Statement, as also described in Article III.C below.

The Agreement Between the Committee and Medley Capital Corporation, as Second Lien Agent

Pursuant to paragraph 41 of the Sale Order, the Committee was granted standing and authority, in consultation with Medley Capital Corporation as the Second Lien Agent, to investigate, pursue, commence, prosecute, litigate to judgment, compromise, and settle any and all claims, causes of action, rights to seek refunds (including any tax refunds), and rights to any other recoveries remaining with the Debtor's estate against any and all persons, entities and/or parties, excluding any suit against the DIP Lender. *See* Sale Order, ¶ 41.

On October 19, 2017, the Committee filed the Settlement Motion. *See* Docket No. 397. The Settlement Motion provides, generally, that Medley Capital Corporation, as Second Lien Agent, will advance \$100,000 upon the Effective Date following successful confirmation of a chapter 11 plan of liquidation to fund a liquidation trust, to be used to fund the costs and expenses of the Committee's counsel to pursue a liquidating plan, to form the liquidating trust described, and to fund a liquidating trustee's costs and expenses, including, but not limited to, the investigation and pursuit of the Remaining Causes of Action. *See* Settlement Motion, ¶ 16. On November 6, 2017, the Bankruptcy Court entered the Settlement Order granting the Settlement Motion.

The Combined Plan and Disclosure Statement proposed by the Committee, upon consultation with Medley, proposes the vesting of the Debtor's assets into the Liquidating Debtor and the implementation of the Combined Plan and Disclosure Statement, including the investigation and prosecution of the Remaining Causes of Action, by a Plan Administrator. The vesting of assets into the Liquidating Debtor is in lieu of the creation of a formal trust. The remaining relevant provisions of the Settlement Motion, as approved by the Settlement Order, are consistent with the terms of the Combined Plan and Disclosure Statement. The only significant difference is that the Plan Administrator will act as the fiduciary of the Liquidating

Debtor rather than a trustee acting on behalf of a formally created liquidating trust. The Plan Administrator will be bound by the provisions of the Combined Plan and Disclosure Statement, which are consistent with the terms of the Settlement Motion.

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

A. Rules of Interpretation, Computation of Time, and Governing Law

1.1. For purposes of this Combined Plan and Disclosure Statement, unless otherwise provided herein: (a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural; (b) each pronoun stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and neuter gender; (c) any reference in this Combined Plan and Disclosure Statement to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (d) any reference in this Combined Plan and Disclosure Statement to an existing document or exhibit having been filed or to be filed shall mean that document or exhibit, as it may thereafter be amended, modified or supplemented; (e) all references herein to “Articles” are references to Articles hereof or hereto; (f) the words “herein,” “hereof,” “hereunder,” and “hereto” unless limited by further reference refer to this Combined Plan and Disclosure Statement in its entirety rather than to a particular portion of this Combined Plan and Disclosure Statement; (g) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (h) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (i) any term used in capitalized form herein that is not otherwise defined, but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

1.2. The provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein.

1.3. Except to the extent the Bankruptcy Code or Bankruptcy Rules apply, and subject to the provisions of any contract, lease, instrument, release, indenture or other agreement or document entered into expressly in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to the principles of conflicts of laws thereof.

B. Defined Terms

1.4. “Administrative Claim” means Claims for costs and expenses of administration under sections 507(a)(2) or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date for preserving the Estate and operating the Debtor’s business; (b) Professional Fee Claims; and (c) all fees and charges assessed against the Estate under chapter 123 of title 28 of the United States Code, 28 U.S.C. §§ 1911-1930.

1.5. “Administrative Fund” means: (i) the funds earmarked by the Plan Administrator for payment of Professional Fee Claims and all other costs and expenses incident to administering the bankruptcy Estate, liquidating assets, enforcing and prosecuting Claims, interests, rights, and privileges of the Liquidating Debtor, resolving Disputed Claims, administering and effectuating this Combined Plan and Disclosure Statement, and effectuating the Wind Down of the Estate, including the Initial Funding, and (ii) the funds collected by the Plan Administrator as a result of the prosecution of the Remaining Causes of Action that are not funds to be paid to the Second Lien Agent in accordance with Article 10.1 herein.

1.6. “Allowed” means, with respect to any Claim, and except as otherwise provided herein, a Claim that: (a) the Debtor scheduled in a liquidated, undisputed, and non-contingent amount; (b) is evidenced by a valid Proof of Claim and as to which the Debtor or other party in interest has not filed an objection by the Claims Objection Bar Date; or (c) Allowed pursuant to this Combined Plan and Disclosure Statement or any stipulation approved by, or order of, the Bankruptcy Court.

1.7. “Assets” shall mean all of the rights, title, and interest of the Liquidating Debtor in, to and under any and all of its remaining assets and property, whether tangible, intangible, real or personal, of any nature whatsoever, including all property of the Estate under and pursuant to section 541 of the Bankruptcy Code, including Cash, the Remaining Causes of Action, rights and interests in property, and files, books, and records of the Estate.

1.8. “Available Cash” means as of any Distribution Date, the funds earmarked by the Plan Administrator for distribution to the Debtor’s stakeholders.

1.9. “Avoidance Actions” means any and all avoidance, recovery, subordination or other actions or remedies that may be brought on behalf of the Debtor or its Estate under the Bankruptcy Code or applicable non-bankruptcy law, including actions or remedies under sections 510, 542, 543, 544, 545, 547, 548, 549, 550, 551, 552 and 553 of the Bankruptcy Code.

1.10. “Ballot” means such ballots accompanying the Combined Plan and Disclosure Statement upon which certain Holders of Impaired Claims entitled to vote on this Combined Plan and Disclosure Statement shall, among other things, indicate their acceptance or rejection of this Combined Plan and Disclosure Statement in accordance with the terms of this Combined Plan and Disclosure Statement and the procedures governing the solicitation process.

1.11. “Bankruptcy Code” means title 11 of the United States Code, 11 U.S.C. § 101 *et. seq.*, as may be amended from time to time.

1.12. “Bankruptcy Court” or “Court” means the United States Bankruptcy Court for the District of Delaware.

1.13. “Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure, as applicable to this Chapter 11 Case, and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware and the Bankruptcy Court’s Trial Procedures.

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

1.15. “Cash” means the legal tender of the United States of America or the equivalent thereof, including bank deposits and checks, which may be conveyed by check or wire transfer.

1.16. “Chapter 11 Case” means this chapter 11 case captioned, *In re: Prestige Industries LLC*, Case No. 17-10186 (KG).

1.17. “Claim” shall have the meaning set forth in section 101(5) of the Bankruptcy Code.

1.18. “Claims Objection Bar Date” means the deadline for objecting to Claims, which shall be the date that is one-hundred twenty (120) days after the later of the Effective Date or the date such Claim is filed, unless extended by an order of the Bankruptcy Court upon notice and a hearing.

1.19. “Class” means a category of Holders of Claims or Equity Interests pursuant to section 1122(a) of the Bankruptcy Code.

1.20. “Combined Plan and Disclosure Statement” means this Combined Chapter 11 Plan of Liquidation and Disclosure Statement proposed by the Committee, as may be amended, supplemented, or modified from time to time, including all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code.

1.21. “Confirmation” means the entry of the Confirmation Order on the docket of this Chapter 11 Case.

1.22. “Confirmation Date” means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of this Chapter 11 Case within the meaning of Bankruptcy Rules 5003 and 9021.

1.23. “Confirmation Hearing” means the hearing before the Bankruptcy Court to consider confirmation of the Combined Plan and Disclosure Statement, as such hearing may be adjourned or continued from time to time.

1.24. “Confirmation Hearing Notice” means the written notice provided to Holders of Claims and Equity Interests, which includes, among other things: (a) the Record Date; (b) procedures for the temporary allowance of Claims; (c) the Plan Objection Deadline; (d) the date and time of the Confirmation Hearing.

1.25. “Confirmation Order” means the order entered by the Bankruptcy Court confirming the Combined Plan and Disclosure Statement pursuant to section 1129 of the Bankruptcy Code.

1.26. “D&O Claims” means claims against certain current and/or former directors and/or officers of the Debtor.

1.27. “Debtor” or “Debtor in Possession” means Prestige Industries LLC.

1.28. “Disputed” means, with respect to any Claim or Equity Interest, any Claim or Equity Interest: (a) listed on the Schedules as unliquidated, Disputed, or contingent, unless a Proof of Claim has been timely filed; (b) as to which the Debtor or the Plan Administrator on behalf of the Liquidating Debtor has interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules; or (c) otherwise Disputed by the Debtor or the Plan Administrator on behalf of the Liquidating Debtor in accordance with applicable law, which objection, request for estimation, or dispute has not been withdrawn or determined by a Final Order.

1.30. “Disputed Claims Reserve” means the reserve established from the Available Cash and maintained by the Plan Administrator on behalf of the Liquidating Debtor to hold Cash to be distributed to Holders of Allowed Claims pending resolution of Disputed Claims.

1.31. “Distribution” means the distribution of Cash or other Assets, as the case may be, by the Plan Administrator on behalf of the Liquidating Debtor in accordance with this Combined Plan and Disclosure Statement.

1.32. “Distribution Date” means the date on which a Distribution is made.

1.33. “Effective Date” means the date that is the first Business Day after the Confirmation Date on which: (a) no stay of the Confirmation Order is in effect; and (b) all conditions precedent to the Effective Date have been either satisfied or waived.

1.34. “Equity Interest” means any member or other ownership interest in the Debtor, whether or not evidenced by any certificate or other instrument, whether or not transferable, and any option, warrant or right, contractual or otherwise, to acquire any such interest in the Debtor that existed immediately prior to the Effective Date.

1.35. “Estate” means the estate of the Debtor created on the Petition Date by section 541 of the Bankruptcy Code.

1.36. “Exculpated Parties” means, collectively, the Debtor, the Committee, the Liquidating Debtor, the Professionals, and each of their respective Representatives (each of the foregoing in its individual capacity as such), other than those parties against whom the Remaining Causes of Action may be brought, which non-exculpated parties include the Debtor’s Insiders and former and current officers and directors.

1.37. “Executory Contract” means a contract to which the Debtor is a party that is subject to assumption or rejection pursuant to section 365 of the Bankruptcy Code.

1.38. “Final Distribution Date” means the date of the final Distribution, if any, which shall be a date selected by the Plan Administrator.

1.39. “Final Order” means an order or judgment of the Bankruptcy Court or other court of competent jurisdiction with respect to the subject matter, as entered on the docket in this Chapter 11 Case or the docket of any court of competent jurisdiction, that has not been reversed, stayed, modified, or amended, and as to which the time to appeal, or seek certiorari or move for a new trial, reargument, or rehearing has passed without any such appeal, petition for certiorari or

motion, or as to which any appeal that has been taken or any petition for certiorari or motion for a new trial, reargument, or rehearing that has been timely filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, reargument, or rehearing will have been denied, resulted in no modification of such order or has otherwise been dismissed with prejudice.

1.40. “Holder” means the beneficial holder of a Claim or Equity Interest, and, when used in conjunction with a Class or type of Claim or Equity Interest, the beneficial holder of a Claim or Equity Interest in such Class or of such type.

1.41. “Impaired” means, with respect to a Class of Claims or Equity Interests, a Class of Claims or Equity Interests that is not Unimpaired.

1.42. “Initial Distribution Date” means the date of the initial Distribution, which shall be a date selected by the Plan Administrator if and when the Plan Administrator is successful in obtaining recoveries from the causes of action it will be pursuing under the terms of this Combined Plan and Disclosure Statement and distributable assets remain after the Initial Funding has been repaid.

1.43. “Initial Funding” means the \$100,000 in funding to be provided by the Second Lien Agent upon the Effective Date to fund the costs and expenses of the Committee’s counsel to pursue this Combined Plan and Disclosure Statement and to otherwise fund the Administrative Fund to cover the costs and expenses of the Plan Administrator and professionals hired by the Plan Administrator to investigate and pursue the Remaining Causes of Action, in accordance with the Settlement Order.

1.44. “Insider” shall have the meaning set forth in section 101(31) of the Bankruptcy Code.

1.45. “Insider Avoidance Actions” means claims under Chapter 5 of the Bankruptcy Code against Insiders of the Debtor.

1.46. “Liquidating Debtor” means Prestige Industries LLC on or after the Effective Date.

1.47. “Medley” means Medley Capital Corporation in its individual capacity.

1.48. “Petition Date” means January 30, 2017, the date of the filing of this Chapter 11 Case.

1.49. “Plan” means this Combined Plan and Disclosure Statement.

1.50. “Plan Administrator” means Nicholas Rubin, who shall serve pursuant to the terms of the Plan Administrator Agreement, or any subsequently appointed individual to serve in such capacity in accordance with the terms of the Combined Plan and Disclosure Statement and the Plan Administrator Agreement.

1.51. “Plan Administrator Agreement” means the agreement, dated as of the Effective Date, setting forth the terms and conditions of the employment of the Plan Administrator, in substantially the form of **Exhibit A** to this Combined Plan and Disclosure Statement.

1.52. “Plan Administrator’s Counsel” means counsel selected and retained by the Plan Administrator, in consultation with the Second Lien Agent, on a contingency fee basis to investigate and prosecute the Remaining Causes of Action.

1.53. “Plan Objection” means an objection timely filed to the confirmation of this Combined Plan and Disclosure Statement and in accordance with the procedures described herein.

1.54. “Priority Claim” means, collectively, Priority Non-Tax Claims and Priority Tax Claims.

1.55. “Priority Non-Tax Claim” means any Claim, other than an Administrative Claim or a Priority Tax Claim, entitled to priority payment under section 507(a) of the Bankruptcy Code.

1.56. “Priority Tax Claim” means any Claim of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

1.57. “Pro Rata” means the proportion that (a) the Allowed amount of a Claim in a particular Class bears to (b) the aggregate Allowed amount of all Claims in such Class, unless this Combined Plan and Disclosure Statement expressly provides otherwise.

1.58. “Professional” means an entity: (a) retained in this Chapter 11 Case pursuant to a Final Order in accordance with sections 327 and 1103 of the Bankruptcy Code, and that is compensated for services rendered prior to the Effective Date pursuant to sections 327-331 of the Bankruptcy Code; or (b) for which compensation and reimbursement has been allowed by Final Order of the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

1.59. “Professional Fee Claim” means any Allowed Administrative Claim for the compensation of a Professional, and the reimbursement of expenses incurred by such Professional, through and including the Effective Date.

1.60. “Proof of Claim” means a proof of Claim filed against the Debtor in this Chapter 11 Case.

1.61. “Record Date” means the date on which the Bankruptcy Court enters an order approving the Combined Plan and Disclosure Statement on an interim basis (the “Interim Approval and Procedures Order”).

1.62. “Released Parties” means, collectively, the Debtor, the Debtor’s Professionals, the Second Lien Agent, and each of their respective Representatives (each of the foregoing in its individual capacity as such), other than those parties against whom the Remaining Causes of Action may be brought, which unreleased parties include the Debtor’s Insiders and former and current officers and directors.

1.63. “Remaining Causes of Action” means all actions, causes of action, claims, liabilities, obligations, rights, suits, debts, damages, judgments, remedies, demands, setoffs, defenses, recoupments, cross-claims, counterclaims, third-party claims, indemnity claims, contribution claims, or any other claims of the Debtor or the Estate, whether Disputed or undisputed, suspected or unsuspected, foreseen or unforeseen, direct or indirect, choate or inchoate, existing as of the Effective Date or thereafter arising, in law, equity, or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of this Chapter 11 Case, including through the Effective Date, that shall vest, as of the Effective Date, with the Liquidating Debtor. Such Remaining Causes of Action: (i) may include, but are not limited to, D&O Claims, Avoidance Actions, Insider Avoidance Actions and actions to collect outstanding accounts receivable owed to the Debtor; and (ii) expressly exclude any such claims or causes of action against the Second Lien Agent, except for any claims or causes of action against the Second Lien Agent relating to a breach of its obligations under the Combined Plan and Disclosure Statement.

1.64. “Representatives” means, with respect to an entity, such entity’s officers, directors, employees, members, managers, advisors, attorneys, professionals, accountants, investment bankers, financial advisors, consultants, agents, and other representatives (including its respective officers, directors, employees, members, and professionals).

1.65. “Sale Order” means the Order Approving Sale of All or Substantially All of Debtor’s Assets and Granting Related Relief, dated May 12, 2017, approving the sale of substantially all of the Debtor’s assets to Project Laundry. [Docket No. 270].

1.66. “Schedules” means the schedules of assets and liabilities, the list of holders of Interests and the statement of financial affairs filed by the Debtor under section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, and all amendments and modifications thereto through the Confirmation Date.

