UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
Miami Division
www.flsb.uscourts.gov

In re:	Chapter 11 Cases
GRANDPARENTS.COM, INC.,	Case No. 17-14711-LMI
Debtors.[1]	(Jointly Administered)

_____/

FIRST AMENDED JOINT DISCLOSURE STATEMENT WITH RESPECT TO THE FIRST AMENDED JOINT PLAN OF LIQUIDATION OF DEBTORS, GRANDPARENTS.COM, INC. AND GRAND CARD LLC

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DISCLAIMER

THE INFORMATION CONTAINED IN THIS FIRST AMENDED DISCLOSURE STATEMENT (THE "DISCLOSURE STATEMENT") IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE FIRST AMENDED PLAN OF LIQUIDATION (THE "PLAN") PROPOSED BY THE DEBTORS, GRANDPARENTS.COM, INC. ("GP") AND GRAND CARD LLC ("GRAND CARD" AND COLLECTIVELY WITH GP, THE "DEBTORS") AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS AND SCHEDULES ANNEXED TO THE PLAN AND THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

IRS CIRCULAR 230 NOTICE. TO COMPLY WITH INTERNAL REVENUE SERVICE CIRCULAR 230, TAXPAYERS ARE HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT (INCLUDING ANY EXHIBITS OR ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A TAXPAYER UNDER THE INTERNAL REVENUE CODE, (B) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IS WRITTEN IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN AND (C) TAXPAYERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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

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B	Example Scenarios for Distribution of Litigation Proceeds
C	Debtors' Form 8-K filed December 31, 2016 with the Securities and Exchange Commission
D	Liquidation Analyses

I. INTRODUCTION

Grandparents.com, Inc. and Grand Card LLC, as debtors and debtors-in-possession in the above-referenced jointly-administered Chapter 11 Cases, submit this First Amended Joint Disclosure Statement (the "Disclosure Statement") pursuant to section 1125 of the Bankruptcy Code, for use in the solicitation of votes on the First Amended Joint Plan of Liquidation (the "Plan") proposed by the Debtors dated as of August 18, 2017 and filed with the United States Bankruptcy Court for the Southern District of Florida, Miami Division (the "Bankruptcy Court"). A copy of the Plan is annexed as **Exhibit A** to this Disclosure Statement.

This Disclosure Statement sets forth certain information regarding the Debtors' prepetition operating and financial history, the need to seek Chapter 11 protection, significant events that have occurred during these Chapter 11 Cases, and the anticipated prosecution and liquidation of certain Litigation Claims by a Liquidation Trustee appointed pursuant to the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of Claims and Interests entitled to vote under the Plan must follow for their votes to be counted.

Except as otherwise provided herein, capitalized terms not otherwise defined in this Disclosure Statement have the meanings ascribed to them in the Plan. Unless otherwise noted herein, all dollar amounts provided in this Disclosure Statement and in the Plan are given in United States dollars.

FOR A DESCRIPTION OF THE PLAN AND VARIOUS RISKS AND OTHER FACTORS PERTAINING TO THE PLAN AS IT RELATES TO HOLDERS OF CLAIMS AND INTERESTS, PLEASE SEE SECTION V OF THE DISCLOSURE STATEMENT, ENTITLED **"SUMMARY OF THE PLAN OF LIQUIDATION,"** AND SECTION VI OF THE DISCLOSURE STATEMENT, ENTITLED **"CERTAIN FACTORS TO BE CONSIDERED."**

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATING TO THE PLAN, CERTAIN EVENTS THAT HAVE OCCURRED IN THE CHAPTER 11 CASES AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT THE SUMMARIES OF THE PLAN AND RELATED DOCUMENT SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. FACTUAL INFORMATION (OTHER THAN THE SUMMARIES OF THE PLAN) CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

THE DEBTORS BELIEVE THAT THE PLAN WILL ENABLE THE DEBTORS TO ACCOMPLISH THE OBJECTIVES OF CHAPTER 11 AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS AND THE HOLDERS OF ALL CLAIMS AND INTERESTS. THE DEBTORS URGE HOLDERS OF CLAIMS AND INTERESTS IN CLASSES 1, 3, AND 4 TO VOTE TO ACCEPT THE PLAN.

FOR FURTHER INFORMATION AND INSTRUCTION ON VOTING TO ACCEPT OR REJECT THE PLAN, SEE SECTION X OF THE DISCLOSURE STATEMENT, ENTITLED **"THE SOLICITATION; VOTING PROCEDURE."**

II. PLAN VOTING INSTRUCTIONS AND PROCEDURES

1. Notice to Holders of Claims and Interests

This Disclosure Statement will be transmitted to holders of Claims and Interests that are entitled under the Bankruptcy Code to vote on the Plan. A discussion and listing of those holders of Claims and Interests that are entitled to vote on the Plan and those holders of Claims and Interests that are not entitled to vote on the Plan is provided herein. The purpose of this Disclosure Statement is to provide adequate information to enable such Claim and Interest holders to make a reasonably informed decision with respect to the Plan prior to exercising their right to vote to accept or reject the Plan.

The Bankruptcy Court has been asked to approve this Disclosure Statement as containing information of a kind and in sufficient and adequate detail to enable such Claim and Interest holders to make an informed judgment with respect to acceptance or rejection of the Plan. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT (WHEN SUCH APPROVAL IS OBTAINED) DOES NOT CONSTITUTE EITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN, OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS APPENDICES CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR TO REJECT THE PLAN. This Disclosure Statement contains important information about the Plan, considerations pertinent to acceptance or rejection of the Plan, and developments concerning the Chapter 11 Cases.

THIS DISCLOSURE STATEMENT IS THE ONLY DOCUMENT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. No solicitation of votes may be made except after distribution of this Disclosure Statement, and no person has been authorized to distribute any information concerning the Debtors other than the information contained herein.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD LOOKING AND CONTAINS ESTIMATES AND ASSUMPTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS. Except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur subsequent to the date hereof

and that may have a material impact on the information contained in this Disclosure Statement. The Debtors do not anticipate that any amendments or supplements to this Disclosure Statement will be distributed to reflect such occurrences. Accordingly, the delivery of this Disclosure Statement shall not under any circumstance imply that the information herein is correct or complete as of any time subsequent to the date hereof.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTING FIRM AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

2. Holders of Claims Entitled to Vote

Pursuant to the provisions of the Bankruptcy Code, only holders of allowed claims or equity interests in classes of claims or equity interests that are impaired and that are in a class that will receive a distribution under a proposed chapter 11 plan are entitled to vote to accept or reject a proposed chapter 11 plan. Classes of claims or equity interests in which the holders of claims or equity interests are unimpaired under a chapter 11 plan are deemed to have accepted the plan and are not entitled to vote to accept or reject the plan. Classes of claims or interests that receive no distribution on account of their claims or interests are deemed to have rejected the plan and are not entitled to vote to accept or reject the plan. Under the Plan, holders of the Lender Secured Claim in Class 1, General Unsecured Claims in Class 3, and the Lender Unsecured Subordinated Deficiency Claim in Class 4. Therefore, the votes of holders of Class 1 Lender Secured Claim, Class 3 General Unsecured Claims, and Class 4 Lender Unsecured Subordinated Deficiency Claim will be solicited. Votes of holders of Class 5 Interests and Other Subordinated Claims will not be solicited because where will be no distribution to holders of such Claims (unless all prior Classes have been paid in full), and holders of Class 5 claims are deemed to have rejected the Plan.

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that cast ballots for acceptance or rejection of the plan. Acceptance of a plan by a class of interests requires acceptance by at least two-thirds of the number of shares in such class that cast ballots for acceptance or rejection of the plan. For a more detailed description of the requirements for confirmation of the Plan, see Article 13 entitled **"Acceptance or Rejection of the Plan."**

3. Solicitation Package

Along with the mailing of this Disclosure Statement, as part of the solicitation of acceptances of the Plan, the Debtors will send copies of (1) the Plan; (2) the notice of, among other things, the time for submitting Ballots to accept or reject the Plan, the date, time and place of the hearing to consider confirmation of the Plan and related matters (the "Confirmation Hearing"), and the time for filing objections to confirmation of the Plan (the "Confirmation Hearing Notice"); (3) if you are the holder of a Claim or Interest entitled to vote on the Plan, one or more Ballots (and return envelopes) to be used by you in voting to accept or to reject the Plan;

and (4) the Order entered by the Bankruptcy Court approving the procedures to be utilized in soliciting acceptances of the Plan (the "Solicitation Procedures Order").

4. Voting Procedures, Ballots and Voting Deadline

After carefully reviewing the Plan, this Disclosure Statement and its exhibit(s), each holder of a Claim or Interest which has been impaired under the Plan may vote on acceptance or rejection of the Plan by completing, dating and signing the ballot, which will be mailed to them after the Court approves this Disclosure Statement. Ballots may be filed electronically by registered users or conventionally via United States mail addressed as follows:

Clerk of the Bankruptcy Court
C. Clyde Atkins United States Courthouse
301 North Miami Avenue, Room 150
Miami, FL 33128

In order to be counted, ballots must be received by the Bankruptcy Clerk no later than 5:00 p.m. Eastern Time on _____, 2017. Ballots may also be filed electronically with the Bankruptcy Clerk by registered CM/ECF users.

Completed ballots for holders of all Claims and Interests should be returned and MUST BE RECEIVED BY THE BANKRUPTCY CLERK BY THE DEADLINE SET FORTH IN THE BANKRUPTCY COURT ORDER DATED _____ [ECF No. ___]. If you have Claims or Interests in more than one Class under the Plan, you will receive multiple ballots.

IF A BALLOT IS DAMAGED OR LOST, OR IF YOU HAVE ANY QUESTIONS CONCERNING VOTING PROCEDURES, CALL OR EMAIL:

AKERMAN LLP
Steven R. Wirth, Esq.
401 East Jackson Street, Suite 1700
Tampa, Florida 33602
Phone: (813) 223-7333
Email: steven.wirth@akerman.com
Counsel for the Debtors

5. Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to Section 1128 of the Bankruptcy Code, the Confirmation Hearing will be held at _____, prevailing Eastern Time, on **September 15, 2017**, before the Honorable Laurel M. Isicoff, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of Florida, 301 North Miami Avenue, Courtroom 8, Miami, FL 33128. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be served and filed so that they are actually received on or before _____, at _____ __.m., prevailing Eastern Time, in the manner set forth in the Solicitation Procedures Order. The Confirmation Hearing may be adjourned from time to time by the Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

III. HISTORY AND STRUCTURE OF THE DEBTORS

6. Overview of Business and Operations

A. Description of the Company's Business

Prior to the sale of substantially all of the Debtors' assets, Debtor GP owned and operated the Grandparents.com website (the "Website"), a membership organization and social media community which connects grandparents, seniors, and boomers to differentiated, discounted products and services. GP's business model is geared toward providing group discount benefits for a small membership fee. The Website offers content on everything from health and well-being, relationships, and finances to recipes and travel tips.

In addition, on October 9, 2013, GP entered into a Program Agreement (the "Aetna Contract") with Aetna Life Insurance Company ("Aetna") to establish a Program to offer a Group Medicare Supplement Plan to the Debtors' Members, pursuant to which the Debtors' receive a commission for each policy sold. It is also contemplated that GP may seek the endorsement of some of its partners in order to offer the Program to members, customers, and subscribers of each such partner ("Third Party Member"). GP may also promote the Group Medicare Supplement Plan to other entities or groups that are not GP Members or Third Party Members. In connection with their Group Medicare Supplement Plan, the Debtors compete with services offered by the non-profit, AARP.

Debtor Grand Card, a wholly-owned subsidiary of GP, is a cardholder rewards program that was to provide cash rebates on a debit card when cardholders purchase pharmaceutical products and services offered by participating merchants. On March 28, 2013, Grand Card and GP entered into an Alliance Agreement (the "Opus Agreement") with Cegidim Inc. (Opus Health Division) ("Opus") in order to develop high-value member benefit programs that provide cash rewards on a debit card to members of the general public who became holders of the "Grand Card", when the Members purchased certain selected products or services of participating sponsors who enrolled in the programs. However, due to insufficient transaction volume and other factors, the parties' relationship never materialized and the Opus Agreement expired by its terms on March 28, 2017. Grand Card was also a party to a master services agreement, as amended from time to time (the "Vantiv Agreement") with Vantiv, LLC ("Vantiv"), pursuant to which Vantiv provided debit card issuing and payment processing products and services to Grand Card. For a number of reasons, Grand Card's intended business never materialized and the company never earned a profit.

B. History and Events Leading to Filing of the Chapter 11 Cases

The Debtors' initial public offering (the "IPO") occurred in 2012, and raised approximately $3,000,000. Since the IPO, the Debtors have not generated a profit. Between July 8, 2015 and the end of 2016, VB Funding, LLC (in this section III(6)(B) only, "VB Funding") advanced more than $9,000,000 to the Debtors pursuant to loan transactions. VB Funding is a Delaware limited liability company formed in June 2015. VB Funding's managing member is Vincent J. Dowling.

On September 15, 2016, in response to the Debtors' request for additional funding, VB Funding purchased 70,000,000 of common stock in the Debtors for $1,050,000.00 and on December 21, 2016, VB Funding purchased 1,500,000 shares of Series D Preferred Stock in the Debtors for $1,000,000, such that VB Funding had a 45% ownership interest in the Debtors.

The Debtors' Officers and Board of Directors remained independent of and separate from the interests of VB Funding. VB Funding was and always has been an entity separate and apart from the Debtors, in form, substance, and with regard to those entities' interests, despite VB Funding's appointment of the Special Committee (as defined below). *See Capmark Fin. Grp. Inc. v. Goldman Sachs Credit Partners L.P.*, 491 B.R. 335 (Bankr. S.D.N.Y. 2013) (holding that mere participation by subsidiaries in lending and equity relationships with the debtor is insufficient, without more, to make the lending subsidiary an insider, even if it has a director on the debtor's board).

The Debtors have experienced significant competition in multiple areas, including advertising, visitors to the Website, registered users, subscribing members, and marketing partners. Further, much of the Debtors' revenue was derived from commissions and royalties, which fluctuate substantially based upon the current level of members and users. As a result of the foregoing and other factors, the Debtors have had difficulty generating meaningful revenue.

Additionally, the requirements of being a public company require the Debtors to incur substantial costs, including those associated with legal and financial compliance, and affect operating results and divert management's attention from day-to-day operations.

When the Debtors' financial difficulties escalated at the end of 2016, VB Funding requested the Debtors appoint a special committee to determine the best way to address those difficulties, including, but not limited to, considering a sale of the Debtors' assets, a reorganization, and various methods of liquidation (the "Special Committee"). While VB Funding appointed the members of the Special Committee (Clement S. Dwyer, Jr., Andrew Foote, and James O'Brien), the members of the Special Committee remained independent from, and were not controlled by, VB Funding. The United States Trustee disputes that the Special Committee was truly independent of VB Funding.

In evaluating their options, the Debtors employed Akerman LLP to undertake that independent investigation and evaluation. Akerman had no prior connections with the Debtors or VB Funding and has at all times remained disinterested. Akerman, in consultation with the Debtors' Board of Directors, ultimately determined that it was in the best interest of the Debtors to retain an independent Chief Restructuring Officer. After interviewing five financial advisory firms, the independent Board of Directors authorized the Debtors' retention of Joshua Rizack as the Debtors' CRO. Prior to this engagement, Mr. Rizack had no prior connections with the Debtors or VB Funding and has at all times remained disinterested. After an exhaustive review of the Debtors' assets, liabilities, operations and other relevant factors, the CRO, in consultation with Akerman and with the approval of the independent Board of Directors of the Debtors, determined that this Chapter 11 proceeding was the best option going forward.

In determining the best course of action for the Debtors, Akerman conducted an exhaustive review of the Debtors' pre-Petition loan documents with VB Funding, including the relationship between the Debtors and VB Funding, and interviewed the Debtors' Chief Operating Officer, Lee Lazarus, in depth. As a result of that investigation, the CRO and Akerman LLP determined that the relationship between VB Funding and the Debtors was arms'-length and that the Debtors had no viable claims against VB Funding as a result of any of the pre-Petition Date transactions.

In short, the Debtors arrived at their decision to file this Chapter 11 because the Debtors were burning through cash at the rate of over **$400,000 per month** and only had approximate gross revenues of **$250,000 per year**. As such, the Debtors did not have the ability to operate going forward beyond April 2017. As such, the CRO, in consultation with Akerman and the Debtors' Board of Directors, determined in his business judgment, that the filing of this Chapter 11 case was in the best interest of the Debtors, their creditors and other parties in interest.

Interested parties can refer to Debtors' SEC Form 8-K as of December 31, 2016, and attached as **Exhibit C** hereto, for additional details regarding the Debtors' history and financial condition.

C. Financial Results

As of the date of this Disclosure Statement, the Debtors have filed Monthly Operating Reports (the "MORs") for the following periods: (i) April 14, 2017 – April 30, 2017 (ECF Nos. 113 and 114); (ii) May 1, 2017 – May 31, 2017 (ECF Nos. 149 and 150); and (iii) June 1, 2017 through June 30, 2017 (ECF Nos. 171 and 172). The MORs are incorporated by reference and can be provided in PDF format upon request to steven.wirth@akerman.com.

7. Capital Structure of the Debtors

GP owns 100% of Grand Card.

8. Corporate Structure of the Company

A. Current Corporate Structure

GP is a Delaware corporation qualified to do business in Florida and Delaware, and is headquartered in New York. Grand Card is a Florida limited liability company.

B. Executive Officers

Prior to the Petition Date, Steven E. Leber was Chief Executive Officer of Grandparents.com, Inc. and member of the Board of Directors and Lee Lazarus was Chief Operating Officer and a member of the Board of Directors. Prior to the Petition Date, both Messrs. Leber and Lazarus resigned as members of the Board of Directors and Mr. Leber was terminated as CEO. Mr. Lazarus continues to serve as COO of Grandparents.com, Inc. and President of Grand Card. Ellen Breslau was Senior Vice President of Grandparents.com, Inc., and was terminated prior to the Petition Date.

Prior to the Petition Date, Clement S. Dwyer, Jr. was Chairman of the Board of Directors and a member of the Special Committee along with Andrew Foote and James O'Brien. Messrs. Dwyer, Foote, and O'Brien continue to serve on the Board of Directors of the Debtors.

On May 17, 2017, the Bankruptcy Court entered a Final Order (ECF No. 107) Granting the Debtors' Motion for Approval of the Engagement Letter between the Debtors and The Rising Group Consulting, Inc. ("TRGC"), which also approved the appointment of Joshua Rizack ("Rizack") as Chief Restructuring Officer ("CRO") of the Debtors. Mr. Rizack continues to serve as CRO of the Debtors.

9. Debtor-in-Possession Financing

On April 21, 2017, the Bankruptcy Court entered two Interim Orders (collectively, the "Interim DIP Financing Orders") (ECF Nos. 61 and 89) (I) Authorizing (A) Secured Post-Petition Financing Pursuant to 11 USC Sections 105, 361 and 364(c); (B) Use of Cash Collateral and (II) Continuing Preliminary Hearing. On June 26, 2017, the Bankruptcy Court entered a Final Order (1) Authorizing (A) Secured Post-Petition Financing Pursuant to 11 U.S.C. Sections 105, 361 and 364(c); (B) Use of Cash Collateral (ECF No. 161) (the "Final DIP Financing Order"). In connection with the Interim DIP Financing Orders and Final DIP Financing Order, the Debtors obtained post-petition financing from VB Funding, LLC (the "DIP Lender") in the aggregate principal amount of $1,360,916 (the "DIP Loan"), which will enable the Debtors to continue operating and paying employees through the now consummated sale and confirmation of a chapter 11 plan. Pursuant to the Interim DIP Financing Orders and the Final DIP Financing Order, the DIP Lender's liens are no longer subject to any dispute.

The DIP Lender has provided all financing to the Debtors during these bankruptcy cases, in the total amount of $1,360,916, including payments of the D&O insurance policy premiums and a D&O tail policy, at a total cost of $286,927. Without the DIP Lender funding these bankruptcy cases, there would very little, if any, chance of recovery for any creditors or other interested parties in these cases.

10. Sale of Debtors' Assets

On June 9, 2017, the Bankruptcy Court entered an Order (ECF No. 139) Granting the Debtors' Motion to Approve the Sale of Substantially All of the Debtors' Assets to the Lender, Free and Clear of Liens, Claims, Encumbrances, Rights, and Interests, Approving the Assumption and Assignment of Designated Contracts, and Granting Related Relief (the "Sale Order"). The closing of the sale occurred on June 15, 2017.

IV. CHAPTER 11 CASE

11. Continuation of Business; Stay of Litigation

On April 14, 2017 (the "Petition Date"), the Debtors filed petitions for relief under chapter 11 of the Bankruptcy Code. On April 21, 2017, the Bankruptcy Court entered an Order (ECF No. 44) directing joint administration of these cases, and designated Case No. 1:17-bk-14711-LMI as the lead case. Since the Petition Date, the Debtors have continued to operate as debtors-in-possession subject to the supervision of the Bankruptcy Court and in accordance with

the Bankruptcy Code. Under the Bankruptcy Code, the Debtors are required to comply with certain statutory reporting requirements, including the filing of monthly operating reports. As of the date hereof, the Debtors have complied, and will continue to comply, with such requirements. The Debtors are authorized to operate their business in the ordinary course of business, with transactions out of the ordinary course of business requiring Bankruptcy Court approval.

An immediate effect of the filing of the Debtors' bankruptcy petitions is the imposition of the automatic stay under the Bankruptcy Code which, with limited exceptions, enjoins the commencement or continuation of all collection efforts by creditors, the enforcement of liens against property of the Debtors and the continuation of litigation against the Debtors. This relief provides the Debtors with the "breathing room" necessary to assess and reorganize their business. The automatic stay remains in effect, unless modified by the Bankruptcy Court, until consummation of a chapter 11 plan.

12. Other Material Relief Obtained During the Chapter 11 Case

A. Retention of Professionals

On April 14, 2017, the Debtors filed an Application (ECF No. 8) to employ Akerman LLP ("Akerman") as Counsel for the Debtors. On April 20, 2017, the Bankruptcy Court entered an Interim Order (ECF No. 57) Approving that Application, and on May 17, 2017, the Bankruptcy Court entered a Final Order (ECF No. 106) Approving that Application.

On May 5, 2017, the Debtors filed an Application (ECF No. 90) to Employ EisnerAmper LLP as accountants and financial advisors to the Debtors to, *inter alia*, assist in preparation of a plan, disclosure statement, and valuation report for the debtors. On June 9, 2017, the Bankruptcy Court entered an Order (ECF No. 137) Approving that Application.

On May 17, 2017, the Bankruptcy Court entered a Final Order (ECF No. 107) granting the Debtors' Motion for Approval of the Engagement Letter between the Debtors and TRGC, which also approved the appointment of Rizack as CRO of the Debtors.

On July 24, 2017, the Bankruptcy Court entered an Order (ECF No. 174) Authorizing the Debtors to Employ Genovese Joblove & Battista, P.A. as Special Litigation Counsel and Conflicts Counsel for the Debtors *Nunc Pro Tunc* to April 14, 2017, and specifically, to represent Mr. Rizack in his role as Liquidating Trustee (as further described herein).

13. Summary of Claims Process and Bar Date

A. Schedules and Statements of Financial Affairs

On April 14, 2017, GP and Grand Card filed Schedules of Assets and Liabilities and Statements of Financial Affairs (ECF Nos. 1 and 1 in their respective individual cases and collectively, the "Schedules and Statements") with the Bankruptcy Court.

Among other things, the Schedules and Statements set forth the Claims of known creditors of the Debtors as of the Petition Date, based upon the Debtors' books and records. GP scheduled $1,928,032.64 in assets, $9,827,621.96 in secured debt, and $3,650,444.91 in

unsecured nonpriority debt. Grand Card scheduled $361,913.98 in assets and $11,263,356.89 in unsecured nonpriority debt.

On June 16, 2017, GP and Grand Card filed Amended Schedules of Assets and Liabilities (ECF Nos. 159 and 157 in their respective individual cases and collectively, the "Amended Schedules") with the Bankruptcy Court. On the Amended Schedules, GP scheduled $1,928,032.64 in assets, $9,188,537.96 in secured debt, and $3,632,719.91 in unsecured nonpriority debt. Grand Card scheduled $361,913.98 in assets, $9,188,537.96 in secured debt, and $1,435,734.93 in unsecured nonpriority debt.

As of the filing of this Disclosure Statement, the general unsecured claim pool for both Debtors, excluding the Lender's deficiency claim and intercompany claims, totals $4,076,007.23.

B. Claims Bar Date and Proofs of Claim

On June 12, 2017, the Debtors filed a Motion for Order Setting Deadlines for Filing Proofs of Claim [ECF No. 143] (the "Bar Date Motion"), whereby the Debtors requested the Court set (i) August 11, 2017 as the claims bar date for general claims and administrative claims, and (ii) October 11, 2017 as the governmental claims bar date. A hearing on the Bar Date Motion was held June 28, 2017 at 1:30 p.m. and on June 30, 2017, the Bankruptcy Court entered at Order [ECF No. 163] setting August 16, 2017 as the deadline for filing deadline for filing general proofs of claim and administrative proofs of claim (the "General Claims Bar Date").

As of the date of this Disclosure Statement, there were 24 claims filed in the GP Case totaling $3,560,135.29, including $12,950 in priority unsecured tax claims, $0 in secured claims, and $3,547,185.29 in general unsecured nonpriority claims.

As of the date of this Disclosure Statement, there was one (1) general unsecured nonpriority claim for $23,250 filed in the Grand Card Case.

14. Summary of Pre-petition Material Litigation

As of the Petition Date, the Debtors were involved in the following litigation: (i) DMI Partners, Inc. v. Grandparents.com, Inc., Case No. 160500593, pending in the Court of Common Pleas, Philadelphia, PA (breach of contract), (ii) Riaz Latifullah v. Grandparents.com, Inc., Case No. 01-16-0005-0599, before the American Arbitration Association (the "Riaz Arbitration"), and (iii) Riaz Latifullah v. Grandparents.com, Inc., Case No. 2-4173-16-047 (the "Riaz Complaint"), pending before the United States Department of Labor, Occupational Safety and Hazard Administration ("OSHA"). On March 8, 2017, pursuant to a confidential settlement agreement, Riaz and the Debtors resolved the Riaz Arbitration, and by letter dated May 16, 2017, OSHA advised the Debtors that it closed its investigation in connection with the Riaz Complaint.

15. Development and Summary of the Debtors' Business Plan

The Debtors have sold substantially all of their assets (the "Transferred Assets") to the Lender, and intend to pay all allowed claims, hold funds for disputed claims, and create a trust for the benefit of holders of allowed claims against the Debtors, through a contribution from the Lender and the net proceeds recovered from Litigation Claims (the "Liquidating Trust").

V. SUMMARY OF THE PLAN OF LIQUIDATION

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE, CLASSIFICATION, TREATMENT AND IMPLEMENTATION OF THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT, AND TO THE EXHIBITS ATTACHED THERETO.

THE PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN WILL CONTROL THE TREATMENT OF CREDITORS AND INTEREST HOLDERS UNDER THE PLAN AND WILL, UPON THE EFFECTIVE DATE, BE BINDING UPON HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS, THE LIQUIDATING TRUSTEE, AND OTHER PARTIES IN INTEREST.

16. Purpose and Effect of the Plan

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of its creditors and shareholders. Upon the filing of a petition for relief under Chapter 11, section 362 of the Bankruptcy Code provides for an automatic stay of substantially all acts and proceedings against the debtor and its property, including all attempts to collect claims or enforce liens that arose prior to the commencement of the Chapter 11 case.

The consummation of a plan of reorganization is the principal objective of a Chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by the Bankruptcy Court makes the plan binding upon the debtor, any issuer of securities under the plan, any person or entity acquiring property under the plan, and any creditor of or equity security holder in the debtor, whether or not such creditor or equity security holder (i) is impaired under or has accepted the plan or (ii) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the confirmation order, the confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefor the obligations specified under the confirmed plan, and terminates all rights and interests of equity security holders.

17. The Liquidating Trust

The Lender has agreed to fund the Liquidating Trust with a cash contribution of $200,000 for general trust operations, plus an additional $50,000 specifically earmarked for distribution to Class 3 General Unsecured Claims (*i.e.*, the Plan Fund). The Lender has also agreed to release its lien on the Lender Collateral and subordinate its right to equity distributions to all other shareholders under Class 5 of the Plan. Finally, the Lender has agreed to consensually subordinate its Lender Unsecured Subordinated Deficiency Claim to Class 3 for the first $450,000.00 of the net proceeds of the Litigation Claims after payment of Lender's Initial Share of Litigation Claims Proceeds of $300,000 and in exchange for receiving the Lender Release and Injunction.