1.67. “Second Lien Agent” or “Medley” means Medley Capital Corporation in its capacity as agent for the Debtor’s second lien lenders.

1.68. “Second Lien Agent’s Share of Proceeds” means solely with respect to any recoveries from a D&O Claim or an Insider Avoidance Action after the fees and costs of the Plan Administrator and the Plan Administrator’s counsel have been paid out of any such recovery, the Second Lien Agent shall receive the next \$100,000 of any such recovery as repayment for the Initial Funding and thereafter shall receive seventy percent (70%) of any remaining funds from any such recovery, up to the full amount of its Allowed Claim, all in accordance with the Settlement Order.

1.69. “Secured Claim” means any Claim, or portion thereof, against any of the Debtors to the extent such Claim is secured within the meaning of section 506(a) or 1111(b) of the Bankruptcy Code.

1.70. “Settlement Motion” means the *Motion Pursuant to Rule 9019 for Approval of Agreement among Official Committee of Unsecured Creditors and Medley Capital Corporation, as Agent* [Docket No. 397].

1.71. “Settlement Order” means the *Order Granting Official Committee of Unsecured Creditors’ Motion Pursuant to Rule 9019 for Approval of Agreement among Official Committee of Unsecured Creditors and Medley Capital Corporation, as Agent*, entered on November 16, 2017 [Docket No. 412], approving the Settlement Motion.

1.72. “Unclassified Claims” means Administrative Claims and Priority Tax Claims.

1.73. “Unexpired Lease” means a lease of non-residential real property to which the Debtor is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

1.74. “Unimpaired” means a Class of Claims or Equity Interests that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

1.75. “Unsecured” shall mean with respect to a Claim, a pre-petition Claim against the Debtor which is not a Secured Claim, an Administrative Claim, or a Priority Claim.

1.76. “U.S. Trustee” means the United States Trustee appointed under Article 591 of title 28 of the United States Code to serve in the District of Delaware.

1.77. “Voting Class” means Class 2 Claims.

1.78. “Wind Down” means, as set forth in Article 10.13 hereof, the wind down and dissolution of the Liquidating Debtor following the Effective Date.

ARTICLE II

CLASSIFICATION OF CLAIMS AND INTERESTS

The following is a designation of the Classes of Claims and Equity Interests classified under this Combined Plan and Disclosure Statement.

A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class, and shall be deemed classified in a different Class to the extent that any remainder of the Claim or Equity Interest qualifies within the description of such different Class. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified, but the treatment for such Unclassified Claims is set forth in Article IV. The Allowed Claims against and Interests in the Debtor are divided into the following classes:

Class Number	Description	Summary of Treatment	Status	Estimated Range of Claims in Class
Class 1	Priority Non-Tax Claims	100% payment on Allowed Claims	Unimpaired – not entitled to vote.	\$0
Class 2	Unsecured Claims	Pro Rata share of Available Cash	Impaired – entitled to vote.	\$2.5 million - \$21.15 million
Class 3	Equity Interests	Equity Interests shall be deemed cancelled under the Plan.	Impaired – not entitled to vote.	N/A

2.1. Unclassified Claims.

2.1.1 Administrative Claims. Administrative Claims are unclassified.

2.1.2 Priority Tax Claims. Priority Tax Claims are unclassified.

2.2. Classified Claims and Equity Interests.

2.2.1 Priority Non-Tax Claims. Class 1 shall consist of all Priority Non-Tax Claims.

2.2.2 Unsecured Claims. Class 2 shall consist of all Unsecured Claims.

2.3 Equity Interests. Class 3 shall consist of all Equity Interests.

ARTICLE III
IDENTIFICATION OF CLASSES OF
CLAIMS IMPAIRED BY THE PLAN

3.1. Classes Not Impaired by the Plan. Unclassified Claims and Class 1 Claims.

3.2. Classes Impaired by the Plan. Class 2 Claims and Class 3 Claims.

3.3. Disputes on Impairment. In the event of a controversy as to whether any Holder of a Claim or Equity Interest or any Class of Claims or Equity Interests are Impaired under the Combined Plan and Disclosure Statement, the Bankruptcy Court, after notice and a hearing, shall determine such controversy.

ARTICLE IV
TREATMENT OF UNIMPAIRED CLAIMS

4.1. Unclassified Claims.

4.1.1 Payment of Administrative Claims. Unless otherwise agreed to by the Holder of an Allowed Administrative Claim and the Debtor or the Plan Administrator on behalf of the Liquidating Debtor, as applicable, each Holder of an Allowed Administrative Claim (other than any Professional Fee Claim) shall receive, in full and final satisfaction of its Allowed Administrative Claim, Cash equal to the amount of such Allowed Administrative Claim either: (a) on the Effective Date; (b) if the Administrative Claim is not Allowed as of the Effective Date, as soon as reasonably practicable after the date on which (i) the Plan Administrator, in his sole discretion, determines that such Administrative Claim shall be Allowed or (ii) the Bankruptcy Court determines that such Administrative Claim shall be Allowed; or (c) if the Allowed Administrative Claim is based on liabilities incurred by the Debtor in the ordinary course of its business after the Petition Date, pursuant to the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim, without any further action by the Holder of such Allowed Administrative Claim; or (d) at such later time and on such terms as the Holder may agree. Notwithstanding the foregoing,

Administrative Claims of the U.S. Trustee for fees pursuant to 28 U.S.C. § 1930(a)(6) shall be paid in accordance with the applicable schedule for payment of such fees.

4.1.2. Professional Compensation. All final requests for payment of Professional Fee Claims, including any amounts held back pursuant to the *Order Establishing Procedures For Interim Compensation and Reimbursement Of Expenses Of Professionals* (the “Interim Compensation Procedures Order”) [Docket No. 169] must be filed with the Bankruptcy Court and served on the Plan Administrator and the U.S. Trustee no later than thirty (30) days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Bankruptcy Court in this Chapter 11 Case, the Allowed amounts of such Professional Fee Claims shall be determined by the Bankruptcy Court and paid by the Plan Administrator on behalf of the Liquidating Debtor if any distributable assets remain after the Second Lien Agent’s Share of Proceeds has been paid.²

Except as otherwise specifically provided in this Combined Plan and Disclosure Statement, from and after the Effective Date, the Plan Administrator shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash from the Administrative Fund the reasonable legal, professional, or other fees and expenses of the Liquidating Debtor, the Plan Administrator, or their respective Representatives, related to the Combined Plan and Disclosure Statement and its implementation and the transactions contemplated herein. Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Liquidating Debtor or the Plan Administrator may employ and pay any professional in the ordinary course of business from the Administrative Fund without any further notice to or action, order, or approval of the Bankruptcy Court.

4.1.3. Payment of Priority Tax Claims. With respect to Priority Tax Claims, each Holder of an Allowed Priority Tax Claim shall receive, in full and final satisfaction of its Allowed Priority Tax Claim, Cash in an amount equal to the amount of such Allowed Priority Tax Claim on or as soon as reasonably practicable after the Effective Date. The Committee understands from the Debtor that the Debtor is unaware of any remaining Priority Tax Claims.

4.2. Priority Non-Tax Claims (Class 1). Holders of Class 1 Claims shall be paid 100% of the unpaid amount of such Allowed Priority Non-Tax Claims on or as soon as reasonably practicable after the Effective Date. Notwithstanding the foregoing, any Holder of a Class 1 Claim may receive such other less favorable treatment as may be agreed upon by such Holder and the Plan Administrator on behalf of the Liquidating Debtor. The Parties are unaware of any Allowed Priority Non-Tax Claims.

² The Committee understands that its and the Debtor’s professionals have agreed that they will not receive any further payment on account of their Professional Fee Claims unless and until the Plan Administrator is successful in recovering funds for the Liquidating Debtor that are in excess of the Second Lien Agent’s Share of Proceeds, except as provided herein.

ARTICLE V
TREATMENT OF CLAIMS AND INTERESTS
IMPAIRED UNDER THE PLAN

5.1. Unsecured Claims (Class 2). On Distribution Dates to be determined by the Plan Administrator, the Plan Administrator shall pay to each Holder of an Allowed Unsecured Claim, in Cash, such Holder's Pro Rata share of the Available Cash. In the event that Holders of Class 2 Claims are paid in full, the Plan Administrator shall pay to each such Holder post-petition interest on a *pro rata* basis at the applicable rate.

5.2. Equity Interests (Class 3). There shall be no Distribution to holders of Allowed Equity Interests in Class 3. Such Equity Interests shall be deemed cancelled.

ARTICLE VI
ACCEPTANCE OR REJECTION OF PLAN

6.1. Voting By Impaired Classes. Only Holders of Claims in Class 2 will be entitled to vote to reject or accept the Combined Plan and Disclosure Statement. Holders of Equity Interests in Class 3 are Impaired but not entitled to vote on the Combined Plan and Disclosure Statement as such Holders will receive no Distribution under the Combined Plan and Disclosure Statement and are thus deemed to reject the Combined Plan and Disclosure Statement.

ARTICLE VII
PROVISIONS CONCERNING DISTRIBUTION

7.1. Settlement Motion and Settlement Order. The liquidation of the Remaining Causes of Action and the making of Distributions under this Combined Plan and Disclosure Statement are consistent with the terms provided for in the Settlement Motion and previously approved by this Court in the Settlement Order.

7.2. Initial Distribution Date. On the Initial Distribution Date, the Plan Administrator shall make, or shall in the Plan Administrator's sole discretion make adequate reserves for, the Distributions required to be made under the Plan. Distributions, if any, shall be made in accordance with Article 10.1 of the Combined Plan and Disclosure Statement, consistent with the terms approved by the Settlement Order that are set forth in the Settlement Motion. Reserves, if any, shall be distributed in accordance with the terms of this Combined Plan and Disclosure Statement.

7.3. Interim Distributions on Account of Allowed Claims. The Plan Administrator may (but shall not be required to) make interim Distributions if the Plan Administrator deems it appropriate and shall have the right to make more frequent interim Distributions to Holders of Allowed Claims, if the Plan Administrator determines in his sole discretion that such additional interim Distributions are warranted and economical; **provided, however**, that any such interim Distribution shall only be made if in the Plan Administrator's sole discretion, the Plan Administrator retains amounts reasonably necessary to make all Distributions pursuant to this Plan, meet contingent liabilities, and satisfy other liabilities or expenses the Plan Administrator

on behalf of the Liquidating Debtor incurs in accordance with this Combined Plan and Disclosure Statement or the Plan Administrator Agreement.

7.4. Final Distributions on Allowed Claims. Notwithstanding anything herein to the contrary, upon the later of: (1) the settlement and satisfaction, or disallowance, of all Administrative, Professional Fee, and Priority Claims, (2) the completion and prosecution and/or settlement of all objections to all other Claims and Remaining Causes of Action, (3) the liquidation of all remaining assets of the Liquidating Debtor, and (4) the completion of all matters necessary to effectuate the Wind Down, the Plan Administrator shall distribute, as soon thereafter as reasonably practicable, all remaining assets and proceeds thereof pursuant to the terms of this Combined Plan and Disclosure Statement. To the extent that the foregoing can be accomplished by the Initial Distribution Date, the Plan Administrator may effectuate all required Distributions on the Initial Distribution Date.

7.5. Disputed Claims Reserve. The Plan Administrator shall establish a Disputed Claims Reserve for Disputed Claims, which shall be administered by the Plan Administrator. The Plan Administrator shall reserve for Distribution on account of each Disputed Claim, to the extent distributable assets are available to do so, Cash sufficient to pay the Pro Rata Distribution on account of the full asserted amount (or such lesser amount as may be estimated by the Bankruptcy Court) of the Disputed Claim. For the avoidance of doubt, no Cash to be distributed to the Second Lien Agent pursuant to the Settlement Waterfall should be held in the Disputed Claims Reserve.

The Disputed Claims Reserve shall be closed and extinguished by the Plan Administrator when all Distributions and other dispositions of Cash required to be made hereunder shall have been made in accordance with the terms of this Combined Plan and Disclosure Statement. Upon closure of the Disputed Claims Reserve, all Cash held in the Disputed Claims Reserve shall revert in the Liquidating Debtor. All funds that have reverted in the Liquidating Debtor pursuant to this paragraph shall (a) be used to pay the reasonable fees and expenses of the Plan Administrator as and to the extent set forth in this Combined Plan and Disclosure Statement and the Plan Administrator Agreement, and (b) thereafter, distributed to Holders of Allowed Claims, including unpaid Allowed Professional Fee Claims, in accordance with this Combined Plan and Disclosure Statement.

7.6. Payments on Business Days. Any Distribution to be made under the Combined Plan and Disclosure Statement shall be made on a day that is a Business Day.

7.7. Manner of Cash Payments Under This Plan. Cash payments made pursuant to this Combined Plan and Disclosure Statement shall be in United States dollars by checks drawn on a domestic bank selected by the Plan Administrator or by wire transfer from a domestic bank, at the option of the Plan Administrator.

7.8. Whole Dollars. Any other provision of the Combined Plan and Disclosure Statement to the contrary notwithstanding, no payments of cents will be made. Whenever any payment of cents would otherwise be called for, the actual payment may reflect a rounding of such fraction to the nearest whole dollar (up or down).

7.9. Delivery of Distributions. Subject to Bankruptcy Rule 9010 and except as otherwise provided herein, Distributions to the Holders of Allowed Claims shall be made at (a) the address of each Holder as set forth in the Schedules, unless superseded by the address set forth on Proofs of Claim filed by such Holder as of the Record Date. Holders of Allowed Claims may request Distributions be sent to another address provided such request is in writing and the requesting party can demonstrate it is the Holder of the Allowed Claim.

7.10. Undeliverable Distributions. If any Distribution is returned as undeliverable, the Plan Administrator may, in his sole discretion and as he deems appropriate, take such efforts to determine the current address of the Holder of the Allowed Claim with respect to such Distribution; **provided, however**, that no Distribution to any Holder of an Allowed Claim shall be made unless and until the Plan Administrator is able to confirm the then-current address of the Holder, at which time the Plan Administrator shall make such Distribution to such Holder. Amounts, if any, in respect of any undeliverable Distributions made by the Plan Administrator shall be returned to, and held in trust by, the Plan Administrator on behalf of the Liquidating Debtor until the Distributions are claimed or are deemed to be unclaimed property as described below. The Plan Administrator shall have the discretion to determine how to make Distributions in the most efficient and cost-effective manner possible; **provided, however**, that the Plan Administrator's discretion may not be exercised in a manner inconsistent with any of the express requirements of this Combined Plan and Disclosure Statement.

7.11. Unclaimed Property. Except with respect to assets in the Disputed Claims Reserve, Distributions that are not claimed within the expiration of ninety (90) days from the Final Distribution Date shall be deemed to be unclaimed property under section 347(b) of the Bankruptcy Code and shall revert in the Liquidating Debtor. The Claims upon which such Distributions are based shall be automatically disallowed and expunged. After the expiration of ninety (90) days from the Final Distribution Date, the Claim of any entity to those Distributions shall be released and forever barred. Nothing contained in this Combined Plan and Disclosure Statement shall require the Plan Administrator to attempt to locate any Holder of an Allowed Claim. To the extent that any Unclaimed Property reverts in the Liquidating Debtor pursuant to this Article, the Plan Administrator shall have the authority to (i) reserve any amounts necessary to close the Chapter 11 Case; (ii) donate any balance of Unclaimed Property to a charitable organization of the Plan Administrator's choosing exempt from federal income tax under section 501(c)(3) of the Tax Code that is unrelated to the Debtor and/or any Insider of the Debtor; and (iii) close the Chapter 11 Case in accordance with the Bankruptcy Code and Bankruptcy Rules.

7.12. Interest on Claims. Except as specifically provided for in this Combined Plan and Disclosure Statement, the Confirmation Order, or other Final Order of the Bankruptcy Court, interest shall not accrue on Claims and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid on any Disputed Claim with respect to the period from the Petition Date to the date a final Distribution is made thereon if and after that Disputed Claim becomes an Allowed Claim. Except as expressly provided herein, or in a Final Order of the Bankruptcy Court or other court of competent jurisdiction, no pre-petition Claim shall be Allowed to the extent that it is for post-petition interest or other similar charges.

7.13. Disputed Distributions. In the event of any dispute between or among Holders of Claims or Equity Interests as to the right of any Holder to receive or retain any Distribution to be made to such Holder under the Combined Plan and Disclosure Statement, the Plan Administrator, in lieu of making such Distribution to such Holder, may make it instead into an escrow account for payment as ordered by the Bankruptcy Court or as the interested parties to such dispute may otherwise agree among themselves. Any Holder which fails to raise such dispute by filing an appropriate request for relief with the Bankruptcy Court prior to the issuance of such disputed Distribution by the Plan Administrator shall be deemed to have forever waived any right to dispute such Distribution or to restrict the use of such Distribution.

7.14. Setoff and Recoupment. The Plan Administrator may, but shall not be required to, setoff against, or recoup from, any Claim and the Distributions to be made pursuant to this Combined Plan and Disclosure Statement in respect thereof, any claims or defenses of any nature whatsoever that any of the Debtor, the Estate, the Liquidating Debtor, or the Plan Administrator may have against the Holder of such Claim; **provided, however**, that neither the failure to do so nor the allowance of any Claim under this Combined Plan and Disclosure Statement shall constitute a waiver or release by the Debtor, the Estate, the Liquidating Debtor, or the Plan Administrator of any right of setoff or recoupment that any such entity may have against the Holder of any Claim.

7.15. De Minimis Distributions. Notwithstanding anything herein to the contrary, if a Distribution to be made to a Holder of an Allowed Claim totals \$50 or less in the aggregate, the Plan Administrator may, at his option, not make such Distribution to that Holder.

7.16. Compliance with Tax Requirements. In connection with making Distributions under this Plan, to the extent applicable, the Plan Administrator shall comply with all tax withholding and reporting requirements imposed on the Liquidating Debtor by any governmental unit. All Distributions pursuant to this Combined Plan and Disclosure Statement shall be subject to such applicable withholding and reporting requirements. The Plan Administrator may withhold an entire Distribution due to any Holder of an Allowed Claim who fails to timely provide the Plan Administrator with information requested by the Plan Administrator that is necessary for the Plan Administrator to comply with applicable state or federal tax law. If the Holder of an Allowed Claim fails to timely provide the information necessary to comply with applicable tax withholding or reporting requirements, then such Holder's Distribution shall be treated as an undeliverable Distribution in accordance with Article 7.10 above.

7.17. Record Date for Distributions. Except as otherwise provided in a Final Order of the Bankruptcy Court, the transferees of Claims that are transferred pursuant to Bankruptcy Rule 3001 on or prior to the Record Date shall be treated as the Holders of those Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to the transfer may not have expired by the Record Date. The Plan Administrator shall have no obligation to recognize any transfer of any Claim occurring after the Record Date. In making any Distribution with respect to any Claim, the Plan Administrator shall instead be entitled to recognize, for all purposes hereunder, only such entity that is: (i) listed on the Proof of Claim filed with respect thereto, (ii) listed on the Schedules, or (iii) is the Holder thereof as of 11:59 P.M. (prevailing Eastern time) on the Record Date, and upon such other evidence, record of transfer or assignment that are known to the Plan Administrator as of the Record Date.

ARTICLE VIII
CERTAIN TERMINATIONS, RELEASES,
INDEMNIFICATION, AND EXCULPATIONS

8.1. **Compromise and Settlement.** Notwithstanding anything herein to the contrary, the allowance, classification and treatment of all Allowed Claims and their respective Distributions, if any, and treatments hereunder takes into account and conforms to the relative priority and rights of the Claims and the Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) and (c) of the Bankruptcy Code, or otherwise. Pursuant to sections 363 and 1123(b) of the Bankruptcy Code, and Bankruptcy Rule 9019 as solely related to the Settlement Order, and in consideration for the Distributions and other benefits provided pursuant to this Combined Plan and Disclosure Statement, the provisions of this Combined Plan and Disclosure Statement shall constitute a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any Distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, the Estate, and Holders of Claims and Interests and is fair, equitable, and reasonable.

8.2. **Releases.** As of the Effective Date, to the fullest extent permitted by applicable law, and except where otherwise expressly set forth in this Combined Plan and Disclosure Statement, each Holder of a Claim or an Equity Interest, except with respect to those Holders of Claims or Equity Interests who either (i) are deemed to reject this Combined Plan and Disclosure Statement, or (ii) vote to reject this Combined Plan and Disclosure Statement **and** have opted out of this release by checking the "opt out box" on their Ballot, shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever released the Released Parties from any and all Claims, Equity Interests, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, and any derivative claims asserted on behalf of the Debtor or the Liquidating Debtor, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity or otherwise, that such Holder would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, this Chapter 11 Case, the sale to Project Laundry, the Settlement Motion and the terms of the settlement with the Second Lien Agent set forth therein as approved by the Settlement Order, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in this Combined Plan and Disclosure Statement, the business or contractual arrangements between the Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or during this Chapter 11 Case, the negotiation, formulation, or preparation of the sale of assets, this Combined Plan and Disclosure Statement or related agreements, instruments, or other documents, upon any other related act or omission, transaction, agreement, event, or other related occurrence taking place on or before the Effective Date, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that is

determined by a Final Order to have constituted willful misconduct, gross negligence, fraud, or a criminal act.

8.3. Approval of the Releases and Injunctions. The releases, exculpations, and injunctions set forth in Article VIII of the Combined Plan and Disclosure Statement are not severable and are integral consideration and critical parts of the Combined Plan and Disclosure Statement, and the Released Parties have relied on the efficacy and conclusive effects of such releases and injunctions and on the Bankruptcy Court's retention of jurisdiction to enforce such releases and injunctions when making concessions and exchanging consideration in connection with the Chapter 11 Case and pursuant to the Combined Plan and Disclosure Statement. Pursuant to Bankruptcy Code sections 1123(a)(5), 1123(b)(3), and 1123(b)(6), as well as Bankruptcy Rule 9019 solely as related to the Settlement Order, entry of the Plan Confirmation Order shall constitute the Bankruptcy Court's approval of the releases, exculpations, and injunctions set forth in Article VIII of the Combined Plan and Disclosure Statement and shall constitute the Bankruptcy Court's finding that such releases, exculpations, and injunctions are: (i) in exchange for the good, valuable, and reasonably equivalent consideration provided by the Released Parties; (ii) in the best interests of the Debtor, the Estate, the Liquidating Debtor and Creditors; (iii) fair, equitable, and reasonable; and (iv) a bar to any of the releasing parties as set forth in the Combined Plan and Disclosure Statement asserting any Claims or Causes of Action released pursuant to such release.

8.4. Exculpation. Upon and effective as of the Effective Date, the Exculpated Parties and the Second Lien Agent will all be deemed to have participated in the Combined Plan and Disclosure Statement process and have solicited acceptances of this Combined Plan and Disclosure Statement in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including section 1125(e) of the Bankruptcy Code, and such parties shall not be liable for actions taken in pursuit of the solicitation of votes in respect of, or participation in seeking confirmation of, this Combined Plan and Disclosure Statement.

In addition to the foregoing, and except with respect to any acts or omissions expressly set forth in and preserved by this Combined Plan and Disclosure Statement or related documents, the Exculpated Parties shall neither have, nor incur, any liability to any entity for any post-petition act taken or omitted to be taken in connection with, arising from or relating in any way to, this Chapter 11 Case, including: (a) the operation of the Debtor's business during the pendency of this Chapter 11 Case; (b) formulating, negotiating, preparing, disseminating, implementing, and/or effecting the sale to Project Laundry, the Settlement Motion and the terms of the settlement with the Second Lien Agent set forth therein as approved by the Settlement Order, or this Combined Plan and Disclosure Statement (including any related contract, instrument, release, other agreement or document created or entered into in connection therewith); (c) the solicitation of votes for this Combined Plan and Disclosure Statement and the pursuit of Confirmation of this Combined Plan and Disclosure Statement; (d) the administration of this Combined Plan and Disclosure Statement and/or the assets to be distributed under the Combined Plan and Disclosure Statement; and (e) any other post-petition act taken or omitted to be taken in connection with, or in contemplation of, the Debtor's liquidation. In all respects, each

Exculpated Party shall be entitled to reasonably rely upon the advice of counsel concerning his, her, or its respective duties under, pursuant to, or in connection with, this Combined Plan and Disclosure Statement. Notwithstanding anything herein to the contrary, the foregoing shall not exculpate any entity from any liability resulting from any act or omission constituting fraud, willful misconduct, gross negligence, criminal conduct, malpractice, or misuse of confidential information that causes damages as determined by a Final Order.

8.5. Injunction. From and after the Effective Date, except where otherwise expressly set forth in this Combined Plan and Disclosure Statement, which exceptions include the Remaining Causes of Action, all entities are permanently enjoined from commencing or continuing in any manner against the Released Parties, and their assets and properties, any suit, action, or other proceeding on account of or respecting any claim, demand, liability, obligation, debt, right, cause of action, interest, or remedy released or to be released pursuant to this Plan or the Confirmation Order.

Except as otherwise expressly provided for herein or in obligations issued pursuant hereto, which exceptions include the Remaining Causes of Action, from and after the Effective Date, all entities shall be precluded from asserting against the Released Parties, and their assets and properties, any other Claims or Equity Interests based upon any documents, instruments, or any act or omission, transaction, or other activity of any kind or nature that occurred before the Effective Date that relate, in whole or in part, directly or indirectly, to the Debtor, the Estate or this Chapter 11 Case, including but not limited to the Settlement Motion and the terms of the settlement set forth therein as approved by the Settlement Order.

The rights afforded in this Combined Plan and Disclosure Statement and the treatment of all Claims and Equity Interests herein shall be in exchange for, and in complete satisfaction of, Claims and Equity Interests of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, against the Debtor or any of its assets, property or Estate. On the Effective Date, all such Claims against or Equity Interests in the Debtor shall be fully released as provided in this Combined Plan and Disclosure Statement.

ARTICLE IX

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

9.1. Rejection of Executory Contracts and Unexpired Leases. This Combined Plan and Disclosure Statement shall constitute a motion to reject all of the Executory Contracts and Unexpired Leases that remain with the Estate, if any, with the exception of the Debtor's insurance policies as set forth in Article 10.15, for which the Debtor shall have no further obligations thereunder. The entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code and a finding that such rejections are in the best interest of the Debtor, its Estate, and all parties in interest in this Chapter 11 Case. Any and all Executory Contracts and Unexpired Leases of the Debtor that have not been assumed or rejected prior to the Confirmation Date, with

the exception of the Debtor's insurance policies as set forth in Article 10.15, shall be deemed rejected on the Confirmation Date.

9.2. Claims Based on Rejection of Executory Contracts or Unexpired Leases. Claims arising from the rejection of Executory Contracts and Unexpired Leases pursuant to Article 9.1 above, must be filed with the Bankruptcy Court and served on the Plan Administrator on behalf of the Liquidating Debtor no later than thirty (30) days after the Effective Date. Any Claims arising from the rejection of an Executory Contract or Unexpired Lease pursuant to Article 9.1 above for which Proofs of Claim are not timely filed shall be forever barred from assertion against the Debtor, the Estate, the Liquidating Debtor, the Plan Administrator, their successors and assigns, and their assets and properties, unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein. All such Claims shall, as of the Effective Date, be subject to the exculpation and injunction provisions set forth in Article VIII hereof. Unless otherwise ordered by the Bankruptcy Court, all such Claims that are timely filed as provided herein shall be treated as General Unsecured Claims under this Combined Plan and Disclosure Statement and shall be subject to all of the provisions of this Combined Plan and Disclosure Statement.

ARTICLE X
MEANS FOR IMPLEMENTATION OF THE PLAN

10.1. Implementation. The Combined Plan and Disclosure Statement is to be implemented in a manner consistent with section 1123 of the Bankruptcy Code. Further, payments and distributions under the Combined Plan and Disclosure Statement will be funded as follows:

(i) The Initial Funding shall be used to fund the costs and expenses of the Committee's counsel to pursue this Combined Plan and Disclosure Statement and the Administrative Fund to cover the costs and expenses of the Plan Administrator and professionals hired by the Plan Administrator to investigate and pursue the Remaining Causes of Action, in accordance with the Settlement Order.

(ii) Any distributions under the Combined Plan and Disclosure Statement shall be from recoveries from the prosecution of the Remaining Causes of Action by the Plan Administrator, which recoveries will be distributed in accordance with the terms set forth herein, as approved by the Settlement Order:

(a) Any recoveries on a D&O Claim or an Insider Avoidance Action shall be distributed as follows:

- (1) First, the costs and fees of the Plan Administrator and the Plan Administrator's contingency fee counsel associated with bringing the D&O Claim or Insider Avoidance Actions will be paid out of any recovery;
- (2) Second, once the costs and fees of the Plan Administrator's contingency fee counsel associated with bringing the D&O Claim or Insider Avoidance Action are paid, the Second Lien Agent will receive the next \$100,000 out

of any recoveries on a D&O Claim or Insider Avoidance Action to a maximum amount of \$100,000 in total as repayment for the Initial Funding; and

- (3) Third, any remaining funds from any recoveries on a D&O Claim or Insider Avoidance Action after the payments described in Article 10.1(ii)(a)(1) and 10.1(ii)(a)(2) of the Combined Plan and Disclosure Statement are paid shall be paid 70% to the Second Lien Agent and 30% to the Plan Administrator on behalf of the Liquidating Debtor for distribution in accordance with the terms of the Combined Plan and Disclosure Statement.

(b) 100% of the recoveries from Non-Insider Avoidance Actions will be available for distribution by the Plan Administrator, in addition to: (x) any remaining funds from the Initial Funding, provided the Second Lien Agent has been repaid \$100,000 pursuant to subsection (ii)(a)(2) herein; and (y) any funds available following the distribution of recoveries from a D&O Claim or an Insider Avoidance Action pursuant to Article 10.1(ii)(a)(3) herein. Such funds will remain in the Administrative Fund for distribution by the Plan Administrator.

(c) Any distribution on Allowed Claims, including unpaid Allowed Professional Fee Claims as set forth in the Settlement Motion, shall be made from the proceeds remaining in the Administrative Fund per Article 10.1(ii)(b) herein and shall be made in accordance with the terms of the Combined Plan and Disclosure Statement and in compliance with the priority scheme set forth in section 507 of the Bankruptcy Code.

(d) Notwithstanding the foregoing, the Second Lien Agent will not receive any distribution under this Combined Plan and Disclosure Statement for its Allowed Claim other than the distributions as set forth in Article 10.1(ii)(a) herein.

10.2. Continuing Existence. From and after the Effective Date, the Liquidating Debtor shall continue in existence solely for the purposes consistent with the terms of this Combined Plan and Disclosure Statement, which include, through the Plan Administrator: (1) effectuating the Wind Down, (2) liquidating remaining assets, (3) enforcing and prosecuting claims, interests, rights, and privileges of the Liquidating Debtor and the Estate, including Remaining Causes of Action, including but not limited to the D&O Claims and the Avoidance Actions, (4) resolving Disputed Claims, (5) administering this Combined Plan and Disclosure Statement and taking such actions as are necessary to effectuate this Combined Plan and Disclosure Statement, (6) filing appropriate tax returns, and (7) making distributions hereunder. The Liquidating Debtor shall also maintain those books, records, and bank accounts necessary to effectuate the liquidation and Wind Down of the Estate. From and after the Effective Date, the Committee shall remain in existence solely for the purpose of appointing a successor Plan Administrator, if necessary, pursuant to Section 10.8 of the Combined Plan and Disclosure Statement and the Plan Administrator Agreement.

10.3. Vesting of Assets in the Liquidating Debtor. Except as otherwise provided in this Combined Plan and Disclosure Statement or in any agreement, instrument or other document relating thereto, pursuant to section 1141 of the Bankruptcy Code, on or after the Effective Date, all remaining assets of the Estate shall vest in the Liquidating Debtor, free and clear of all liens, Claims, charges, or other encumbrances.

10.4. Appointment of the Plan Administrator. As of the Effective Date, the Plan Administrator, in consultation with the Second Lien Agent pursuant to the Settlement Order, shall be responsible for implementing the liquidation and Wind Down contemplated by this Combined Plan and Disclosure Statement, including monetizing or abandoning any remaining assets, pursuing, settling or abandoning all Remaining Causes of Action, resolving all Claims and distributing Cash pursuant to this Combined Plan and Disclosure Statement. On the Effective Date, the Plan Administrator shall succeed to such powers as would have been applicable to the Debtor's officers, directors, and shareholders, and the Liquidating Debtor shall be authorized to be (and, upon conclusion of the Wind Down, shall be) dissolved by the Plan Administrator in his sole discretion.

10.5. Actions Against the Plan Administrator. The Confirmation Order shall state that, without permission of the Bankruptcy Court, no judicial, administrative, arbitral, or other action or proceeding shall be commenced against the Plan Administrator in his official capacity, with respect to his status, duties, powers, acts, or omissions as Plan Administrator in any forum other than the Bankruptcy Court, unless the Bankruptcy Court, for any reason, declines to exercise jurisdiction.