Attached as Exhibit "D" hereto are four Liquidation Analyses, based upon recoveries on the D&O Claims of (i) $1,000,000; (ii) $5,000,000.00; (iii) $10,000,000.00; and (iv)

$15,000,000.00. As is clear from the Liquidation Analyses, the only scenario in which Holders of Class 3 General Unsecured Claims would receive any distribution whatsoever in a Chapter 7 proceeding is if the recovery under the D&O Policies reached the $15,000,000 maximum. Absent the agreements with the Lender described in Section 18 below, it is likely Holders of Class 3 Claims would receive no distribution in these cases. **In addition, even if it were determined that the Lender's lien on the D&O Claims and recoveries therefrom was not valid (*see* Section V, para. 18 *infra*), unsecured creditors are receiving a materially greater recovery (more than 8%) under the Plan than they would if the Lender shared *pari passu* with Class 3 General Unsecured Claims.**

As set forth in the four Liquidation Analyses, the following are projected distributions (and percentage of allowed claims) to Holders of Allowed Class 3 General Unsecured Claims under each of the four recovery scenarios:

Amount Recovered on Non-Chapter 5 Litigation Claims (including D&O Claims)	**Distribution in a Chapter 7 Case[2]**	**Distribution Under Debtors' Chapter 11 Plan of Liquidation**	**Distribution Under Chapter 11 Plan of Liquidation Where Lender Has No Lien**
$15,000,000.00	$229,862 (5.6%)	$3,239,078 (79.5%)	$2,908,086 (71.3%)
$10,000,000.00	$0 (0%)	$1,287,813 (31.6%)	$956,821 (23.5%)
$5,000,000.00	$0 (0%)	$2,263,446 (55.5%)	$1,932,453 (47.4%)
$1,000,000.00	$0 (0%)	$507,307 (12.4%)	$176,314 (4.3%)

18. Lender's Lien on Proceeds of D&O Claims

The Plan is the result of several months of negotiations between the Debtors and their professionals (including the CRO), and the Lender and its professionals. During Plan-related negotiations with the Lender, the Debtors initially asserted that the Lender did not have a lien on either the D&O Policies or the D&O Claims. More specifically, the Debtors asserted that the

[2] This calculation assumes the Lender's lien on the proceeds recovered from the D&O Claims is valid and that the $250,000 Plan Fund would not available in Chapter 7 liquidation because those funds were specifically allocated in the cash collateral budgets for use in a consensual Chapter 11 plan with the Lender.

Lender did not have a lien on the potential recovery, or proceeds, of D&O Claims because the Loan Documents do not sufficiently describe or identify the D&O Claims, proceeds of D&O Claims and/or commercial tort claims as part of the Lender's collateral with the specificity required by the Uniform Commercial Code. *See* UCC §§ 9-108(e)(1), 9-109(d)(12). Under cutting this argument for the Debtors, however, is recent case law from a Florida federal district court holding that the parties' understanding is the paramount concern in secured transactions. *Gravitas Leasing, LLC v. LDB Media, LLC (In re LDB Media, LLC)*, case no. 8:14-cv-00417-MSS (M.D. Fla. Feb. 13, 2015) (reversing bankruptcy court decision on UCC description issue because "Courts in this district have held that where the parties to a security agreement understood and intended certain items to be pledged as collateral, a third party or trustee in bankruptcy may not challenge the validity of the underlying security interest based on the insufficiency of the description of the collateral.") (citing *In re Michelle's Hallmark Cards & Gifts, Inc.*, 219 B.R. 316, 320 (Bankr. M.D. Fla. 1998) ("If the parties to the agreement understand what collateral was pledged, the security interest created by the agreement cannot be challenged on the basis of an insufficient description of the collateral") and (*In re Florida Bay Trading Co.*, 177 B.R. 374, 381 (Bankr. M.D. Fla. 1994)).

The Lender has taken the position that it has a lien on (i) the D&O Policies, (ii) the D&O Claims, and (iii) all cash or other property recovered in connection with any non-Chapter 5 Litigation Claim because once a settlement is made with the Debtors, the obligation to pay the Debtors (settlement proceeds, as opposed to policy proceeds) becomes a payment intangible/general intangible and would then be subject to the Lender's prepetition blanket lien (citing official comment to UCC § 9-109, which states that "once a claim arising in tort has been settled and reduced to a contractual obligation to pay (as in, but not limited to, a settlement) the right to payment becomes a payment intangible and ceases to be a claim arising in tort." (UCC § 9-109, Comment 15)). Payment intangibles are included within the UCC's definition of general intangibles. (UCC § 9-102(42)). Thus, the Lender asserted that because it had a lien on the Debtors' general intangibles, then it would have a lien on the Debtors' right to payment once the D&O Claims are settled.

In addition, the pre-petition Loan Documents (which also govern the DIP loan) *require* the Debtors to identify commercial tort claims to the Lender and grant the Lender a security interest therein and the proceeds thereof. *See* Security Agreement, § 4.7.[3] And the Final Cash Collateral Order automatically grants Lender a lien on such collateral or allows the Lender to take any actions necessary to perfect its lien, without further order of the Court. *See* ECF 161, ¶ 5. After the Debtors' investigation and retention of independent special counsel – Genovese Joblove & Battista, P.A. – the Debtors identified potential D&O Claims to the Lender, as required by § 4.7 of the Security Agreement, and the Lender has asserted a lien on those claims pursuant to the Loan Documents and Final Cash Collateral Order.

[3] The parties' Security Agreement, dated July 8, 2015, states: "**4.7. Commercial Tort Claims.** If Borrower shall, now or at any time hereafter, hold or acquire a commercial tort claim that constitutes Collateral, Borrower shall promptly notify Lender in a writing signed by Borrower of the particulars thereof and grant to Lender in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Lender." Security Agreement, § 4.7.

The Debtors recognize the arguments on both sides of this issue. Although the law regarding the validity of liens attaching to the proceeds of D&O Claims is sparse, the Lender has cited several cases that support its lien claim. *See Arnot v. Endersen (In re Endersen),* 548 B.R. 258, 270 (9th Cir. B.A.P. 2016) (holding that settlement proceeds are "proceeds" for the purposes of 552(b)(1), such that a pre-petition lien will attach to settlement proceeds, even when the proceeds come into existence after the petition date). The facts in our case are very similar to the facts in *Reed, et al. v. Heller Healthcare Finance, Inc., et al. (In re. East Texas Healthcare, Inc., et al.),* case no. 98-bk-38547, at *10 (Bankr. N.D. Tex. Mar. 11, 2003)(holding that "when the insurance proceeds [of D&O claims] became settlement proceeds, [the creditor's] lien attached to the settlement proceeds.");*Wischan v. Adler (In re Wischan),* 77 F.3d 875 (5th Cir. 1996) ("The fact that [pre-petition] causes of action may have borne fruit in settlement or judgment after commencement of the bankruptcy case does not transform them into post-petition property"); *Tignor v. Parkinson,* 729 F.2d 977, 980 (4th Cir. 1984); *Sierra Switchboard Co., v. Westinghouse Electric Corp.,* 789 F.2d 705, 709 (9th Cir. 1986) ("regardless of whether a personal injury claim is transferable or assignable under state law, such claims become part of the bankruptcy estate under § 541."); *In re Richards,* 57 B.R. 662, 663 (Bankr. D. Nev. 1986).

The Plan sets forth a negotiated resolution of these competing positions and was made pursuant to the CRO/Debtors' business judgment, taking into account the costs, expenses, and uncertainties of litigation, which would have been extremely costly for the bankruptcy estates, and could have significantly diminished the funds available for distribution. The Debtors also considered the Lender's cooperation and willingness to fund the continued operations of the Debtors through confirmation of a chapter 11 plan, including payment of professional fees, director and officer liability insurance premiums, and the purchase of a separate six-year D&O tail policy at a substantial cost (approximately $225,000) to the Lender, in order to give all creditors/shareholders the possibility of a recovery in these cases. Without the Lender's continued cooperation and financial support, these bankruptcy cases would not have occurred and creditors/shareholders would have had very little chance to recover anything on account of their claims or interests. Further, as described elsewhere in this First Amended Disclosure Statement, the Debtors and the CRO believe that the results of this negotiated plan, if implemented, would be more favorable to all parties – including unsecured creditors, the Lender, the Estates – than a liquidation through a chapter 7 or any other chapter 11 plan that could have been filed, including a chapter 11 plan in which the Debtors prevailed on the lien issue at substantial litigation costs to the Estates. In addition, if the Debtors were to litigate the lien issues and lose, general unsecured creditors would suffer significantly: administrative expenses would be substantial, and all funds recovered from the D&O litigation would inure to the benefit of the Lender, and none would be available for general unsecured creditors. This is simply a risk the Debtors and bankruptcy estates were not willing to take. Indeed, the Debtors believe that litigating this dispute with the Lender would be a breach of the Debtors' fiduciary duties to creditors and the bankruptcy estates. As such, the CRO has determined, in his business judgment, that the terms set forth in the Plan are fair, equitable, in the best interest of the estates, and should be accepted by all creditors and interest holders.

19. Classification and Treatment of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan of reorganization must classify the claims and interests of a debtor's creditors and equity interest holders. In accordance with

Section 1122, the Plan divides claims and interests into classes and sets forth the treatment for each class (other than Administrative Claims and Priority Tax Claims which, pursuant to Section 1123(a)(1), do not need to be classified). A plan proponent also is required, under Section 1122 of the Bankruptcy Code, to classify claims against and interests in the debtor into classes that contain claims and interests that are substantially similar to the other claims and interests in such Class.

The Debtors believe that the Plan has classified all Claims and Interests in compliance with the provisions of Section 1122 and applicable case law, but it is possible that a holder of a Claim or Interest may challenge the classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In that event, the Debtors may, to the extent permitted by the Bankruptcy Code, the Plan, and the Bankruptcy Court, make such reasonable modifications of the classifications under the Plan to permit confirmation and to use the Plan acceptances received in this Solicitation for purposes of obtaining the approval of the reconstituted Class or Classes of which each accepting holder ultimately is deemed to be a member. Any such reclassification could adversely affect the Class in which such holder initially was a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

The amount of the Debtors' assets to be distributed to holders of Allowed Claims and Interests after payment of Allowed Administrative and Priority Claims that are not classified, and the amount of any Impaired Claim that is classified or the aggregate amount of Impaired Claims in a class that ultimately are allowed by the Bankruptcy Court, may vary from the Plan Fund or allowed amount of such Claim or Claims. Thus, the value of the property that ultimately will be received by a particular holder of an Allowed Claim under the Plan may be adversely or favorably affected by the actual amount in which any Claim is ultimately allowed.

The classification of Claims and Interests and the nature of distributions to members of each Class are summarized below. The Debtors believe that the consideration, if any, provided under the Plan to holders of Claims and Interests reflects an appropriate resolution of their Claims and Interests, taking into account the differing nature and priority (including applicable contractual and statutory subordination) of such Claims and Interests and the fair value of the Debtors' assets.

20. Treatment of Unclassified Claims Under the Plan

A. Administrative Claims

The Plan provides that Allowed Administrative Claims will be paid in full. Administrative Claims are Claims for payment of an administrative expense of a kind specified in section 503(b) or 1114(e)(2) of the Bankruptcy Code and are entitled to priority pursuant to section 507(a)(1) of the Bankruptcy Code, including, but not limited to, (a) the actual, necessary costs and expenses, incurred after the Petition Date, of preserving the Estates and operating the businesses of the Debtors, including wages, salaries, or commissions for services rendered after the commencement of the Chapter 11 Cases, (b) Professional Fee Claims, (c) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the

Bankruptcy Court under section 546(c)(2)(A) of the Bankruptcy Code, and (d) all Claims that the Debtors have agreed to grant treatment as an Allowed Administrative Claim.

Except as otherwise provided in and subject to the requirements of the Plan, the Plan provides that, subject to the Administrative Expenses Bar Date set forth in the Section 2.4, the Liquidating Trustee shall pay each Allowed Administrative Expense in full, in Cash, on the latest of (i) one (1) day following the Effective Date or a soon as practicable thereafter, (ii) within ten (10) Business Days after the date such Administrative Expense becomes an Allowed Administrative Expense, and (iii) the date such Allowed Administrative Expense becomes due according to its terms; *provided, however*, that Professional Claims shall be paid in accordance with Section 2.3. Notwithstanding the foregoing, any Allowed Administrative Expenses representing obligations incurred in the ordinary course of post-petition operation of the Liquidating Trust (including without limitation post-petition trade obligations and post-petition payroll obligations, but excluding any post-petition tax obligations), or that have been expressly authorized by the Bankruptcy Court or this Plan, shall be paid in full or performed by the Liquidating Trustee in the ordinary course of business, in accordance with the terms of the particular obligation.

B. Priority Tax Claims

Priority Tax Claims are Unsecured Claims asserted by federal, state, and local governmental authorities for taxes specified in section 507(a)(8) of the Bankruptcy Code, such as certain income taxes, property taxes and excise taxes. These Unsecured Claims are given a statutory priority in right of payment.

Under the Plan, Except to the extent that the holder of an Allowed Priority Tax Claim agrees to a different treatment, the Liquidating Trustee shall pay each holder of an Allowed Priority Tax Claim the amount of such Allowed Priority Tax Claim in full, in Cash, on the Effective Date, or as otherwise agreed between the Liquidating Trustee and the Priority Tax Claim Holder. Allowed Priority Tax Claims shall not include any interest or penalties accruing subsequent to the Petition Date unless otherwise required by applicable law. No Priority Tax Claim shall receive a distribution under this Plan except to the extent that it is an Allowed Priority Tax Claim.

The Debtors estimate the Priority Tax Claims to be $100. As of the filing of this Disclosure Statement, the only filed priority tax claim is Claim 4 filed by the Internal Revenue Service, in the amount of $100.

C. Reservation of Rights Regarding Claims

Except as otherwise explicitly provided in the Plan, nothing shall affect the Debtors' or the Liquidating Trustee's rights and defenses, both legal and equitable, with respect to any Claims and Interests, including, but not limited to, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment.

D. Treatment of Classified Claims

a) Summary of Classes

CLASS	TREATMENT AND ESTIMATED DISTRIBUTION	IMPAIRMENT AND VOTING RIGHTS
Class 1 – Lender Secured Claim	Class 1 consists of the Lender Secured Claim. The Secured Claim of the Lender in the Allowed amount of $9,188,537.96, which is an aggregate of all amounts due Lender under the DIP Loan Documents ($1,360,916), plus all amounts due under the Prepetition Loan Documents ($9,827,621.96), minus $2,000,000 (the amount of Lender's credit bid for substantially all of the Debtors' assets) and is secured by the net proceeds recovered in connection with non-Chapter 5 Litigation Claims and the remaining Trust Assets (collectively, the "Lender Collateral"). The Lender shall waive its lien on the Lender Collateral upon the Effective Date of the Plan in exchange for receiving the Lender Release and Injunction, and Lender's Initial Share of Litigation Claims Proceeds.	Impaired, entitled to vote.
Class 2 – Other Priority Claims	Class 2 consists of Other Priority Claims. A holder of an Allowed Class 2 Claim will receive a Cash payment equal to the amount of its Allowed Class 2 Claim in full satisfaction, settlement, release and discharge of its Allowed Class 2 Claim. Thus, holders of Allowed Class 2 Claims shall be paid in full.	Unimpaired, not entitled to vote.

CLASS	TREATMENT AND ESTIMATED DISTRIBUTION	IMPAIRMENT AND VOTING RIGHTS
Class 3 – General Unsecured Claims.	Class 3 consists of all Allowed General Unsecured Claims against the Debtors. The Debtors will allocate $50,000 for pro rata distribution to holders of Class 3 Claims. Additionally, Class 3 Claims will receive the first $450,000.00 of net recoveries from Litigation Claims (the "GUC Priority Claim") after payment of the Lender's Initial Share of Litigation Claims Proceeds, which represents a partial subordination of the Lender's unsecured deficiency claim. After the net proceeds of Litigation Claims total $750,000, any net recoveries from Litigation Claims will be distributed pro rata to all holders of Allowed general unsecured claims for Class 3 and Class 4, except that at no time shall the percentage recovery to the general unsecured creditor pool (Class 3) exceed two times the percentage recovery to the Lender under Class 4 (the "Unsecured Distribution Formula").	Impaired, entitled to vote.
Class 4 – Lender Unsecured Subordinated Deficiency Claim.	Class 4 consists of the Lender Unsecured Subordinated Deficiency Claim. The Lender Unsecured Subordinated Deficiency Claim shall be paid only after holders of Classes 1 and 2 have been paid in full and, except for payment of Lender's Initial Share of Litigation Claims Proceeds, after payment of the GUC Priority Claim. On the Effective Date, the Lender will consensually subordinate its Lender Unsecured Subordinated Deficiency Claim to Class 3 for the first $450,000.00 of the net proceeds of the Litigation Claims and has contributed an additional $50,000 earmarked for payment to Allowed general unsecured creditors in Class 3, in exchange for receiving the Lender Release and Injunction, and Lender's Initial Share of Litigation Claims Proceeds. After net proceeds of Litigation Claims total $750,000, any remaining proceeds will be distributed pro rata to all holders of Allowed general unsecured claims for Class 3 and Class 4, except that at no time shall the percentage recovery to the Allowed general unsecured creditor pool (Class 3) exceed two times the percentage recovery to the Lender under Class 4. In addition, if the distributions to Class 4 total $7,888,537.96, then Lender will subordinate the remaining $1,000,000 of its Lender Unsecured Subordinated Deficiency Claim to Class 5.	Impaired, entitled to vote.

CLASS	TREATMENT AND ESTIMATED DISTRIBUTION	IMPAIRMENT AND VOTING RIGHTS
Class 5 – Interests and Other Subordinated Claims.	Class 5 consists of all Interests and Other Subordinated Claims. There shall be no distribution to Class 5 holders of prepetition Interests and Other Subordinated Claims, and such interests and claims shall be deemed cancelled on the Effective Date. Class 5 will only receive a distribution if all Allowed Claims in Classes 1-4 have been paid in full. Distributions to Class 5 Interests and Other Subordinated Claims shall be paid in accordance with the Grandparents.com, Inc. Certificate of Designation, Preferences and Rights of Series D Convertible 12% Preferred Stock which provides the following priority of payment: (i) first, to holders of Series D Preferred Stock, including accrued dividends, (ii) second, to holders of Series C Preferred Stock, including accrued dividends, (iii) third, to holders of common stock, and (iv) the Lender shall subordinate its right to equity distributions to all other shareholders under Class 5. Each class of stock shall only receive a distribution if all classes taking priority have been paid in full.	Impaired, not entitled to vote.

b) Class 1 – The Lender Secured Claim

Class 1 consists of the Lender Secured Claim. The Lender Secured Claim will be treated as follows:

> Class 1 consists of the Lender Secured Claim. The Secured Claim of the Lender in the Allowed amount of $9,188,537.96, which is an aggregate of all amounts due Lender under the DIP Loan Documents ($1,360,916), plus all amounts due under the Prepetition Loan Documents ($9,827,621.96), minus $2,000,000 (the amount of Lender's credit bid for substantially all of the Debtors' assets) and is secured by the Lender Collateral. The Lender shall waive its lien on the Lender Collateral upon the Effective Date of the Plan in exchange for receiving the Lender Release and Injunction, and Lender's Initial Share of Litigation Claims Proceeds.

c) Class 2 – Other Priority Claims

Class 2 consists of Other Priority Claims. Other Priority Claims will be treated as follows:

> A holder of an Allowed Class 2 Claim will receive a Cash payment equal to the amount of its Allowed Class 2 Claim in full satisfaction, settlement, release and

discharge of its Allowed Class 2 Claim. Thus, holders of Allowed Class 2 Claims shall be paid in full. Class 2 Claims are estimated to be $100 and they will be paid in full on the Effective Date.

d) Class 3 – General Unsecured Claims

Class 3 consists of the General Unsecured Claims. General Unsecured Claims will be treated as follows:

Class 3 consists of all Allowed General Unsecured Claims against the Debtors. The Debtors will allocate $50,000 for pro rata distribution to holders of Class 3 Claims. Additionally, Class 3 Claims will receive the GUC Priority Claim after payment of the Lender's Initial Share of Litigation Claims Proceeds, which represents a partial subordination of the Lender's unsecured deficiency claim. After the net proceeds of Litigation Claims total $750,000, any net recoveries from Litigation Claims will be distributed pro rata to all holders of Allowed general unsecured claims for Class 3 and Class 4, except that at no time shall the percentage recovery to the general unsecured creditor pool (Class 3) exceed two times the percentage recovery to the Lender under Class 4. Examples of such distributions is set forth on **Exhibit B** hereto.[4]

Class 3 Claims are estimated to be $3,632,719.91 for Debtor Grandparents. com and $443,287.32 for Debtor Grand Card, for an unsecured claim pool of $4,076,007.23 in the aggregate, based upon the amounts in the Debtors' Amended Schedules minus the Lender's deficiency claim and intercompany claims.

The sources of funding for Class 3 claimants' pro rata distributions may include but are not limited to: (i) the $50,000 contributed by the Lender and earmarked for payment to Class 3 creditors; (ii) the GUC Priority Claim totaling $450,000; (iii) net recoveries from Litigation Claims against the Debtors' former officers and directors (with total insurance coverage of $15 Million); and (iv) net recoveries from other Litigation Claims, including Chapter 5 causes of action. Based on the total amount of scheduled general unsecured claims and the face value of the potential causes of action, the recoverability of which has not been

[4] As described in the "Unsecured Distribution Formula," Section 20.D. and **Exhibit B** annexed hereto, the net litigation proceeds will be distributed as follows: (i) the first $300,000 to the Lender, who is funding the litigation (*i.e.* the "Lender's Initial Share of Litigation Claims Proceeds," defined herein); (ii) the second $450,000, pro rata, to holders of allowed Class 3 Claims (*i.e.* the "GUC Priority Claim," defined herein); and (iii) the remainder of the net litigation proceeds pro rata to all holders of allowed Class 3 and Class 4 Claims. However, prior to final distributions, if the *percentage* recovery to holders of allowed Class 3 Claims is anticipated to exceed two times the *percentage* recovery to holders of allowed Class 4 Claims, then the distribution formula will be readjusted such that the final distributions will result in the holders of allowed Class 3 Claims' receiving no more than two times the *percentage* recovery to holders of allowed Class 4 Claims.

analyzed, the projected range of recovery for Class 4 Claimants may be as little as 1% and as high as 79.5%.[5]

e) Class 4 – Lender Unsecured Subordinated Deficiency Claim

Class 4 consists of the Lender Unsecured Subordinated Deficiency Claim. The Lender Unsecured Subordinated Deficiency Claim will be treated as follows:

> Class 4 consists of the Lender Unsecured Subordinated Deficiency Claim. The Lender Unsecured Subordinated Deficiency Claim shall be paid only after holders of Classes 1 and 2 have been paid in full and, except for payment of Lender's Initial Share of Litigation Claims Proceeds, after payment of the GUC Priority Claim. On the Effective Date, the Lender will consensually subordinate its Lender Unsecured Subordinated Deficiency Claim to Class 3 for the first $450,000.00 of the net proceeds of the Litigation Claims and has contributed an additional $50,000 earmarked for payment to Allowed General Unsecured creditors in Class 3, in exchange for receiving the Lender Release and Injunction, and Lender's Initial Share of Litigation Claims Proceeds. After net proceeds of Litigation Claims total $750,000, any remaining proceeds will be distributed pro rata to all holders of Allowed general unsecured claims for Class 3 and Class 4, except that at no time shall the percentage recovery to the Allowed general unsecured creditor pool (Class 3) exceed two times the percentage recovery to the Lender under Class 4. An example of such distributions is set forth on **Exhibit B** hereto. In addition, if the distributions to Class 4 total $7,888,537.96, then Lender will subordinate the remaining $1,000,000 of its Lender Unsecured Subordinated Deficiency Claim to Class 5.
>
> The Lender Unsecured Subordinated Deficiency Claim is estimated to be $9,188,537.96. Based on the total amount of Lender's Unsecured Subordinated Deficiency Claim and the face value of the potential causes of action, the recoverability of which has not been analyzed, the projected range of recovery for Class 4 Claimants may be as little as 0% and as high as 67.2%.[6]

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[5] The low range represents a minimum pro rata distribution to Class 3 of $50,000, which has been allocated by the Lender for distribution to Class 3. The high range assumes a recovery of $15 million on account of D&O Claims and $100,000 on account of chapter 5 causes of action, minus a 33.3% contingency fee related to the D&O Claims, $25,000 in legal fees related to chapter 5 causes of action, and a 3% fee for the Liquidating Trustee. These recovery percentages are merely estimates. The actual amount distributed to holders of Allowed Claims and Interests under the Plan may be higher or lower than estimated. In addition, notwithstanding anything contained herein, the Liquidating Trustee's right to recover against former directors and/or officers of the Debtors shall not be limited to the proceeds of the D&O Policies.

[6] The low range represents no recovery on account of Litigation Claims. The high range assumes a recovery of $15 million on account of D&O Claims and $100,000 on account of chapter 5 causes of action, minus a 33.3% contingency fee related to the D&O Claims, $25,000

f) Class 5 – Interests and Other Subordinated Claims

Class 5 consists of Interests and Other Subordinated Claims. Interests and Other Subordinated Claims will be treated as follows:

> Class 5 consists of Interests and Other Subordinated Claims. There shall be no distribution to Class 5 holders of prepetition Interests and Other Subordinated Claims, and such interests and claims shall be deemed cancelled on the Effective Date. Class 5 will only receive a distribution if all Allowed Claims in Classes 1-4 have been paid in full. Distributions to Class 5 Interests and Other Subordinated Claims shall be paid in accordance with the Grandparents.com, Inc. Certificate of Designation, Preferences and Rights of Series D Convertible 12% Preferred Stock which provides the following priority of payment: (i) first, to holders of Series D Preferred Stock, including accrued dividends, (ii) second, to holders of Series C Preferred Stock, including accrued dividends, (iii) third, to holders of common stock, and (iv) the Lender shall subordinate its right to equity distributions to all other shareholders under Class 5. Each class of stock shall only receive a distribution if all classes taking priority have been paid in full.

21. Distributions Under the Plan

The Effective Date is conditioned upon the occurrence of those events set forth in Section 10.2 of the Plan. The Debtors anticipate that distributions contemplated by the Plan will occur as soon as reasonably practicable after the Effective Date in accordance with the terms of the Liquidating Trust Agreement. Except as set forth in the Plan, the Liquidating Trustee shall make all distributions required under the Plan after the Effective Date.

Cash payments made pursuant to the Plan shall be in U.S. funds, by the means agreed to by the payor and the payee, including by check or wire transfer, or, in the absence of an agreement, such commercially reasonable manner as the Liquidating Trustee shall determine in its sole discretion.

22. Distributions for Claims Allowed as of the Effective Date

Distributions to holders of Allowed Claims shall be made by the Liquidating Trustee (a) 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 Debtors have been notified of a change of address), (b) at the addresses set forth in any written notices of address changes delivered to the Debtors or Liquidating Trustee after the date of any related Proof of Claim, or

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in legal fees related to chapter 5 causes of action, and a 3% fee for the Liquidating Trustee. These recovery percentages are merely estimates. The actual amount distributed to holders of Allowed Claims and Interests under the Plan may be higher or lower than estimated. In addition, notwithstanding anything contained herein, the Liquidating Trustee's right to recover against former directors and/or officers of the Debtors shall not be limited to the proceeds of the D&O Policies.

(c) at the addresses reflected in the Schedules if no Proof of Claim has been filed and the Debtors or the Liquidating Trustee have not received a written notice of a change of address. If any holder's distribution is returned as undeliverable, no further distributions to such holder shall be made unless and until the Liquidating Trustee is notified of such holder's then current address, at which time all missed distributions shall be made to such holder without interest. Amounts in respect of undeliverable distributions shall be returned to the Liquidating Trustee until such distributions are claimed. All claims for undeliverable distributions made by the Liquidating Trustee must be made on or before the first (1st) anniversary of the Effective Date, after which date all unclaimed property shall revert to the Liquidating Trust free of any restrictions thereon and the claims of any holder or successor to such holder with respect to such property shall be discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary. Nothing contained in the Plan shall require the Debtors or the Liquidating Trustee to locate any holder of an Allowed Claim.

23. Resolution and Treatment of Disputed, Contingent, and Unliquidated Claims and Disputed Interests

A. Objections to Claims

All objections to Claims must be filed and served on the holders of such Claims by the Claims Objection Deadline, which is ninety (90) days after the Effective Date, unless such date is extended by the Bankruptcy Court upon request by the Debtors or the Liquidating Trustee. If an objection has not been filed relating to a Proof of Claim or a scheduled Claim by the Claims Objection Deadline, the Claim to which the Proof of Claim or scheduled Claim relates will be treated as an Allowed Claim if such Claim has not been allowed earlier.

B. Authority to Prosecute Objections

After the Effective Date, the Liquidating Trustee will have the authority to file objections, settle, compromise, withdraw or litigate to judgment objections to Claims. Except as provided below, from and after the Effective Date, the Liquidating Trustee may settle or compromise any Disputed Claim without approval of the Bankruptcy Court.

C. Treatment of Disputed Claims

Notwithstanding any other provisions of the Plan, no payments or distributions will be made on account of a Disputed Claim, or, if less than the entire Claim is a Disputed Claim, the portion of a Claim that is disputed, until such Claim becomes an Allowed Claim.

D. Disputed Claim Reserve

Prior to making any distributions to holders of Allowed Claims in Classes 1-5, the Liquidating Trustee shall establish appropriate reserves for Disputed Claims in the Disputed Claim Reserve to withhold from any such distributions 100% of distributions to which holders of Disputed Claims in such Classes would be entitled under the Plan as of such date if such Disputed Claims were Allowed Claims in their Disputed Claim Amount.

E. Distributions on Account of Disputed Claims Once They Are Allowed and Additional Distributions on Account of Previously Allowed Claims

The Liquidating Trustee will make distributions from the Disputed Claims Reserve (a) on account of any Disputed Claim that has become an Allowed Claim during the preceding calendar quarter, and (b) on account of previously Allowed Claims, of property that would have been distributed to such Claim holders on the dates distributions previously were made to holders of Allowed Claims had the Disputed Claims that have become Allowed Claims been Allowed on such dates. Such distributions will be made pursuant to the provisions of the Plan governing the distribution to Allowed Claims or Interests.

24. Post-Consummation Operations of the Debtors

A. Continued Corporate Existence

Under the Plan, subject to the provisions of Section 7.3 of Plan, the Debtors will be dissolved and cease to exist for all purposes without the necessity for any other or further actions to be taken by or on behalf of the Debtors or payments to be made in connection therewith. As soon as practicable after the Effective Date, the Liquidating Agent shall effectuate dissolution of the Debtors in accordance with applicable non-bankruptcy law. Notwithstanding this provision, nothing herein shall affect the obligation of the Liquidating Trustee to pay quarterly fees to the Office of the United States Trustee in accordance with 28 U.S.C. § 1930(a)(6).

25. Summary of Releases Under the Plan

Under the Plan, the Debtors have agreed to the following releases, exculpations and injunctions:

- *Except as otherwise specifically provided in this Plan, none of the Exculpated Parties shall have or incur, and all such parties are hereby released from, any Claim, obligation, cause of action or liability to one another or to any holder of a Claim or an Interest, or any other party in interest, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the negotiation and pursuit of confirmation of this Plan, the consummation of this Plan, or the administration of this Plan or the property to be distributed under this Plan, except for (i) professional liability claims, and (ii) their gross negligence or willful misconduct, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities (if any) under this Plan.*

  Notwithstanding any other provision of the Plan, neither any holder of a Claim or Interest, or other party in interest, shall have any right of action against the Exculpated Parties for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the negotiation and pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for such Persons' gross negligence or willful misconduct.

- *Except as otherwise specifically provided in this Plan or the Confirmation Order, all Entities who have held, hold or may hold Claims, rights, causes of action, liabilities or any Interests based upon any act or omission, transaction or other activity of any kind or nature related to the Debtors or the Chapter 11 Cases that occurred prior to the Effective Date, other than as expressly provided in this Plan or the Confirmation Order, regardless of the filing, lack of filing, allowance or disallowance of such a Claim, Interest or any other right or claim against the Estates, the Liquidating Trust or the Trust Assets, and regardless of whether such Entity has voted to accept this Plan, and any successors, assigns or representatives of such Entities shall be precluded and permanently enjoined on and after the Effective Date from (a) the commencement or continuation in any manner of any claim, action or other proceeding of any kind with respect to any Claim, Interest or any other right or claim against the Estates, the Liquidating Trust or the Trust Assets, which it possessed or may possess prior to the Effective Date, (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order with respect to any Claim, Interest or any other right or claim against the Estates, the Liquidating Trust or the Trust Assets, which such Entity possessed or may possess prior to the Effective Date, (c) the creation, perfection or enforcement of any encumbrance of any kind with respect to any Claim, Interest or any other right or claim against the Estates, the Liquidating Trust or the Trust Assets, which it possessed or may possess prior to the Effective Date, and (d) the assertion of any Claims that are released hereby.*

- *Except as expressly set forth in this Plan none of the Releasees shall have or incur any liability to any holder of a Claim or Interest for any act or omission in connection with, related to, or arising out of, the Chapter 11 Cases, the negotiation and pursuit of confirmation of this Plan, the consummation of this Plan or any contract, instrument, release or other agreement or document created in connection with this Plan, or the administration of this Plan or the property to be distributed under this Plan, except for gross negligence or willful misconduct.*

- Except as may otherwise be provided in this Plan, on the Effective Date, all credit agreements, promissory notes, mortgages, security agreements, guaranties, invoices, contracts, agreements, and any other documents or instruments evidencing Claims against the Debtors, together with any and all Liens securing same, shall be cancelled, discharged, and released without further act or action by any Person under any applicable agreement, law, regulation, order, or rule, and the obligations of the Debtors thereunder shall be deemed cancelled, discharged, and released. To the extent deemed necessary or advisable by the Liquidating Trustee, any holder of a Claim shall promptly provide the Liquidating Trustee with an appropriate instrument of cancellation, discharge, or release, as the case may be, in suitable form for recording wherever necessary to evidence such cancellation, discharge, or release, including the cancellation, discharge, or release of any Lien securing such Claim.

- *On the Effective Date of the Plan, the Confirmation Order shall permanently enjoin, restrain, and bar any Creditor from filing, commencing, conducting, demanding, asserting, litigating, or continuing in any manner, directly, indirectly, or derivatively, any suit, action, Claim, Interest demand, or other proceeding (including, without limitation,*

any proceeding in any judicial, arbitral, administrative, or other forum) against, implicating, or involving Lender, its officers, directors, members, shareholders, employees, or agents based upon any and all acts or omissions of the Debtors, their officers, directors, shareholders, members, employees or agents or in any way related to the Debtors or their Bankruptcy Cases, except that this Lender Release and Injunction shall not apply to any governmental agencies in enforcing their police powers. On the Effective Date, all Creditors shall be deemed to have released Lender, its officers, directors, members, shareholders, employees, or agents from any and all Claims or Interests in any way related to the Debtors, its affairs and acts, or these Bankruptcy Cases. In light of the inherent risk of litigation, it is conceivable that the Creditors might receive as little as a 1% recovery in exchange for this release to the Lender.

Notwithstanding the foregoing, nothing set forth in Plan is intended to, nor shall be deemed to, release or enjoin any claims against the corporate shells of the Debtors, which claims shall remain the obligations of those respective corporate shells.

26. Directors and Officers of the Reorganized Debtors

On the Effective Date, the Board of Directors shall be disbanded and relieved of any further duties, and the Liquidating Trustee shall be appointed and authorized to execute, deliver, file or record such documents, instruments, releases and other agreements and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

27. Vesting of Assets of the Debtors Upon Confirmation

All property of the Debtors' Estates after giving effect to the transactions set forth in the Plan shall revest in the Liquidating Trust on the Plan Effective Date in accordance with Article 7.2 of the Plan.

28. Preservation of Rights of Action

Except as otherwise provided in the Plan or the Confirmation Order, or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, (i) any and all rights, Claims, demands, causes of action, defenses, and counterclaims accruing to the Debtors or the Estates (including, without limitation, any and all Litigation Claims) shall remain assets of and vest in the Liquidating Trust, whether or not litigation relating thereto is pending on the Effective Date and whether or not any such rights, Claims, causes of action, defenses, and counterclaims have been listed in the Schedules or otherwise listed or referred to in this Plan, the Disclosure Statement, or any other document filed with the Bankruptcy Court, and (ii) neither the Debtors nor the Estates nor the Liquidating Trustee waive, relinquish, or abandon (nor shall they be estopped or otherwise precluded from asserting) any right, Claim, cause of action, defense, or counterclaim that constitutes property of the Estates, (a) whether or not such right, Claim, cause of action, defense or counterclaim has been listed or referred to in the Schedules, this Plan, the Disclosure Statement, or any other document filed with the Bankruptcy Court, (b) whether or not such right, Claim, cause of action, defense, or counterclaim is currently known to the Debtors or Estates or the Liquidating Trustee, and (c) whether or not a defendant in any litigation relating to

such right, Claim, cause of action, defense, or counterclaim filed a Proof of Claim in the Chapter 11 Cases, filed a notice of appearance or any other pleading or notice in the Chapter 11 Cases, voted for or against this Plan, or received or retained any consideration under this Plan. Without in any manner limiting the scope of the foregoing, notwithstanding any otherwise applicable principle of law or equity, including, without limitation, any principles of judicial estoppel, res judicata, collateral estoppel, issue preclusion, or any similar doctrine, the failure to list, disclose, describe, identify, or refer to a right, Claim, cause of action, defense, or counterclaim, or potential right, Claim, cause of action, defense, or counterclaim in the Schedules, this Plan, the Disclosure Statement, or any other document filed with the Bankruptcy Court, shall in no manner waive, eliminate, modify, release, or alter the Liquidating Trustee's right to commence, prosecute, defend against, settle, and realize upon any rights, Claims, causes of action, defenses, or counterclaims that the Debtors or the Estates or the Liquidating Trust have or may have as of the Confirmation Date. The Liquidating Trustee may commence, prosecute, defend against, recover on account of, and settle all rights, Claims, causes of action, defenses, and counterclaims in its sole discretion in accordance with what is in the best interests, and for the benefit, of the Liquidating Trust, including through use of Federal Rule of Bankruptcy Procedure 2004. The Liquidating Trustee's right to recover against former directors and/or officers of the Debtors shall not be limited to the proceeds of the D&O Policies.

29. Other Matters

A. Treatment of Executory Contracts and Unexpired Leases

All Executory Contracts and Unexpired Leases not previously assigned pursuant to the Sale Motion [ECF No. 12] will be rejected, except for any Executory Contracts which (a) have been assumed pursuant to a Final Order of the Bankruptcy Court entered prior to the date the Confirmation Order is entered (the "Confirmation Date"), (b) are subject of motions to assume or reject pending on the Confirmation Date, or (c) are listed on a Schedule of Executory Contracts to be assumed by the Debtors pursuant to the Plan. Except with respect to the above-described assumed/assigned agreements, the Plan constitutes a motion of the Debtors to reject all other Executory Contracts and Unexpired Leases and the Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejections, pursuant to section 365 of the Bankruptcy Code, as applicable, as of the Confirmation Date.

If the rejection by the Debtors, pursuant to the Plan or otherwise, of an Executory Contract or Unexpired Lease results in a Claim, then such Claim shall be forever barred and shall not be enforceable against the Debtors or the Liquidating Trust unless a Proof of Claim is filed with the clerk of the Bankruptcy Court and served upon counsel to the Debtors and the Liquidating Trustee, on or before thirty (30) days after such Executory Contract or Unexpired Lease is rejected.

B. Administrative Claims

Unless otherwise ordered by the Bankruptcy Court, all requests for payment of an Administrative Claim must be filed with the Bankruptcy Court and served on counsel for the Liquidating Trustee no later than thirty (30) days after the Effective Date. Unless the Liquidating Trustee objects to an Administrative Claim within forty-five (45) Business Days

after receipt, such Administrative Claim shall be deemed allowed in the amount requested. In the event that the Liquidating Trustee objects to an Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Claim. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be filed with respect to an Administrative Claim, which is paid or payable by the Debtors or the Liquidating Trustee, as the case may be, in the ordinary course of business.

C. Professional Fee Claims

All final requests for compensation or reimbursement of Professional Fees pursuant to sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code for services rendered prior to the Effective Date must be filed and served on the Liquidating Trustee and his counsel no later than forty-five (45) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to applications of such Professionals or other entities for compensation or reimbursement of expenses must be filed and served on the Liquidating Trustee and his counsel and the requesting Professional or other entity no later than thirty (30) days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable application for compensation or reimbursement was served.

D. Withholding and Reporting Requirements

Under the Plan, the Liquidating Trustee may withhold from the amount distributable from the Debtors at any time to any Person (except with respect to the Internal Revenue Service) such sum or sums as may be sufficient to pay any tax or taxes or other charge or charges that have been or may be imposed on such Person or upon the Debtors with respect to the amount distributable or to be distributed under the income tax laws of the United States or of any state or political subdivision or entity by reason of any distribution provided for in the Plan, whenever such withholding is determined by the Liquidating Trustee in its discretion to be required by any law, regulation, rule, ruling, directive or other governmental requirement, and the Liquidating Trustee, in the exercise of his discretion and judgment, may enter into agreements, on behalf of the Debtors, with taxing or other authorities for the payment of such amounts as may be withheld in accordance with the provisions of the Plan. Notwithstanding the foregoing but without prejudice to the Liquidating Trustee rights hereunder, such Person shall have the right with respect to the United States, or any state, or any political subdivision of either, to contest the imposition of any tax or other charge by reason of any distribution hereunder.

E. Setoffs

The Liquidating Trustee may, but shall not be required to, set off against any Claim not deemed an Allowed Claim under the Plan, and the payments or other distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever that the Liquidating Trustee or Debtors may have against the holder of such Claim; provided, however, that neither the failure to do so nor the allowance of any Claim not deemed an Allowed Claim hereunder shall constitute a waiver or release by the Liquidating Trustee or the Debtors of any such claim that the Liquidating Trustee or the Debtors may have against such holder.

30. Confirmation and/or Consummation

Described below are certain important considerations under the Bankruptcy Code in connection with confirmation of the Plan.

A. Requirements for Confirmation of the Plan

The Bankruptcy Court will determine at the hearing on confirmation of the Plan (the "Confirmation Hearing") whether the following requirements for confirmation, set forth in Section 1129 of the Bankruptcy Code, have been satisfied, with respect to the Plan:

a) The Plan complies with the applicable provisions of the Bankruptcy Code.

b) The Debtors have complied with the applicable provisions of the Bankruptcy Code.

c) The Plan has been proposed in good faith and not by any means forbidden by law.

d) Any payment made or promised by the Debtors under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, have been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.

e) The Debtors have disclosed (i) the identity and affiliations of (x) any individual proposed to serve, after confirmation of the Plan, as a director, officer, or Liquidating Trustee of the Debtors, (y) any affiliate of the Debtors participating in a joint plan with the Debtors, or (z) any successor to the Debtors under the Plan (and the appointment to, or continuance in, such office of such individual(s) is consistent with the interests of Creditors and Interest holders and with public policy), and (ii) the identity of any insider that will be employed or retained by the Debtors and the nature of any compensation for such insider.

f) With respect to each Class of Claims or Interests, each Impaired Creditor and Impaired Interest holder either has accepted the Plan or will receive or retain under the Plan on account of the Claims or Interests held by such entity, property of a value, as of the Effective Date, that is not less than the amount that such entity would receive or retain if the Debtors were liquidated on such date under Chapter 7 of the Bankruptcy Code.

g) The Plan provides that Administrative Claims and Priority Tax Claims will be paid in full on the Effective Date, except to the extent that the holder of any such Claim has agreed to a different treatment.

h) If a Class of Claims is Impaired under the Plan, at least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by insiders holding Claims in such Class.

i) Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan.

j) The Plan provides for the continuation after the Effective Date of all retiree benefits, if any, at the level established pursuant to Section 1114(e)(1)(B) or 1114(g) of the Bankruptcy Code at any time prior to confirmation of the Plan, for the duration of the period the Debtors have obligated themselves to provide such benefits.

As set forth in this Disclosure Statement, the Debtors believe that, upon receipt of the votes required to confirm the Plan, the Plan will satisfy all the statutory requirements of Chapter 11 of the Bankruptcy Code, that the Debtors have complied or will have complied with all of the requirements of Chapter 11, and that the Plan has been proposed and submitted to the Bankruptcy Court in good faith. There can be no assurance that the Bankruptcy Court will agree with the Debtors.

B. Condition to Confirmation

The entry of a Final Order finding that the Disclosure Statement contains adequate information pursuant to section 1125 of the Bankruptcy Code.

C. Conditions to Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in writing in accordance with Article 10 of the Plan:

a) The Confirmation Order shall have been entered and become a Final Order, in form and substance reasonably satisfactory to the Debtors;

b) the transactions contemplated by the Purchase Agreement have been consummated in accordance with all aspects of the Purchase Agreement as reasonably determined by the Purchaser and the Debtors or Liquidating Trustee, as the case may be;

c) all Plan Exhibits shall be in form and substance reasonably acceptable to the Debtors, and shall have been executed and delivered by all parties' signatory thereto;

d) the Debtors or the Liquidating Trustee, as the case may be, shall be authorized and directed to take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, leases, and the agreements or documents created in connection with the Plan; and

e) all actions, documents and agreements necessary to implement the Plan shall have been effected or executed.

D. Waiver of Conditions

Each of the conditions set forth in Section 10.2.1 and 10.2.2 of the Plan may be waived in whole or in part by the Purchaser, but only with the written consent of the Liquidating Trustee. The failure of a party to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

31. Effects of Confirmation

With respect to the Plan that is ultimately confirmed by the Bankruptcy Court, the following effects will take place:

A. Binding Effect

The Plan shall be binding upon and inure to the benefit the Debtors, all present and former holders of Claims against and Interests in the Debtors, their respective successors and assigns, including, but not limited to, the Liquidating Trustee, the Lender, and all other parties-in-interest in these Chapter 11 Cases.

B. Permanent Injunction

Except as otherwise provided in the Plan, the Confirmation Order shall provide, among other things, that from and after the Confirmation Date all Persons who have held, hold or may hold Claims against or Interests in the Debtors are permanently enjoined from taking any of the following actions against the Estates, or any of their property on account of any such Claims or Interests: (A) commencing or continuing, in any manner or in any place, any action or other proceeding; (B) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (C) creating, perfecting or enforcing any lien or encumbrance; (D) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors; and (E) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan.

By voting in favor of, or accepting distributions pursuant to, the Plan, each holder of a Claim or Interest will be deemed to have specifically consented to the injunctions set forth in Section 11.4 of the Plan.

VI. CERTAIN FACTORS TO BE CONSIDERED

The holder of a Claim against or Interest in either or both Debtors should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference herein), before deciding whether to vote to accept or to reject the Plan.

32. General Considerations

The Plan sets forth the means for satisfying the Claims and Interests against the Debtors. Certain Claims and Interests may receive no distributions pursuant to the Plan. The Lender is waiving its lien rights and subordinating, in part, its unsecured deficiency claim, and contributing substantial cash to general unsecured creditors and equity interests under the proposed Plan, which avoids the potentially adverse impact of a liquidation.

33. Certain Bankruptcy Considerations -- Failure to Confirm or Consummate the Plan

The Plan provides for certain conditions that must be fulfilled prior to confirmation of the Plan and the Effective Date. As of the date of this Disclosure Statement, there can be no assurance that any or all of the conditions in the Plan will be met (or waived) or that the other conditions to consummation, if any, will be satisfied. Accordingly, even if the Bankruptcy Court confirms the Plan, there can be no assurance that the Plan will be consummated and the restructuring completed. If a liquidation or protracted reorganization were to occur, there is a substantial risk that the value of the Debtors' enterprise would be substantially eroded to the detriment of all stakeholders.

34. Unimpaired and Unknown Claims

Certain claims against the Debtors are being left Unimpaired under the Plan. To the extent that such claims are required to be reflected on financial statements, the Debtors believe that their financial statements and projected financial statements properly reflect these claims in accordance with generally accepted accounting principles. However, the actual amount of such claims may materially differ from those set forth in the financial statements. Further, there are likely to be Claims that exist which the Debtors are not aware of at this time. Some of the unknown Claims may not be discharged under the Plan. The Debtors are taking no action in the Chapter 11 Cases to disallow, liquidate or otherwise cap any Unimpaired Claims. The liability of the Debtors as to Unimpaired Claims, and certain types of unknown claims that, under applicable law, may not be discharged after their emergence from Chapter 11 will not have been reduced or otherwise affected by the Chapter 11 Cases or the Plan. There can be no assurance that the Debtors' financial position and results of operations after emergence from Chapter 11 pursuant to the Plan could not be materially and adversely affected by the Unimpaired Claims or unknown Claims.

35. Litigation Risks

As described in this Disclosure Statement, the First Amended Joint Plan of Liquidation, and the Liquidation Trust Agreement, recoveries and distributions available to Creditors, particularly holders of allowed Class 3 Claims, depend directly (except for a guaranteed *pro rata* distribution of $50,000) on the outcome of the Litigation Claims. Although the Debtors believe the Litigation Claims have merit, litigation is inherently risky. Neither the Liquidating Trustee, the Debtors, nor any of the Exculpated Parties can guaranty a successful outcome in the prosecution of the Litigation Claims. Consequently, Creditors may ultimately receive less than they anticipate. As an example, if the Liquidation Trust were to recover nothing in the

prosecution of the Litigation Claims, holders of allowed Class 3 Claims would receive a distribution of approximately 1%.

VII. CERTAIN MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

It is not practical nor is it intended by the Debtors to present herein a detailed explanation of the federal income tax aspects of the Plan. Creditors are advised that no ruling has been requested or obtained by the Debtors with respect to the tax aspects of the Plan. For all of the foregoing reasons and because the federal income tax consequences of the Plan will depend in part upon certain factual matters unknown to the Debtors relating to each particular creditor, EACH CREDITOR IS URGED TO SEEK ADVICE FROM HIS, HER OR ITS OWN TAX ADVISOR WITH RESPECT TO THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND, IF APPLICABLE, STATE AND LOCAL TAX CONSEQUENCES.

VIII. FEASIBILITY OF THE PLAN AND BEST INTERESTS OF CREDITORS

36. Feasibility

The Bankruptcy Code requires that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization. Because the Plan provides for the orderly liquidation of all of the assets of the Debtors and their Estates, the Debtors believe that the Plan satisfies this requirement to the extent it is applicable.

37. Best Interests Test/Liquidation Analysis

With respect to each impaired Class of Claims and Interests, confirmation of the Plan requires that each holder of a Claim or Interest either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount such holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. To determine what holders of Claims and Interests of each impaired Class would receive if the Debtors were liquidated under chapter 7, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of the Debtors' assets, reduced by the amount of the costs and expense of the liquidation.

The Debtors believe that if the Chapter 11 Cases were to be converted to cases under chapter 7, the return to Creditors would be materially less than the Distributions contemplated pursuant to the Plan. Reduction in value in a liquidation would be caused by the interruption and delay in the wind-down of the Debtors that would be occasioned by the likely conversion of the cases to chapter 7 and by the increased administrative costs that would be incurred by a chapter 7 trustee and the trustee's professionals. The Debtors believe that the Plan will provide a greater and more expedited return to holders of Allowed Claims and Interests than would a chapter 7 liquidation. The recovery by Creditors would be decreased at least by the amount of commissions to be paid to a chapter 7 trustee.

Finally, absent the Plan**,** and in the event of a liquidation under chapter 7 of the Bankruptcy Code, Distributions to Creditors would be substantially delayed and assets would be

consumed to pay the additional fees and expenses of a chapter 7 trustee and its professionals, which costs would not be incurred in the event of confirmation of the Plan.

IX. ALTERNATIVES TO PLAN AND LIQUIDATION ANALYSIS

The Debtors believe that the Plan affords holders of Claims and Interests the potential for a better realization on the Debtors' assets than a fire-sale liquidation, and, therefore, is in the best interests of such holders.

There are three possible consequences if the Plan is rejected or if the Bankruptcy Court refuses to confirm the Plan: (a) the Bankruptcy Court could dismiss the Debtors' chapter 11 bankruptcy cases, (b) the Debtors' chapter 11 bankruptcy cases could be converted to cases under chapter 7 of the Bankruptcy Code, or (c) the Bankruptcy Court could consider an alternative plan of reorganization or liquidation proposed by another party.

38. Dismissal

If the Debtors' bankruptcy cases were dismissed, the Debtors would no longer have the protection of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code. The Debtors believe that dismissal would not serve the interests of the creditors as the orderly liquidation proposed under the Plan will result in a greater return to creditors than a piecemeal dismemberment of the Debtors outside of bankruptcy.

39. Chapter 7 Liquidation

If the Plan is not confirmed, it is possible that the Debtors' Chapter 11 Cases will be converted to cases under chapter 7 of the Bankruptcy Code, in which case a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution to creditors in accordance with the priorities established by the Bankruptcy Code. Whether a bankruptcy case is one under chapter 7 or chapter 11, secured creditors, Administrative Claims and Priority Claims are entitled to be paid in cash and in full before unsecured creditors receive any funds. Liquidation Analyses are attached hereto and incorporated herein as **Exhibit D.**

If the Debtors' Chapter 11 Cases are converted to chapter 7, the present Administrative Claims will have a priority lower than priority claims generated by the chapter 7 case, such as the chapter 7 trustee’s fees or the fees of attorneys, accountants and other professionals engaged by the trustee.

The Debtors believe that liquidation under chapter 7 would result in smaller distributions being made to Claim and Interest holders than those provided for in the Plan. Conversion to chapter 7 would give rise to (a) additional administrative expenses involved in the appointment of a trustee and attorneys and other professionals to assist such trustee; and (b) additional expenses and Claims, some of which would be entitled to priority that would be generated during the liquidation. In a chapter 7 liquidation, it is likely that General Unsecured Creditors and/or Interest holders would receive a diminished recovery on their claims or interests because the Lender will not waive its lien on the Trust Assets, and will not contribute the Plan Fund, will not subordinate any part of its unsecured deficiency claim or equity interests.

40. Alternative Plan

The Debtors have filed the Plan within the "exclusive period." Accordingly, no alternative plan has been proposed, and if one were, it would more than likely be substantially similar to the Debtors' Plan in that it would propose a liquidation of the Debtors and the distribution of available Cash and securities to Creditors and Interest holders. In comparison to the Debtors' Plan, an alternative plan would not likely provide any greater return to creditors and any return could even be less due to the additional time and expense necessary to obtain approval of any alternative plan.

X. THE SOLICITATION; VOTING PROCEDURE

41. Parties in Interest Entitled to Vote

Under Section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be "impaired" under a plan unless (i) the plan leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder thereof or (ii) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

In general, a holder of a claim or interest may vote to accept or to reject a plan if (i) the claim or interest is "allowed," which means generally that no party in interest has objected to such claim or interest, and (ii) the claim or interest is impaired by the plan. If, however, the holder of an impaired claim or interest will not receive or retain any distribution under the plan on account of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan, and, accordingly, holders of such claims and interests do not actually vote on the plan. If a claim or interest is not impaired by the plan, the Bankruptcy Code deems the holder of such claim or interest to have accepted the plan and, accordingly, holders of such claims and interests are not entitled to vote on the plan.

42. Classes Impaired under the Plan

By operation of law, each Unimpaired Class of Claims (in these cases, Class 2) is deemed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject that Plan. Classes 1, 3, and 4 are Impaired and is therefore entitled to vote to accept or reject the Plan by operation of law. Class 5 is not entitled to vote on the Plan because Equity Interests are being cancelled and there will be no distribution to holders of Equity Interests. Because Classes 1, 3, and 4 are entitled to vote to accept or reject the Plan, votes of the holders of Class 1 Lender Secured Claim, Class 3 General Unsecured Claims, and Class 4 Lender Unsecured Subordinated Deficiency Claim will be solicited. Votes of holders of Class 5 Interests and Other Subordinated Claims will not be solicited because there will be no distribution to holders of such Interests and Claims, and Class 5 is deemed to have rejected the Plan.

43. Waivers of Defects, Irregularities, Etc.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of Ballots will be

determined by the Debtors, in their sole discretion, which determination will be final and binding. As indicated below under **"Withdrawal of Ballots; Revocation,"** effective withdrawals of Ballots must be delivered to the Debtors prior to the Voting Deadline. The Debtors reserve the absolute right to contest the validity of any such withdrawal. The Debtors also reserve the right to seek to reject any and all Ballots not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel, be unlawful. The Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot. The interpretation (including the Ballot and the respective instructions thereto) by the Debtors, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determine. Neither the Debtors nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

44. Withdrawal of Ballots; Revocation

Any party who has delivered a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Debtors at any time prior to the Voting Deadline. A notice of withdrawal, to be valid, must (i) contain the description of the Claim(s) to which it relates and the aggregate principal amount represented by such Claim(s), (ii) be signed by the withdrawing party in the same manner as the Ballot being withdrawn, (iii) contain a certification that the withdrawing party owns the Claim(s) and possesses the right to withdraw the vote sought to be withdrawn and (iv) be received by the Debtors in a timely manner at the address set forth below. As stated above, the Debtors expressly reserve the absolute right to contest the validity of any such withdrawals of Ballots.

Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of Ballots which is not received in a timely manner by the Debtors will not be effective to withdraw a previously cast Ballot.

Any party who has previously submitted to the Debtors prior to the Voting Deadline a properly completed Ballot may revoke such Ballot and change its vote by submitting to the Debtors prior to the Voting Deadline a subsequent properly completed Ballot for acceptance or rejection of the Plan. In the case where more than one timely, properly completed Ballot is received, only the Ballot which bears the latest date will be counted for purposes of determining whether the Requisite Acceptances have been received.

45. Further Information; Additional Copies

If you have any questions or require further information about the voting procedure for voting your Claim or about the packet of materials you received, or if you wish to obtain an additional copy of the Plan, the Disclosure Statement, or any exhibits or appendices to such

documents (at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d)), please contact counsel for the Debtors:

AKERMAN LLP
Steven R. Wirth, Esq.
401 East Jackson Street
Suite 1700
Tampa, FL 33602
Telephone: (813) 223-7333
Facsimile: (813) 223-2837
steven.wirth@akerman.com

46. Internet Access to Bankruptcy Court Documents

Bankruptcy Court documents filed in these Chapter 11 Cases as well as the Bankruptcy Court's calendar and other administrative matters may be found, downloaded and printed from the Bankruptcy Court's website found at http://www.flsb.uscourts.gov.

XI. RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtors believe that confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtors urge all holders of Classes 1, 3, and 4 Claims to vote to ACCEPT the Plan, and to complete and return their ballots so that they will be RECEIVED by the Debtors on or before _____ prevailing Eastern Time on the Voting Deadline.

Dated as of this 18th day of August, 2017.

GRANDPARENTS.COM, INC.

By: _____
Joshua Rizack, Chief Restructuring Officer

GRAND CARD LLC

By: _____
Joshua Rizack, Chief Restructuring Officer

Exhibit A

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
Miami Division
www.flsb.uscourts.gov

In re:	Chapter 11 Cases
GRANDPARENTS.COM, INC.,	Case No. 17-14711-LMI
Debtors.[1]	(Jointly Administered)

_____/

FIRST AMENDED JOINT PLAN OF LIQUIDATION OF DEBTORS, GRANDPARENTS.COM, INC. AND GRAND CARD LLC

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Attorneys for Grandparents.com, Inc. and Grand Card LLC

[1] The address and the last four digits of the taxpayer identification of each of the debtors: (i) Grandparents.com, Inc., 589 8th Avenue, 6th Floor, New York, NY 10018 (1114) and (ii) Grand Card LLC, 10800 Biscayne Boulevard, Suite 750, Miami, FL 33161 (3030).