10.6. Term and Compensation of the Plan Administrator. The Plan Administrator shall serve for the term set forth in, and be compensated from the Administrative Fund in accordance with, the terms of the Plan Administrator Agreement.

10.7. Powers of the Plan Administrator. The Plan Administrator shall be a fiduciary of the Liquidating Debtor and shall have all powers, authority, and responsibilities specified in this Combined Plan and Disclosure Statement and the Plan Administrator Agreement and shall consult with the Second Lien Agent whenever required pursuant to the terms of the settlement set forth in the Settlement Motion as approved by the Settlement Order. Without limiting the foregoing, in particular, the Plan Administrator's rights, duties, and powers shall include, among other things, the following:

(i) The Plan Administrator shall succeed to all such powers as would have been applicable to any of the Debtor's officers, directors, managers, or shareholders with like effect as if authorized, exercised and taken by unanimous action of such officers, directors, managers, and shareholders;

(ii) The Plan Administrator shall be authorized to take all steps necessary to effectuate the Wind Down and to take such other actions as the Plan Administrator determines are in the best interests of the Holders of Claims;

(iii) The Plan Administrator, in his reasonable business judgment, in an expeditious and orderly manner, and only to the extent necessary, shall liquidate, and

convert all remaining assets of the Estate to Cash and make all Distributions in accordance with this Combined Plan and Disclosure Statement. The liquidation of the remaining assets may be accomplished through the sale of Remaining Causes of Action, or through prosecution or settlement of any Remaining Causes of Action, or otherwise;

(iv) The Plan Administrator may institute, prosecute, collect, compromise, settle or abandon any Remaining Causes of Action in accordance herewith and without further approval or application to the Bankruptcy Court, except as otherwise provided herein, including, prosecuting and/or settling any Remaining Causes of Action pending in any court of competent jurisdiction;

(v) The Plan Administrator may participate as a party or otherwise in any administrative, arbitrative, or other non-judicial proceeding and litigate or settle such Remaining Causes of Action on behalf of the Liquidating Debtor or the Estate, or to pursue such Remaining Causes of Action to settlement or judgment;

(vi) The Plan Administrator may, to the extent necessary, open and maintain bank accounts in the name of the Liquidating Debtor, draw checks and drafts thereon by the sole signature of the Plan Administrator and terminate such accounts as the Plan Administrator deems appropriate;

(vii) The Plan Administrator may make Distributions and take other actions consistent with this Combined Plan and Disclosure Statement and the implementation hereof, including the establishment, reevaluation, adjustment, and maintenance of appropriate reserves in accordance with this Combined Plan and Disclosure Statement;

(viii) The Plan Administrator may collect and liquidate all Assets of the Estate pursuant to this Combined Plan and Disclosure Statement and to administer the Wind Down and the closing of the Chapter 11 Case;

(ix) The Plan Administrator may file, prosecute, or object to any Claims (Disputed or otherwise), and compromise or settle any Claims prior to or after objection, without supervision or approval of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the U.S. Trustee guidelines and requirements, other than those restrictions expressly imposed by this Combined Plan and Disclosure Statement, or to seek Bankruptcy Court approval for any Claims settlements made after objection;

(x) The Plan Administrator may retain or engage professionals, employees, and consultants, including Professionals previously engaged by the Debtor, the Liquidating Debtor or the Committee, and to pay from the Administrative Fund the reasonable fees and charges incurred by the Plan Administrator and his professionals, employees, and consultants that relate to this Combined Plan and Disclosure Statement or its implementation, without application to the Bankruptcy Court;

(xi) The Plan Administrator may seek a determination from the Bankruptcy Court of tax liability under section 505 of the Bankruptcy Code and to pay from the Administrative Fund taxes, if any, related to the Liquidating Debtor and for all returns

filed for or on behalf of the Liquidating Debtor for all taxable periods through the closing of this Chapter 11 Case;

(xii) The Plan Administrator may invest Cash or moneys received by the Liquidating Debtor or otherwise held by the Liquidating Debtor in accordance with this Combined Plan and Disclosure Statement (which shall be in compliance with section 345 of the Bankruptcy Code);

(xiii) The Plan Administrator may execute any documents or pleadings and take any other actions related to, or in connection with, the liquidation of the assets of the Estate and the exercise of the Plan Administrator's powers granted herein, including the exercise of the Liquidating Debtor's rights to conduct discovery and oral examination of any party under Bankruptcy Rule 2004;

(xiv) The Plan Administrator may enter into any agreement or execute any document on behalf of the Liquidating Debtor required by or consistent with this Combined Plan and Disclosure Statement, and perform all of the obligations thereunder;

(xv) The Plan Administrator may abandon in any commercially reasonable manner any assets that the Plan Administrator determines are of no benefit to the Liquidating Debtor or the Estate;

(xvi) The Plan Administrator may preserve the Liquidating Debtor's documents, as necessary, to pursue Remaining Causes of Action, conduct the Wind Down, and abandon or destroy documents upon the Plan Administrator's sole determination that the documents are no longer necessary or beneficial to the Liquidating Debtor;

(xvii) The Plan Administrator may purchase and maintain all insurance policies and pay from the Administrative Fund all insurance premiums and costs that the Plan Administrator deems necessary or advisable; and

(xviii) The Plan Administrator may take all other actions not inconsistent with the provisions of this Combined Plan and Disclosure Statement, which the Plan Administrator deems reasonably necessary or desirable with respect to administering this Combined Plan and Disclosure Statement.

10.8. Resignation or Removal of Plan Administrator. In the event of the resignation, death or incapacity of the Plan Administrator, a successor shall be appointed by the Committee in consultation with the Second Lien Agent, and otherwise in accordance with this Plan and the Plan Administrator Agreement. The Plan Administrator may resign at any time upon thirty (30) days' notice to the Bankruptcy Court, the Plan Administrator's counsel and the Committee. No successor Plan Administrator hereunder shall in any event have any liability or responsibility for the acts or omissions of any of his or her predecessors. Every successor Plan Administrator appointed pursuant hereto shall execute, acknowledge and deliver to the Bankruptcy Court an instrument in writing accepting such appointment. Thereupon, such successor Plan Administrator, without any further action required, shall become fully vested with all of the

rights, powers, duties, and obligations of his or her predecessor. Notwithstanding any other provision in this Combined Plan and Disclosure Statement or the Plan Administrator Agreement, upon the resignation of the Plan Administrator, the Plan Administrator shall continue to serve in such capacity until such time as (a) a successor Plan Administrator is identified and accepts the appointment on substantially the same terms as the resigning Plan Administrator, and (b) notice is provided to the Bankruptcy Court of such successor.

10.9. Liability, Indemnification. As of and after the Effective Date, neither the Liquidating Debtor, its designees or professionals, any duly designated agent or Representative of the Liquidating Debtor, including the Plan Administrator and his professionals, nor any of its employees, including those employees of the Debtor assisting the Plan Administrator, on behalf of the Liquidating Debtor, with the Wind Down, shall be liable for the act or omission of any other designee, agent, or Representative of the Liquidating Debtor or the Plan Administrator on behalf of the Liquidating Debtor, nor shall such parties be liable for any act or omission taken or omitted to be taken in such capacity other than for specific acts or omissions resulting from such parties' willful misconduct, gross negligence, or fraud.

The Plan Administrator, and any other duly designated agent or Representative of the Liquidating Debtor, including employees of the Debtor assisting the Plan Administrator with the Wind Down, may, in connection with the performance of their functions, and in their sole and absolute discretion, consult with the Plan Administrator's attorneys, accountants, financial advisors and agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such persons, regardless of whether such advice or opinions are provided in writing (other than for specific acts or omissions resulting from such parties' willful misconduct, gross negligence, or fraud). Notwithstanding such authority, the Plan Administrator and any other duly designated agent or Representative of the Liquidating Debtor, including the employees of the Debtor assisting the Liquidating Debtor and the Plan Administrator with the Wind Down, shall not be under any obligation to consult with the Plan Administrator's attorneys, accountants, financial advisors, or agents, and such parties' determination not to do so shall not result in the imposition of liability on any such party, unless such determination is based on such party's willful misconduct, gross negligence, or fraud.

The Liquidating Debtor shall indemnify and hold harmless any duly designated agent or Representative of the Liquidating Debtor, including the Plan Administrator, its designees and professionals, all duly designated agents and Representatives thereof, and those employees of the Debtor assisting the Liquidating Debtor and the Plan Administrator with the Wind Down, from and against and in respect of all liabilities, losses, damages, claims, costs, and expenses (including reasonable attorneys' fees, disbursements and related expenses) which such parties may incur or to which such parties may become subject in connection with any action, suit, proceeding, or investigation brought by or threatened against such parties arising out of or due to their acts or omissions, or consequences of such acts or omissions, with respect to the implementation or administration of the Estate or this Combined Plan and Disclosure Statement, or the discharge of their duties under the Plan Administrator Agreement or hereunder; **provided, however,** that no such indemnification shall be made to any person with respect to any Remaining Cause of Action or for actions or omissions as a result of willful misconduct, gross

negligence, or fraud. Any such permitted indemnification payments may be made from the Administrative Fund.

10.10. Fees and Expenses of the Liquidating Debtor. Except as otherwise ordered by the Bankruptcy Court, after the Effective Date, any of the Liquidating Debtor or the Plan Administrator's reasonable fees or expenses, as applicable (including the reasonable fees and expenses of professionals retained by the Plan Administrator), shall be paid from the Administrative Fund in the ordinary course of business without further order of the Bankruptcy Court and in accordance with the terms set forth in the Settlement Order.

10.11. Preservation of the Remaining Causes of Action. In accordance with section 1123(b) of the Bankruptcy Code, as of the Effective Date, all rights related to any Remaining Causes of Action shall vest in the Liquidating Debtor, which such rights may be enforced solely by the Plan Administrator, whether arising before or after the Petition Date. The Plan Administrator's right to commence, prosecute, or settle such Remaining Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Plan Administrator may pursue such Remaining Causes of Action, as appropriate, in accordance with the best interests of the Estate and the Liquidating Debtor and shall consult with the Second Lien Agent with respect to the investigation and pursuit of D&O Claims and the Insider Avoidance Actions. No entity may rely on the absence of a specific reference in this Combined Plan and Disclosure Statement with respect to any Remaining Cause of Action against them as any indication that the Plan Administrator on behalf of the Liquidating Debtor will not pursue any and all available Remaining Causes of Action against such entity. Unless any Remaining Causes of Action against an entity are expressly waived, relinquished, exculpated, released, compromised, or settled in this Combined Plan and Disclosure Statement or a Final Order of the Bankruptcy Court, the Plan Administrator expressly reserves the right to prosecute all Remaining Causes of Action, for later adjudication, and therefore, no preclusion doctrine, including the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise) or laches shall apply to such Remaining Causes of Action upon, after, or as a consequence of Confirmation or consummation of this Combined Plan and Disclosure Statement. Further, neither the Liquidating Debtor nor the Plan Administrator shall have any obligation to pay out of the Administrative Fund the costs, fees or other obligations of any person on account of any existing indemnification or similar right with respect to the Remaining Causes of Action.

The Plan Administrator reserves and shall retain the right to prosecute, settle, or otherwise dispose of all of the Remaining Causes of Action notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during this Chapter 11 Case or pursuant to this Combined Plan and Disclosure Statement. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Remaining Causes of Action that the Debtor may hold against any entity shall vest in the Liquidating Debtor. The Plan Administrator shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Remaining Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

10.12. Directors and Officers. On the Effective Date, the persons acting as directors and officers of the Debtor prior to the Effective Date shall be released from all further authority,

duties, responsibilities, and obligations relating to and arising from operations of the Debtor or this Chapter 11 Case. Upon such release and discharge, the Plan Administrator shall be charged with the authority, duties, responsibilities, and obligations relating to and arising from operations of the Liquidating Debtor and this Chapter 11 Case.

10.13. Wind Down and Dissolution of the Liquidating Debtor. As soon as practicable after the Effective Date, the Plan Administrator shall: (1) take any action reasonably necessary to effectuate the Wind Down; (2) file a certificate of dissolution for the Liquidating Debtor, together with all other necessary corporate and company documents, to effect the dissolution of the Liquidating Debtor under applicable non-bankruptcy law; (3) complete and file all of the Liquidating Debtor's final or otherwise required federal, state, and local tax returns, as applicable; (4) pursuant to section 505(b) of the Bankruptcy Code, request an expedited determination for any of the Debtor, its Estate, or Liquidating Debtor's unpaid tax liability, if any, regarding any tax incurred during the administration of the Chapter 11 Case, as determined under applicable tax laws; (5) take such other actions as the Plan Administrator may determine to be necessary or desirable to carry out the purposes of this Combined Plan and Disclosure Statement; and (6) comply with any regulatory requirements imposed on the Liquidating Debtor under applicable law. The filing of the Liquidating Debtor's certificate of dissolution by the Plan Administrator shall be authorized and approved in all respects without further action under applicable law, regulation, order or rule, including any action by the Debtor or the Liquidating Debtor.

10.14. Quarterly Reporting. From and after the Effective Date, as further provided in Article 15.10 herein, the Plan Administrator shall file quarterly status reports with the Bankruptcy Court, which shall detail (1) the amount of any Distributions made during the particular quarter (the "Reporting Period") and to whom such Distributions were made, (2) the amount of Claims settled or otherwise resolved during the Reporting Period, including the amount of such Claims as filed or scheduled and the Allowed amount of such Claims pursuant to the resolution, (3) a summary of any material steps taken during the Reporting Period by the Plan Administrator to litigate or settle any Remaining Causes of Action, (4) the fees and expenses paid during the Reporting Period to the Plan Administrator, any professionals retained by the Plan Administrator, and (v) any other matters which could reasonably be expected to have a material effect on the amount of Distributions to be made by the Plan Administrator on behalf of the Liquidating Debtor.

10.15. Insurance Policies. Nothing in this Combined Plan and Disclosure Statement or the Confirmation Order alters the rights and obligations of the Debtor (and its Estate) and the Debtor's insurers (and third-party claims administrators) under any insurance policy or modifies the coverage or benefits provided thereunder or the terms and conditions thereof or diminishes or impairs the enforceability of any insurance policy. All of the Debtor's rights and the Estate's rights under any insurance policy to which the Debtor and/or the Debtor's Estate may be a beneficiary shall vest with the Liquidating Debtor for the benefit of those parties entitled to receive Distributions under this Plan. For the avoidance of doubt, the Debtor is deemed to have assumed all of its insurance policies.

10.16. Exemption From Certain Taxes/Fees. Pursuant to section 1146(a) of the Bankruptcy Code, the making or delivery of any instrument or transfer from the Debtor to the Liquidating Debtor, or to any other Person pursuant to this Combined Plan and Disclosure Statement, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp tax, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

10.17. Release of Liens. Except as otherwise provided in this Combined Plan and Disclosure Statement, or in any contract, instrument, release, or other agreement or document created pursuant to this Combined Plan and Disclosure Statement, on the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be deemed fully released and discharged without any further action of any party, including, but not limited to, further order of the Bankruptcy Court or filing updated schedules or statements typically filed pursuant to the Uniform Commercial Code or other applicable law.

ARTICLE XI

SUMMARY OF THE PLAN, LIQUIDATION ANALYSIS, FEASIBILITY AND VOTING

11.1. Purpose of the Plan. Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor is authorized to reorganize or liquidate its business for the benefit of its creditors and shareholders. The Committee has filed the Combined Plan and Disclosure Statement as a means to maximize the value of the Debtor's bankruptcy Estate for the benefit of the Debtor's stakeholders through an orderly liquidation.

The following is a summary of the significant provisions of the Combined Plan and Disclosure Statement. The Combined Plan and Disclosure Statement contemplates the liquidation of the Debtor's Estate by a Plan Administrator, who will have the responsibility of investigating and prosecuting the Remaining Causes of Action. In the event that there are funds available for distribution, they will be used for the payment of Allowed Claims in accordance with the terms of the Combined Plan and Disclosure Statement.

All statements made below are general in nature and are qualified in their entirety by reference to the complete terms of this Combined Plan and Disclosure Statement. Creditors and parties-in-interest are urged to read the entire Combined Plan and Disclosure Statement and consult with their respective counsel, accountants, and business advisors in order to fully understand the Combined Plan and Disclosure Statement.

The Combined Plan and Disclosure Statement, upon confirmation by the Bankruptcy Court, shall be legally binding upon the Debtor, its creditors, and other parties-in-interest designated by section 1141(a) of the Bankruptcy Code. It is essential that Creditors and holders of Equity Interests fully understand the Combined Plan and Disclosure Statement in order to make an informed decision with respect to the treatment of their respective Claims or Equity Interests.