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INTRODUCTION

Grandparents.com, Inc. ("GP") and Grand Card LLC ("Grand Card"), as debtors and debtors-in-possession (collectively, the "Debtors") in the above-referenced jointly-administered Chapter 11 Cases, propose this First Amended Joint Chapter 11 Plan of Liquidation (the "Plan") for the resolution and satisfaction of all Claims against and Interests in the Debtors. The Debtors are the proponent of this Plan within the meaning of section 1129 of the Bankruptcy Code. All capitalized terms not defined in this introduction have the meanings ascribed to them in Article 1 of this Plan. Reference is made to the First Amended Joint Disclosure Statement, distributed contemporaneously herewith, for a discussion of the Debtors' history, businesses, resolution of material disputes, significant asset sales, financial projections for the liquidation and distribution of the Debtors' remaining assets and a summary and analysis of the Plan and certain related matters.

This is a liquidating Plan pursuant to which the Debtors' pre- and post-Petition Date Lender has funded a liquidating trust with a cash contribution of $200,000 for general operations, plus an additional $50,000 specifically earmarked for distribution to Class 3 General Unsecured Claims (*i.e.*, the Plan Fund). Administrative and Priority Claims will be paid in full under this Plan, such that payment of the Plan Fund will not affect payment of those claims. In addition, the Lender has agreed to release its lien against all Litigation Claims, including, but not limited to, claims of the Bankruptcy Estates against current and/or former directors and officers of the Debtors and proceeds recovered in connection therewith on the Effective Date of this Plan. Finally, the Lender has agreed to (i) subordinate $1 Million of its Class 4 Lender Unsecured Subordinated Deficiency Claim to Class 5 treatment if distributions to Class 4 total $7,888,538.93 and (ii) subordinate its rights to distributions under Class 5 until all Allowed Class 5 Claims are paid in full.

The liquidation trust will, among other things, liquidate any non-cash net proceeds, resolve all Disputed Claims and Disputed Interest and prosecute any potential Litigation Claims held by the Bankruptcy Estates. All resulting funds and other property will be distributed to holders of Allowed Claims and Interests as set forth herein, whose claims against, or interests in, the Debtors will be exchanged for cash or beneficial interests in the Liquidating Trust.

Under section 1125(b) of the Bankruptcy Code, a vote to accept or reject this Plan cannot be solicited from holders of claims and/or interests until such time as the Disclosure Statement has been approved by the Bankruptcy Court. The Debtors urge all holders of Claims and Interests entitled to vote on this Plan to read this Plan and the Disclosure Statement in their entirety before voting to accept or reject this Plan. To the extent, if any, that the Disclosure Statement is inconsistent with this Plan, this Plan will govern. No solicitation materials other than the Disclosure Statement and any schedules and exhibits attached thereto or referenced therein, or otherwise enclosed with the Disclosure Statement served by the Debtors on interested parties, or as otherwise ordered by the Bankruptcy Court, have been authorized by the Debtors or the Bankruptcy Court for use in soliciting acceptances of this Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code, Federal Bankruptcy Rule 3019 and Article 14 of this Plan, the Debtors expressly reserve the right to alter, amend, modify, revoke, or withdraw this Plan prior to its substantial consummation.

ARTICLE 1
DEFINITIONS, INTERPRETATION AND RULES OF CONSTRUCTION

A. Scope of Definitions. For the purposes of this Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings ascribed to them in Article 1 of this Plan. Any term used in this Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, respectively. Whenever the context requires, capitalized terms shall include the plural as well as the singular number, the masculine gender shall include the feminine, and the feminine gender shall include the masculine.

B. Definitions. In addition to such other terms as are defined in other Sections of this Plan, the following terms (which appear in this Plan as capitalized terms) shall have the meanings ascribed to them in this Article 1 of this Plan.

1.1. Administrative Claim. A Claim for any cost or expense of administration (including Professional Claims) of the Chapter 11 Cases asserted or arising under sections 503, 507(a)(1), or 507(b) of the Bankruptcy Code, including any (i) actual and necessary cost or expense of preserving the Debtors' Estates arising on or after the Petition Date, (ii) compensation or reimbursement of expenses of Professionals arising on or after the Petition Date, to the extent allowed by the Bankruptcy Court under section 330(a) or section 331 of the Bankruptcy Code, (iii) compensation or reimbursement for actual, necessary expenses in making a substantial contribution in the Chapter 11 Cases, and (iv) fees or charges assessed against the Debtors' Estates under section 1930 of title 28 of the United States Code.

1.2. Administrative Claims Bar Date. The Administrative Claims Bar Date shall be August 16, 2017 pursuant to the Order Setting Claims Bar Deadline [ECF No. 163].

1.3. Allowed _____ Claim or Allowed Class _____ Claim. A Claim of the type specified or in the Class specified that is also an Allowed Claim (*e.g.*, an Allowed Class 3 Claim is a Claim classified in Class 3 that is also an Allowed Claim).

1.4. Allowed Claim or Allowed Interest. A Claim against or Interest in the Debtors or any portion thereof (a) that has been allowed by a Final Order, or (b) as to which, on or by the Effective Date, (i) no Proof of Claim or Interest has been filed with the Bankruptcy Court and (ii) the liquidated and noncontingent amount of which is Scheduled, other than a Claim that is Scheduled at zero, in an unknown amount, or as disputed, or (c) for which a Proof of Claim in a liquidated amount has been timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, any Final Order of the Bankruptcy Court, or other applicable bankruptcy law, and as to which either (i) no objection to its allowance has been filed within the applicable periods of limitation fixed by this Plan, the Bankruptcy Code, or by any order of the Bankruptcy Court sought pursuant to Section 8.2 of this Plan or otherwise entered by the Bankruptcy Court or (ii) any objection to its allowance has been settled or withdrawn, or has been denied by a Final Order, or (d) that is expressly allowed in a liquidated amount in this Plan. Unless otherwise specified herein or by order of the Bankruptcy Court, “Allowed Claim” or "Allowed Interest"

shall not include interest, fees (including but not limited to late charges and attorneys' fees), or penalties on such Claim or Interest accruing after the Petition Date.

1.5. Assets. All legal or equitable pre-petition and post-petition interests of the Debtors in any and all real or personal property of any nature, including any real estate, buildings, structures, improvements, privileges, rights, easements, leases, subleases, licenses, goods, materials, supplies, furniture, fixtures, equipment, work in process, accounts, chattel paper, cash, deposit accounts, reserves, deposits, contractual rights, intellectual property rights, claims, causes of actions, and any other general intangibles, and the proceeds, product, offspring, rents or profits thereof.

1.6. Ballot. The form or forms distributed to each holder of an impaired Claim or Interest entitled to vote on this Plan, on which the holder indicates acceptance or rejection of this Plan and, where applicable, any election for treatment of such Claim or Interest under this Plan.

1.7. Bankruptcy Code. Title 11 of the United States Code, as in effect on the Petition Date and as thereafter amended, as applicable in the Chapter 11 Cases.

1.8. Bankruptcy Court. The United States Bankruptcy Court for the Southern District of Florida (Miami Division) and, to the extent it may exercise jurisdiction in the Chapter 11 Cases, the United States District Court for the Southern District of Florida, or if either such court ceases to exercise jurisdiction over the Chapter 11 Cases, such court or adjunct thereof that properly exercises jurisdiction over the Chapter 11 Cases.

1.9. Bankruptcy Rules. The Federal Bankruptcy Rules, the Local Rules of the Bankruptcy Court for the Southern District of Florida and the guidelines and requirements of the Office of the United States Trustee, as in effect on the Petition Date and as thereafter amended, as applicable from time to time in the Chapter 11 Cases.

1.10. Bar Date. The deadline for filing and serving upon the Debtors all Proofs of Claim established by the Bankruptcy Court pursuant to the June 30, 2017 Order [Doc. No. 163] the Debtors' Motion for Order Setting Deadlines for Filing Proofs of Claim filed on June 12, 2017 (Doc No. 143).

1.11. Bankruptcy Estates or Estates. The estates created pursuant to section 541 of the Bankruptcy Code by the commencement of the Chapter 11 Cases of Grandparents.com, Inc. and Grand Card, LLC.

1.12. Beneficiary or Beneficiaries. The holder(s) of Beneficial Shares in the Liquidating Trust.

1.13. Beneficial Shares. The shares of beneficial interests in the Liquidating Trust with a nominal value of $1.00 per share.

1.14. Business Day. Any day other than a Saturday, Sunday, or a "legal holiday" (as such term is defined in Bankruptcy Rule 9006(a)).

1.15. Cash. Legal tender accepted in the United States of America for the payment of public and private debts, currently denominated in United States Dollars, including but not limited to, checks, bank deposits, or other similar items.

1.16. Chapter 11 Cases. The Chapter 11 bankruptcy cases of the Debtors pending in the United States Bankruptcy Court for the Southern District of Florida (Miami Division).

1.17. Claim. A right of a Creditor or Investor against the Debtors, whether or not asserted or allowed, of the type described in Bankruptcy Code section 101(5), as construed by Bankruptcy Code section 102(2).

1.18. Class. A group of Claims or Interests as classified in a particular class under this Plan pursuant to Bankruptcy Code section 1122.

1.19. Collateral. Any property or interest in property of the Debtors subject to a Lien to secure payment or performance of a Claim, which Lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable law.

1.20. Confirmation. Entry of the Confirmation Order by the Bankruptcy Court.

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

1.22. Confirmation Hearing. The duly noticed hearing held by the Bankruptcy Court to consider Confirmation of this Plan pursuant to Bankruptcy Code section 1128, including any continuances thereof.

1.23. Confirmation Order. The order of the Bankruptcy Court confirming this Plan pursuant to Bankruptcy Code section 1129 in form and substance acceptable to the Debtors.

1.24. Creditor. Any Entity who holds a Claim against either or both Debtors.

1.25. CRO. Joshua Rizack, in his capacity as Chief Restructuring Officer of the Debtors, whose appointment was approved by the Bankruptcy Court on April 20, 2017.

1.26. D&O Claims. The Bankruptcy Estates' claims against the current and former officers and directors of the Debtors.

1.27. D&O Policies. The Debtors' directors and officers liability insurance policies, including (i) Liberty Mutual Insurance Executive Advantage policy no. ending Q004; (ii) Illinois National Life Insurance Company Excess Edge policy no. ending 93-16; and (iii) Endurance American Insurance Company policy no. ending 4901.

1.28. Debtors. Grandparents.com, Inc. and Grand Card, LLC.

1.29. DIP Loan Documents. That certain Debtor-in-Possession Credit and Security Agreement between and among Grandparents.com, Inc. and VB Funding, LLC, dated as of April 14, 2017, and all ancillary documents and agreements executed in connection therewith.

1.30. Disclosure Statement. That certain written first amended joint disclosure statement that relates to this Plan as filed in the Chapter 11 Cases by the Debtors, including the schedules and exhibits attached thereto, as it may be amended, modified or supplemented from time to time.

1.31. Disputed Claim or Disputed Interest. A Claim or Interest, respectively, that the Debtors have Scheduled as "disputed," "contingent" or "unliquidated," or as to which a proof of Claim or Interest has been Filed or deemed Filed as contingent or as to which an objection has been or may be timely Filed by the Debtors, the CRO, the Liquidating Trustee or any other party in interest entitled to do so, which objection has not been withdrawn or has not been overruled or denied by a Final Order.

1.32. Disputed Claims Reserve. Shall have the meaning set forth in Section 4.1 of the Liquidating Trust Agreement.

1.33. Distribution Record Date. The record date for the purposes of making distributions under this Plan on account of Allowed Claims or Interests, which date shall be designated in the Confirmation Order.

1.34. Effective Date. A date selected by the CRO that is (a) at least ten (10) days following occurrence of the Confirmation Date; and (b) no more than five (5) Business Days following the first date on which no stay of the Confirmation Order is in effect and all conditions to the Effective Date set forth in Article 10 of this Plan have been satisfied or, if waivable, waived pursuant to Section 10.4 hereof.

1.35. Entity. A Person, an estate, a trust, the United States Trustee, a "governmental unit" as that term is defined in Bankruptcy Code section 101(27), or any other entity as defined in section 101(15) of the Bankruptcy Code.

1.36. Exculpated Parties. Shall mean the (i) Debtors and their past or present employees (including, without limitation, the CRO, but specifically excluding any and all current or former officers or directors of the Debtors); (ii) the Estates; (iii) Akerman LLP and its partners, counsel, associates, and employees; (iv) Special Litigation Counsel and Conflicts Counsel, Genovese Joblove & Battista, P.A., and its partners, counsel, associates, and employees; (v) the Lender and its respective affiliates, managers, and members (and any trustees, partners, affiliates, agents, managers and members of any member of Lender), agents, employees, attorneys, successors and assigns; and (vi) the Purchaser and its current employees, representatives, advisors, attorneys, financial advisors, investment bankers, or agents or any of their successors and assigns.

1.37. File or Filed. To file, or to have been filed, with the Clerk of the Bankruptcy Court in the Chapter 11 Cases.

1.38. Final Distribution. Shall be the distributions described in Section 9.8 hereof.

1.39. Final Distribution Date. Shall be the date upon which the Final Distribution is made. The Final Distribution Date shall be a date determined by the Liquidating Trustee of the Liquidating Trust, (a) which is after the liquidation into Cash of all assets of the Liquidating

Trust (other than those assets abandoned by the Liquidating Trust) and collection of other sums due or otherwise remitted or returned to the Estates, and (b) on or after which the Liquidating Trust makes a Final Distribution from the Disputed Claims Reserve.

1.40. Final Order. An order or judgment of the Bankruptcy Court or other court of competent jurisdiction, as entered on its docket, that has not been reversed, stayed, modified or amended, and as to which (a) the time to appeal, petition for certiorari or move for reargument, rehearing or a new trial has expired and no appeal, petition for certiorari or motion for reargument, rehearing or a new trial, respectively, has been timely filed (which time period shall mean, with respect to motions to correct such order under Rule 9024 of the Bankruptcy Rules, Rule 60 of the Federal Rules of Civil Procedure or otherwise, 10 days after the entry of such order), or (b) any appeal, any petition for certiorari or any motion for reargument, rehearing or a new trial that has been or may be filed has been resolved by the highest court (or any other tribunal having appellate jurisdiction over the order or judgment) to which the order or judgment was appealed or from which certiorari or reargument, rehearing or a new trial was sought, and the time to take any further appeal, petition for certiorari or move for reargument, rehearing or a new trial shall have expired without such actions having been taken.

1.41. Final Tax Day. Shall mean the last day in the taxable year of the Liquidating Trust which includes the Termination Date (as defined in the Liquidating Trust Agreement).

1.42. General Unsecured Claim. Any Claim against the Debtors that is not an Administrative Claim, Secured Claim, Professional Claim, Priority Tax Claim, or Priority Claim. General Unsecured Claims shall include, without limitation, any and all unsecured trade, contribution, indemnification, reimbursement, if any, employee contract, unsecured deficiency Claims, and lease and contract rejection Claims against the Debtors.

1.43. GP Capital Account Balance. Shall mean the capital account balance for each GP shareholder in respect of such shareholder's interest in Grandparents.com, Inc., as determined by the Transfer Agent, whose determination, absent manifest error, shall be binding on the Interest Holders for all purposes, including the distributions to holders of Class 5 Interests in accordance with Section 5.5 of this Plan. Each Interest Holder’s GP Capital Account Balance shall be determined by the Transfer Agent as soon as practical following the Effective Date and will be filed by the Debtors with the Court.

1.44. Impaired. When used with reference to a Claim or an Interest, “Impaired” shall have the meaning ascribed to it in Bankruptcy Code section 1124.

1.45. Interest. An issued or authorized outstanding membership unit or other equity interest in GP. Interest Holder refers to a holder of an Interest.

1.46. IRC. Shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.47. Lender. VB Funding, LLC, as Prepetition Lender and as purchaser of substantially all of the Debtors' assets pursuant to the asset purchase agreement dated April 14, 2017 (Doc. No. 12; Exhibit B), as amended by that certain First Amendment to Asset Purchase Agreement dated May 9, 2017 (Doc. No. 99) (the "APA").

1.48. Lender's Initial Share of Litigation Claims Proceeds. Notwithstanding anything to the contrary herein, the first $300,000 of the net proceeds received from any Litigation Claims shall be paid to the Lender prior to the payment of any Class 3 General Unsecured Claim.

1.49. Lender Release and Injunction. Shall have the meaning set forth in Section 11.7 herein.

1.50. Lender Secured Claim. The Secured Claim of the Lender in the Allowed amount of $9,188,537.96, which is an aggregate of all amounts due Lender under the DIP Loan Documents ($1,360,916), plus all amounts due under the Prepetition Loan Documents ($9,827,621.96), minus $2,000,000 (the amount of Lender's credit bid for the substantially all of the Debtors' assets) and is secured by the net proceeds recovered in connection with the non-Chapter 5 Litigation Claims and the remaining Trust Assets.

1.51. Lender Unsecured Subordinated Deficiency Claim. The Unsecured Claim of the Lender in the Allowed amount of $9,188,537.96, that will be subordinated to payment of the GUC Priority Claim in exchange for receiving the Lender Release and Injunction, and Lender's Initial Share of Litigation Claims Proceeds.

1.52. Lien. A charge against, interest in or other encumbrance upon property to secure payment of a debt or performance of an obligation.

1.53. Liquidating Trust Agreement. Shall mean the Grandparents.com, Inc. and Grand Card LLC Liquidating Trust Agreement, the form of which is attached hereto as Schedule 1.

1.54. Liquidating Trustee. Joshua Rizack, as Grandparents.com, Inc. and Grand Card, LLC Liquidating Trustee.

1.55. Liquidating Trust. The Grandparents.com, Inc. and Grand Card LLC Liquidating Trust.

1.56. Litigation Claims. Shall mean, except as provided otherwise herein or in the Confirmation Order, or any document, instrument, release or other agreement entered into in connection with this Plan, all claims, demands, actions, choses in action, causes of action, suits, debts, dues, sums of money, accounts, rights to payment, reckonings, bonds, bills, specialties, controversies, variances, trespasses, damages, judgments, third-party claims, counterclaims and cross claims (including, but not limited to, any Chapter 5 avoidance or recovery actions under the Bankruptcy Code or avoidance or recovery claims recognized under any applicable state law) whether known or unknown, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether assertable directly or derivatively in law, equity, or otherwise, that are or may be pending on the Effective Date or instituted after the Effective Date based on law or equity. Litigation Claims include, without limitation, those which are: (i) property of the Bankruptcy Estates under and pursuant to section 541 of the Bankruptcy Code; (ii) for subrogation and contribution; (iii) for turnover including pursuant to section 542 of the Bankruptcy Code; (iv) for avoidable transfers and preferences under and pursuant to sections 542 through 550 and 553 of the Bankruptcy Code or any applicable state law; (v) to determine the

extent, validity and priority of liens and encumbrances; (vi) for surcharge under section 506(c) of the Bankruptcy Code; (vii) for subordination under section 510 of the Bankruptcy Code; (viii) related to federal or state securities laws; (ix) direct or derivative claims or causes of action of any type or kind; (x) against any and all current and/or former officers and directors of the Debtors or any affiliates thereof, including, but not limited to, the D&O Claims; (xi) for breach of fiduciary duty or aiding and abetting breach of fiduciary duty; (xii) under and pursuant to any policies for insurance, including for bad faith, maintained by the Debtors, including, without limitation, any liability insurance policy; (xiii) for theft of corporate opportunity; (xiv) for collection on accounts, accounts receivables, loans, notes receivables or other rights to payment; (xv) for the right to seek a determination by the Bankruptcy Court of any tax, fine or penalty relating to a tax, or any addition to a tax, under section 505 of the Bankruptcy Code; (xvi) which arise under or as a result of any section of the Bankruptcy Code; (xvii) for common law torts or aiding and abetting common law torts; (xviii) contract or quasi contract; (xix) derivative based; (xx) statutory claims; (xxi) arise out of or are related in any way to actions or claims pending as of the Effective Date; (xxii) for negligence including professional negligence; (xxiii) for unjust enrichment; (xxiv) to disallow or subordinate any proof of claim filed in the Chapter 11 Cases; (xxv) to recover an avoidable transfer from any mediate or subsequent transferee; or (xxvi) any claim held or assertable by either the Bankruptcy Estates or Liquidating Trustee.

1.57. Person. An individual, a corporation, a limited liability company, a partnership, an association, a joint stock company, a joint venture, an unincorporated organization, or a governmental unit as defined in Bankruptcy Code section 101(41).

1.58. Petition Date. April 14, 2017.

1.59. Plan. This plan of liquidation, and all schedules annexed hereto or referenced herein, as it may be amended, modified or supplemented from time to time in accordance with the provisions of this Plan or the Bankruptcy Code and Bankruptcy Rules.

1.60. Plan Fund. Shall mean the cash received by the Debtors from the proceeds of the DIP Loan to fund a liquidating trust in the amounts of $200,000 for general operations, plus an additional $50,000 specifically earmarked for distribution to Class 3 (General Unsecured) creditors.

1.61. Priority Claim. Any pre-petition claim entitled to priority pursuant to section 507(a) of the Bankruptcy Code other than Administrative Claims and Priority Tax Claims.

1.62. Priority Tax Claim. Any pre-petition claim entitled to priority under section 507(a)(8) of the Bankruptcy Code.

1.63. Professional. A Person (a) employed in the Chapter 11 Case pursuant to a Final Order in accordance with section 327 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date pursuant to sections 327, 328, 329, 330, 331 and 363 of the Bankruptcy Code, or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

1.64. Professional Claim. A Claim of (a) a Professional retained in the Chapter 11 Case pursuant to a Final Order in accordance with section 327 of the Bankruptcy Code or

otherwise, for compensation or reimbursement of actual and necessary costs and expenses relating to services incurred after the Petition Date and prior to and including the Effective Date or (b) a Professional which seeks compensation and reimbursement pursuant to section 503(b)(4) of the Bankruptcy Code.

1.65. Proof of Claim. Any proof of claim filed with the Bankruptcy Court with respect to the Debtors pursuant to Bankruptcy Rules 3001 or 3002.

1.66. Proof of Interest. Any proof of interest filed with the Bankruptcy Court with respect to the Debtors pursuant to Bankruptcy Rule 3002.

1.67. Releasees. Shall mean (i) the Debtors and their past or present employees (including, without limitation, the CRO, but specifically excluding any and all current or former officers or directors of the Debtors); (ii) the Estates; (iii) Akerman LLP and its partners, counsel, associates, and employees; and (iv) Special Litigation Counsel and Conflicts Counsel, Genovese Joblove & Battista, P.A., and its partners, counsel, associates, and employees.

1.68. Releasors. Shall mean the Debtors, any creditor, past or present investor, shareholder, officer, or director of the Debtors, any successor or assigns of the Debtors, any and all known and unknown creditors of the Debtors and their successors and assigns, and any affiliate of the Debtors and their successors and assigns.

1.69. Scheduled. Set forth on the Schedules.

1.70. Schedules. The Schedules of Assets and Liabilities Filed by the Debtors in accordance with Bankruptcy Code section 521 and Bankruptcy Rule 1007, as the same may be amended from time to time prior to the Effective Date in accordance with Bankruptcy Rule 1009.

1.71. Secured Claim. A Claim secured by a Lien on Collateral which is perfected and enforceable under applicable law, and which is not subject to avoidance under the Bankruptcy Code or other applicable non-bankruptcy laws. A Secured Claim which is challenged by the Liquidating Trustee shall only be an Allowed Secured Claim to the extent that such Claim is deemed to be an Allowed Secured Claim in this Plan or the underlying Security Interest is recognized as valid by the Bankruptcy Court and the difference in amount between such a Creditor's Allowed Claim and its Allowed Secured Claim shall be an Allowed Unsecured Claim.

1.72. Transfer Agent. Shall mean Computershare Inc.

1.73. Trust Estates or Trust Assets. Shall mean the Assets, including Litigation Claims, which were not sold, assigned, transferred and delivered to the Lender pursuant to the APA. The Trust Assets (together with the Plan Fund and any and all income earned on such funds) shall be irrevocably assigned, transferred and conveyed to the Liquidating Trust as of the Confirmation Date of this Plan.

1.74. Unimpaired. When used with reference to a Claim or an Interest, "Unimpaired" shall have the meaning ascribed to it in Bankruptcy Code section 1124.

1.75. United States Trustee. The United States Trustee appointed under section 581 (a)(3) of title 28 of the United States Code to serve in the Southern District of Florida.

1.76. Unsecured Claim. A Claim that arose or is deemed to have arisen prior to the Petition Date and is not a Secured Claim, an Administrative Claim or Professional Claim.

C. Rules of Interpretation.

1. In the event of an inconsistency, the provisions of this Plan shall control over the contents of the Disclosure Statement or the Liquidating Trust Agreement. The provisions of the Confirmation Order shall control over the contents of this Plan.

2. For the purposes of this Plan.

(a) any reference in this Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; provided, however, that any change to such form, terms or conditions that is material to a party to such document shall not be modified without (i) such party's consent or (ii) upon order of the Bankruptcy Court, unless such document expressly provides otherwise;

(b) any reference in this Plan to an existing document, exhibit or schedule Filed or to be Filed means such document, exhibit or schedule, as it may have been or may be amended, modified or supplemented as of the Effective Date;

(c) unless otherwise specified, all references in this Plan to "Sections," "Articles," and "Schedules" are references to Sections, Articles, and Schedules of or to this Plan;

(d) the words "herein," "hereof," "hereto," "hereunder" and others of similar import refer to this Plan in its entirety rather than to only a particular portion of this Plan;

(e) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be part of or to affect interpretations of this Plan;

(f) the rules of construction set forth in Bankruptcy Code section 102 shall apply, except to the extent inconsistent with the provisions of this Article of this Plan; and

(g) the word "including" means "including without limitation."

3. Whenever a distribution of property is required to be made on a particular date, the distribution shall be made on such date or as soon as reasonably practicable thereafter.

4. All Schedules to this Plan are incorporated into this Plan and shall be deemed to be included in this Plan, regardless of when they are Filed.

5. Subject to the provisions of any contract, certificate, bylaws, instrument, release or other agreement or document entered into in connection with this Plan, the rights and

obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and Bankruptcy Rules.

D. Computation of Time.

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

ARTICLE 2
TREATMENT OF UNCLASSIFIED CLAIMS

2.1. Administrative Claims. No Administrative Expense shall receive a distribution under this Plan except to the extent that it is an Allowed Administrative Expense. Except to the extent that the holder of an Allowed Administrative Expense agrees to a different treatment, or as otherwise set forth in this Plan, and subject to the Administrative Expenses Bar Date set forth in the Section 2.4, the Liquidating Trustee shall pay each Allowed Administrative Expense in full, in Cash, on the later of (i) one (1) day following the Effective Date or a soon as practicable thereafter, (ii) within ten (10) Business Days after the date such Administrative Expense becomes an Allowed Administrative Expense, and (iii) the date such Allowed Administrative Expense becomes due according to its terms; *provided, however*, that Professional Claims shall be paid in accordance with Section 2.3. Notwithstanding the foregoing, any Allowed Administrative Expenses representing obligations incurred in the ordinary course of post-petition operation of the Liquidating Trust (including without limitation post-petition trade obligations and post-petition payroll obligations, but excluding any post-petition tax obligations), or that have been expressly authorized by the Bankruptcy Court or this Plan, shall be paid in full or performed by the Liquidating Trustee in the ordinary course of business, in accordance with the terms of the particular obligation.

2.2. Statutory Fees. The Liquidating Trustee, on behalf of the Debtors, shall pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6) within ten (10) days after the entry of the Confirmation Order for pre-confirmation periods and simultaneously provide to the United States Trustee an appropriate affidavit indicating the Cash disbursements for the relevant period. The Liquidating Trustee shall further pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. 1930(a)(6) based upon all disbursements of the Liquidating Trust for post-confirmation periods within the time period set forth in 28 U.S.C. 1930(a)(6), until the earlier of the closing of the Chapter 11 Cases by the issuance of a Final Decree by the Bankruptcy Court, or upon the entry of an order by the Bankruptcy Court dismissing the Chapter 11 Cases or converting the Chapter 11 Cases to another chapter under the Bankruptcy Code, and the party responsible for paying the post-confirmation United States Trustee fees shall provide to the United States Trustee upon the payment of each post-confirmation payment an appropriate affidavit indicating all the Cash disbursements for the relevant period.

2.3. Professional Claims. Immediately prior to the Effective Date, the Debtors shall pay all amounts owing to the Professionals for all outstanding Professional Claims, as approved by the Bankruptcy Court. On or prior to the Administrative Claims Bar Date, each Professional shall file with the Bankruptcy Court its final fee application seeking final approval of all fees and

expenses from the Petition Date through the Effective Date, except that the United States Trustee shall not be required to file its claims by the Administrative Claims Bar Date. Professional Claims due for periods that have not been billed as of the Effective Date, shall be paid by the Liquidating Trustee in the ordinary course of business.

2.4. Deadline for Filing Administrative Claims. Other than with respect to Administrative Claims for which the Bankruptcy Court may have previously established a Bar Date, any and all requests for payment or proofs of Administrative Claims, including Claims of all Professionals or other Entities requesting compensation or reimbursement of expenses pursuant to Bankruptcy Code sections 327, 328, 330, 331 or 503(b) for services rendered on or before the Effective Date, must be Filed and served on the Liquidating Trustee, his counsel, and the United States Trustee no later than the Administrative Claims Bar Date. Objections to any such Administrative Claims must be Filed and served on the claimant no later than thirty (30) days after the Administrative Claims Bar Date. The Liquidating Trustee shall use reasonable efforts to promptly and diligently pursue resolution of any and all disputed Administrative Claims. In the event the Liquidating Trustee is unable to resolve any of the disputed Administrative Claims, such unresolved disputes will be heard and determined by the Bankruptcy Court.