The Committee believes the Combined Plan and Disclosure Statement provides for the greatest likelihood of a return to the holders of Allowed Claims in a fair and equitable manner.

11.2. Plan Confirmation Hearing. The Bankruptcy Code and Bankruptcy Rules require the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of this Combined Plan and Disclosure Statement. On [_____, 2018], the Bankruptcy Court entered an order scheduling the Confirmation Hearing for [_____, 2018] at [] p.m. (ET), to consider, among other things, final approval of this Combined Plan and Disclosure Statement under section 1125 of the Bankruptcy Code and confirmation of this Combined Plan and Disclosure Statement under section 1129 of the Bankruptcy Code. Notice of the Confirmation Hearing will be provided to all known Creditors, Interest Holders, and other parties in interest. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

Any objection to confirmation of this Combined Plan and Disclosure Statement must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or Equity Interests held or asserted by the objector against the Debtor, the basis for the objection and the specific grounds of the objection, and must be Filed with the Bankruptcy Court, with a copy to chambers, together with proof of service thereof, and served upon the following parties so as to be received no later than [_____, 2018] at 4:00 p.m. (ET): (i) Co-counsel to the Committee, Whiteford, Taylor & Preston LLC, The Renaissance Centre, 405 North King Street, Suite 500, Wilmington, DE 19801 (Attn: Stephen B. Gerald, Esq.) and Whiteford, Taylor & Preston, LLP, 7 St. Paul Street, Baltimore, Maryland 21202 (Attn: Dennis J. Shaffer, Esq.); (ii) co-counsel to the Committee, Lowenstein Sandler LLP, 65 Livingston Avenue, Roseland, NJ 07068 1251 (Attn: Mary E. Seymour, Esq.), Lowenstein Sandler LLP, 1251 Avenue of the Americas, New York, NY, 10020 (Attn: David Banker, Esq.); and (iii) the Office of the United States Trustee, 844 King Street, Suite 2207, Lockbox #35, Wilmington, Delaware 19899 (Attn: Mark Kenney, Esq.); and (v) such other parties as the Bankruptcy Court may order.

Bankruptcy Rule 9014 governs objections to confirmation of this Combined Plan and Disclosure Statement. **UNLESS AN OBJECTION TO CONFIRMATION OF THIS COMBINED PLAN AND DISCLOSURE STATEMENT IS TIMELY SERVED UPON THE PARTIES LISTED ABOVE AND FILED WITH THE BANKRUPTCY COURT, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT IN DETERMINING WHETHER TO CONFIRM THIS COMBINED PLAN AND DISCLOSURE STATEMENT.**

11.3. Requirements for Plan Confirmation. The Bankruptcy Court will confirm this Combined Plan and Disclosure Statement only if it meets all the applicable requirements of section 1129 of the Bankruptcy Code. Among the requirements for confirmation in this Chapter 11 Case is that this Combined Plan and Disclosure Statement be accepted by all impaired Classes of Claims and Equity Interests. The Bankruptcy Court must also find, among other things, that:

- a. this Combined Plan and Disclosure Statement has classified Claims and Interests in a permissible manner;
- b. any Holder of an Allowed Administrative Claim that will not be paid in full on the Effective Date or, if later, when the Claim is Allowed, has consented thereto;
- c. this Combined Plan and Disclosure Statement complies with the technical requirements of chapter 11 of the Bankruptcy Code; and
- d. this Combined Plan and Disclosure Statement has been proposed in good faith.

11.4. Best Interest of Creditors Test and Liquidation Analysis. **THE BANKRUPTCY CODE REQUIRES THAT, WITH RESPECT TO AN IMPAIRED CLASS OF CLAIMS OR EQUITY INTERESTS, EACH HOLDER OF AN IMPAIRED CLAIM OR INTEREST IN SUCH CLASS EITHER (I) ACCEPT THE PLAN OR (II) RECEIVE OR RETAIN UNDER THE PLAN PROPERTY OF A VALUE, AS OF THE EFFECTIVE DATE OF THE PLAN, THAT IS NOT LESS THAN THE AMOUNT (VALUE) SUCH HOLDER WOULD RECEIVE OR RETAIN IF THE DEBTOR WAS LIQUIDATED UNDER CHAPTER 7 OF THE BANKRUPTCY CODE ON THE EFFECTIVE DATE.**

The Committee believes it highly unlikely that, in the event that the Chapter 11 Case were converted to chapter 7 of the Bankruptcy Code that a chapter 7 trustee would take on the responsibility of investigating and prosecuting the Remaining Causes of Action. The Committee understands that the Second Lien Agent would not provide the Initial Funding if the Chapter 11 Case were converted, which would leave the Debtor's estate administratively insolvent. Notwithstanding the foregoing, the Committee has prepared a liquidation analysis based on certain assumptions that indicates that in a chapter 7 liquidation, Holders of Claims and Equity Interests would receive less than such Holders would receive under the Combined Plan and Disclosure Statement. Attached hereto as **Exhibit B** is the Liquidation Analysis.

Accordingly, as demonstrated in the Liquidation Analysis, the Committee believes that in a chapter 7 liquidation, Holders of Claims and Interests would receive less than such Holders would receive under this Combined Plan and Disclosure Statement. There can be no assurance, however, as to values that would actually be realized in a chapter 7 liquidation, nor can there be any assurance that a Bankruptcy Court would accept the Debtor's conclusions or concur with such assumptions in making its determinations under section 1129(a)(7) of the Bankruptcy Code.

11.5. Feasibility. Pursuant to section 1129(a)(11) of the Bankruptcy Code, it must be demonstrated that a bankruptcy court's confirmation of a plan is not likely to be followed by the liquidation or need for further financial reorganization of the debtor under the plan, unless such liquidation or reorganization is proposed under the plan. Pursuant to the Combined Plan and Disclosure Statement, the Debtor's remaining assets, comprised of the Remaining Causes of Action, are to be liquidated and distributed in accordance with the Combined Plan and Disclosure Statement. Therefore, as this is a liquidating plan, the provisions of section 1129(a)(11) of the Bankruptcy Code have been met.

11.6. Procedure/Voting Deadlines. In order for your Ballot to count, you must (1) properly complete, date, and execute the Ballot and (2) deliver the Ballot to Committee's counsel (the "Balloting Agent") by either regular mail or overnight courier/hand delivery to the following address: Balloting Agent for Prestige Industries, LLC; Stephen B. Gerald, Esq., Whiteford Taylor & Preston, LLC, The Renaissance Center, Suite 500, 405 North King Street, Wilmington, Delaware 19801.

Original ballots must be **RECEIVED** by Committee's counsel on or before [], 2018, at 5:00 p.m. (prevailing Eastern Time). Except as otherwise ordered by the Bankruptcy Court, you may not change your vote once a Ballot is submitted to the Balloting Agent.

Any Ballot that is timely received, executed, that contains sufficient information to permit the identification of the claimant and that is cast as an acceptance or rejection of this Combined Plan and Disclosure Statement will be counted and cast as an acceptance or rejection, as the case may be, of this Combined Plan and Disclosure Statement.

The following Ballots will **not** be counted or considered for any purpose in determining whether this Combined Plan and Disclosure Statement has been accepted or rejected by the class in which such Holder holds a Claim or Interest:

- a. any Ballot submitted that is received after the Voting Deadline, unless the Committee or the Court grant an extension of the Voting Deadline with respect to such Ballot;
- b. any Ballot that is illegible or contains insufficient information to permit the identification of the claimant;
- c. any Ballot cast by a Person or Entity that does not hold a Claim in a Class that is entitled to vote to accept or reject this Combined Plan and Disclosure Statement;
- d. any Ballot cast for a Claim designated or determined as unliquidated, contingent, disputed, or as zero or unknown in amount and for which no Bankruptcy Rule 3018(a) motion has been Filed by the Bankruptcy Rule 3018(a) motion deadline;
- e. any Ballot timely received that is cast in a manner that indicates neither acceptance nor rejection of this Combined Plan and Disclosure Statement or that indicates both acceptance and rejection of this Combined Plan and Disclosure Statement;
- f. any Ballot not bearing an original signature; or
- g. any Ballot that is submitted by facsimile, e-mail or any other means of electronic communication.

11.7. Acceptance of This Combined Plan and Disclosure Statement. As a Creditor, your

acceptance of this Combined Plan and Disclosure Statement is important. In order for this Combined Plan and Disclosure Statement to be accepted by an impaired Class of Claims, a majority in number (*i.e.*, more than half) and two-thirds in dollar amount of the Claims voting (of each Impaired Class of Claims) must vote to accept this Combined Plan and Disclosure Statement. At least one impaired Class of Creditors, excluding the votes of insiders, must actually vote to accept this Combined Plan and Disclosure Statement. The Committee strongly urges that you vote to accept this Combined Plan and Disclosure Statement. **YOU ARE URGED TO COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE BALLOT. PLEASE BE SURE TO COMPLETE THE BALLOT PROPERLY AND LEGIBLY IDENTIFY THE EXACT AMOUNT OF YOUR CLAIM AND THE NAME OF THE CREDITOR, AND INCLUDE AN ORIGINAL SIGNATURE ON THE BALLOT.**

11.8. Elimination of Vacant Classes. Any Class of Claims or Interests that does not contain, as of the date of commencement of the Confirmation Hearing, a Holder of an Allowed Claim or Interest, or a Holder of a Claim temporarily allowed under Bankruptcy Rule 3018, shall be deemed deleted from this Combined Plan and Disclosure Statement for all purposes, including for purposes of determining acceptance of this Combined Plan and Disclosure Statement by such Class under section 1129(a)(8) of the Bankruptcy Code.

ARTICLE XII

PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

12.1. Allowance of Claims. After the Effective Date, the Plan Administrator, on behalf of the Liquidating Debtor, shall maintain any and all rights and defenses that the Debtor had with respect to any Claim, except with respect to any Claim deemed Allowed under this Combined Plan and Disclosure Statement or other Final Order of the Bankruptcy Court. Except as expressly provided in this Combined Plan and Disclosure Statement or in any Final Order entered in the Chapter 11 Case (including the Confirmation Order), no Claim shall become an Allowed Claim unless and until the Plan Administrator determines, in his sole discretion, that such Claim shall be Allowed or such Claim is Allowed pursuant to a Final Order of the Bankruptcy Court. All settled Claims approved prior to the Effective Date pursuant to a Final Order of the Bankruptcy Court under Bankruptcy Rule 9019, or otherwise, shall be binding on all parties.

12.2. Objections to Claims. After the Confirmation Date, but before the Effective Date, the Debtor and the Committee, and after the Effective Date until the applicable Claims Objection Bar Date, the Plan Administrator, on behalf of the Liquidating Debtor, shall maintain the exclusive authority to file objections to Claims and settle, compromise, withdraw, or litigate to judgment such objections. From and after the Effective Date, the Plan Administrator, on behalf of the Liquidating Debtor, may settle or compromise any Disputed Claim which shall be subject to notice and a hearing and a Final Order of the Bankruptcy Court approving any such settlement pursuant to Bankruptcy Rule 9019. Notwithstanding the foregoing, Bankruptcy Court approval shall not be required for any compromises or settlements of Disputed Claims for which the final, Allowed amount of such claims totals \$100,000 or less.

12.3. Claims Estimation. After the Confirmation Date but before the Effective Date, the Debtor and the Committee, and after the Effective Date, the Plan Administrator, on behalf of the

Liquidating Debtor, may at any time, request that the Bankruptcy Court estimate (a) any Disputed Claim pursuant to applicable law, and (b) any contingent or unliquidated Claim pursuant to applicable law, including section 502(c) of the Bankruptcy Code, regardless of whether the Debtor, the Committee or the Plan Administrator, on behalf of the Liquidating Debtor, has previously objected to such Claim, or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to estimate any Disputed Claim, contingent Claim, or unliquidated Claim, including during any litigation concerning any objection to any Claim or during the pendency of any appeal related to any such objection. All of the aforementioned Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

12.4. Deadline to File Objections to Claims. Any objections to Claims shall be filed no later than the applicable Claims Objection Bar Date.

12.5. Disallowance of Claims. All Claims of any entity from which the Plan Administrator, on behalf of the Liquidating Debtor, seeks the return of property under sections 542, 543, 550, or 553 of the Bankruptcy Code, or that the Plan Administrator, on behalf of the Liquidating Debtor, alleges is a transferee of a transfer that is avoidable under section 522(f), 522(h), 544, 545, 547, 548, or 549 of the Bankruptcy Code, shall be disallowed if (1) the entity, on the one hand, and the Plan Administrator, on the other hand, agree, or the Bankruptcy Court has determined by Final Order, that such entity or transferee is liable to turnover any property or monies under any of the aforementioned sections of the Bankruptcy Code, and (2) such entity or transferee has failed to turnover such property by the date set forth in such agreement or Final Order.

12.6. Amendments to Claims. Except as otherwise provided herein, on or after the Effective Date, a Claim may not be filed or amended without the prior authorization of the Bankruptcy Court or the Plan Administrator. To the extent such prior authorization is not received, any such new or amended filed Claim shall be deemed disallowed and expunged without any further notice to or action, order, or approval of the Bankruptcy Court.

12.7. No Distributions Pending Allowance. If an objection to a Claim or portion thereof is filed prior to the Effective Date, no payment or Distribution provided under this Combined Plan and Disclosure Statement shall be made on account of such Claim, or portion thereof, unless and until such Disputed Claim becomes an Allowed Claim pursuant to a Final Order. The Plan Administrator shall, in accordance with Article 7.5 above, reserve sufficient Cash, to the extent available, in the Disputed Claims Reserve to make any Distributions on account of Disputed Claims if and when such Claims become Allowed Claims.

12.8. Distributions After Allowance. To the extent that a Disputed Claim ultimately becomes an Allowed Claim, Distributions, if any, to the extent available, shall be made to the Holder of such Allowed Claim in accordance with the provisions of this Combined Plan and Disclosure Statement. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Plan Administrator shall provide the Distribution to which such Holder is entitled under this Combined Plan and

Disclosure Statement as of the Effective Date, if any, to the Holder of such Claim without any interest to be paid on account of such Claim unless required under applicable non-bankruptcy law.

ARTICLE XIII
RETENTION OF JURISDICTION

13.1. Retention of Jurisdiction. The Bankruptcy Court shall retain jurisdiction of the Chapter 11 Case following the Confirmation Date for the following purposes, it being expressly intended that such retention of jurisdiction, shall in all cases hereafter set forth, extend to any actions or proceedings commenced prior or subsequent to the Confirmation Date and/or the Effective Date whether by the Debtor, the Committee or the Plan Administrator on behalf of the Liquidating Debtor:

- (a) To hear and determine any objections to the allowance of Claims;
- (b) To determine any and all applications for compensation for Professionals and similar fees which are made specifically subject to a hearing under the Combined Plan and Disclosure Statement or the Bankruptcy Code;
- (c) To determine any and all applications for the rejection, assumption or assumption and assignment of an Executory Contract or Unexpired Lease to which the Debtor and/or the Liquidating Debtor are parties or with respect to which either of them may be liable, and to hear and determine, and if need be to liquidate, any and all Claims arising therefrom;
- (d) To determine any and all applications, motions, adversary proceedings, and contested or litigated matters properly before the Bankruptcy Court;
- (e) To modify the Combined Plan and Disclosure Statement pursuant to section 1127 of the Bankruptcy Code or to remedy any defect or omission or reconcile any inconsistency in the Confirmation Order to the extent authorized by the Bankruptcy Code;
- (f) To hear and determine all controversies, suits and disputes, if any, as may arise in connection with the interpretation or enforcement of the Combined Plan and Disclosure Statement, any agreements or instruments issued under or relating to the Combined Plan and Disclosure Statement or any other documentation evidencing the terms of the Combined Plan and Disclosure Statement;
- (g) To hear and determine all controversies, suits and disputes, if any, as may arise with regard to Orders of the Bankruptcy Court in the Chapter 11 Case;
- (h) To adjudicate all controversies concerning the classification of any Claim;
- (i) To liquidate damages in connection with any Disputed, contingent or unliquidated Claims;

(j) To adjudicate all Claims to a security or ownership interest in any property of the Debtor or the Liquidating Debtor, or in any proceeds thereof.

(k) To adjudicate all claims or controversies arising out of any purchases, sales or contracts made or undertaken by the Debtor or the Plan Administrator on behalf of the Liquidating Debtor;

(l) To determine all questions and disputes regarding recovery of and entitlement to any property of the Debtor or the Liquidating Debtor, or in any proceeds thereof, and determine all claims and disputes between or among the Debtor, the Plan Administrator, and any other entity or Person, whether or not subject to an action pending as of the Confirmation Date;

(m) To adjudicate all Remaining Causes of Action whether or not such claim or controversy is raised or filed before or after the Confirmation Date;

(n) To determine issues and disputes concerning entitlement to Distributions to be made under and pursuant to the Combined Plan and Disclosure Statement or any other issues arising in connection with the Plan Administrator Agreement or other documents associated with the Combined Plan and Disclosure Statement;

(o) To enter any Order, including injunctions, necessary to enforce the title, rights and powers of the Plan Administrator or the rights of any entity hereunder and to impose such limitations, restrictions, terms and conditions on such title, rights and powers as the Bankruptcy Court may deem necessary or appropriate;

(p) To 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;

(q) To enter a final decree closing the Chapter 11 Case; and

(r) To enter such orders as are necessary or appropriate to carry out the provisions of the Combined Plan and Disclosure Statement, including but not limited to orders interpreting, clarifying or enforcing the provisions thereof.

13.2. Jurisdiction Unaffected. The occurrence of the Effective Date and/or the entry of a Final Decree shall not divest the Bankruptcy Court of any jurisdiction otherwise retained under this Combined Plan and Disclosure Statement or the Confirmation Order, at law, or in equity.

ARTICLE XIV **CONDITIONS TO EFFECTIVE DATE**

14.1. Conditions to Occurrence of Effective Date. The following are conditions to the Effective Date, which conditions must be satisfied or waived by the Committee.

(a) The Confirmation Order is entered by the Bankruptcy Court and becomes a Final Order.

(b) The Plan Administrator is willing to serve in such capacity and the terms of his service and compensation shall have been approved by the Bankruptcy Court at the Confirmation Hearing.

(c) The Second Lien Agent has advanced the \$100,000 Initial Funding to the Plan Administrator on behalf of the Liquidating Debtor for the establishment of the Administrative Fund.

14.2. Nonconsensual Confirmation. As to any Class that votes or is deemed to reject the Combined Plan and Disclosure Statement, the Committee is seeking confirmation of the Combined Plan and Disclosure Statement in accordance with section 1129(b) of the Bankruptcy Code either under the terms provided herein or upon such terms as may exist if the Combined Plan and Disclosure Statement is modified in accordance with section 1127(d) of the Bankruptcy Code.

ARTICLE XV **GENERAL PROVISIONS**

15.1. Modification of the Plan. Effective as of the date hereof and subject to the limitations and rights contained in this Combined Plan and Disclosure Statement: (1) the Committee reserves the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify this Combined Plan and Disclosure Statement before the entry of the Confirmation Order; and (2) after the entry of the Confirmation Order, the Committee or the Plan Administrator on behalf of the Liquidating Debtor, as applicable, may, upon order of the Bankruptcy Court, amend or modify this Combined Plan and Disclosure Statement, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission, or reconcile any inconsistency in, this Combined Plan and Disclosure Statement in such manner as may be necessary to carry out the purpose and intent of this Combined Plan and Disclosure Statement.

15.2. Notices. All notices, requests, elections or demands to or upon the Debtor, the Committee or the Plan Administrator on behalf of the Liquidating Debtor in connection with the Combined Plan and Disclosure Statement, including any change of address of any Holder for the purposes of receiving distributions under the Combined Plan and Disclosure Statement, must, to be effective, be in writing and, unless otherwise expressly provided in the Combined Plan and Disclosure Statement, will be deemed to have been duly given or made when actually delivered, addressed as follows:

(a) If prior to the Effective Date:

LOWENSTEIN SANDLER LLP
David M. Banker, Esq.
1251 Avenue of the Americas
New York, NY 10020
Email: dbanker@lowenstein.com

LOWENSTEIN SANDLER LLP
Mary E. Seymour, Esq.
One Lowenstein Drive
Roseland, New Jersey 07068
Email: mseymour@lowenstein.com

WHITEFORD TAYLOR & PRESTON LLC
Stephen B. Gerald, Esq.
Renaissance Centre
405 King Street, Suite 500
Wilmington, DE 19801
Telephone: (302) 357-3282
Facsimile: (302) 223-4178
Email: sgerald@wtplaw.com

WHITEFORD TAYLOR & PRESTON L.L.P.
Dennis J. Shaffer, Esq.
7 Saint Paul Street
Baltimore, MD 21202-1626
Telephone: (410) 347-8700
Facsimile: (410) 752-7092
Email: dshaffer@wtplaw.com

(b) If subsequent to the Effective Date:

The Plan Administrator
Nicholas Rubin
20341 SW Birch – Suite 220
Newport Beach, CA 92660
Email: nrubin@force10partners.com

(or such other address as shall be filed by the Plan Administrator
with the Bankruptcy Court)

15.3. Headings. The headings used in the Combined Plan and Disclosure Statement are inserted for convenience only and do not constitute a portion of the Combined Plan and Disclosure Statement nor do they in any manner affect the provisions of the Combined Plan and Disclosure Statement.

15.4. Severability. Should any provision in the Combined Plan and Disclosure Statement be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of the Combined Plan and Disclosure Statement.

15.5. Section 1125(e) Good Faith Compliance. The Committee, and each of its Representatives, shall be deemed to have acted in “good faith” under section 1125(e) of the

Bankruptcy Code in connection with the confirmation and consummation of this Combined Plan and Disclosure Statement.

15.6. Successors and Assigns. The rights and obligations of any entity named or referred to in the Combined Plan and Disclosure Statement shall be binding upon, and shall inure to the benefit of, the successors and assigns of such entity.

15.7. Supersession. Except as otherwise specifically provided for herein, in the event of any inconsistency between the terms of any document and instrument prepared pursuant to the Combined Plan and Disclosure Statement and the terms of the Combined Plan and Disclosure Statement, the terms of this Combined Plan and Disclosure Statement shall govern and shall supersede the terms of any other such documents or instruments.

15.8. Binding Effect. THIS COMBINED PLAN AND DISCLOSURE STATEMENT SHALL BIND ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTOR TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, WHETHER OR NOT SUCH HOLDER (A) WILL RECEIVE OR RETAIN ANY PROPERTY OR INTEREST IN PROPERTY UNDER THIS COMBINED PLAN AND DISCLOSURE STATEMENT, (B) HAS FILED A PROOF OF CLAIM OR INTEREST IN THIS CHAPTER 11 CASE, OR (C) FAILED TO VOTE TO ACCEPT OR REJECT THIS COMBINED PLAN AND DISCLOSURE STATEMENT OR VOTED (OR IS DEEMED TO HAVE VOTED) TO REJECT THIS PLAN.

15.9. Disbursing Agent. The Plan Administrator, or his designee or assignee, may act as his own disbursing agent under the Combined Plan and Disclosure Statement and shall establish such account or accounts as may be required to effectuate payments as provided for in the Combined Plan and Disclosure Statement. Alternatively, the Plan Administrator may employ or contract with other entities to assist in or make the Distributions required by the Combined Plan and Disclosure Statement, and may in such instance pay such entities reasonable compensation and reimburse out-of-pocket expenses from the Administrative Fund.

15.10. Payment of Statutory Fees and Filing of Post-Confirmation Quarterly Reports. The Plan Administrator on behalf of the Liquidating Debtor shall pay from the Administrative Fund all fees payable pursuant to section 1930(a) of the Judicial Code for each quarter (including any fraction thereof) until this Chapter 11 Case is closed. The Plan Administrator on behalf of the Liquidating Debtor shall also file all required post-confirmation quarterly reports as required by Bankruptcy Rule 2015(a)(5) and as referenced in Article 10.14 herein.

15.11. Filing of Additional Documents. On or before the Effective Date, the Committee or the Debtor may file with the Bankruptcy Court all agreements and other documents that may be necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

ARTICLE XVI
RECOMMENDATION AND CONCLUSION

16.1. Recommendation and Conclusion. The Committee believes that this Combined Chapter 11 Plan of Liquidation and Disclosure Statement is in the best interests of the Estate and urges the Holders of Impaired Claims entitled to vote to accept this Combined Chapter 11 Plan of Liquidation and Disclosure Statement and to evidence such acceptance by properly voting and timely returning their ballots.

Respectfully Submitted,

Official Committee of Unsecured Creditors

10003192

Exhibit A
(Plan Administrator Agreement)

PLAN ADMINISTRATOR AGREEMENT

This Plan Administrator Agreement (the “Agreement”) is entered into as of October __, 2018, by and between the Official Committee of Unsecured Creditors (the “Committee”), appointed in the chapter 11 bankruptcy case of Prestige Industries LLC, debtor and debtor-in-possession (the “Debtor”), and Nicholas Rubin (together with any successors, the “Plan Administrator”), in accordance with that certain *Official Committee of Unsecured Creditors’ Combined Chapter 11 Plan of Liquidation and Disclosure Statement* (the “Plan”) Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Plan.

RECITALS

WHEREAS, on January 30, 2017 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”), commencing a bankruptcy case docketed at Case No. 17-10186 (KG) (the “Chapter 11 Case”); and

WHEREAS, on May 12, 2017, the Bankruptcy Court entered the Sale Order, approving the sale of substantially all of the Debtor’s assets to Project Laundry. [Docket No. 270]. No parties objected to the inclusion in the Sale Order of the provision granting the Committee standing to investigate and pursue certain causes of action on behalf of the Debtor’s estate.

WHEREAS, following the entry of the Sale Order, the Committee and the Second Lien Agent engaged in negotiations and ultimately came to a settlement agreement regarding the investigation and prosecution of the Remaining Causes of Action.

WHEREAS, on November 6, 2017, the Bankruptcy Court entered the Order Granting Official Committee of Unsecured Creditors’ Motion Pursuant to Rule 9019 for Approval of Agreement Among Official Committee of Unsecured Creditors and Medley Capital Corporation, as Agent [Docket No. 412] (the “Settlement Order”) approving that certain settlement between the Committee and the Second Lien Agent (the “Settlement”). No objections were filed with respect to the Settlement. No appeal or reconsideration request was filed with respect to the Settlement Order.

WHEREAS, by order dated [REDACTED], 2018, the Bankruptcy Court entered an order confirming the Plan (as the same may be amended or modified from time to time, the “Confirmation Order”)¹; and

WHEREAS, the Settlement, the Plan and the Confirmation Order contemplate that a Plan Administrator be appointed to perform his duties in accordance with the Plan, the Confirmation Order, and this Agreement; and

¹ Reference to the Plan herein shall mean the Plan as confirmed, modified, supplemented, or otherwise affected by the Confirmation Order.

WHEREAS, the Plan provides that the Plan Administrator shall, among other things, retain, preserve, liquidate and distribute the remaining assets of the Estate (“Estate Assets”) for the benefit of the Holders of Allowed Claims entitled to share in the Estate Assets in accordance with the terms of the Plan (the “Beneficiaries”); and

WHEREAS, this Agreement is entered into in accordance with, and to facilitate the implementation and execution of, the Plan; and

WHEREAS, on the Effective Date, the Debtor’s current directors, officers, and managers, as applicable, shall be removed, and from and after the Effective Date, the Plan Administrator shall be charged with the authority, duties, responsibilities, and obligations relating to and arising from operations of the Liquidating Debtor and the Chapter 11 Case; and

WHEREAS, pursuant to the Plan, the Committee, with the consultation of the Second Lien Agent, has selected Nicholas Rubin, to serve as the Plan Administrator, effective upon the date hereof, and Mr. Rubin is willing to serve as Plan Administrator pursuant to the Plan, the Confirmation Order, and this Agreement.

NOW, THEREFORE, in accordance with the Plan and the Confirmation Order, and in consideration of the promises and of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

ACCEPTANCE OF POSITIONS; FIDUCIARY OF THE ESTATE

Section 1.01. Acceptance. Mr. Rubin hereby (a) accepts appointment as the Plan Administrator, and (b) agrees to observe and perform all duties and obligations imposed upon the Plan Administrator under the Plan, the Confirmation Order, this Agreement, other orders of the Bankruptcy Court, including the Settlement Order and applicable law.

Section 1.02. Fiduciary. The Plan Administrator shall be a fiduciary of the Liquidating Debtor and shall perform its obligations consistent with the Plan, this Agreement, the Confirmation Order, and other applicable orders.

ARTICLE II

PLAN FUNDING

Section 2.01. Administrative Fund. Pursuant to the Plan, the Initial Funding shall be used to fund the costs and expenses of the Committee’s counsel to pursue the Plan and the Administrative Fund to cover the costs and expenses of the Plan Administrator and professionals hired by the Plan Administrator to investigate and pursue the Remaining Causes of Action, in accordance with the Settlement Order. Funds maintained in the Administrative Fund shall be used to satisfy the costs and expenses that the Plan Administrator incurs in the course of holding and liquidating the Assets of the Estate and completing the Wind Down. The Administrative Fund shall be funded in accordance with the Plan.

ARTICLE III

CORPORATE GOVERNANCE OF THE LIQUIDATING DEBTOR

Section 3.01. Plan Administrator as Sole Officer and Manager. The Plan Administrator may appoint a representative to act as the sole manager and officer of the Liquidating Debtor from and following the Effective Date. This authorized representative shall have all rights of a manager and officer of the Liquidating Debtor under applicable non-bankruptcy law and in accordance with this Agreement and the Plan, including the right and authority to appoint other officers as deemed necessary or appropriate to assist in carrying out the provisions of the Plan, and all rights conferred under the Confirmation Order and the Plan.

Section 3.02. Complete Authority. The Plan Administrator is authorized to execute and/or deliver on behalf of the Liquidating Debtor, the agreements, documents, and instruments necessary or appropriate to effectuate the Plan, or as otherwise contemplated by the Plan, and any schedules, exhibits, or other documents attached thereto or contemplated thereby, in the name and on behalf of the Liquidating Debtor. The Plan Administrator may employ one or more persons, entities or professionals to assist the Plan Administrator with performing its duties under the Plan as described in further detail in Article 7 hereof and in the Plan.

Section 3.03. Role of Plan Administrator. The Plan Administrator is appointed for the primary purposes of administering, liquidating and distributing the Assets of the Estate in accordance with the terms of the Plan and the Confirmation Order, including, without limitation, monetizing or abandoning any Assets of the Estate, resolving all Claims and distributing Cash pursuant to the Plan, pursuing, settling, or abandoning all Remaining Causes of Action, in each case in accordance with the Plan and the Confirmation Order. Neither the Plan Administrator nor the Liquidating Debtor has any objective to engage in the conduct of a trade or business.

ARTICLE IV

DISTRIBUTION OF ESTATE ASSETS

Section 4.01. Distributions. Distributions to be made on account of Allowed Claims shall be made in accordance with the Plan.

Section 4.02. Interest on Claims. Unless otherwise specifically provided by the Plan, the Confirmation Order, any other order of the Bankruptcy Court or by applicable bankruptcy law, post-petition interest, fees, costs, and other charges shall not accrue and not be paid on any Claim.

Section 4.03. Disbursing Agent. Except as otherwise provided in the Plan, the Plan Administrator shall make all Distributions required under the applicable provisions of the Plan. The Plan Administrator may employ or contract with other entities to assist in or make the Distributions required by the Plan (the "Disbursing Agent"). If the Disbursing Agent is an independent third party designated by the Plan Administrator, such Disbursing Agent shall receive from the Administrative Fund, without further Bankruptcy Court approval, reasonable compensation for Distribution services rendered pursuant to the Plan and reimbursement of

reasonable out-of-pocket expenses incurred in connection with such services from the Liquidating Debtor on terms acceptable to the Plan Administrator. No Disbursing Agent shall be required to give any bond, surety, or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

Section 4.04. Means of Cash Payment. Cash payments made pursuant to the Plan shall be by (a) check, wire, ACH transfer in U.S. funds or such other currencies utilized in the ordinary course of business as determined by the Plan Administrator, (b) by other means agreed to by the payor and payee, or (c) absent such agreement, such commercially reasonable manner as the payor determines in his sole discretion.

Section 4.05. Delivery of Distributions

(a) Address for Delivery. Except as otherwise provided in the Plan, Distributions to Holders of Allowed Claims shall be made by the Disbursing Agent, the Plan Administrator, or the Liquidating Debtor, as the case may be, (i) at the addresses set forth on the Proofs of Claim filed by such Holders (or at the last known addresses of such Holders if no Proof of Claim is filed, or if the Debtor or Liquidating Debtor, as applicable, have been notified in writing of a change of address), (ii) at the addresses set forth in any written notices of address changes delivered to the Plan Administrator or Disbursing Agent after the date of any related Proof of Claim, (iii) at the addresses reflected in the Schedules if no Proof of Claim is filed and the Disbursing Agent, Liquidating Debtor, or the Plan Administrator, as applicable, have not received a written notice of a change of address, or (iv) at the addresses set forth in a properly completed letter of transmittal accompanying securities, if any, properly remitted to the Debtor or the Liquidating Debtor, as applicable.