Holders of Administrative Claims, including all Professionals or other Entities requesting compensation or reimbursement of expenses pursuant to Bankruptcy Code sections 327, 328, 330, 331 or 503(b) for services rendered on or before the Effective Date, that are required to File a request for payment or proof of such Claims and that do not File such requests or proofs of Claim on or before the Administrative Claims Bar Date shall be forever barred from asserting such Claims against the Debtors, their Estates, the Liquidating Trust, the Liquidating Trustee, any other Person or Entity, or any of their respective property. Notwithstanding the foregoing, the Administrative Expense Bar Date shall not apply to (i) post-petition, ordinary course of trade obligations and post-petition payroll obligations incurred in the ordinary course of the Debtors' post-petition business occurring after the Petition Date, and post-petition obligations expressly authorized by the Bankruptcy Court or this Plan, for which no Administrative Expense Bar Date shall apply.

2.5. Priority Tax Claims. Except to the extent that the holder of an Allowed Priority Tax Claim agrees to a different treatment, the Liquidating Trustee shall pay each holder of an Allowed Priority Tax Claim the amount of such Allowed Priority Tax Claim in full, in Cash, on the Effective Date, or as otherwise agreed between the Liquidating Trustee and the Priority Tax Claim Holder. Allowed Priority Tax Claims shall not include any interest or penalties accruing subsequent to the Petition Date unless otherwise required by applicable law. No Priority Tax Claim shall receive a distribution under this Plan except to the extent that it is an Allowed Priority Tax Claim.

2.6. Other Priority Claims. Except to the extent that the holder of an Allowed Priority Claim agrees to a different treatment, the Liquidating Trustee shall pay each holder of an Allowed Priority Claim the amount of such Allowed Priority Claim in full, in Cash, on the later of (i) one (1) day following the Effective Date or as soon as practicable thereafter, or (ii) ten (10) Business Days after the date such Priority Claim becomes an Allowed Priority Claim. No

Priority Claim shall receive a distribution under this Plan except to the extent that it is an Allowed Priority Claim.

ARTICLE 3
CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND INTERESTS

3.1. General. Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of the Classes of Claims and Interests in the Debtors. A Claim or Interest is placed in a particular Class only to the extent that such Claim or Interest falls within the description of that Class. A Claim or Interest is also placed in a particular Class for purposes of receiving a distribution under this Plan, but only to the extent such Claim or Interest is an Allowed Claim or Interest and has not been paid, released, or otherwise settled prior to the Effective Date. Except as otherwise expressly set forth in this Plan, a Claim or Interest which is not an Allowed Claim shall not receive any payments, rights or distributions under this Plan. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims have not been classified and are treated as set forth in Article 2 above.

3.2. Classification.

Class 1: Lender Secured Claim

Class 2: Other Priority Claims

Class 3: General Unsecured Claims

Class 4: Lender Unsecured Subordinated Deficiency Claim

Class 5: Interests and Other Subordinated Claims

ARTICLE 4
IDENTIFICATION OF CLASSES OF CLAIMS AND INTERESTS IMPAIRED AND NOT IMPAIRED BY THE PLAN

4.1. Unimpaired Classes of Claims and Interests. Class 2 Claims are Unimpaired under the Plan. Therefore, Class 2 are conclusively presumed to accept the Plan and, thus, are not entitled to vote on it.

4.2. Impaired Classes of Claims and Interests. Classes 1, 3, 4, and 5 are Impaired by virtue of section 1124 of the Bankruptcy Code. Votes from holders of Class 1 Lender Secured Claim, Class 3 General Unsecured Claims, and Class 4 Lender Unsecured Subordinated Deficiency Claim will be solicited. Votes of holders of Class 5 Interests and Other Subordinated Claims will not be solicited because where will be no distribution to holders of such Claims (unless all prior Classes of Claims are paid in full), and holders of Class 5 claims are deemed to have rejected the Plan.

ARTICLE 5
PROVISIONS FOR THE TREATMENT OF IMPAIRED CLAIMS AND INTERESTS

A. Summary.

The categories of Claims and Interests listed below classify Claims and Interests for all purposes, including voting, confirmation, and distribution pursuant to this Plan. Administrative Claims and Priority Claims have not been classified and are excluded from the following Classes, in accordance with section 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in a different Class to the extent that any remainder of the Claim or Interest qualifies within the description of such different Class.

B. Classification and Treatment.

5.1. Class 1 (Lender Secured Claim). Class 1 consists of the Lender Secured Claim. The Secured Claim of the Lender in the Allowed amount of $9,188,537.96, which is an aggregate of all amounts due Lender under the DIP Loan Documents ($1,360,916), plus all amounts due under the Prepetition Loan Documents ($9,827,621.96), minus $2,000,000 (the amount of Lender's credit bid for substantially all of the Debtors' assets) and is secured by the net proceeds recovered in connection with the non-Chapter 5 Litigation Claims and the remaining Trust Assets (collectively, the "Lender Collateral"). The Lender shall waive its lien on the Lender Collateral upon the Effective Date of this Plan in exchange for receiving the Lender Release and Injunction, and Lender's Initial Share of Litigation Claims Proceeds.

5.1.1. Voting. Class 1 is Impaired and entitled to vote to accept or reject the Plan.

5.2. Class 2 (Other Priority Claims). Class 2 consists of all Other Priority Claims against the Debtors. A holder of an Allowed Class 2 Claim will receive a Cash payment equal to the amount of its Allowed Class 2 Claim in full satisfaction, settlement, release and discharge of its Allowed Class 2 Claim. Thus, holders of Allowed Class 2 Claims shall be paid in full.

5.2.1. Voting. Class 2 is Unimpaired and not entitled to vote to accept or reject the Plan.

5.3. Class 3 (General Unsecured Claims). Class 3 consists of all Allowed General Unsecured Claims against the Debtors. The Debtors will allocate $50,000 for pro rata distribution to holders of Class 3 Claims. Additionally, Class 3 Claims will receive the first $450,000.00 of net recoveries from Litigation Claims (the "GUC Priority Claim") after payment of the Lender's Initial Share of Litigation Claims Proceeds, which represents a partial subordination of the Lender's unsecured deficiency claim. After the net proceeds of Litigation Claims total $750,000, any net recoveries from Litigation Claims will be distributed pro rata to all holders of Allowed general unsecured claims for Class 3 and Class 4, except that at no time shall the percentage recovery to the general unsecured creditor pool (Class 3) exceed two times the percentage recovery to the Lender under Class 4.

5.3.1. Voting. Class 3 is Impaired and entitled to vote to accept or reject the Plan.

5.4. Class 4 (Lender Unsecured Subordinated Deficiency Claim). Class 4 consists of the Lender Unsecured Subordinated Deficiency Claim. The Lender Unsecured Subordinated Deficiency Claim shall be paid only after holders of Classes 1 and 2 have been paid in full and, except for payment of Lender's Initial Share of Litigation Claims Proceeds, after payment of the GUC Priority Claim. On the Effective Date, the Lender will consensually subordinate its Lender Unsecured Subordinated Deficiency Claim to Class 3 for the first $450,000.00 of the net proceeds of the Litigation Claims and has contributed an additional $50,000 earmarked for payment to Allowed general unsecured creditors in Class 3, in exchange for receiving the Lender Release and Injunction, and Lender's Initial Share of Litigation Claims Proceeds. After net proceeds of Litigation Claims total $750,000, any remaining proceeds will be distributed pro rata to all holders of Allowed general unsecured claims for Class 3 and Class 4, except that at no time shall the percentage recovery to the Allowed general unsecured creditor pool (Class 3) exceed two times the percentage recovery to the Lender under Class 4. In addition, if the distributions to Class 4 total $7,888,538.93, then Lender will subordinate the remaining $1,000,000 of its Lender Unsecured Subordinated Deficiency Claim to Class 5.

5.4.1. Voting. Class 4 is Impaired and entitled to vote to accept or reject the Plan.

5.5. Class 5 (Interests and Other Subordinated Claims). Class 5 consists of all Interests and Other Subordinated Claims. There shall be no distribution to Class 5 holders of prepetition Interests and Other Subordinated Claims, and such interests and claims shall be deemed cancelled on the Effective Date. Class 5 will only receive a distribution if all Allowed Claims in Classes 1-4 have been paid in full. Distributions to Class 5 Interests and Other Subordinated Claims shall be paid in accordance with the Grandparents.com, Inc. Certificate of Designation, Preferences and Rights of Series D Convertible 12% Preferred Stock which provides the following priority of payment: (i) first, to holders of Series D Preferred Stock, including accrued dividends, (ii) second, to holders of Series C Preferred Stock, including accrued dividends, (iii) third, to holders of common stock, and (iv) the Lender shall subordinate its right to equity distributions to all other shareholders under Class 5. Each class of stock shall only receive a distribution if all classes taking priority have been paid in full.

5.5.1. Voting. Votes of holders of Class 5 Interests and Other Subordinated Claims will not be solicited because where will be no distribution to holders of such Claims, and holders of Class 5 claims are deemed to have rejected the Plan.

5.6. Reservation of Rights to Object to Claims or Interests . The Debtors have not reviewed the validity or amount of the Claims and Interests for which a Proof of Claim has been filed. Accordingly, except as otherwise set forth herein, all rights to amend the Debtors' Schedules and to object to such Claims or Interests are reserved notwithstanding the right of the holder of such Claim or Interest to vote on this Plan. The Debtors intend to file objections to filed proofs of claim within 90 days of the Effective Date of this Plan, but reserve the right to request a reasonable extension of that deadline from the Bankruptcy Court.

ARTICLE 6
TREATMENT OF EXECUTORY CONTRACTS

6.1. Rejection. Except for those executory contracts set forth on Schedule 3 that are assumed pursuant to this Plan, if any, all executory contracts and unexpired leases of the Debtors shall be rejected pursuant to section 365 of Bankruptcy Code; *provided, however*, that neither the inclusion of a contract or lease on Schedule 3 hereto nor anything contained in this Article 6 shall constitute an admission by the Debtors that such contract or lease is an executory contract or that the Debtors or their successors and assigns, including, but not limited to, the Liquidating Trust, has any liability thereunder. For the avoidance of any doubt, this Section 6.1 shall apply to any and all contracts or engagements the Debtors may have with professionals retained prepetition, including, but not limited to, attorneys, auditors and accountants.

6.2. Approval of Rejection; Rejection Damages Claims Bar Date. The Confirmation Order shall constitute an Order of the Bankruptcy Court approving the rejection of executory contracts under Section 6.1 above pursuant to Bankruptcy Code section 365 as of the Effective Date. Any Claim for damages arising from any such rejection must be Filed within thirty (30) days after the mailing of notice of the entry of the Confirmation Order, or such Claim shall be forever barred, shall not be enforceable against the Debtors, their Estates, the Liquidating Trust, the Liquidating Trustee, or any of their respective properties and shall receive no distribution under the Plan or otherwise on account of such Claim.

ARTICLE 7
MEANS FOR EXECUTION AND IMPLEMENTATION OF THE PLAN

7.1. The Liquidating Trust.

7.1.1. Establishment of the Liquidating Trust. On the Effective Date, Joshua Rizack (on behalf of the Debtors and their Beneficiaries), shall execute the Liquidating Trust Agreement and take all steps necessary to establish the Liquidating Trust.

7.1.2. Purpose of Liquidating Trust. The Liquidating Trust is being established for the purpose of (i) holding and liquidating the Plan Fund and the balance of the Debtors' Assets (if any), (ii) resolving and paying all Disputed Claims, (iii) prosecuting any Litigation Claims held by the Debtors, (iv) winding down the affairs of the Debtors, and (v) distributing cash and other property held by the Liquidating Trust in accordance with this Plan and the Liquidating Trust Agreement. The Liquidating Trust shall not continue or engage in any trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidating Trust. Unless otherwise required by law, it is intended that all parties shall treat the Liquidating Trust as a liquidating trust for all federal income tax purposes.

7.1.3. Contribution of Plan Fund to the Liquidating Trust. On the Effective Date of the Plan, the Debtors shall transfer the Plan Fund ($250,000.00) to the Liquidating Trust pursuant to the terms of the Liquidating Trust Agreement. Title to the Plan Fund shall vest in the Liquidating Trust on the Effective Date following the transfer. For the avoidance of any doubt, following the contribution of the Plan Fund to the Liquidating Trust

pursuant to this Section 7.2.3 and the Liquidating Trust Agreement, the Liquidating Trustee shall have standing to pursue Litigation Claims on behalf of the Liquidating Trust subject only to any limitations set forth in this Article 7 or the Liquidating Trust Agreement.

7.1.4. Final Determination of GP Capital Account Balances. As soon as practical after the Effective Date of the Plan, the CRO shall cause GP's stock to be deregistered with the Securities and Exchange Commission (the "SEC") by filing a Form 15 with the SEC. The Transfer Agent shall determine each Interest Holder's GP Capital Account Balance within as soon as practicable after the Effective Date, and the Debtors shall file a Notice of such determination with the Bankruptcy Court and serve such notice on all Interest Holders, who will have 14 days to object to the Transfer Agent's calculation of the final GP Capital Account Balances. Following such 14-day period, the Bankruptcy Court will enter an order approving the Debtors' report if no objection is filed or will set a hearing to resolve any timely filed objections. The Transfer Agent's determination of GP Capital Account Balances shall, absent manifest error, be binding on Interest Holders for all purposes, including the distributions to holders of Class 5 Interests pursuant to Section 5.5 of this Plan.

7.1.5. Liquidating Trust Management. Joshua Rizack shall be the Liquidating Trustee with the power and authority set forth in the Liquidating Trust Agreement. Joshua Rizack, or any successor trustee, shall maintain a bond equal to 150% of the cash held by the Liquidating Trustee for the benefit of the Trust. On the Confirmation Date, the Board of Directors shall be disbanded and relieved of any further duties, and the Liquidating Trustee shall be appointed and authorized to execute, deliver, file or record such documents, instruments, releases and other agreements and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

7.1.6. Liquidating Trust Structure. As more fully set forth in the Liquidating Trust Agreement, the Liquidating Trustee shall oversee and direct the Liquidating Trust's operations and activities, including the retention of counsel, decisions to pursue or not pursue Litigation Claims belonging to the Liquidating Trust and settlement of any such Litigation Claims. In any event, any compromise or settlement of any Litigation Claim shall be subject to the approval of the Bankruptcy Court pursuant to Bankruptcy Rule 9019.

(a) *Costs and Expenses of the Liquidating Trust.* The Liquidating Trustee shall pay out of the Trust Assets, on a monthly basis and without notice or application to the Bankruptcy Court, including, without limitation:

(i) All reasonable costs, expenses and obligations incurred by the Liquidating Trustee in carrying out his duties under the Liquidating Trust Agreement or in any manner connected, incidental or related to the administration of the Liquidating Trust (excluding Professionals), as set forth in Paragraph 4.9 of the Liquidating Trust; and

(ii) Any taxes, charges, and assessments which may be owed by, or levied or assessed against, the Trust Estate or any property held in trust pursuant to the Liquidating Trust Agreement.

7.1.7. Compensation of Professionals Retained by the Liquidating Trustee. Any fees and expenses of Professionals retained by the Liquidating Trustee shall be payable from the Trust Assets, subject to approval of an application for allowance and payment of such fees and expenses by the Bankruptcy Court.

The Liquidating Trustee's general and litigation counsel shall be Akerman LLP. The terms of compensation for Akerman LLP shall be the same in all respects as those requested in the Debtors' Application to Retain and Employ Akerman LLP as Counsel to the Debtors and approved by Final Order of the Bankruptcy Court dated May 17, 2017 (Doc. No. 106). Any Professional retained by the Debtors during the Bankruptcy Cases shall be subject to filing an application with the Court in order to be retained by the Liquidating Trustee.

7.1.8. Resignation and Removal of the Liquidating Trustee. The Liquidating Trustee may resign and be discharged from any future obligations and liabilities under the Liquidating Trust Agreement by giving written notice thereof to the Bankruptcy Court at least thirty (30) days prior to the effective date of such resignation. Such resignation shall become effective on the date specified in such notice. The Liquidating Trustee may be removed at any time upon a vote of the Beneficiaries holding a majority of the Beneficial Shares or by order of the Bankruptcy Court upon motion by any party in interest pursuant to the standard under applicable law for removal of a Chapter 7 trustee. Upon any such removal, the removed Liquidating Trustee shall be entitled to any reimbursement and indemnification set forth in the Liquidating Trust Agreement which remains due and owing to the Liquidating Trustee at the time of such removal. If, at any time, the Liquidating Trustee shall give notice of his intent to resign pursuant to Section 7.7 of the Liquidating Trust Agreement, or be removed or shall become incapable of acting, counsel to the Liquidating Trustee shall provide notice thereof to the Bankruptcy Court. The Beneficiaries (based on a majority vote of the holders of the Beneficial Shares), only with the approval of the Bankruptcy Court, shall designate a successor liquidating trustee for the Liquidating Trust.

Additionally, the United States Trustee may, but is not obligated, to seek removal of the Liquidating Trustee if the United States Trustee feels such removal is warranted. The United States Trustee shall not be responsible for monitoring the Liquidating Trustee, but shall have standing to be heard in all matters regarding the Liquidating Trust or brought by or against the Liquidating Trustee.

7.1.9. Continuation of Automatic Stay. In furtherance of the implementation of the Plan, and to the fullest extent permitted under section 362(c) of the Bankruptcy Code, all injunctions or stays provided for in the Chapter 11 Cases and in existence on the Confirmation Date, shall remain in full force and effect and apply to all Creditors, Interests, and Beneficiaries holding Claims or Interests against the Debtors, the Estates, the Assets, the Liquidating Trustee, the Liquidating Trust and the Trust Assets.

7.2. Intercompany Claims: Intercompany Claims will be adjusted, continued, or deemed satisfied to the extent determined appropriate by the Debtors or the Liquidating Trustee, as the case may be, in their sole and absolute discretion. The stakeholders of any of the Debtors may affect any such transaction without any further action.

7.3. Termination of the Debtors. As soon as practicable after the Effective Date, the the Liquidating Trustee shall cause the Debtors to be dissolved in accordance with applicable state law; *provided, however*, that pursuant to section 1124(b) of the Bankruptcy Code, the Liquidating Trustee shall be authorized to file the Debtors' final tax returns, if any, and shall be authorized to file and shall file with the official public office for keeping corporate records in the Debtors' state of incorporation a certificate of dissolution or equivalent document. Such a certificate of dissolution may be executed by the Liquidating Trustee without the need for any action or approval by any other party. From and after the Effective Date, the Debtors (i) for all purposes shall be deemed to have withdrawn their business operations from any state in which they were previously conducting, or are registered or licensed to conduct, their business operations, and shall not be required to file any document, pay any sum or take any other action, in order to effectuate such withdrawal, and (ii) shall not be liable in any manner to any taxing authority for franchise, business, license or similar taxes accruing on or after the Effective Date.

7.4. Closing of the Chapter 11 Cases. Notwithstanding anything to the contrary in the Bankruptcy Rules providing for earlier closure of the Chapter 11 Cases, when all Assets contributed to the Liquidating Trust has been liquidated and converted into Cash or other property, including securities of the Parent (other than those Assets abandoned by the Liquidating Trust), and such Cash and/or other property has been distributed in accordance with the Liquidating Trust Agreement and this Plan, and the Final Distribution made, the Liquidating Trustee shall seek authority from the Bankruptcy Court to close the Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules.

ARTICLE 8
POST-CONFIRMATION LITIGATION

8.1. Transfer and Enforcement of Causes of Action. Pursuant to section 1123(b)(3) of the Bankruptcy Code, except as otherwise provided in this Plan or the Confirmation Order, all Litigation Claims are expressly preserved, reserved and retained by the Liquidating Trust and, after transfer of the Assets to the Liquidating Trust pursuant to Section 7.2.3 hereof, the Liquidating Trustee or other appropriate party in interest including any designee or successor of the Liquidating Trustee, will have the exclusive right to enforce any and all Litigation Claims and rights of the Debtors that arose before or after the Petition Date (including, but not limited to, the rights and powers of a trustee and debtor-in-possession) against potential targets of the Litigation Claims. The right to bring all Litigation Claims against any targets is expressly and entirely preserved and retained. Any compromise by the Liquidating Trustee shall be subject to Bankruptcy Court approval pursuant to Rule 9019.

8.2. Objections to Claims. Subject to applicable law, and except as otherwise set forth herein, from and after the Effective Date, the Liquidating Trustee shall have the authority to litigate to judgment objections to Claims or Interests pursuant to applicable procedures established by, or grounds set forth in, the Bankruptcy Code, the Bankruptcy Rules, the Liquidating Trust Agreement and this Plan. Any compromise of any Claim objection shall be subject to Bankruptcy Court approval. The deadline within which objections to Claims or Interests may be filed shall be one (1) year from the Effective Date; *provided, however*, that such deadline may be extended from time to time upon application to and approval by the Bankruptcy Court.

ARTICLE 9
DISTRIBUTIONS

9.1. Delivery of Distributions in General. Distributions to holders of Allowed Claims shall be made: (a) at the addresses set forth in the Proofs of Claim Filed by such holders; (b) at the addresses set forth in any written notices of address change Filed with the Bankruptcy Court or delivered to the Liquidating Trustee after the date on which any related Proof of Claim was Filed; or (c) at the addresses reflected in the Schedules relating to the applicable Allowed Claim if no Proof of Claim has been Filed and the Liquidating Trustee has not received a written notice of a change of address.

9.2. Cash Payments. Except as otherwise provided in the Liquidating Trust Agreement or the Confirmation Order, Cash payments to be made pursuant to the Plan shall be made by checks drawn on a domestic bank or by wire transfer from a domestic bank, at the option of the Liquidating Trustee.

9.3. Interest on Claims. Post-petition interest shall not accrue or be paid 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 upon any Disputed Claim in respect of the period from the Petition Date to the date a Final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim. To the extent that any Allowed Claim entitled to a distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable law, be allocated for federal income tax purposes to the principal amount of the Allowed Claim first and then, to the extent the consideration exceeds the principal amount of the Allowed Claim, to the portion of such Allowed Claim representing accrued but unpaid interest.

9.4. No *De Minimis* Distributions. Other than in the Final Distribution, no payment of Cash in an amount of less than $250.00 shall be required to be made on account of any Allowed Claim or Interest.

9.5. Face Amount. Unless otherwise expressly set forth herein with respect to a specific Claim or Class of Claims, for the purpose of the provisions of this Article, the "Face Amount" of a Disputed Claim means the amount set forth on the Proof of Claim, unless no Proof of Claim has been timely Filed or deemed Filed, in which case the Face Amount shall be zero.

9.6. Undeliverable Distributions. If the distribution check to any Holder of an Allowed Claim is not cashed within ninety (90) days after issuance by the Liquidating Trustee, a stop payment order shall be given with respect to the check and no further distributions shall be made to such holder on account of such Allowed Claim. Such Allowed Claim or Interest shall be discharged and the holder of such Allowed Claim shall be forever barred from asserting such Claim against the Liquidating Trust, the Liquidating Trustee, the Debtors, their Estates or their respective property. In such cases, any Cash held for distribution on account of such Claim shall remain property of the Liquidating Trust and be distributed to other Creditors in accordance with the terms of this Plan and the Liquidating Trust Agreement.

9.7. Interim Distributions. Unless otherwise provided in the Plan, the Liquidating Trustee in his discretion may make periodic distributions to the Beneficiaries entitled thereto in accordance with Section 5.1 of the Liquidating Trust Agreement.

9.8. Final Distribution. The Liquidating Trustee shall make a final distribution in accordance with Section 5.5 of the Liquidating Trust Agreement.[2]

9.9. Disputed Claims Reserves. The Liquidating Trustee shall establish reserves for Disputed Claims in accordance with the terms of the Liquidating Trust Agreement.

9.10. Compliance with Tax Requirements. In connection with the Plan and the distributions made in accordance thereto, to the extent applicable, the Liquidating Trust shall comply with all tax withholding and reporting requirements imposed by any governmental unit, if any, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. The Liquidating Trustee shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements.

ARTICLE 10
CONDITIONS PRECEDENT

10.1. Conditions to Confirmation. As a condition to entry of the Confirmation Order:

The Confirmation Order shall be in form and substance satisfactory to the Debtors.

10.2. Conditions to the Effective Date. The Plan shall not become effective and the Effective Date shall not occur unless and until:

The Bankruptcy Court shall have entered the Confirmation Order in form and substance satisfactory to the Debtors;

No stay of the Confirmation Order shall be in effect at the time the other conditions set forth in this Section 10.2 are satisfied, or, if permitted, waived; and

All documents, instruments and agreements, in form and substance satisfactory to Joshua Rizack (as the CRO for the Debtors) provided for under this Plan or necessary to

[2] As described in the "Unsecured Distribution Formula," in Section 20.D. and Exhibit B of the Disclosure Statement, the net litigation proceeds will be distributed as follows: (i) the first $300,000 to the Lender, who is funding the litigation (*i.e.* the "Lender's Initial Share of Litigation Claims Proceeds"); (ii) the second $450,000, pro rata, to holders of allowed Class 3 Claims (*i.e.* the "GUC Priority Claim"); (iii) the remainder of the net litigation proceeds pro rata to all holders of allowed Class 3 and Class 4 Claims. However, prior to final distributions, if the *percentage* recovery to holders of allowed Class 3 Claims is anticipated to exceed two times the *percentage* recovery to holders of allowed Class 4 Claims, then the distribution formula will be readjusted such that the final distributions will result in the holders of allowed Class 3 Claims' receiving no more than two times the *percentage* recovery to holders of allowed Class 4 Claims

implement this Plan, including, without limitation, the Liquidating Trust Agreement, shall have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the parties benefited thereby.

10.3. Termination of Plan for Failure To Become Effective. If the Effective Date shall not have occurred on or prior to the date that is forty-five (45) days after the Confirmation Date, then this Plan shall terminate and be of no further force or effect unless the provisions of this Section are waived in writing by the Debtors.

10.4. Waiver of Conditions. The Debtors may waive any or all of the conditions set forth in Sections 10.1 and/or 10.2 (other than the conditions set forth in Sections 10.2.1 and 10.2.3) of this Plan.

10.5. Notice of Effective Date. On the Effective Date, or as soon thereafter as is reasonably practicable, the Liquidating Trustee shall file with the Bankruptcy Court a "Notice of Effective Date" in a form reasonably acceptable to the Liquidating Trustee in his sole discretion, which notice shall constitute appropriate and adequate notice that this Plan has become effective; *provided, however*, that the Liquidating Trustee shall have no obligation to notify any Person of such fact. This Plan shall be deemed to be effective as of 12:01 a.m., prevailing Eastern time, on the Effective Date specified in such filing. A courtesy copy of the Notice of Effective Date may be sent by first class mail, postage prepaid (or at the Liquidating Trustee's option, by courier or facsimile) to those Persons who have filed with the Bankruptcy Court requests for notices pursuant to Bankruptcy Rule 2002.

ARTICLE 11
EFFECT OF CONFIRMATION

11.1. Jurisdiction of Court. Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases and this Plan to the fullest extent permitted by law, including among other things, jurisdiction over the subject matters set forth in Article 12 of this Plan.

11.2. Binding Effect. Except as otherwise provided in section 1141(d) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of this Plan shall bind any holder of a Claim against or Interest in the Debtors and their respective successors and assigns, whether or not the Claim or Interest of such holder is Impaired under this Plan and whether or not such holder has accepted this Plan.

11.3. Exculpation. *Except as otherwise specifically provided in this Plan, none of the Exculpated Parties shall have or incur, and all such parties are hereby released from, any Claim, obligation, cause of action or liability to one another or to any holder of a Claim or an Interest, or any other party in interest, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the negotiation and pursuit of confirmation of this Plan, the consummation of this Plan, or the administration of this Plan or the property to be distributed under this Plan, except for (i) professional liability claims, and (ii) their gross negligence or*

willful misconduct, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities (if any) under this Plan.

Notwithstanding any other provision of the Plan, neither any holder of a Claim or Interest, or other party in interest, shall have any right of action against the Exculpated Parties for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the negotiation and pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for such Persons' gross negligence or willful misconduct.

11.4. Injunctions. *Except as otherwise specifically provided in this Plan or the Confirmation Order, all Entities who have held, hold or may hold Claims, rights, causes of action, liabilities or any Interests based upon any act or omission, transaction or other activity of any kind or nature related to the Debtors or the Chapter 11 Cases that occurred prior to the Effective Date, other than as expressly provided in this Plan or the Confirmation Order, regardless of the filing, lack of filing, allowance or disallowance of such a Claim, Interest or any other right or claim against the Estates, the Liquidating Trust or the Trust Assets, and regardless of whether such Entity has voted to accept this Plan, and any successors, assigns or representatives of such Entities shall be precluded and permanently enjoined on and after the Effective Date from (a) the commencement or continuation in any manner of any claim, action or other proceeding of any kind with respect to any Claim, Interest or any other right or claim against the Estates, the Liquidating Trust or the Trust Assets, which it possessed or may possess prior to the Effective Date, (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order with respect to any Claim, Interest or any other right or claim against the Estates, the Liquidating Trust or the Trust Assets, which such Entity possessed or may possess prior to the Effective Date, (c) the creation, perfection or enforcement of any encumbrance of any kind with respect to any Claim, Interest or any other right or claim against the Estates, the Liquidating Trust or the Trust Assets, which it possessed or may possess prior to the Effective Date, and (d) the assertion of any Claims that are released hereby.*

11.5. Limitation of Liability. *Except as expressly set forth in this Plan none of the Releasees shall have or incur any liability to any holder of a Claim or Interest for any act or omission in connection with, related to, or arising out of, the Chapter 11 Cases, the negotiation and pursuit of confirmation of this Plan, the consummation of this Plan or any contract, instrument, release or other agreement or document created in connection with this Plan, or the administration of this Plan or the property to be distributed under this Plan, except for gross negligence or willful misconduct.*

11.6. Cancellation and Release of Existing Indebtedness and Liens. Except as may otherwise be provided in this Plan, on the Effective Date, all credit agreements, promissory notes, mortgages, security agreements, guaranties, invoices, contracts, agreements, and any other documents or instruments evidencing Claims against the Debtors, together with any and all Liens securing same, shall be cancelled, discharged, and released without further act or action by any Person under any applicable agreement, law, regulation, order, or rule, and the obligations of the Debtors thereunder shall be deemed cancelled, discharged, and released. To the extent deemed necessary or advisable by the Liquidating Trustee, any holder of a Claim

shall promptly provide the Liquidating Trustee with an appropriate instrument of cancellation, discharge, or release, as the case may be, in suitable form for recording wherever necessary to evidence such cancellation, discharge, or release, including the cancellation, discharge, or release of any Lien securing such Claim.