(b) Record Date for Distributions. Except as otherwise provided in a Final Order of the Bankruptcy Court, the transferees of Claims that are transferred pursuant to Bankruptcy Rule 3001 on or prior to the Record Date shall be treated as the Holders of those Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to the transfer may not have expired by the Record Date. The Plan Administrator shall have no obligation to recognize any transfer of any Claim occurring after the Record Date. In making any Distribution with respect to any Claim, the Plan Administrator shall instead be entitled to recognize and deal with, for all purposes under the Plan, only such entity that is listed on the Proof of Claim filed with respect thereto, or listed on the Schedules, as the Holder thereof as of 11:59 P.M. (prevailing Eastern time) on the Record Date, and upon such other evidence, record of transfer or assignment that are known to the Plan Administrator as of the Record Date.

(c) Undeliverable Distributions. If any Distribution is returned as undeliverable, the Plan Administrator may, in his sole discretion and as he deems appropriate, take such efforts to determine the current address of the Holder of the Allowed Claim with respect to such Distribution; **provided, however,** that no Distribution to any Holder of an Allowed Claim shall be made unless and until the Plan Administrator is able to confirm the then-current address of the Holder, at which time the Plan Administrator shall make such Distribution to such Holder. Amounts, if any, in respect of any undeliverable Distributions made by the Plan Administrator shall be returned to, and held in trust by, the Plan Administrator on behalf of the Liquidating Debtor until the Distributions are claimed or are

deemed to be unclaimed property as described below. The Plan Administrator shall have the discretion to determine how to make Distributions in the most efficient and cost-effective manner possible; **provided, however**, that the Plan Administrator's discretion may not be exercised in a manner inconsistent with any of the express requirements of the Plan.

(d) Non-Negotiated Checks. Checks issued by the Plan Administrator on account of Allowed Claims shall be null and void if not negotiated within one hundred and eighty (180) days after the date of issuance thereof. Requests for the reissuance of any check that becomes null and void pursuant to the Plan shall be made directly to the Plan Administrator by the Holder of the Allowed Claim to whom the check was originally issued. Any Claim in respect of such voided check shall be made in writing on or before the date that is two hundred and ten (210) days from the Distribution Date on which such voided check was distributed. After such date, all Claims in respect of void checks shall be discharged and forever barred. The proceeds of such checks shall revert in and become the property of the Liquidating Debtor as unclaimed property in accordance with section 347(b) of the Bankruptcy Code free from any restrictions thereon and be distributed in accordance with the Plan.

Section 4.06. Claims Paid or Payable By Third Parties.

(a) Claims Paid By Third Parties. The Liquidating Debtor, the Disbursing Agent, or the Plan Administrator, as applicable, shall reduce a Claim, and the reduced portion of such Claim shall be disallowed without a Claim objection having to be filed without further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full or in part on account of such Claim from a party that is not the Disbursing Agent, the Plan Administrator, the Debtor, or the Liquidating Debtor.

(b) Claims Payable by Third Parties. No Distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to any applicable insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the applicable insurers agrees to satisfy a Claim in full or in part (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurer's agreement, such Claim may be expunged or reduced, as applicable, without a Claim objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court.

(c) Insurance Payments. Except as otherwise provided in the Plan, Distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any of the Remaining Causes of Action that the Debtor, the Liquidating Debtor, or any entity may hold against any other entity, including insurers under any policies of insurance, nor shall anything contained in the Plan constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses. To the extent that one or more of the Liquidating Debtor's insurers pays a Claim in full or in part, then immediately upon such payment, the Plan Administrator may expunge or reduce such Claim, as applicable, without filing a Claim objection and without further notice to or action, order, or approval of the Bankruptcy Court.

Section 4.07. De Minimis Distributions. Notwithstanding anything in the Plan to the contrary, if a Distribution to be made to a Holder of an Allowed Claim totals \$50 or less in the aggregate, the Plan Administrator may, at his option, not make such Distribution to that Holder.

Section 4.08. Withholding and Reporting Requirements. In connection with the Plan and all Distributions thereunder, the Disbursing Agent, the Liquidating Debtor, or the Plan Administrator, as applicable, shall comply, to the extent applicable, with all tax withholding and reporting requirements imposed by any federal, state, local or other foreign taxing authority, and all Distributions under the Plan shall be subject to any such withholding and reporting requirements. The Disbursing Agent, the Liquidating Debtor, or the Plan Administrator, as applicable, shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements.

ARTICLE V

PROCEDURES FOR RESOLVING DISPUTED, CONTINGENT, AND UNLIQUIDATED CLAIMS

Section 5.01. Objections to Claims. Subject to the express provisions of the Plan, the Plan Administrator (or its authorized Representatives), on behalf of the Liquidating Debtor, shall maintain the exclusive authority to file objections to Claims and settle, compromise, withdraw, or litigate to judgment such objections. From and after the Effective Date, the Plan Administrator, on behalf of the Liquidating Debtor, may settle or compromise any Disputed Claim which shall be subject to notice and a hearing and a Final Order of the Bankruptcy Court approving any such settlement pursuant to Bankruptcy Rule 9019. Notwithstanding the foregoing, Bankruptcy Court approval shall not be required for any compromises or settlements of Disputed Claims for which the final, Allowed amount of such claims totals \$100,000 or less.

Section 5.02. Claims Objection Bar Date. No later than the Claims Objection Bar Date, the Plan Administrator (or its authorized Representatives) may file objections with the Bankruptcy Court and serve such objections on Holders of Claims to which such objections are made. Nothing contained herein, however, shall limit the right of the Plan Administrator (or its authorized Representatives) to object to Claims, if any, filed or amended after the Claims Objection Bar Date. The Claims Objection Bar Date may be extended by the Bankruptcy Court upon motion by the Plan Administrator (or its authorized Representatives) without notice or a hearing. Bankruptcy Rule 9006 shall apply to any motion to extend the Claims Objection Bar Date.

Section 5.03. Claims Estimation. The Plan Administrator (or its authorized Representatives), on behalf of the Liquidating Debtor, may at any time, request that the Bankruptcy Court estimate (a) any Disputed Claim pursuant to applicable law, and (b) any contingent or unliquidated Claim pursuant to applicable law, including section 502(c) of the Bankruptcy Code, regardless of whether the Debtor, the Committee or the Plan Administrator, on behalf of the Liquidating Debtor, has previously objected to such Claim, or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to estimate any Disputed Claim, contingent Claim, or unliquidated Claim, including during any litigation concerning any objection to any Claim or

during the pendency of any appeal related to any such objection. All of the aforementioned Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

Section 5.04. No Distributions Pending Allowance. Notwithstanding any other provision of the Plan, no payments or Distributions shall be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn, or have been determined by Final Order, and the Disputed Claim, or some portion thereof, has become an Allowed Claim. The Plan Administrator shall maintain a reserve for distribution on account of Disputed Claims sufficient to cover such Claims in the event that they become Allowed Claims, whether in whole or in part, in accordance with the terms of the Plan.

Section 5.05. Distributions After Allowance. To the extent that a Disputed Claim ultimately becomes an Allowed Claim, Distributions, if any, to the extent available, shall be made by the Plan Administrator on behalf of the Liquidating Debtor to the Holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Plan Administrator shall provide the Distribution to which such Holder is entitled under this Plan as of the Effective Date, if any, to the Holder of such Claim without any interest to be paid on account of such Claim unless required under applicable non-bankruptcy law.

Section 5.06. Claims Already Satisfied. Notwithstanding the contents of the Schedules, Claims listed therein as undisputed, unliquidated, and not contingent shall be reduced by the amount, if any, that was paid by the Debtor prior to the Effective Date, including pursuant to orders of the Bankruptcy Court. To the extent such payments are not reflected in the Schedules, such Schedules shall be deemed amended and reduced to reflect that such payments were made. Nothing in the Plan shall preclude the Liquidating Debtor, the Disbursing Agent, or the Plan Administrator from paying Claims that the Debtor was authorized to pay pursuant to any Final Order entered by the Bankruptcy Court prior to the Effective Date.

Section 5.07. Compliance with Tax Requirements/Allocations. In connection with the Plan, to the extent applicable, the Plan Administrator shall comply with all tax withholding and reporting requirements imposed by any governmental unit, and all Distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Plan Administrator shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements. The Plan Administrator may withhold an entire Distribution due to any Holder of an Allowed Claim who fails to timely provide the Plan Administrator with information requested by the Plan Administrator that is necessary for the Plan Administrator to comply with applicable state or federal tax law. If the Holder of an Allowed Claim fails to timely provide the information necessary to comply with applicable tax withholding or reporting requirements, then such Holder's Distribution shall be treated as an undeliverable Distribution in accordance with Article 7.10 of the Plan.

ARTICLE VI

LIQUIDATION OF CAUSES OF ACTION AND INTERVENTION

Section 6.01. Liquidation of Causes of Action. In accordance with the terms of the Plan, the Plan Administrator is authorized to take steps to investigate, pursue, litigate, settle, compromise, transfer, sell, dispose of and/or abandon all or any of the Remaining Causes of Action, to reduce such Remaining Causes of Action to cash proceeds and to make Distributions of such cash proceeds to the Beneficiaries in accordance with the terms of the Plan, the Confirmation Order, and this Agreement, provided, however, that with respect to the D&O Claims and Insider Avoidance Actions, the Plan Administrator will consult with the Second Lien Agent pursuant to the terms of the settlement that is embodied in the Settlement Order.

Section 6.02. Intervention. On the Effective Date, and without having to obtain any further order of the Bankruptcy Court, the Plan Administrator is, subject to the terms of the Plan, authorized to (a) intervene as plaintiff, movant, or additional party, as appropriate, in any Remaining Cause of Action (whether asserted in actions, adversary proceedings, contested matters, Avoidance Actions, or motions, or otherwise, which were filed prior to the Effective Date) and (b) intervene or seek to be substituted in place of the Estate in connection with the prosecution of any objections to Disputed Claims.

ARTICLE VII

GENERAL POWERS; RIGHTS AND OBLIGATIONS OF THE PLAN ADMINISTRATOR

Section 7.01. General Powers. The Plan Administrator shall be a fiduciary of the Liquidating Debtor and shall have all powers, authority, and responsibilities specified in this Plan and the Plan Administrator Agreement and shall consult with the Second Lien Agent whenever required pursuant to the terms of the settlement set forth in the Settlement Motion as approved by the Settlement Order. Without limiting the foregoing, in particular, the Plan Administrator's rights, duties, and powers shall include, among other things, the following:

(1) The Plan Administrator shall succeed to all such powers as would have been applicable to any of the Debtor's officers, managers, or shareholders with like effect as if authorized, exercised, and taken by unanimous action of the Debtor's officers, managers, and shareholders.

(2) The Plan Administrator is authorized to take all steps necessary to effectuate the Wind Down and to take such other actions as the Plan Administrator determines are in the best interests of the Holders of Claims.

(3) The Plan Administrator, in his reasonable business judgment, in an expeditious and orderly manner, and only to the extent necessary, shall liquidate, and convert all remaining assets of the Estate to Cash and make all Distributions in accordance with the Plan. The liquidation of the remaining assets may be accomplished through the sale of Remaining Causes of Action, or through prosecution or settlement of any Remaining Causes of Action, or otherwise.

(4) The Plan Administrator is authorized to institute, prosecute, collect, compromise, and settle any Remaining Causes of Action and without further approval or application to the Bankruptcy Court, except as otherwise provided herein, including prosecuting and/or settling any Remaining Causes of Action pending in any court of competent jurisdiction.

(5) The Plan Administrator is authorized to participate as a party or otherwise in any administrative, arbitral or other non-judicial proceeding, and litigate or settle any Remaining Causes of Action on behalf of the Liquidating Debtor or the Estate, or to pursue such Remaining Causes of Actions to settlement or judgment.

(6) The Plan Administrator shall have the authority, to the extent necessary, to open and maintain bank accounts in the name of the Liquidating Debtor, draw checks and drafts thereon by the sole signature of the Plan Administrator, and terminate such accounts as the Plan Administrator deems appropriate.

(7) The Plan Administrator shall have the authority to make Distributions and take other actions consistent with the Plan and the implementation thereof, including the establishment, reevaluation, adjustment and maintenance of appropriate reserves in accordance with the Plan.

(8) The Plan Administrator shall have the authority to collect and liquidate all Assets of the Estate pursuant to the Plan and to administer the Wind Down and closing of the Chapter 11 Case.

(9) The Plan Administrator shall have the authority to file, prosecute, or object to any Claims (Disputed or otherwise), and compromise or settle any Claims prior to or after objection, without supervision or approval of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the U.S. Trustee guidelines and requirements, other than those restrictions expressly imposed by the Plan, or to seek Bankruptcy Court approval for any Claims settlements made after objection.

(10) The Plan Administrator shall have the authority to retain or engage professionals, employees and consultants, including any professionals previously retained by the Debtor, the Liquidating Debtor or the Committee, and to pay from the Administrative Fund the reasonable fees and expenses incurred by the Plan Administrator, its professionals, employees, and consultants that relate to the implementation of the Plan and this Agreement, without application to the Bankruptcy Court.

(11) The Plan Administrator shall have the authority to seek a determination from the Bankruptcy Court of tax liability under section 505 of the Bankruptcy Code and to pay from the Administrative Fund taxes, if any, related to the Liquidating Debtor and for all returns filed for or on behalf of the Liquidating Debtor for all taxable periods through the closing of the Chapter 11 Case.

(12) The Plan Administrator shall have the authority to invest Cash or moneys received by the Liquidating Debtor or otherwise held by the Liquidating Debtor in accordance with the Plan (which shall be in compliance with section 345 of the Bankruptcy Code).

(13) The Plan Administrator shall have the authority to execute any documents or pleadings and take any other actions related to, or in connection with, the liquidation of the Estate Assets and the exercise of the Plan Administrator's powers granted herein, including the exercise of the Liquidating Debtor's rights to conduct discovery and oral examination of any party under Bankruptcy Rule 2004.

(14) The Plan Administrator shall have the authority to enter into any agreement or execute any document on behalf of the Liquidating Debtor required by or consistent with the Plan, and perform all of the obligations thereunder.

(15) The Plan Administrator shall have the authority to abandon in any commercially reasonable manner any Estate Assets that the Plan Administrator determines are of no benefit to the Liquidating Debtor or the Estate.

(16) The Plan Administrator shall hold and preserve the Liquidating Debtor's documents, as necessary, to pursue Remaining Causes of Action, conduct the Wind Down, and abandon or destroy documents upon the Plan Administrator's sole determination that the documents are no longer necessary or beneficial to the Liquidating Debtor.

(17) The Plan Administrator shall have the authority to purchase and maintain all insurance policies and pay from the Administrative Fund all insurance premiums and costs that the Plan Administrator deems necessary or advisable.

(18) The Plan Administrator shall have the authority to take all other actions not inconsistent with the provisions of the Plan, which the Plan Administrator deems reasonably necessary or desirable with respect to administering the Plan.

Section 7.02. Quarterly Reporting. From and after the Effective Date, the Plan Administrator shall file quarterly status reports with the Bankruptcy Court, which shall detail (1) the amount of any Distributions made during the particular quarter (the "Reporting Period") and to whom such Distributions were made, (2) the amount of Claims settled or otherwise resolved during the Reporting Period, including the amount of such Claims as filed or scheduled and the Allowed amount of such Claims pursuant to the resolution, (3) a summary of any material steps taken during the Reporting Period by the Plan Administrator to litigate or settle any Remaining Causes of Action, (4) the fees and expenses paid during the Reporting Period to the Plan Administrator, any professionals retained by the Plan Administrator, and (v) any other matters which could reasonably be expected to have a material effect on the amount of Distributions to be made by the Plan Administrator on behalf of the Liquidating Debtor.