11.7. Lender Release and Injunction. *On the Effective Date of the Plan, the Confirmation Order shall permanently enjoin, restrain, and bar the Debtors, the Estates, the Liquidating Trust, and any Creditor from filing, commencing, conducting, demanding, asserting, litigating, or continuing in any manner, directly, indirectly, or derivatively, any suit, action, Claim, Interest demand, or other proceeding (including, without limitation, any proceeding in any judicial, arbitral, administrative, or other forum) against, implicating, or involving Lender, its officers, directors, members, shareholders, employees, or agents based upon any and all acts or omissions of the Debtors, their officers, directors, shareholders, members, employees or agents or in any way related to the Debtors or their Bankruptcy Cases, except that this Lender Release and Injunction shall not apply to any governmental agencies in enforcing their police powers. On the Effective Date, the Debtors, the Estates, the Liquidating Trust and all Creditors shall be deemed to have released Lender, its officers, directors, members, shareholders, employees, or agents from any and all Claims or Interests in any way related to the Debtors, its affairs and acts, or these Bankruptcy Cases. In light of the inherent risk of litigation, it is conceivable that the Creditors might receive as little as a 1% recovery in exchange for this release to the Lender.*

Notwithstanding the foregoing, nothing set forth in Plan is intended to, nor shall be deemed to, release or enjoin any claims against the corporate shells of the Debtors, which claims shall remain the obligations of those respective corporate shells.

IRS CIRCULAR 230 NOTICE. TO COMPLY WITH INTERNAL REVENUE SERVICE CIRCULAR 230, TAXPAYERS ARE HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS PLAN (INCLUDING ANY EXHIBITS OR ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A TAXPAYER UNDER THE INTERNAL REVENUE CODE, (B) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IS WRITTEN IN CONNECTION WITH THE SOLICITATION OF VOTES ON THIS PLAN AND (C) TAXPAYERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

ARTICLE 12
RETENTION OF JURISDICTION

12.1. Ongoing Bankruptcy Court Jurisdiction. Notwithstanding the entry of the Confirmation Order, the occurrence of the Effective Date and the transfer of the Assets to the Liquidating Trust, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Cases after the Effective Date to the fullest extent legally permissible, including but not limited to jurisdiction to, among other things:

a) Allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of, or subordinate for any purposes pursuant to section 510 of the Bankruptcy Code, any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of all Claims and Interests;

b) Hear and determine any and all causes of action and rights of the Debtors that arose before or after the Petition Date that are expressly preserved pursuant to, among other things, section 1123(b)(3) of the Bankruptcy Code, are yet to be liquidated and are preserved for prosecution by the Liquidating Trustee or other appropriate party in interest, including any designee or successor, against any Person whatsoever, on account of any and all Litigation Claims defined in Section 1.52 herein (including, but not limited to, all avoidance powers granted to the Debtors under the Bankruptcy Code and all causes of action and remedies granted pursuant to sections 502, 506, 510, 541, 542, 543, 544, 545, 547 through 551 and 553 of the Bankruptcy Code, and all non-avoidance actions owned by the Debtors' Estates including, but not limited to, claims of tort, breach of contract and claims lying in law or in equity, whether based in common law, Florida state law, another state's law, Federal law or otherwise);

c) Grant or deny any applications for allowance of compensation for Professionals authorized pursuant to the Bankruptcy Code or this Plan, for periods ending on or before the Effective Date;

d) Resolve any matters relating to the assumption, assumption and assignment or rejection of any executory contract to which either Debtor is a party or with respect to which the Debtors may be liable, including without limitation the determination of whether such contract is executory for the purposes of section 365 of the Bankruptcy Code, and hear, determine and, if necessary, liquidate any Claims arising therefrom;

e) Enter orders approving the Liquidating Trust's post-Confirmation sale or other disposition of Trust Assets pursuant to sections 363 and 1146(c) of the Bankruptcy Code or otherwise, free and clear of all Liens, Claims and encumbrances;

f) Ensure that distributions to holders of Allowed Claims and Interests are accomplished pursuant to the provisions of this Plan and the Liquidating Trust Agreement;

g) Decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving the Debtors that may be pending in the Chapter 11 Cases on the Effective Date;

h) Hear and determine matters concerning state, local or federal taxes in accordance with sections 346, 505 or 1146 of the Bankruptcy Code;

i) Enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Liquidating Trust Agreement, this Plan and the Confirmation Order;

j) Hear and determine any applications by the Liquidating Trustee to retain one or more professionals to assist the Liquidating Trustee in carrying out his duties and obligations under the Liquidating Trust Agreement;

k) Resolve any disputes relating to monthly fee invoices for allowance of compensation submitted by the Liquidating Trustee or his professionals;

l) Hear and determine any matters concerning the enforcement of the provisions of Article 11 of this Plan and any other exculpations, limitations of liability or injunctions contemplated by this Plan;

m) Resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Liquidating Trust Agreements, this Plan or the Confirmation Order;

n) Permit the Liquidating Trustee to the extent authorized pursuant to section 1127 of the Bankruptcy Code, to modify this Plan or any agreement or document created in connection with this Plan or remedy any defect or omission or reconcile any inconsistency in this Plan or any agreement or document created in connection with this Plan;

o) Issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with consummation, implementation or enforcement of the Liquidating Trust Agreement, this Plan or the Confirmation Order;

p) Enforce any injunctions entered in connection with Chapter 11 Cases, or relating to this Plan or the Confirmation Order;

q) Enter and enforce such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated, or distributions pursuant to the Liquidating Trust Agreement or this Plan are enjoined or stayed;

r) Determine any other matters that may arise in connection with or relating to this Plan or any agreement or the Confirmation Order;

s) Order the complete or partial substantive consolidation of any non-Debtor Entity with or into the Liquidating Trust *nunc pro tunc* to the Petition Date or otherwise;

t) Enter any orders in aid or in extension of prior orders of the Bankruptcy Court; and

u) Enter a final decree closing the Chapter 11 Cases.

ARTICLE 13
ACCEPTANCE OR REJECTION OF THE PLAN

13.1. Persons Entitled to Vote. Class 2 is Unimpaired and therefore votes of such Class will not be solicited. Classes 1, 3, 4, and 5 are Impaired and votes of Classes 1, 3, and 5 will be solicited. Class 5 has agreed not to vote.

13.2. Acceptance by Impaired Classes. An Impaired Class of Claims shall have accepted the Plan if (i) the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (ii) the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of at least one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

13.3. Acceptance by Impaired Interests. An Impaired Class of Interests shall have accepted the Plan if the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Interests actually voting in such Class have voted to accept the Plan.

13.4. Presumed Acceptances by Unimpaired Classes. Class 2 is Unimpaired by the Plan. Under section 1126(f) of the Bankruptcy Code, such Claim holders are conclusively presumed to accept the Plan, and the votes of such Claim holders will not be solicited.

13.5. Summary of Classes Voting on the Plan. As a result of the provisions of Section 5.7 of this Plan, the votes of holders of Claims in Classes 1, 3, and 4 will be solicited with respect to this Plan.

13.6. Impaired Classes. Classes 1, 3, and 4 are impaired and votes of holders of Claims in Classes 1, 3, and 4 will be solicited with respect to this Plan.

ARTICLE 14
MISCELLANEOUS PROVISIONS

14.1. Modification of Plan. Subject to the restrictions on Plan modifications set forth in section 1127 of the Bankruptcy Code, the Debtors reserve the right to alter, amend or modify this Plan before its substantial consummation.

14.2. Revocation of the Plan. The Debtors reserve the right to revoke or withdraw this Plan prior to the Confirmation Date. If the Debtors revoke or withdraw this Plan, or if Confirmation does not occur or if the Plan does not become effective, then this Plan shall be null and void, and nothing contained in this Plan or Disclosure Statement shall: (a) constitute a waiver or release of any Claims by or against, or any Interests in, the Debtors; (b) constitute an admission of any fact or legal conclusion by the Debtors or any other Entity; or (c) prejudice in any manner the rights of the Debtors in any further proceedings involving the Debtors.

14.3. Governing Law. Unless a rule of law or procedure is supplied by (i) federal law (including the Bankruptcy Code and Bankruptcy Rules), or (ii) an express choice of law provision in any agreement, contract, instrument or document provided for, or executed in

connection with, this Plan, the rights and obligations arising under this Plan and any agreements, contracts, documents and instruments executed in connection with this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida without giving effect to the principles of conflict of laws thereof.

14.4. No Admissions. If Confirmation or the Effective Date does not occur, nothing contained in this Plan or Disclosure Statement shall be deemed as an admission by the Debtors or any other party with respect to any matter set forth therein or herein including, without limitation, liability on any Claim or the propriety of any Claims classification. If the Effective Date does not occur within thirty (30) days following entry of the Confirmation Order, this Plan will be null and void and of no further effect.

14.5. Severability of Plan Provisions. If prior to Confirmation any term or provision of this Plan that does not govern the treatment of Claims or Interests is held by the Bankruptcy Court to be invalid, void or unenforceable, at the request of the Debtors, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

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

14.7. Exemption from Certain Transfer Taxes. Pursuant to section 1146(c) of Bankruptcy Code, the issuance, transfer or exchange of any Security or the making or delivery of any instrument of transfer pursuant to, in implementation of, or as contemplated by, this Plan, including but not limited the vesting, sale, transfer or other disposition of any of the Assets or Trust Assets may not be taxed under any law (state, local or otherwise) imposing a stamp tax, use tax, sales tax, transfer tax or similar tax or fee. Any sale of any Asset, including but not limited to, any of the Debtors' Assets or Trust Asset, occurring before, after or upon the Effective Date shall be deemed to be in furtherance of this Plan and thus subject to the 11 U.S.C. § 1146(c) exemption.

14.8. Preservation of Rights of Setoffs. The Liquidating Trustee may, but shall not be required to, set off against any Claim against the Debtors, and the payments or other distributions to be made pursuant to this Plan in respect of such Claim, claims of any nature whatsoever that the Debtors may have against the holder of such Claims; but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors of any such claim that the Debtors may have against such holder.

14.9. Preservation of Rights And Defenses. Except to the extent such rights, Claims, causes of action, defenses, and counterclaims are expressly and specifically released in connection with this Plan or in any settlement agreement approved during the Chapter 11 Cases, (i) any and all rights, Claims, causes of action, defenses, and counterclaims accruing to the Debtors or the Estates (including, without limitation, any and all Litigation Claims) shall remain assets of and vest in the Liquidating Trust, whether or not litigation relating thereto is pending on the Effective Date and whether or not any such rights, Claims, causes of action, defenses, and counterclaims have been listed in the Schedules or otherwise listed or referred to in this Plan, the Disclosure Statement, or any other document filed with the Bankruptcy Court, and (ii) neither the Debtors, nor the Estates, nor the Liquidating Trustee waive, relinquish, or abandon (nor shall they be estopped or otherwise precluded from asserting) any right, Claim, cause of action, defense, or counterclaim that constitutes property of the Estates, (a) whether or not such right, Claim, cause of action, defense or counterclaim has been listed or referred to in the Schedules, this Plan, the Disclosure Statement, or any other document filed with the Bankruptcy Court, (b) whether or not such right, Claim, cause of action, defense, or counterclaim is currently known to the Debtors, or the Estates, or the Liquidating Trustee, and (c) whether or not a defendant in any litigation relating to such right, Claim, cause of action, defense, or counterclaim filed a Proof of Claim in the Chapter 11 Cases, filed a notice of appearance or any other pleading or notice in the Chapter 11 Cases, voted for or against this Plan, or received or retained any consideration under this Plan. Without in any manner limiting the scope of the foregoing, notwithstanding any otherwise applicable principle of law or equity, including, without limitation, any principles of judicial estoppel, res judicata, collateral estoppel, issue preclusion, or any similar doctrine, the failure to list, disclose, describe, identify, or refer to a right, Claim, cause of action, defense, or counterclaim, or potential right, Claim, cause of action, defense, or counterclaim in the Schedules, this Plan, the Disclosure Statement, or any other document filed with the Bankruptcy Court, shall in no manner waive, eliminate, modify, release, or alter the Liquidating Trustee's right to commence, prosecute, defend against, settle, and realize upon any rights, Claims, causes of action, defenses, or counterclaims that the Debtors, the Estates, or the Liquidating Trust have or may have as of the Confirmation Date. The Liquidating Trustee may commence, prosecute, defend against, recover on account of, and settle all rights, Claims, causes of action, defenses, and counterclaims in its sole discretion in accordance with what is in the best interests, and for the benefit, of the Liquidating Trust, including through use of Federal Rule of Bankruptcy Procedure 2004. The Liquidating Trustee's right to recover against former directors and/or officers of the Debtors shall not be limited to the proceeds of the D&O Policies.

14.10. No Injunctive Relief. Except as otherwise provided in this Plan or Confirmation Order, no Claim or Interest shall under any circumstances be entitled to specific performance or other injunctive, equitable, or other prospective relief.

14.11. Non-Business Day. If any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

14.12. Entire Agreement. This Plan (together with the Liquidating Trust Agreement) sets forth the entire agreement and undertaking relating to the subject matter hereof and

supersedes all prior discussions and documents. The Debtors' Estates shall not be bound by any terms, conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof, other than as expressly provided for herein.

14.13. Notices. Any notice required or permitted to be provided under this Plan shall be in writing and served by either (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery, or (c) reputable overnight delivery service, freight prepaid, to be addressed as follows:

To the Debtors or the Liquidating Trustee:

Joshua Rizack, as Chief Restructuring Officer of the Debtors and Liquidating Trustee
c/o Steven R. Wirth, Esq.
Akerman LLP
401 East Jackson Street, Suite 1700
Tampa, Florida 33602

Dated: August 15, 2017

GRANDPARENTS.COM, INC. AND GRAND CARD LLC

By: Joshua Rizack
Title: Chief Restructuring Officer

-and-

AKERMAN LLP

/s/Steven R. Wirth
Steven R. Wirth
Florida Bar Number: 0170380
Email: steven.wirth@akerman.com
401 East Jackson Street, Suite 1700
Tampa, Florida 33602
Telephone: (813) 223-7333
Facsimile: (813) 218-5407

Attorneys for Grandparents.com, Inc. and Grand Card LLC

Schedule 1

Liquidating Trust Agreement

LIQUIDATING TRUST AGREEMENT

for the

GRANDPARENTS.COM, INC. AND GRAND CARD LLC LIQUIDATING TRUST

Dated as of _____, 2017

by and among

GRANDPARENTS.COM, INC., GRAND CARD LLC,

AND

JOSHUA RIZACK

as Liquidating Trustee

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LIQUIDATING TRUST AGREEMENT

This Liquidating Trust Agreement (the "Liquidating Trust Agreement"), dated as of [_____], 2017, by and among Grandparents.com, Inc. ("GP"), Grand Card, LLC ("Grand Card"), chapter 11 debtors herein (collectively, the "Debtors"), and Joshua Rizack, as Liquidating Trustee ("Liquidating Trustee"), is made and executed in connection with the *Plan of Liquidation of Grandparents.com, Inc. and Grand Card, LLC* under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code"), dated July ___, 2017 (as may thereafter be amended, the "Plan"), in the United States Bankruptcy Court for the Southern District of Florida (Miami Division) (the "Bankruptcy Court"), which Plan was confirmed by Order of the Bankruptcy Court dated [_____], 2017. The Plan provides for the establishment of the liquidating trust evidenced hereby ("Liquidating Trust") to liquidate the assets and property of the Debtors in accordance with the terms and conditions of the Plan and to resolve and realize upon certain of the Debtor's rights, claims and causes of action through enforcement by the Liquidating Trustee.

R E C I T A L S

WHEREAS, on April 14, 2017 (the "Petition Date"), the Debtors filed petitions for relief under chapter 11 of the Bankruptcy Code; and

WHEREAS, on April 18, 2017, the Bankruptcy Court entered an Order directing joint administration of these cases, and designated Case No. 1:17-bk-14711-LMI as the lead case; and

WHEREAS, on the same date, the Debtors filed an Emergency Application (Doc. No. 9) (the "Rizack Application") to Approve Engagement Letter with The Rising Group Consulting ("TRGC") to Provide Financial Advisory and Restructuring Services to the Debtors and to Retain Joshua Rizack ("Rizack") as Chief Restructuring Officer for the Debtors, *nunc pro tunc* to the Petition Date; and

WHEREAS, on April 20, 2017 the Bankruptcy Court entered an Order (Doc. No. 56) Approving the Rizack Application; and

WHEREAS, the Debtors, with the assistance of Rizack, are currently operating their businesses pursuant to sections 1106 and 1108 of the Bankruptcy Code;

WHEREAS, on [_____], 2017, the Bankruptcy Court entered an order confirming the Plan (the "Confirmation Order"); and

WHEREAS, the Plan provides for, among other things: (i) distributions to the holders of Allowed Administrative Claims in accordance with the terms of the Plan and in full satisfaction of such Allowed Administrative Claims, (ii) distributions to the holders of Allowed Priority Claims in accordance with the terms of the Plan and in full satisfaction of such Allowed Priority Claims, and (iii) periodic distributions of Cash from the Liquidating Trust to the holders of Allowed Claims against, and Interests in, the Debtors as specifically provided for herein and in the Plan, which holders comprise one hundred percent (100%) of the holders of beneficial interests of the trust created hereby; and

WHEREAS, the Plan provides for the creation of a liquidating trust to hold the Trust Assets in trust for the benefit of all Beneficiaries pursuant to the terms of this Liquidating Trust Agreement and the Plan; and

WHEREAS, this Liquidating Trust Agreement is executed to establish the Liquidating Trust (as defined in Section 2 hereof) and to facilitate implementation of the Plan; and

WHEREAS, the primary purpose of the Liquidating Trust is to liquidate the Trust Assets for the benefit of the Beneficiaries in accordance with Treasury Regulation Section 301.7701-4(d) and the Liquidating Trust will not be operated with the objective of continuing or engaging in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidating Trust; and

WHEREAS, the Liquidating Trust is intended to qualify as a liquidating trust that is treated as a "grantor trust" for federal income tax purposes and the Liquidating Trustee shall operate and maintain the Liquidating Trust in compliance with Internal Revenue Service Revenue Procedure 94-45, 1994-2 C.B. 684, and Treasury Regulation Sections 1.671-4(a) and 301.7701-4(d) and all subsequent guidelines regarding liquidating trusts issued by the Internal Revenue Service; and

WHEREAS, the Beneficiaries desire to exchange their Allowed Claims or Interests under the Plan for Beneficial Interests in the Liquidating Trust.

A G R E E M E N T S

NOW THEREFORE, for and in consideration of the premises, and the mutual promises and agreements contained herein and in the Plan, the receipt and sufficiency of which is hereby expressly acknowledged, the Debtors and Liquidating Trustee hereby agree as follows:

SECTION I. *DEFINITIONS*

1.1 Terms Defined in Recitals. As used in this Liquidating Trust Agreement, each of the terms "Liquidating Trust Agreement," "Debtors," "Liquidating Trustee," "Bankruptcy Code," "Plan," "Bankruptcy Court," "Petition Date," and "Confirmation Order" shall have the meanings set forth above.

1.2 Terms Defined in the Plan. Capitalized terms used in this Liquidating Trust Agreement without definition shall have the meanings ascribed to them in the Plan. Terms defined in the Bankruptcy Code and not otherwise specifically defined in the Plan or herein shall, when used herein, have the meanings attributed to them in the Bankruptcy Code.

SECTION II. *AUTHORITY OF AND CERTAIN DIRECTIONS TO LIQUIDATING TRUSTEE: DECLARATION OF TRUST*

2.1 Creation of Liquidating Trust. Pursuant to Section 7.1.1 of the Plan and the Confirmation Order, and effective as of the Effective Date of the Plan, the Beneficiaries and the Trustee hereby create the Liquidating Trust for the benefit of the Beneficiaries. Pursuant to the terms of the Plan, the Debtors execute this Liquidating Trust Agreement and irrevocably transfer,

absolutely assign, convey, set over, and deliver to the Liquidating Trust, and its successors and assigns, all right, title and interest of the Debtors in and to the Assets, in trust, to and for the benefit of the Beneficiaries for the uses and purposes stated herein and in the Plan, except as may otherwise be specifically provided by the Plan. The Debtors shall execute and deliver such other instruments of sale, transfer, conveyance, assignment and confirmation, and will cooperate and take such other actions as the Liquidating Trustee may deem reasonably necessary or desirable in order to more effectively transfer, convey and assign all rights, title and interests in and to the Assets to the Liquidating Trust.

2.2 Purpose of Liquidating Trust. This Liquidating Trust is created and organized for the sole purposes of collecting, holding, liquidating, and distributing the Trust Assets and administering, compromising, settling, withdrawing, objecting to, or litigating the Litigation Claims as they pertain to the Debtors and objections to the Claims under the Plan, with no objective to engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidating Trust. In accordance with such express and limited purposes, as of the Effective Date, the Liquidating Trust is hereby authorized and directed: (i) to take any and all steps necessary to maintain the Liquidating Trust as a liquidating trust for federal income tax purposes in accordance with Treasury Regulation § 301.7701-4(d) and as a "grantor trust" subject to the provisions of Subchapter J, Subpart E of the IRC unless otherwise required; (ii) to take all reasonable and necessary actions to conserve and protect the Trust Estate; (iii) to administer, compromise, settle, and litigate the Litigation Claims and any other claims or causes of action belonging to the Liquidating Trust subject to the provisions of Section 4.12 hereof; (iv) to the extent necessary and appropriate, object to any Claims asserted against the Debtors' Estates and the Liquidating Trust; and (v) to maintain, operate or lease (for purposes of holding for sale), or sell or otherwise liquidate or dispose of the Trust Assets, in accordance with the terms of this Liquidating Trust Agreement, the Plan and the Confirmation Order, and to distribute the net proceeds of such disposition to the Beneficiaries, in as prompt, efficient and orderly a fashion as possible in accordance with the provisions of Section 5 hereof.

2.3 Title to Litigation Claims of the Debtors. Upon the transfer of the Litigation Claims and all other Assets of the Debtors to the Liquidating Trust, the Liquidating Trustee shall succeed to all of the Debtors' right, title and interest in the Litigation Claims and other Assets and the Debtors will have no further interest in or with respect to the Litigation Claims, and other Assets, or the Liquidating Trust.

2.4 Tax Treatment of Transfer of the Assets to the Liquidating Trust. For all federal income tax purposes, all parties (including, without limitation, the Debtors, the Liquidating Trustee, and the Beneficiaries) shall treat the transfer of the Assets to the Liquidating Trust, as set forth in Sections 2.1 and 2.3 of this Liquidating Trust Agreement and in accordance with the Plan, as a transfer of such Assets to the Beneficiaries and a transfer by the Beneficiaries of such Assets to the Liquidating Trust. In all events, the Beneficiaries of the Liquidating Trust shall be treated as the grantors and deemed owners of the Liquidating Trust.

The Liquidating Trustee shall not be permitted to receive or retain Cash or Cash equivalents in excess of a reasonable amount to meet distributions as provided herein and the Plan or to maintain the value of the Trust Assets during liquidation.

For the avoidance of any doubt, following the contribution of Assets to the Liquidating Trust pursuant to Section 7.1.3 of the Plan and Sections 2.1 and 2.3 hereof, the Liquidating Trustee shall have standing to pursue Litigation Claims on behalf of the Liquidating Trust subject only to any limitations set forth in this Liquidating Trust Agreement.

2.5 Assignment and Assumption of Claims. In accordance with Section 1141 of the Bankruptcy Code and Section 2.1 hereof, the Debtors hereby transfer and assign the Assets to the Liquidating Trust free and clear of any Liens, Claims, interests, encumbrances or any liability of any kind and the Liquidating Trustee on behalf of the Liquidating Trust hereby assumes and agrees that all such Assets will be transferred to the Liquidating Trust free and clear of any Liens, Claims, interests, encumbrances or any liability of any kind.

2.6 Property in the Liquidating Trust. The Liquidating Trust shall hold the legal title to all property at any time constituting a part of the Trust Estate and shall hold such property in trust to be administered and disposed of by it pursuant to the terms of this Liquidating Trust Agreement, the Plan, and the Confirmation Order for the benefit of the Beneficiaries. The Liquidating Trustee is authorized to make disbursements and payments from the Trust Estate in accordance with the provisions of Sections 5 and 6 of this Liquidating Trust Agreement and pursuant to the Plan.

2.7 Valuation of Trust Assets. As soon as possible after the Effective Date, and within the time frame required by applicable Treasury Regulations, the Liquidating Trustee, based upon his good faith determination after consultation with his counsel and other professionals, shall inform the Beneficiaries in writing solely as to his estimate of the value of the Assets transferred to the Liquidating Trust. The valuation shall be used consistently by all parties (including, without limitation, the Debtors, the Liquidating Trustee, and the Beneficiaries) for federal income tax purposes; *provided, however*, that such valuation shall not be binding on the Liquidating Trustee or any other party for any other purposes, including without limitation in regard to the liquidation of the Trust Assets, whether by disposition, liquidation, litigation, settlement, or otherwise.

2.8 Continuation of the Automatic Stay. In furtherance of the implementation of the Plan, and to the fullest permitted under section 362(c) of the Bankruptcy Code, all injunctions or stays provided for in the Chapter 11 Cases and in existence on the Confirmation Date, shall remain in full force and effect and apply to all creditors and Beneficiaries holding claims against the Assets, the Liquidating Trustee, the Liquidating Trust and the Trust Assets.

SECTION III. *BENEFICIAL INTERESTS.*

3.1 No Transfer or Exchange. Unless the Liquidating Trustee determines otherwise, Beneficial Interests in the Liquidating Trust shall not be transferable. In the event the Liquidating Trustee does authorize the transfer of Beneficial Interests, the Liquidating Trustee, with the advice and consent of counsel, shall establish procedures to govern the registration and transfer of Beneficial Interests ("Permitted Transfer"). Once such procedures have been established, if ever, the Liquidating Trustee shall notify all holders of Beneficial Interests of such procedures. Notwithstanding the foregoing, a transfer of a Beneficial Interest shall be not be permitted by the Liquidating Trustee if such transfer would be contrary to maintaining the

Liquidating Trust as a liquidating trust for federal income tax purposes in accordance with Treasury Regulation § 301.7701-4(d) and as a "grantor trust" subject to the provisions of Subchapter J, Subpart E of the IRC.

3.2 No Certification. Unless the Liquidating Trustee determines otherwise, the Beneficial Interests will not be certificated and no security of any sort will be distributed to the Beneficiaries with respect to their interest in the Liquidating Trust. In the event the Liquidating Trustee does permit the certification of the Beneficial Interests, the Liquidating Trustee, with the advice of counsel, shall establish procedures to govern such certification. Once such procedures have been established, if ever, the Liquidating Trustee shall notify all Beneficiaries of such procedures.

3.3 Absolute Owners. The Liquidating Trustee may deem and treat the persons who are Beneficiaries (as determined in accordance with the Plan) as the absolute owners of the Beneficial Interests in the Liquidating Trust for the purpose of receiving distributions and payments thereof, or on account thereof, and for all other purposes whatsoever. Unless the Liquidating Trustee receives actual written notice of a Permitted Transfer from the duly authorized transferee not less than thirty (30) days prior to a distribution made pursuant to the terms of this Liquidating Trust Agreement, and subject to the applicable provisions of Bankruptcy Rule 3001(e), the Liquidating Trustee shall have no duty or obligation to make or direct any distributions or payments to such transferee of a Permitted Transfer.

3.4 Means of Payment. Cash payable to Beneficiaries pursuant to Section 5 hereto will be paid by checks drawn on a domestic bank account maintained by the Liquidating Trust or by wire transfer from a domestic bank account maintained by the Liquidating Trust at the option of the Liquidating Trustee.

3.5 Amount of Payment. The amount of Cash payments and distributions to Beneficiaries shall be made and calculated in accordance with the Plan.

3.6 Acceptance of Conveyance. The Liquidating Trustee is hereby directed to, and the Liquidating Trustee agrees that he will: (a) accept delivery of the Assets on behalf of the Liquidating Trust; (b) accept all bills of sale, deeds, assumptions and assignments, and all other instruments of conveyance required to be delivered by the Debtors with respect to the Assets transferred to the Liquidating Trustee on behalf of the Liquidating Trust pursuant to or in connection with the Plan, the Confirmation Order, or this Liquidating Trust Agreement; and (c) take such other action as may be required of the Liquidating Trust hereunder, including the receipt and acceptance as part of the Trust Estate of any property or rights, including, without limitation, notes, other negotiable instruments, claims, Litigation Claims, and other choses-in-action belonging to the Debtors or their Estates.

3.7 Title. On the Effective Date, legal title to all Assets of the Debtors, shall be vested in the Liquidating Trust in accordance with and pursuant to the terms of the Plan and this Liquidating Trust Agreement. Without limiting the foregoing, on the Effective Date, the Liquidating Trustee, on behalf of the Liquidating Trust, shall be: (i) authorized to act as representative of the Debtors' Estate in respect of any and all claims or causes of action that constitute Litigation Claims; and (ii) substituted as successor to the Debtors (a) in all actions and

proceedings pending or thereafter commenced in the Bankruptcy Court or elsewhere in regard to the Litigation Claims, (b) in all actions and proceedings pending or thereafter commenced in the Bankruptcy Court or elsewhere in connection with or regarding all Claims, and (c) in any agreement respecting the Trust Assets to which either Debtor is a party.

SECTION IV. ***ADMINISTRATION OF TRUST ESTATE.***

4.1 Claims Reserves.

a. The Liquidating Trustee shall establish a reserve fund (the "Disputed Claims Reserve") for the payment by the Liquidating Trustee of all Disputed Claims. Each time a distribution is made to any Class of Claims, the Liquidating Trustee shall deposit into the Disputed Claims Reserve an amount equal to the distribution each holder of a Disputed Claim in such Class would have received were the Face Amount (as defined in Section 9.5 of the Plan) of its Disputed Claim in such Class been an Allowed Claim. At the time a Person's Disputed Claim is allowed, in whole or in part, such Person shall receive from the Disputed Claims Reserve, a distribution equal to the distributions such Person would have received on account of its Allowed Claim had it been an Allowed Claim at the time of such prior distributions, with any surplus Cash held in the Disputed Claims Reserve on account of such Disputed Claim becoming generally available for use by the Liquidating Trustee. Such Person shall also become a new Beneficiary of the Liquidating Trust and such Person shall be deemed, at such time, to have received a distribution of assets of the Trust Estate equal to the amount of the Allowed Claim immediately followed by a transfer by such Person to the Liquidating Trust of such assets and said new Beneficiary shall be treated, at such time, as a new grantor and deemed owner and Beneficiary of the Liquidating Trust to the extent of his Allowed Claim.

4.2 Administrative Powers of the Liquidating Trustee. During the Liquidating Trustee's administration of the Liquidating Trust, and subject to: (i) all the other provisions of this Liquidating Trust Agreement (including, but not limited to, Sections 4.3 and 4.4) and (ii) the Plan, the Liquidating Trustee may exercise the power:

(i) To receive and hold all the assets of the Trust Estate and to have exclusive possession and control thereof as permissible under applicable law;

(ii) To manage, sell and convert all or any portion of the assets in the Trust Estate to Cash and distribute the net distributable proceeds as specified in the Plan and this Liquidating Trust Agreement;

(iii) To enter into, perform and exercise rights under contracts binding upon the Liquidating Trust (but not upon the Liquidating Trustee in his respective individual or corporate capacity) which are reasonably incident to the administration of the Liquidating Trust and which the Liquidating Trustee, in the exercise of his best business judgment, reasonably believes to be in the best interests of the Liquidating Trust;

(iv) To delegate his authority under this Liquidating Trust to other persons, provided that such delegation must be made pursuant to a written agreement that has been approved by the Bankruptcy Court in conjunction with the confirmation of the Plan;

(v) To establish and maintain accounts at banks and other financial institutions, in a clearly specified fiduciary capacity, into which Cash and property of the Liquidating Trust may be deposited, and draw checks or make withdrawals from such accounts, and to pay or distribute such amounts of the Trust Estate as permitted or required under the Plan and this Liquidating Trust Agreement;

(vi) To employ attorneys, accountants, appraisers, expert witnesses, insurance adjusters or other persons whose services may be reasonably necessary or advisable in the sole judgment of the Liquidating Trustee to advise or assist him in the discharge of his duties as Liquidating Trustee, or otherwise in the exercise of any powers vested in the Liquidating Trustee, and to pay reasonable compensation to such attorneys, accountants, appraisers, expert witnesses, insurance adjusters or other persons;

(vii) Pursuant to Section 1123 (a)(5)(D) of the Bankruptcy Code, to sell or otherwise dispose of, and liquidate or convert to Cash, any assets of the Trust Estate, either subject to or free of any Lien, or distribute all or any part of the property of the Trust Estate among those having an interest in such property of the Trust Estate;

(viii) To pay any and all reasonable and necessary expenses attributable or relating to the management, maintenance, operation, preservation or liquidation of the Trust Estate;

(ix) To investigate, file, compromise, settle, withdraw or litigate in the Bankruptcy Court or on appeal (or pursuant to a withdrawal of the reference of jurisdiction) objections to Claims filed against the Debtors' Estates, the Trust Estate or the Liquidating Trust;

(x) To investigate, analyze, compromise, adjust, arbitrate, sue on or defend, pursue, prosecute, abandon, or otherwise deal with and settle, in accordance with the terms set forth in this Liquidating Trust Agreement, all Litigation Claims and claims in favor of or against the Liquidating Trust as the Liquidating Trustee shall deem advisable;

(xi) To avoid and recover transfers of the Debtors' property as may be permitted by the Bankruptcy Code or applicable state law, including, without limitation, those transfers identified in the Disclosure Statement;

(xii) To take all appropriate action with respect to the Trust Estate, including, without limitation, the filing, prosecution, settlement or other resolution of claims and Litigation Claims;

(xiii) To sue or be sued in connection with any matter arising from or related to the Plan or this Liquidating Trust Agreement that affects in any way the rights or obligations of the Liquidating Trust, the Liquidating Trustee or the Beneficiaries;

(xiv) To represent the interests of the Beneficiaries with respect to any matters relating to the Plan, this Liquidating Trust Agreement, or the Liquidating Trust affecting the rights of such Beneficiaries;

(xv) If the Liquidating Trust shall become subject to federal or state income tax, the Liquidating Trustee shall have the power, exercisable at his reasonable discretion, to take any action reasonably necessary to minimize any adverse federal or state income tax consequences to the Beneficiaries resulting from any distribution made by the Liquidating Trust to such Beneficiaries;

(xvi) In general, without in any manner limiting any of the foregoing or the following, to deal with the Trust Assets or any part or parts thereof in all other ways as would be lawful for any person owning the same to deal therewith; *provided, however*, that the investment powers of the Liquidating Trustee, other than those reasonably necessary to maintain the value of the Trust Assets of the Liquidating Trust and to further the liquidating purpose of the Liquidating Trust, are limited by the terms herein;

(xvii) To do any and all other things, not in violation of any other terms of the Plan, the Confirmation Order, and this Liquidating Trust Agreement, which, in the reasonable business judgment of the Liquidating Trustee, are necessary or appropriate for the proper liquidation, management, investment and distribution of the assets of the Trust Estate in accordance with the provisions of this Liquidating Trust Agreement and the Plan;

(xviii) To file final tax returns for the Debtors; and

(xix) At the appropriate time, to request that the Bankruptcy Court enter a final decree closing the Debtors' Chapter 11 Cases.

4.3 Limitations on Liquidating Trustee; Investments.

a. **No Trade or Business**. The Liquidating Trustee shall carry out the purposes of the Liquidating Trust and the directions contained herein and shall not at any time cause the Liquidating Trust to enter into or engage in any business (except as may be consistent with the limited purposes of the Liquidating Trust), including, without limitation, the purchase of any assets or property (other than such assets or property as are reasonably necessary to carry out the purposes of the Liquidating Trust Agreement, on behalf of the Liquidating Trust or the Beneficiaries). The Liquidating Trustee is directed to take all reasonable and necessary actions to dispose of the Trust Estate in as prompt, efficient and orderly a fashion as possible, to make timely distributions of the proceeds of the Trust Estate, and to otherwise not unduly prolong the duration of the Liquidating Trust.

b. **Investments**. The Liquidating Trustee shall invest any monies held at any time as part of this Trust Estate, and every other reserve or escrow fund established pursuant to the terms of this Liquidating Trust Agreement, only in interest-bearing deposits or certificates of deposit issued by any federally insured banking institution or short-term investments, including short-term obligations of, or unconditionally guaranteed as to payment by, the United States of America and its agencies or instrumentalities, pending the need for the disbursement thereof in payment of costs, expenses, and liabilities of the Liquidating Trust or in making distributions pursuant to Section 5 of this Liquidating Trust Agreement. The Liquidating Trustee shall be restricted to the collection and holding of such monies and any income earned on such monies and to the payment and distribution thereof (at least annually if such monies are not necessary to

maintain the value of the Trust Estate or to satisfy Claims against the Trust Estate) for the purposes set forth in the Plan and this Liquidating Trust Agreement, and to the conservation and protection of the Trust Estate in accordance with the provisions hereof.

4.4 Limitations on Liquidating Trustee – Bankruptcy Court Approval of Settlements Required.

a. Unless otherwise set forth herein, the Liquidating Trustee is authorized to compromise or settle an action without any advanced notice or consent if the Liquidating Trustee reasonably believes such settlement or compromise to be in the best interests of the Liquidating Trust, and shall be held harmless by the Beneficiaries in taking such action.

b. Any compromise or settlement of an action by the Liquidating Trustee pursuant to this Section 4.4 shall be subject to approval of the Bankruptcy Court pursuant to Bankruptcy Rule 9019.

4.5 Transferee Liabilities. If any liability shall be asserted against the Liquidating Trust as transferee of the Trust Estate on account of any claimed liability of or through the Debtors, the Liquidating Trustee may use such part of the Trust Assets as may be necessary in contesting any such claimed liability and in payment, compromise, settlement and discharge thereof on terms reasonably satisfactory to the Liquidating Trustee. In no event shall the Liquidating Trustee be required or obligated to use his own property, funds or assets for any such purposes.

4.6 Administration of Trust. In administering the Liquidating Trust, the Liquidating Trustee, subject to the express limitations contained herein, is authorized and directed to do and perform all such acts, to execute and deliver such deeds, bills of sale, instruments of conveyance, and other documents as he may deem reasonably necessary or advisable to carry out the purposes of the Liquidating Trust.

4.7 Payment of Expenses and Other Liabilities. The Liquidating Trustee shall pay all reasonable expenses, charges, liabilities and obligations of the Liquidating Trust, including without limiting the generality of the foregoing, such debts, liabilities, or obligations as may be payable from the Trust Estate, interest, taxes, assessments, and public charges of every kind and nature, and the costs, charges and expenses in connection with or arising out of the execution or administration of the Liquidating Trust and the Trust Estate, and such other payments and disbursements as are provided for in this Liquidating Trust Agreement or which may be reasonably determined by the Liquidating Trustee to be proper charges against the Liquidating Trust and the Trust Estate, and the Liquidating Trustee, in his reasonable discretion and business judgment may determine to be necessary or advisable to meet or satisfy unascertained, unliquidated or contingent liabilities of the Liquidating Trust. The Liquidating Trustee shall make such payments without application to or order of the Bankruptcy Court, except as otherwise herein provided.

4.8 Payment of U.S. Trustee's Fees. After the occurrence of the Effective Date, fees payable to the Office of the United States Trustee during the administration of the Plan and until the case is converted, dismissed or closed, shall be paid by the Liquidating Trustee.

4.9 Liquidating Trustee Fees. The Liquidating Trustee shall be entitled to reasonable compensation for services performed in the amount of $350.00 per hour credited against a percentage of commission earned on amounts disbursed at the rates set forth in 11 U.S.C. § 326, pursuant to the terms of and in accordance with the terms of this Liquidating Trust Agreement.

4.10 Fiscal Year. The Liquidating Trust's fiscal year shall end on December 31 of each year, unless the Liquidating Trustee deems it advisable to establish some other date on which the fiscal year of the Liquidating Trust shall end.

4.11 Reports. The Liquidating Trustee shall:

a. Prepare and file unaudited interim financial reports as may be required by regulatory authorities, applicable laws, rules or regulations or as the Liquidating Trustee deems advisable during the fiscal year;

b. Prepare, file and mail, within the time required by applicable law or regulation, necessary income tax information, tax returns or reports to the Beneficiaries and applicable taxing authorities, including, on an annual basis, the manner and calculation of the Liquidating Trust's taxable gain or loss which the Liquidating Trust would recognize if it were a separate taxable entity. In this connection, the Liquidating Trustee shall file returns for the Liquidating Trust as a grantor trust pursuant to Treasury Regulation Section 1.671-4(a); and

c. As soon as practicable after each calendar quarter, and in no event later than thirty (30) days after the end of each quarter, the Liquidating Trustee shall submit to the United States Trustee, and any Beneficiary who requests copies of such quarterly report after the Confirmation Date, an unaudited written report and account showing:

(i) the assets and liabilities of the Liquidating Trust;

(ii) any distributions made and expenses paid pursuant to the Plan and the Liquidating Trust Agreement during that calendar quarter;

(iii) any changes in the Trust Assets that have not been previously reported; and,

(iv) any material action taken by the Liquidating Trustee in the performance of his or her duties under the Liquidating Trust Agreement that has not been previously reported.

SECTION V. *PAYMENTS AND DISTRIBUTIONS.*

5.1 Distributions to Beneficiaries.

a. As often as in the reasonable discretion and judgment of the Liquidating Trustee there shall be Available Cash in an amount sufficient to render feasible a distribution of

Cash to the Beneficiaries, the Liquidating Trustee shall transfer and pay, or cause to be transferred and paid, to the Beneficiaries (subject to the provisions of Section 3 hereof) such aggregate amount of Available Cash, if any, as shall then be held in the Liquidating Trust, excluding reasonable amounts of Cash needed to pay the expenses, debts, charges, liabilities and obligations of the Liquidating Trust (the "Distribution Amount"). The aggregate amounts required to be distributed to the Beneficiaries shall be determined by the Liquidating Trustee pursuant to and in accordance with the terms of the Plan and this Liquidating Trust Agreement. The Distribution Amount(s) shall be paid to the Beneficiaries annually so long as there are sufficient funds to make distributions and shall be determined by the Liquidating Trustee in his reasonable discretion and his determination shall be final and conclusive on all persons, in the absence of gross negligence or willful misconduct on the part of the Liquidating Trustee, and shall not be reviewed by the Bankruptcy Court. In determining the amount of any such distribution, the Liquidating Trust may rely and shall be fully protected in relying upon the advice and opinion of independent public accountants or of counsel to the Liquidating Trust.

b. All payments to be made hereunder to the Beneficiaries shall be made only from the Available Cash, and income and proceeds thereof, and only to the extent that the Liquidating Trustee shall have received sufficient Available Cash, income or proceeds thereof to make such payments in accordance with the terms of this Section 5. Each Beneficiary shall look solely to the assets, income and proceeds of the Liquidating Trust available for distribution to such Beneficiary as herein provided.

5.2 Establishment of the Claim Accounts. The Liquidating Trustee will establish on the Liquidating Trust's books and records an account representing each Allowed or Disputed Claim as set forth on the official claims register maintained by the Clerk of the Bankruptcy Court (each, a "Claim Account"). It is expressly understood that the establishment of the Claim Accounts by the Liquidating Trustee or his agents is solely for administrative convenience, and that amounts allocable to such Claim Accounts need not be segregated and may be commingled for investment purposes as specified herein. The Liquidating Trustee may rely on the official claims register as correct.

5.3 Distributions from Trust Estate. Distributions will be made to the Beneficiaries in accordance with the terms of the Plan and the Claim Accounts will be adjusted by the Liquidating Trustee to reflect such distributions.

5.4 Fractional Distributions. No distribution in fractions of cents shall be issued. If the Distribution Amount allocated to an Allowed Claim or Interest at the time of a distribution hereunder would include fractions of cents, the amount to be distributed shall be rounded down to the highest integral number of cents in the applicable Claim Account, but such rounding down shall not affect such allocation. The aggregate amount of the retained fractional distributions from the Distribution Amount shall be retained in the Liquidating Trust by the Liquidating Trustee and shall remain part of the Trust Estate.

5.5 Final Distribution. Upon the final collection or liquidation of all of the assets, rights and interests comprising the Trust Estate, and in any event prior to the Termination Date (as defined in Section 5.6 hereof), the Liquidating Trustee shall prepare a final accounting of any and all monies remaining in any accounts maintained by the Liquidating Trustee on behalf of the

Liquidating Trust (the "Final Cash"). Once the amount of the Final Cash has been determined, the Liquidating Trustee shall make the Final Distribution, in accordance with the Plan and this Liquidating Trust Agreement.

5.6 Termination Date. The Liquidating Trust shall terminate on such date that: (a) a final decree has been entered closing the Chapter 11 Cases and (b) all assets in the Trust Estate have been distributed and (c) all Litigation Claims have been pursued or abandoned pursuant to, and in accordance with, the Plan and this Liquidating Trust Agreement (the "Termination Date"). However, the term of the Liquidating Trust shall not exceed five (5) years from the Effective Date, provided that, upon a finding that an extension is necessary to the liquidating purpose of the Liquidating Trust and upon approval by the Bankruptcy Court, the term may be extended for a finite term based on the particular facts and circumstances. Each such extension must be approved by the Bankruptcy Court within six (6) months of the beginning of the extended term. The Liquidating Trustee shall be released of all liabilities and discharged from his or her obligations under the Plan or this Liquidating Trust Agreement once the Liquidating Trust has terminated.

SECTION VI. *OTHER DUTIES OF THE LIQUIDATING TRUSTEE.*

6.1 Management of Trust Estate. With respect to the assets of the Trust Estate, the Liquidating Trustee may purchase and maintain in existence such insurance as the Liquidating Trustee deems reasonable and necessary or appropriate from time to time to protect the Liquidating Trust, the Trust Assets, the Liquidating Trustee, and the Beneficiaries' interests in the assets of the Trust Estate or from any potential claims or liabilities relating thereto or the distribution thereof.

6.2 Tax and Related Matters. Pursuant to and in accordance with the Plan, the Liquidating Trustee shall be responsible for all tax matters of the Trust Estate, including, but not limited to, the filing of all tax returns and other filings with governmental authorities on behalf of the Trust Estate, the Debtors' Estates and any subsidiaries (whether organized as a corporation, limited liability company or partnership and whether owned in whole or in part) for time periods ending on or before the Final Tax Day, including the filing of tax returns for the Liquidating Trust as a grantor trust pursuant to § 1.671-4(a) of the United States Income Tax Regulations, the filing of determination requests under Section 505(b) of the Bankruptcy Code, and responding to any tax audits of the Trust Estate. The Liquidating Trustee shall provide such information to the Beneficiaries as will enable them to properly file their separate tax returns and withhold and pay over any amounts required by tax law. The Liquidating Trustee is authorized to act as agent for the Trust Estate in withholding or paying over any amounts required by law (including tax law) to be withheld or paid with respect to the Trust Estate in withholding or paying over any amounts required by law (including tax law) to be withheld or paid with respect to the Trust Estate. Except as otherwise set forth in this Liquidating Trust Agreement or the Plan, any items of income, deduction, credit, or loss of the Liquidating Trust not allocable to the Disputed Claims Reserve shall be allocated for federal income tax purposes among the Beneficiaries pro rata based upon their Beneficial Shares. he Liquidating Trust shall file all income tax returns with respect to any income attributable to the Disputed Claims Reserve and shall pay the federal, state and local income taxes attributable to the Disputed Claims Reserve, based on the items of income, deduction, credit or loss allocable thereto. The Liquidating Trustee shall be entitled to

deduct any federal or state withholding taxes from any payments made with respect to Allowed Claims, as appropriate, and shall otherwise comply with Section 346 of the Bankruptcy Code.

6.3 No Implied Duties. The Liquidating Trustee shall not manage, control, use, sell, dispose, collect or otherwise deal with the Trust Estate or otherwise take any action hereunder except as expressly provided herein, and no implied duties or obligations whatsoever of the Liquidating Trustee shall be read into this Liquidating Trust Agreement.

SECTION VII. *CONCERNING THE LIQUIDATING TRUSTEE.*

7.1 Acceptance by Liquidating Trustee. The Liquidating Trustee accepts the Liquidating Trust hereby created for the benefit of the Beneficiaries and agrees to act as Liquidating Trustee of the Liquidating Trust pursuant to the terms of this Liquidating Trust Agreement and the Plan. The Liquidating Trustee shall have and exercise the rights and powers herein granted and shall be charged solely with the performance of the duties herein declared on the part of Liquidating Trustee. The Liquidating Trustee also agrees to receive and disburse all monies actually received by him constituting part of the Trust Estate pursuant to the terms of this Liquidating Trust Agreement and the Plan.

7.2 Discretionary Submission of Questions. Subject to the provisions of this Section 7, the Liquidating Trustee, in his sole discretion and reasonable business judgment, may, but shall not be required to, submit to the Bankruptcy Court, from time to time, any question or questions with respect to which the Liquidating Trustee may desire to have explicit approval of the Bankruptcy Court for the taking of any specific action proposed to be taken by the Liquidating Trustee with respect to the Trust Estate, or any part thereof, and the administration and distribution of the Trust Estate. The written authorization of the Bankruptcy Court set forth in a Final Order shall constitute approval by the Bankruptcy Court of the proposed action to be taken by the Liquidating Trustee. All costs and expenses incurred by the Liquidating Trust in the exercise of any right, power, authority conferred by this Section 7.2 shall be costs and reasonable expenses of the Trust Estate.

7.3 Liability of the Liquidating Trustee.

a. **Limitation on Liability**. No provision of this Liquidating Trust Agreement shall be construed to impart any liability upon the Liquidating Trustee unless it shall be proven that the Liquidating Trustee's actions or omissions constituted gross negligence or willful misconduct in the exercise of or failure to exercise any right or power vested in the Liquidating Trustee under this Liquidating Trust Agreement.

b. **Reliance on Certificates or Opinions**. In the absence of gross negligence or willful misconduct on the part of the Liquidating Trustee, the Liquidating Trust may conclusively rely on the truth of the statements and correctness of the opinions expressed upon any certificates or opinions furnished to the Liquidating Trustee and conforming to the requirements of this Liquidating Trust Agreement.

c. **Discretion of Liquidating Trustee**. The Liquidating Trustee, within the limitations and restrictions expressed and imposed by this Liquidating Trust Agreement, may act freely under all or any of the rights, powers and authority conferred hereby, in all matters

concerning the Trust Estate, after forming his best reasonable business judgment based upon the circumstances of any particular question or situation as to the best course to pursue, without the necessity of obtaining the consent or permission or authorization of the Beneficiaries, the Bankruptcy Court, or of any official or officer; and the rights, powers and authority conferred on the Liquidating Trustee by this Liquidating Trust Agreement are conferred in contemplation of such freedom of reasonable business judgment and action within the limitations and restrictions so expressed and imposed; *provided, however*, that the Liquidating Trustee shall not be liable for any error or exercise of judgment, unless it shall be proved that such Liquidating Trustee was grossly negligent or acted in a manner which constituted willful misconduct.

7.4 Reliance by Liquidating Trustee.

a. **Genuineness of Documents**. The Liquidating Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, objection, order, judgment, decree, or other paper or document reasonably believed by him to be genuine and to have been signed, made, entered or presented by the proper party, parties, official, officials, entity or entities.

b. **Retention of Counsel**. The Liquidating Trustee may retain and consult with legal counsel, independent public accountants and other experts. The Liquidating Trustee shall not be liable for any action taken or suffered by him or omitted to be taken by him without gross negligence or willful misconduct in reliance on any opinion or certification of such accountants or in accordance with the advice of such counsel or experts, provided that such accountants, counsel and experts were selected and retained with reasonable care.

7.5 Reliance on Liquidating Trustee. No person dealing with the Liquidating Trustee shall be obligated to see to the application of any monies, securities, or other property paid or delivered to them or to inquire into the expediency or propriety of any transaction or the right, power, or authority of the Liquidating Trustee to enter into or consummate the same upon such terms as the Liquidating Trustee may deem advisable. Persons dealing with the Liquidating Trustee shall look only to the Trust Estate to satisfy any liability incurred by the Liquidating Trustee to such persons in carrying out the terms of this Liquidating Trust Agreement, and, except as otherwise expressly provided herein, the Liquidating Trustee shall have no personal, individual or corporate obligation to satisfy any such liability.

7.6 Indemnification.

a. **Indemnification of Liquidating Trustee and Agents**. The Liquidating Trustee hereby agrees that the Liquidating Trust will indemnify to the full extent of the Trust Estate any person or entity who was or is a party, or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative by reason of the fact that such person or entity is or was a Liquidating Trustee or an employee, attorney or agent of the Liquidating Trust or Liquidating Trustee, from and against any and all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person or entity in connection with such action, suit or proceeding, including appeals thereof, if such person or entity acted without gross negligence and willful misconduct in the exercise and performance of

any power or duties of such person or entity in accordance with this Liquidating Trust Agreement.

b. **Payment of Expenses**. Expenses (including attorneys' fees) incurred in defending any action, suit or proceeding referred to in this Section 7.6 may be paid by the Liquidating Trust from the Trust Assets in advance of the final disposition of such action, suit or proceeding, upon an undertaking by the Liquidating Trustee or an employee or agent of the Liquidating Trust entitled to be indemnified.

c. **Insurance**. The Liquidating Trust may maintain insurance during its existence and after its termination, at its expense, to protect itself and the Liquidating Trustee, and each of their officers, employees or agents of and from any liability, whether or not the Liquidating Trust would have the legal power to directly indemnify the Liquidating Trustee and each of its officers, employees, or agents against such liability. The terms "Liquidating Trustee," "employer" or "agent" as used herein, where applicable, include the heirs, successors, executors, administrators, personal representatives, or estates of such persons or entities.

d. **Bond**. The Liquidating Trustee (or any successor trustee) shall maintain a bond equal to 150% of the cash held by the Liquidating Trustee for the benefit of the Liquidating Trust.

e. **Costs and Expenses of Liquidating Trustee**. Except as set forth in subsection c, the Liquidating Trustee shall pay out of the Trust Assets, on a monthly basis and without notice or application to the Bankruptcy Court, all reasonable costs, expenses and obligations incurred by the Liquidating Trustee in carrying out his duties under the Liquidating Trust Agreement or in any manner connected, incidental or related to the administration of the Liquidating Trust, including, without limitation:

(i) Any reasonable, documented fees and out-of-pocket expenses of attorneys, accountants, investment advisors, expert witnesses, and insurance adjusters; and

(ii) Any taxes, charges and assessments which may be owed by, or levied or assessed against, the Trust Estate or any property held in trust pursuant to the Liquidating Trust Agreement.

f. **Compensation of Professionals Retained by the Liquidating Trustee.** Any fees and expenses of Professionals retained by the Liquidating Trustee shall be payable from the Trust Assets, subject to approval of an application for allowance and payment of such fees and expenses by the Bankruptcy Court.

The Liquidating Trustee's general and litigation counsel shall be Akerman LLP. The terms of compensation for Akerman LLP shall be the same in all respects as those requested in the Debtors' Application to Retain and Employ Akerman LLP as Counsel to the Debtors and approved by Final Order of the Bankruptcy Court dated May 17, 2017 (Doc. No. 106). Any Professional retained by the Debtors during the Bankruptcy Cases shall be subject to filing a separate application with the Court in order to be retained by the Liquidating Trustee.

7.7 Resignation and Removal.

a. **Resignation**. The Liquidating Trustee may resign and be discharged from any future obligations and liabilities hereunder by giving written notice thereof to the Bankruptcy Court at least thirty (30) days prior to the effective date of such resignation. Such resignation shall become effective on the date specified in such notice.

b. **Removal**. The Liquidating Trustee may be removed at any time by order of the Bankruptcy Court upon motion by any party in interest, including but not limited to the United States Trustee, pursuant to the standard under applicable law for removal of a Chapter 7 trustee. Upon any such removal, such removed Liquidating Trustee shall be entitled to any reimbursement and indemnification set forth in this Liquidating Trust Agreement which remain due and owing to such Liquidating Trustee at the time of such removal.

c. **Appointment of a Successor Liquidating Trustee**. If, at any time, the Liquidating Trustee shall give notice of his intent to resign pursuant to Section 7.7 hereof or be removed or shall become incapable of acting, counsel to the Liquidating Trustee shall provide notice thereof to the Bankruptcy Court. The Debtors, with the approval of the Bankruptcy Court, shall designate a successor Liquidating Trustee to act under this Liquidating Trust Agreement.

d. **Acceptance of Appointment by Successor Liquidating Trustee**. Upon approval of such successor by the Bankruptcy Court, any successor Liquidating Trustee appointed hereunder shall execute an instrument accepting such appointment hereunder and shall deliver counterparts thereof to the Bankruptcy Court. Thereupon, such successor Liquidating Trustee shall, without any further act, become vested with all of the estates, properties, rights, powers, trusts and duties of his predecessor in the Liquidating Trust hereunder with like effect as if originally named herein.

e. **Trust Continuance**. The death, resignation, incompetency or removal of the Liquidating Trustee shall operate neither to terminate the Liquidating Trust created by this Liquidating Trust Agreement nor to revoke any existing agency created pursuant to the terms of this Liquidating Trust Agreement or invalidate in any action theretofore taken by such Liquidating Trustee. In the event of the resignation or removal of the Liquidating Trustee, such Liquidating Trustee shall (i) promptly execute and deliver any such documents, instruments, and other writing as maybe necessary to effect the termination of such Liquidating Trustee's capacity under this Liquidating Trust Agreement and the conveyance of the Trust Estate then held by such Liquidating Trustee to the temporary or successor trustee; (ii) deliver to the temporary or successor trustee all documents, instruments, records, and other writings relating to the Liquidating Trust or Trust Estate as may be in the possession of such Liquidating Trustee; and (iii) otherwise assist and cooperate in effecting the transfer and assumption of his obligations and functions by the temporary or successor trustee.