Section 7.03. Resignation or Removal of the Plan Administrator. In the event of the resignation, death or incapacity of the Plan Administrator, a successor shall be appointed by the Committee in consultation with the Second Lien Agent, and otherwise in accordance with the Plan and the Plan Administrator Agreement. The Plan Administrator may resign at any time upon thirty (30) days' notice to the Bankruptcy Court, the Plan Administrator's counsel and the Committee. No successor Plan Administrator hereunder shall in any event have any liability or responsibility for the acts or omissions of any of his or her predecessors. Every successor Plan Administrator appointed pursuant hereto and otherwise in accordance with the Plan, shall

execute, acknowledge and deliver to the Bankruptcy Court an instrument in writing accepting such appointment. Thereupon, such successor Plan Administrator, without any further action required, shall become fully vested with all of the rights, powers, duties, and obligations of his or her predecessor. Notwithstanding any other provision in the Plan or the Plan Administrator Agreement, upon the resignation of the Plan Administrator, the Plan Administrator shall continue to serve in such capacity until such time as (a) a successor Plan Administrator is identified and accepts the appointment on substantially the same terms as the resigning Plan Administrator, and (b) notice is provided to the Bankruptcy Court of such successor.

Section 7.04. Retention of Professionals. The Plan Administrator may at its discretion retain professionals to aid the Plan Administrator in the performance of its responsibilities pursuant to the terms of the Plan and this Agreement, including the assertion of any Remaining Causes of Action, reconciliation of Disputed Claims, and liquidation and distribution of Estate Assets. The professionals retained by the Plan Administrator may include attorneys, including law firms that may be engaged on a contingent fee basis as permitted by applicable law, accountants, experts, advisors, consultants, investigators, appraisers, auctioneers, or other professionals as are advisable to carry out the Wind Down and effectuate the terms of the Plan. The Plan Administrator may commit the Liquidating Debtor to and shall pay all such professionals reasonable compensation from the Administrative Fund for services rendered and expenses incurred, in accordance with this Agreement.

Section 7.05. Compensation of Plan Administrator and Professionals. The Plan Administrator shall receive compensation for services rendered and expenses incurred in fulfilling its duties pursuant to the Plan and this Agreement, including any necessary services rendered and expenses incurred prior to the date that this Agreement becomes effective. The Plan Administrator shall be compensated at the rate of the lesser of \$500 per hour. The Plan Administrator shall also be entitled to reimbursement for all reasonable out-of-pocket expenses incurred in connection with this assignment, such as travel, lodging and meals. The compensation and reimbursement of the Plan Administrator's expenses shall be paid out of the Administrative Fund in the ordinary course of business.

Section 7.06. Insurance. In accordance with the terms of the Plan, the Plan Administrator shall be authorized to obtain all reasonably necessary insurance coverage for itself, the Representatives, employees, or agents of the Plan Administrator and the Liquidating Debtor, including coverage with respect to (a) the Estate Assets and (b) the liabilities, duties, and obligations of the Plan Administrator and its Representatives under this Agreement and the Plan (in the form of an errors and omissions policy, general liability, directors' and officers' insurance, or otherwise). Any directors' and officers' insurance coverage shall remain in effect for the period through which claims can be made against any covered persons, and the Plan Administrator shall be treated as a covered person. The cost of any insurance shall be paid from the Administrative Fund.

Section 7.07. Standard of Care; Indemnification; Exculpation

(a) Standard of Care. The Plan Administrator shall perform the duties and obligations imposed on the Plan Administrator by this Agreement with reasonable diligence and care under the circumstances.

(b) Exculpation. Neither the Plan Administrator, nor any Representative of the Plan Administrator, each in its capacity as such (the “Exculpated Parties”) shall be liable for losses, claims, damages, liabilities, obligations, settlements, proceedings, suits, judgments, causes of action, litigation, actions, investigations (whether civil or administrative and whether sounding in tort, contract or otherwise), penalties, costs, and expenses, including reasonable fees and disbursements (collectively referred to herein as “Losses”) incurred, caused by, relating to, based upon, or arising out of (directly or indirectly) the Exculpated Party’s execution, delivery, and acceptance of or the performance or nonperformance of its powers, duties, and obligations under this Agreement, the Plan, the Confirmation Order, any other order of the Bankruptcy Court or applicable law or as may arise by reason of any action, omission, or error of an Exculpated Party; provided, however, that the foregoing limitation shall not apply to any acts or omissions ultimately and finally determined by Final Order of a court of competent jurisdiction to be the direct result of such Exculpated Party’s fraud, willful misconduct, or gross negligence. None of the Exculpated Parties is deemed to be responsible for any other Exculpated Party’s actions or inactions.

(c) Indemnification. The Liquidating Debtor shall indemnify and hold harmless the Exculpated Parties for Losses caused by, relating to, based upon, or arising out of (directly or indirectly) the Exculpated Party’s execution, delivery, and acceptance of or the performance or nonperformance of its powers, duties, and obligations under this Agreement, the Plan, the Confirmation Order, any other order of the Bankruptcy Court or applicable law, other than acts or omissions ultimately and finally determined by Final Order of a court of competent jurisdiction to be the direct result of such Exculpated Party’s fraud, willful misconduct or gross negligence, with respect to the Liquidating Debtor or the implementation or administration of the Plan or this Agreement. To the extent that an Exculpated Party asserts a claim for indemnification as provided above, the legal fees and related costs incurred by counsel to such Exculpated Party in monitoring and participating in the defense of the claims giving rise to such asserted right of indemnification shall be advanced to such Exculpated Party (and such Exculpated Party undertakes to repay such amounts if it shall ultimately be determined that such Exculpated Party is not entitled to be indemnified therefor) out of the Administrative Fund and/or any insurance purchased using the Administrative Fund, or, if insufficient, the Estate Assets. The indemnification provisions of this Section 7.07(c) shall remain available to and be binding upon the Estate, the Liquidating Debtor, and the Plan Administrator, and shall survive any termination of this Agreement.

Section 7.08. Limit of Liability. The Exculpated Parties shall be entitled to rely upon the exculpation, indemnification, and limitation of liability provisions set forth in the Plan, the Confirmation Order, and this Agreement. No Exculpated Party shall be liable for incidental or consequential damages under any circumstances, even if it has been advised of the possibility of such damages. The aggregate liability of each Exculpated Party, whether in tort, contract, or otherwise, is limited to the amount of fees paid to such Exculpated Party for services rendered in relation to the Chapter 11 Case and/or implementation of the Plan.

Section 7.09. Investment Obligations. The Plan Administrator may invest and reinvest the liquid Estate Assets consistent with the obligations of a Plan Administrator under section 345 of the Bankruptcy Code and in accordance with the terms of the Plan and this Agreement. The Plan Administrator shall not be liable in any way for any loss or other liability arising from any

investment, or the sale or other disposition of any investment, made in accordance with this Section 7.09, except for any such loss or liability arising from the Plan Administrator's fraud, gross negligence, or willful misconduct.

Section 7.10. Tax Filings and Notices. The Plan Administrator shall prepare and provide to, or file with, the appropriate taxing authorities and other parties such notices, tax returns, and other filings, including all federal, state, and local tax returns for the Liquidating Debtor, as may be required under the Bankruptcy Code, the Plan, or by applicable law of other jurisdictions. In connection with the Plan Administrator's performance of its duties pursuant to this Section 7.10, the Plan Administrator may require any Beneficiary to furnish to the Plan Administrator its employer or taxpayer identification number as assigned by the Internal Revenue Service, together with such other information, returns, or forms as the Plan Administrator may determine are required, and the Plan Administrator may condition any distribution of Estate Assets to any Beneficiary upon receipt of such identification number, any other information and returns, and forms as are required for the Plan Administrator to comply with Internal Revenue Service requirements.

Section 7.11. Timely Performance. In accordance with the terms of the Plan, the Plan Administrator shall make reasonable continuing efforts to investigate, prosecute, abandon, or settle the Remaining Causes of Action, object to and reconcile Disputed Claims, make timely Distributions, and not unduly prolong the duration of the Liquidating Debtor's corporate existence.

ARTICLE VIII

DISSOLUTION

Section 8.01. Dissolution. Within the time determined by the Plan Administrator as necessary or appropriate under the circumstances, the Liquidating Debtor shall be dissolved without any further action by its former stockholders, officers, members, or directors. The Plan Administrator may, in its discretion, file all necessary certificates of dissolution and take any other actions necessary or appropriate to effect such dissolution under applicable non-bankruptcy law and in accordance with the Plan. All applicable regulatory or governmental agencies shall accept any certificates of dissolution or other papers filed by the Plan Administrator on behalf of the Liquidating Debtor and shall take all steps necessary to allow and effect the prompt dissolution as provided herein, without the payment of any fee, tax, or charge, and without need for the filing of reports or certificates, except as the Plan Administrator may determine in its sole discretion. Upon entry of a final decree in the Chapter 11 Case, if not previously dissolved, the Liquidating Debtor shall be deemed automatically dissolved and wound up without any further action or formality which might otherwise be required under applicable non-bankruptcy law.

ARTICLE IX

TERMINATION

Section 9.01. Termination. This Agreement shall terminate immediately upon the satisfaction of the following: (1) the full liquidation, administration, and distribution of the Estate

Assets, and the satisfaction of the terms of the Plan; (2) the dissolution of the Liquidating Debtor; and (3) the closing of the Chapter 11 Case.

ARTICLE X

MISCELLANEOUS

Section 10.01. Governing Document. To the extent of any inconsistency between the Confirmation Order, the Plan, and this Agreement, the terms of the Confirmation Order shall govern.

Section 10.02. Notices. All notices, requests, or other communications required or permitted to be made in accordance with this Agreement shall be made in writing and delivered to:

The Plan Administrator
Nicholas Rubin
20341 SW Birch – Suite 220
Newport Beach, CA 92660
Email: nrubin@force10partners.com

with copies to:

Counsel for the Plan Administrator

[Contact information to be added]

Notices sent out by (a) electronic or facsimile transmission shall be deemed delivered when actually received, (b) first class mail shall be deemed delivered three (3) Business Days after mailing and (c) overnight delivery service shall be deemed delivered the next Business Day after mailing.

Section 10.03. Effectiveness. This Agreement shall become effective on the Effective Date.

Section 10.04. Counterparts. This Agreement may be executed in one or more counterparts (via facsimile, electronic mail, or otherwise), each of which shall be deemed an original but which together shall constitute but one and the same instrument.

Section 10.05. Governing Law. This Agreement shall be governed by, construed under, and interpreted in accordance with, the laws of the State of Delaware.

Section 10.06. Headings. Sections, subheadings, and other headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

Section 10.07. Interpretive Provisions.

- (a) All references to the plural herein shall also mean the singular and to the singular shall also mean the plural, unless the context otherwise requires.
- (b) All references to the Debtor, the Liquidating Debtor, and the Plan Administrator pursuant to the definitions set forth in the Recitals hereto, or to any other person herein, shall include their respective successors and assigns.
- (c) The words “hereof,” “herein,” “hereunder,” “this Agreement,” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement, and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated, or replaced.
- (d) The word “including” when used in this Agreement shall mean “including, without limitation.”

Section 10.08. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall neither invalidate nor render unenforceable any such provision in any other jurisdiction.

Section 10.09. Interests Beneficial Only; No Voting Rights; Successors.

- (a) The rights to a beneficial interest hereunder shall not entitle any Beneficiary to (i) any title in or to the Estate Assets, any right to call for a partition or division of Estate Assets, or to require an accounting, or (ii) any voting rights with respect to the administration of the Liquidating Debtor and the actions of the Plan Administrator in connection therewith.
- (b) This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and permitted assigns hereunder.

Section 10.10. No Suits By Creditors. No creditor of the Estate shall have any right by virtue of any provision of this Agreement to institute any action or proceeding, in law or in equity, against any party other than the Plan Administrator on or under or with respect to the Estate Assets.

Section 10.11. Enforcement and Administration. The Bankruptcy Court shall enforce and administer the provisions of this Agreement, as set forth in the Plan and herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first written above.

Prestige Industries LLC

Plan Administrator

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Exhibit B
(Liquidation Analysis)

PRESTIGE INDUSTRIES, LLC
LIQUIDATION ANALYSIS*

Variables:

	<u>Liquidating Plan</u>	<u>Chapter 7</u>
Cash ¹	\$0.00	\$0.00
Accounts Receivable ²	\$0.00	\$0.00
Initial Funding for Plan Administrator	\$100,000	\$0.00
Ch 7 Trustee Loan	\$0.00	\$100,000
Estimated Value of Remaining Causes of Action for Non-Insider Avoidance Actions ³	\$150,000	\$150,000
Estimated Value of Remaining Causes of Action for Insider Avoidance Actions and D&O Claims ⁴	\$2,000,000	\$2,000,000
Chapter 7 Trustee Commission	(\$0.00)	(\$87,750) ⁵
Cost of \$100,000 loan for Ch. 7 trustee ⁶	(\$0.00)	(\$6,000)
Chapter 7 Professional Fees for counsel to trustee for administrative purposes	(\$0.00)	(\$50,000) ⁷
Chapter 7 Professional Fees for investigation and prosecution of Remaining Causes of Action	(\$0.00)	(\$660,000) ⁸
Unpaid Chapter 11 Professional Fees	(\$350,000)	(\$350,000)
Plan Administrator Fees ⁹	(\$50,000)	(\$0.00)
Plan Administrator Counsel Fees ¹⁰	(\$660,000)	(\$0.00)
Initial Funding Payback	(\$100,000)	(\$0.00)
Ch 7 Trustee Loan Payback		(\$100,000)

¹ Estimated cash as of the Effective Date.

² Estimated accounts receivable as of the Effective Date.

³ Estimates of recoveries for this Liquidation Analysis are for illustrative purposes only and do not reflect the Committee's view on the actual value of any of the Remaining Causes of Action.

⁴ Estimates of recoveries for this Liquidation Analysis are for illustrative purposes only and do not reflect the Committee's view on the actual value of any of the Remaining Causes of Action.

⁵ Statutory commissions under section 326 of the Bankruptcy Code on \$2,150,000 in distributions.

⁶ Assumes 6% interest on an annualized basis with a repayment term of one year.

⁷ Assumes chapter 7 professional fees related to case administration.

⁸ Assumes attorneys' contingency fees of 33% for investigation and prosecution of Remaining Causes of Action.

⁹ Assumes 100 billable hours times \$500 per hour for Plan Administrator.

¹⁰ Assumes attorneys' contingency fees of 33% for investigation and prosecution of Remaining Causes of Action.

Waterfall Analysis:

D&O and Insider Avoidance Action Net Recovery to Estate – Plan Administrator ¹¹	\$357,000	
D&O and Insider Avoidance Action Net Recovery to Estate – Chapter 7 Trustee ¹²		\$1,340,000
Plus Initial Funding ¹³	\$100,000	\$0.00
Plus Ch. 7 Trustee Loan		\$100,000
Plus Non-Insider Avoidance Action Recovery ¹⁴	\$100,500	\$100,500
Minus Ch. 7 Trustee Commissions and Expenses		(\$243,750)
Projected Total Distribution Available	\$557,500	\$1,296,750
Minus Payment of Admin. Claims (Professional Fees and 503(b)(9)) ¹⁵	(\$360,000)	(\$360,000)
Distribution to Unsecureds	\$197,500	\$936,750
Unsecured Claims	\$2,496,185 ¹⁶	\$21,181,865 ¹⁷
Projected % Recovery to Unsecured Creditors	7.9%	.044%

*In addition to the assumptions set forth in the footnotes that relate to the calculations herein, this Liquidation Analysis assumes that a Chapter 7 trustee would: (i) borrow funds to hire professionals to complete an investigation into the Remaining Causes of Action, and (ii) hire contingency fee counsel to prosecute the Remaining Causes of Action. The Committee believes it highly unlikely that a Chapter 7 trustee would engage in such activity under the circumstances. Thus, the Committee believes that any payment on outstanding professional fee claims and any potential distribution to unsecured creditors will be zero under a Chapter 7 scenario.

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¹¹ Accounts for 30% of recoveries of D&O Claims and Insider Avoidance Actions to Estate after the repayment of the Plan Administrator Counsel Fees, the Plan Administrator Fees and the \$100,000 repayment to the Second Lien Agent of the Initial Funding, netting \$1,190,000 [$\$2,000,000 - (\$660,000 + \$50,000 + \$100,000)$] = \$1,190,000. $\$1,190,000 \times .3 = \$357,000$.

¹² Nets the 33% contingency fee from the \$2,000,000 recovery.

¹³ Adds to the Liquidating Debtor's estate the \$100,000 Initial Funding.

¹⁴ Adds to the Liquidating Debtor's estate the \$150,000 Non-Insider Avoidance Action recovery minus a 33% contingency fee.

¹⁵ Assumes outstanding Professional Fees of \$350,000 and 503(b)(9) Claims of \$10,000.

¹⁶ Takes into account Second Lien Agent waiver of any distribution on unsecured claim.

¹⁷ Does not take into account a waiver of distribution to Second Lien Agent on unsecured claim.