SECTION VIII. *SUPPLEMENTS AND AMENDMENTS TO THIS LIQUIDATING TRUST AGREEMENT.*

8.1 Supplements and Amendments. Subject to the provisions of Sections 2, 8.2 and 8.3 hereof, at any time and from time to time, and subject to approval by the Bankruptcy Court if

sought by the Liquidating Trustee pursuant to Section 7.2 of this Liquidating Trust Agreement, the Liquidating Trustee may execute a supplement or amendment hereto for the purpose of adding provisions to, or changing or eliminating provisions of, this Liquidating Trust Agreement, or amendments thereto; *provided, however*, that no such supplement or amendment shall (i) require any Beneficiary to furnish or advance funds to the Liquidating Trustee or shall entail any additional personal liability or the surrender of any individual right on the part of any Beneficiary except with the written consent of such Beneficiary, or (ii) without the consent of those Beneficiaries holding not less than seventy-five percent (in aggregate dollar amount) of the Beneficial Interests, change or modify any other provisions for distribution of the Trust Estate. In no event shall this Liquidating Trust Agreement be amended so as to change the purposes of the Liquidating Trust as set forth in Section 2 or the treatment of Claims under the Plan and this Liquidating Trust Agreement.

8.2 Liquidating Trustee, Declining to Execute Documents. If, in the reasonable opinion of the Liquidating Trustee, any document required to be executed pursuant to Section 8.1 hereof materially and adversely affects any immunity or indemnity in favor of the Liquidating Trustee under this Liquidating Trust Agreement, the Liquidating Trustee may in his discretion decline to execute such document.

8.3 Notice of Form of Supplement and Amendments Requiring Vote or Consent. A copy of each amendment or supplement (or a fair summary thereof) shall be furnished to the Beneficiaries, promptly after the execution thereof, except that with respect to any proposed amendment or supplement for which the consent of the Beneficiaries is required, the form of such proposed supplement or amendment (or a fair summary thereof) shall be furnished to the applicable Beneficiaries prior to the Liquidating Trustee seeking the approval thereof by vote or consent of such necessary parties.

8.4 Notice and Effect of Executed Amendment. Upon the execution of any declaration of amendment or supplement, this Liquidating Trust Agreement shall be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Liquidating Trust Agreement of the Liquidating Trustee and the Beneficiaries shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such amendment or supplement shall be thereby deemed to be part of the terms and conditions of this Liquidating Trust Agreement for any and all purposes.

SECTION IX. *MISCELLANEOUS.*

9.1 Title to Trust Estate. No Beneficiary or any other party other than the Liquidating Trust shall have title to any part of the Trust Estate.

9.2 Sales of Assets of the Trust Estate. Any sale or other conveyance of any assets of the Trust Estate, or part thereof, by the Liquidating Trustee made in accordance with the terms of this Liquidating Trust Agreement shall bind the Beneficiaries and shall be effective to transfer or convey all right, title and interest of the Liquidating Trustee and the Beneficiaries in and to such asset of the Trust Estate.

9.3 Notices. Unless otherwise expressly specified or permitted by the terms of the Plan or this Liquidating Trust Agreement, all notices shall be in writing and delivered by registered or certified mail, return receipt requested, or by a hand or facsimile transmission (and confirmed by mail), in any such case addressed as follows:

If to the Liquidating Trustee:

	Joshua Rizack, as Liquidating Trustee c/o Steven R. Wirth, Esq. Akerman LLP 401 East Jackson Street, Suite 1700 Tampa, Florida 33602

and if to any Beneficiary, addressed to its latest mailing address reflected on the Claims List.

9.4 Severability. Any provision of this Liquidating Trust Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9.5 Counterparts. This Liquidating Trust Agreement may be executed in multiple counterparts, including by facsimile or portable document format (PDF), each of which shall constitute an original, but all of which together shall constitute one and the same instrument.

9.6 Binding Agreement. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the Liquidating Trustee and his respective successors and assigns and any successor Liquidating Trustee provided for in Section 7, his respective successors and assigns, and the Beneficiaries, and their respective personal representatives, successors and assigns. Any request, notice, direction, consent, waiver or other instrument or action by any party hereto or any Beneficiary shall bind their respective heirs, personal representatives, successors and assigns.

9.7 No Personal Liability of Beneficiaries. The Beneficiaries will not incur any personal liability through their ownership or possession of their Beneficial Interests, except for taxes imposed on the Beneficiaries pursuant to applicable provisions of federal, state or local law with respect to the receipt of such Beneficial Interests or distributions from or transactions of the Liquidating Trust and other charges specified herein. Liabilities of the Liquidating Trust are to be satisfied in all events (including the exhaustion of the Trust Estate) exclusively from the Trust Estate and such liabilities are not to attach to or be paid from any amounts distributed to the Beneficiaries, regardless of the time at which such distribution took place, or from the assets of the Beneficiaries.

9.8 Headings. The headings of the various Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

9.9 Construction. Except where the context otherwise requires, words importing the masculine gender shall include the feminine and the neuter, if appropriate; words importing the singular number shall include the plural number and vice versa; and words importing persons shall include partnerships, associations, limited liability companies, and corporations.

9.10 Governing Law. This Liquidating Trust Agreement, including all matters of construction, validity and performance hereof, shall in all respects be governed by, and construed and interpreted in accordance with the internal laws of the State of Florida, without regard to the conflicts of law rules thereof.

9.11 Construction with the Plan. The Plan is hereby incorporated fully by reference and is made a part hereof for all purposes. In the event of any inconsistency or conflict between the terms, conditions, definitions and provisions of this Liquidating Trust Agreement and the terms, conditions and provisions of the Plan, the terms, conditions, definitions and provisions of the Plan shall control.

9.12 Subject to Bankruptcy Court's Jurisdiction. The Bankruptcy Court shall retain jurisdiction over this Liquidating Trust, the Trust Estate, the Liquidating Trustee and the Debtors to issue any and all orders and to take other actions necessary to the implementation of this Liquidating Trust Agreement, such jurisdiction to include, without limitation, the jurisdiction contemplated by Section 1142 of the Bankruptcy Code.

9.13 Intention of the Parties. The Debtors, the Beneficiaries and the Liquidating Trustee hereby express their intent to create and maintain the Liquidating Trust as a liquidating trust for Federal income tax purposes in accordance with Treasury Regulation §301.7701-4(d) and as a "grantor trust" subject to the provisions of Subchapter J, Subpart E of the IRC, and the Liquidating Trustee further represents that the Liquidating Trust shall not: (a) receive transfers of listed stocks or securities, any readily-marketable assets (other than those constituting the Trust Estate), or any assets of a going business; or (b) receive and will not retain Cash in excess of a reasonable amount to meet claims and contingent liabilities, determined in the reasonable discretion of the Liquidating Trustee in accordance with the provisions of Section 4 and 5 hereof.

IN WITNESS WHEREOF, the parties have executed and have hereunto caused this Liquidating Trust Agreement to be duly executed, as of the day and year first written above.

Liquidating Trustee of the Grandparents.com, Inc. and Grand Card LLC By: _____ Name: Joshua Rizack Title: Liquidating Trustee	

GRANDPARENTS.COM, INC.
AND GRAND CARD LLC

_____

Name: Joshua Rizack
Title: Chief Restructuring Officer

Schedule 2

List of Executory Contracts and Unexpired Leases to be Assumed

None.

Exhibit B

EXHIBIT B

EXAMPLE SCENARIOS FOR DISTRIBUTION OF LITIGATION PROCEEDS

The purpose of the formula is to preserve the basis of the bargain. In some situations, the sharing formula can result in a windfall distribution to the general unsecured claims ("GUCs"). This can arise in two scenarios: (1) lower-than-expected net proceeds of Litigation Claims, and (2) lower-than-expected allowed unsecured claims. The limitation ensures the GUCs enjoy a priority recovery, but in balance with expectations. More detail is in the examples below.

Example scenarios (all assume a $9,188,538.93 claim for VB Funding):

SCENARIO 1 – BASELINE EXPECTATION:
$2,000,000.00 – Allowed GUCs
$3,000,000.00 – Distributable Net Proceeds

Distribution:
$50,000.00 – Priority GUC Distribution
$300,000.00 – Priority VB Funding Distribution
$50,000.00 - VB Funding Gift to Equity
$ 400,000.00 – Secondary GUC Distribution
$1,847,802.71 – VB Funding Pro Rata
$ 402,197.29 – GUC Pro Rata

Total Recovery:
$2,097,802.71 (22.831%) – VB Funding
$852,197.29 (42.610%) – GUC
$50,000.00 – Equity

2X LIMITATION IS NOT APPLICABLE
PARTIES GET BENEFIT OF THE BARGAIN

SCENARIO 2 – COMPANY EXCEED PROCEEDS EXPECTATION:
$2,000,000.00 – Allowed GUCs
$4,000,000.00 – Distributable Net Proceeds

Distribution:
$50,000.00 – Priority GUC Distribution
$300,000.00 – Priority VB Funding Distribution
$50,000.00 - VB Funding Gift to Equity
$400,000.00 – Secondary GUC Distribution
$2,669,048.36 – VB Funding Pro Rata
$1,030,951.64 – GUC Pro Rata

Total Recovery:
$2,919,048.36 (31.768%) – VB Funding
$1,030,951.64 (51.548%) – GUC
$50,000.00 – Equity

2X LIMITATION IS NOT APPLICABLE
PARTIES GET BENEFIT OF THE BARGAIN

SCENARIO 3 – LOWER ALLOWED GUCS:
$1,000,000.00 – Allowed GUCs
$3,000,000.00 – Distributable Net Proceeds

Distribution:
$50,000.00 – Priority GUC Distribution
$300,000.00 – Priority VB Funding Distribution
$50,000.00 - VB Funding Gift to Equity
$400,000.00 – Secondary GUC Distribution
$2,029,163.63 – VB Funding Pro Rata
$220,836.37 – GUC Pro Rata

Total Recovery:
$2,279,163.63 (24.084%) – VB Funding
$670,836.37 (72.084%) – GUC
$50,000.00 – Equity

2X LIMITATION APPLIES/ADJUSTMENT REQUIRED
HERE, THE GUCS RECEIVE A WINDFALL RECOVERY (HERE: AN ADDITIONAL 29.474% OVER EXPECTATIONS), COMPARED TO ONLY A MODEST INCREASE IN VB FUNDINGS' RECOVERY. THE LIMITATION RETAINS THE GUCS' PRIORITY RECOVERY, BUT IN BALANCE WITH EXPECTATIONS.

SCENARIO 4 – LOWER NET PROCEEDS:
$2,000,000.00 – Allowed GUCs
$1,500,000.00 – Distributable Net Proceeds

Distribution:
$50,000.00 – Priority GUC Distribution
$300,000.00 – Priority VB Funding Distribution
$50,000.00 - VB Funding Gift to Equity
$400,000.00 – Secondary GUC Distribution
$615,934.24 – VB Funding Pro Rata
$134,065.76 – GUC Pro Rata

Total Recovery:
$865,934.24 (9.424%) – VB Funding
$584,065.76 (29.203%) - GUC

2X LIMITATION APPLIES/ADJUSTMENT REQUIRED
HERE, THE GUCS RECEIVE A WINDFALL (HERE: 3.1X THE RECOVERY OF VB FUNDING) BECAUSE THE COMPANY HAS A LACK OF SUCCESS IN REALIZING DISTRIBUTABLE PROCEEDS. THE LIMITATION RETAINS THE GUCS' PRIORITY RECOVERY, BUT IN BALANCE WITH EXPECTATIONS.

Exhibit C

8-K 1 v455649_8k.htm 8-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): December 21, 2016

Grandparents.com, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**000-21537**	**93-1211114**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

589 Eighth Avenue, 6th Floor New York, New York	**10018**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: **646-839-8800**

N/A
(Former Name or Former Address, If Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

As previously reported, on September 15, 2016, Grandparents.com, Inc. (the "**Company**") and VB Funding, LLC (the "**Lender**") entered into a securities purchase agreement (the "**Preferred Stock Purchase Agreement**"), pursuant to which the Company agreed to provide the Lender with the right to purchase a total of 1,500,000 shares of the Company's Series D Convertible 12% Preferred Stock, par value $0.01 per share (the "**Series D Preferred**"), for an aggregate purchase price of $1,000,000, convertible into an aggregate of 1,833,000,000 shares of the Company's common stock, par value $0.01 per share (the "**Common Stock**"), as may be adjusted from time to time as provided in the Series D COD (as defined below). Among other conditions to the closing of the sale of shares of the Series D Preferred, the Company agreed to file a Certificate of Designation, Preferences and Rights of Series D Convertible 12% Preferred Stock (the "**Series D COD**"). The closing of the sale of Series D Preferred occurred on December 21, 2016.

The foregoing description of the Preferred Stock Purchase Agreement is not complete and is subject to, and qualified in its entirety by, the full text of the Preferred Stock Purchase Agreement, which is attached to this Current Report as Exhibit 10.1 and is incorporated herein by reference.

Item 3.01 Material Modification to Rights of Security Holders

Pursuant to the terms of the Preferred Stock Purchase Agreement, the parties agreed that the Company would offer to the holders of its Series C Redeemable Convertible 7.5% Preferred Stock, par value $0.01 per share (the "**Series C Preferred**"), the option to convert their shares of the Series C Preferred into shares of Common Stock at a discounted rate of $0.05 per share of Series C Preferred, such option to be exercisable for a period of 30 days.

On December 21, 2016, the Company filed a certificate of amendment (the "**Certificate of Amendment**") to its Certificate of Designation, Preferences and Rights of Series C Redeemable Convertible 7.5% Preferred Stock (the "**Series C COD**") with the Secretary of State of the State of Delaware to reduce the conversion price of the Series C Preferred from $0.20 per share of Series C Preferred to $0.05 per share of Series C Preferred beginning on December 21, 2016 and ending on January 21, 2017. The foregoing description of the Certificate of Amendment is not complete and is subject to, and qualified in its entirety by, the full text of the Certificate of Amendment, which is attached to this Current Report as Exhibit 3.1 and is incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities.

On December 21, 2016, the Company filed the Series D COD with the Secretary of State of the State of Delaware setting forth the rights, powers and preferences of the Series D Preferred. Each share of Series D Preferred has a stated value of $0.666667 (the "**Stated Value**"). Each share of Series D Preferred is convertible, at any time at the option of the holder, into 1,222 fully paid and non-assessable shares of Common Stock, subject to adjustment. Each share of Series D Preferred earns dividends at the rate of 12% of the Stated Value plus all unpaid accrued and accumulated dividends thereon (the "**Accruing Dividends**"). The Accruing Dividends are cumulative and accrue on a per annum basis, whether or not declared and whether or not there are funds legally available for the payment of dividends, and are payable in cash on a quarterly basis. The Series D Preferred has a liquidation preference over Common Stock, and voting rights equal to the number of shares of Common Stock into which such Series D Preferred is convertible. Holders vote together with the holders of Common Stock as a single class. Holders are entitled to elect by majority vote (with each share of Series D Preferred Stock entitled to one vote), voting as a separate class, five of the seven members of the Board of Directors of the Company.

The foregoing description of the Series D COD does not purport to be complete and is qualified in its entirety by reference to the Series D COD filed as Exhibit 3.2 and incorporated herein by reference.

In issuing the securities described above, the Company relied upon the exemption from registration provided by Section 4(a)(2) of the Securities Act and/or Rule 506 of Regulation D promulgated thereunder as the transactions did not involve a public offering and the securities were acquired for investment purposes only and not with a view to or for sale in connection with any distribution thereof.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b)

Effective December 21, 2016, each of Mr. Mel Harris, Mr. Louis Karol and Dr. Robert Cohen, M.D. resigned from the Board of Directors of the Company (the "**Board**"), its subsidiaries and all committees thereof.

(d)

Also on December 21, 2016, the Board appointed each of Mr. Clement S. Dwyer, Jr., Mr. Andrew Foote and Ms. Veronica Alvarez Dowling to the Board, effective immediately, each to hold office until the next annual meeting of the stockholders of the Company, until his or her respective successor is duly elected and qualified, or until his or her resignation or removal.

The Company has entered into indemnification agreements with each of Mr. Clement S. Dwyer, Jr., Mr. Andrew Foote and Ms. Veronica Alvarez Dowling, the form of which is attached hereto as Exhibit 10.2 and incorporated herein by reference.

There are no arrangements or understandings between any of Mr. Clement S. Dwyer, Jr., Mr. Andrew Foote and Ms. Veronica Alvarez Dowling and any other person pursuant to which each such individual was selected as a director. Except as disclosed below, the Company is not aware of any transactions in which any of Mr. Clement S. Dwyer, Jr., Mr. Andrew Foote or Ms. Veronica Alvarez Dowling has an interest requiring disclosure under Item 404(a) of Regulation S-K.

Ms. Alvarez Dowling is the spouse of Vincent J. Dowling, Jr., the Manager of VB Funding, LLC. The Company is party to that certain Amended and Restated Credit Agreement (the "**AR Credit Agreement**"), dated as of September 15, 2016, by and between the Company and VB Funding, LLC, which provides for two advances in an aggregate amount not to exceed $2,950,000, to be made in addition to advances previously extended to the Company. As of December 21, 2016, the Company had $9,375,083.32 aggregate principal outstanding under the AR Credit Agreement. The indebtedness bears interest at the following rates per annum: 1% for the first year, 2% for the second year, 3% for the third year, 12% for the fourth year and 15% thereafter.

The Company is additionally party to two securities purchase agreements with VB Funding, LLC: (i) a Securities Purchase Agreement, dated September 15, 2016, pursuant to which VB Funding, LLC purchased 70,000,000 shares of common stock of the Company, at a price per share of $0.015, for an aggregate purchase price of $1,050,000, and (ii) a Securities Purchase Agreement, dated September 15, 2016, pursuant to which VB Funding, LLC purchased 1,500,000 shares of Series D Convertible 12% Preferred Stock of the Company, initially convertible into an aggregate of 1,833,000,000 shares of common stock of the Company, for a total price of $1,000,000.

The Company is also party to that certain letter agreement, dated June 30, 2015, by and between the Company and Vanbridge LLC, pursuant to which Vanbridge LLC agreed to provide certain introductory services to the Company in consideration for an annual fee of $150,000. Mr. Clement S. Dwyer, Jr. serves as a director of Vanbridge Holdings, the parent of Vanbridge LLC. Ms. Alvarez Dowling serves as an officer of Dowling & Hales, LLC, a subsidiary of Vanbridge LLC.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

Reference is made to Items 3.01 and 3.02 of this Current Report on Form 8-K, each of which are incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit Number	Description
3.1	Certificate of Amendment to the Certificate of Designation, Preferences and Rights of Series C Redeemable Convertible 7.5% Preferred Stock, dated as of December 21, 2016.
3.2	Certificate of Designation, Preferences and Rights of Series D Convertible 12% Preferred Stock, dated as of December 21, 2016.
10.1	Securities Purchase Agreement, dated as of September 15, 2016, by and between Grandparents.com, Inc. and VB Funding, LLC (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 21, 2016).
10.2	Form of Indemnification Agreement.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GRANDPARENTS.COM, INC.

Date: December 27, 2016

By: /s/ Steve Leber
Name: Steve Leber
Title: Chairman & Chief Executive Officer

EX-3.1 2 v455649_ex3-1.htm EXHIBIT 3.1

Exhibit 3.1

GRANDPARENTS.COM, INC.

CERTIFICATE OF AMENDMENT
TO THE
CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS OF SERIES C REDEEMABLE CONVERTIBLE 7.5% PREFERRED STOCK

Grandparents.com, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

1. The name of the Corporation is "Grandparents.com, Inc."

2. On September 28, 2015, the Corporation filed a Certificate of Designation, Preferences and Rights of Series C Redeemable Convertible 7.5% Preferred Stock with the Secretary of State designating the rights, preferences and terms of the Corporation's Series C Convertible Preferred Stock, par value $0.01 per share (the "Series C Certificate of Designation").

3. The Board of Directors of the Corporation (the "Board"), acting in accordance with the provisions of Sections 141 and 242 of the General Corporation Law of the State of Delaware (the "DGCL"), adopted resolutions amending the Corporation's Series C Certificate of Designation as follows:

Section 5(a)(i)(a) of the Corporation's Certificate of Designation is hereby amended and restated in its entirety to read as follows:

"Conversion Ratio. Each share of Series C Convertible Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time and after the Original Issue Date, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing the Stated Value by the Conversion Price (as defined below) in effect at the time of conversion. The "**Conversion Price**" shall initially be $0.20, provided, however, if a Holder elects to convert all of such Holder's shares of Series C Convertible Preferred Stock between December 21, 2016 and January 21, 2017, then the Conversion Price shall be $0.05. Such Conversion Price, and the rate at which shares of Series C Convertible Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided in Section 5(b)."

4. Thereafter, pursuant to a resolution of the Board, this Certificate of Amendment was submitted to the stockholders of the Corporation for their approval, and was duly adopted in accordance with the provisions of Sections 222 and 242 of the DGCL.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be duly executed on its behalf by an authorized officer on this 21 day of December 2016.

GRANDPARENTS.COM, INC.

By: /s/ Steve Leber
Name: Steve Leber

Title: Chief Executive Officer

EX-3.2 3 v455649_ex3-2.htm EXHIBIT 3.2

Exhibit 3.2

GRANDPARENTS.COM, INC.

CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS
OF
SERIES D CONVERTIBLE 12% PREFERRED STOCK

(Pursuant to Section 151(g) of the General Corporation Law of the State of Delaware)

The undersigned, being the Chief Executive Officer of Grandparents.com, Inc. (the "**Corporation**"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "**DGCL**"), in accordance with the provisions of Section 151(g) of the DGCL, does hereby certify that:

Pursuant to the authority vested in the Board of Directors of the Corporation by the Third Amended and Restated Certificate of Incorporation of the Corporation (the "**Certificate of Incorporation**"), the Board of Directors, on September 8, 2016, in accordance with Section 151(g) of the DGCL, duly adopted the following resolution establishing a series of 1,500,000 shares of the Corporation's preferred stock, par value $0.01 per share, to be designated as its Series D Convertible 12% Preferred Stock:

RESOLVED, that pursuant to the authority vested in the Board of Directors by the Certificate of Incorporation of the Corporation, the Board of Directors hereby establishes the Series D Convertible 12% Preferred Stock of the Corporation and hereby states the number of shares, and fixes the powers, designations, preferences and relative, participating, optional and other rights, and the qualifications, limitations and restrictions thereof, of such series of shares as follows:

SERIES D CONVERTIBLE 12% PREFERRED STOCK

Section 1. Designation and Number of Shares. There shall be created from the 5,000,000 shares of the Corporation's preferred stock, par value $0.01 per share, authorized to be issued by the Certificate of Incorporation ("**Preferred Stock**"), a series of Preferred Stock designated as "Series D Convertible 12% Preferred Stock" (the "**Series D Convertible Preferred Stock**"), and the authorized number of shares constituting the Series D Convertible Preferred Stock shall be 1,500,000. Upon the unanimous written consent of the Holders of the shares of Series D Convertible Preferred Stock then outstanding, such number of shares may be decreased by resolution of the Board of Directors adopted and filed pursuant to Section 151(g) of the DGCL, or any successor provision, and by the filing of a certificate of decrease with the Secretary of State of the State of Delaware; provided that no such decrease shall reduce the number of authorized shares of Series D Convertible Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, warrants, convertible or exchangeable securities or other rights to acquire shares of Series D Convertible Preferred Stock. Each share of Series D Convertible Preferred Stock shall have a stated value equal to $0.666667 (as may be adjusted for any stock dividends, combinations or splits with respect to such shares pursuant to Section 3(b)) (the "**Stated Value**").

Section 2. Certain Definitions. As used herein, the following terms have the following meanings:

"**Board of Directors**" shall mean the Board of Directors of the Corporation or, with respect to any action to be taken by the Board of Directors, any committee of the Board of Directors duly authorized to take such action.

"**Business Day**" means any day other than Saturday, Sunday, any day which shall be a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"**Certificate of Designation**" shall mean the Certificate of Designation filed with the Secretary of State of the State of Delaware fixing the powers, designations, preferences and relative, participating, optional and other rights, and the qualifications, limitations and restrictions thereof, of the Series D Convertible Preferred Stock.

"**Certificate of Incorporation**" shall mean the Third Amended and Restated Certificate of Incorporation of the Corporation, as may be amended and/or restated from time to time.

"**Common Stock**" means the Corporation's common stock, par value $0.01 per share.

"**Deemed Liquidation Event**" shall mean (i) a merger or consolidation in which (x) the Corporation is a constituent party or (y) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Corporation or a subsidiary in which the share capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (a) the surviving or resulting corporation; or (b) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or (ii) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all of the assets of the Corporation and its subsidiaries taken as a whole or the sale or disposition (whether by merger, consolidation or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

"**Holder**" shall mean a holder of record of the Series D Convertible Preferred Stock.

"**Junior Securities**" shall mean the Corporation's Common Stock, the Corporation's Series C Redeemable Convertible 7.5% Preferred Stock and any other class or series of capital stock (including Preferred Stock) of the Corporation hereafter created or specifically designated as junior to the Series D Convertible Preferred Stock.

"**Original Issue Date"** shall mean the date of the first issuance of any shares of the Series D Convertible Preferred Stock regardless of the number of transfers of any particular shares of Series D Convertible Preferred Stock and regardless of the number of certificates which may be issued to evidence such Series D Convertible Preferred Stock.

"**Person**" means an individual, corporation, partnership, joint venture, limited liability company, governmental authority, unincorporated organization, trust, association or other entity.

"**Trading Day**" shall mean (i) a day on which the Common Stock is traded on a Trading Market (other than the OTCQB), or (ii) if the Common Stock is not listed or quoted on a Trading Market (other than the OTCQB), a day on which the Common Stock is traded in the over-the-counter market, as reported by the OTCQB, or (iii) if the Common Stock is not listed or quoted on any Trading Market, a day on which the Common Stock is quoted in the over-the-counter market as reported by the OTCPink (Current Information) tier of OTC Markets Group, Inc. (or any similar organization or agency succeeding to its functions of reporting prices); provided, that in the event that the Common Stock is not listed or quoted as set forth in (i), (ii) and (iii) hereof, then Trading Day shall mean a Business Day.

"**Trading Market"** shall mean whichever of the New York Stock Exchange, the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market, OTCQX or OTCQB on which the Common Stock is listed or quoted for trading on the date in question.

Section 3. Dividends. There will be no dividends due or payable on the Series D Convertible Preferred Stock other than as set forth in this Section 3.

(a) Accruing Dividends. From and after the date of the issuance of any shares of Series D Convertible Preferred Stock, dividends at the rate per annum of 12% of the Stated Value per share, plus all unpaid accrued and accumulated dividends thereon, shall accrue on such shares of Series D Convertible Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series D Convertible Preferred Stock) (the "**Accruing Dividends**"). The Accruing Dividends shall be cumulative and accrue on a per annum basis, whether or not declared and whether or not there are funds legally available for the payment of dividends, and shall be payable in cash on a quarterly basis. Such Accruing Dividends shall be declared (or deemed declared) by the Board of Directors on a quarterly basis; however, the Accruing Dividend shall be paid only out of legally available funds therefor. To the extent not paid on the last day of March, June, September and December of each calendar year, all Accruing Dividends on any share of Series D Convertible Preferred Stock shall accumulate whether or not declared by the Board of Directors and shall remain accumulated dividends until paid pursuant hereto. All accrued and accumulated dividends on the Shares shall be prior and in preference to any dividend on any Junior Securities and shall be fully declared and paid before any dividends are declared and paid, or any other distributions or redemptions are made, on any Junior Securities. All accrued and unpaid Accruing Dividends shall be paid upon a Liquidation Event pursuant to Section 4, conversion pursuant to Section 5 or redemption pursuant to Section 8.

(b) Participating Dividends. In addition to the Accruing Dividends on the Series D Convertible Preferred Stock pursuant to Section 3(a) hereof, the Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation unless (in addition to the obtaining of any consents required elsewhere in the Certificate of Incorporation) the Holders of the Series D Convertible Preferred Stock then outstanding shall first receive a dividend on each outstanding share of Series D Convertible Preferred Stock in an amount at least equal to (i) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series D Convertible Preferred Stock as would equal the product of (x) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (y) the number of shares of Common Stock issuable upon conversion of a share of Series D Convertible Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (ii) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series D Convertible Preferred Stock determined by (x) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (y) multiplying such fraction by an amount equal to the Stated Value.

(c) Partial Dividend Payments. Except as otherwise provided herein, if at any time the Corporation pays less than the total amount of dividends then accrued and accumulated with respect to the Series D Convertible Preferred Stock, such payment shall be distributed pro rata among the Holders thereof based upon the aggregate accrued and accumulated but unpaid dividends on the shares of Series D Convertible Preferred Stock held by each such Holder.

Section 4. Liquidation; Winding Up, Bankruptcy.

(a) Preferential Payments to Holders of Series D Convertible Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event (each, a "**Liquidation Event**"), the Holders of shares of Series D Convertible Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders before any payment shall be made to the holders of Junior Securities by reason of their ownership thereof, an amount in cash equal to the Stated Value per share, plus any Accruing Dividends accrued and accumulated but unpaid thereon, whether or not declared, together with any other dividends declared but unpaid thereon (the amount payable pursuant to this sentence is hereinafter referred to as the "**Series D Liquidation Amount**"). If upon any such Liquidation Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the Holders of shares of Series D Convertible Preferred Stock the full amount to which they shall be entitled under this Section 4(a), (i) the Holders of shares of Series D Convertible Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full, and (ii) the Corporation shall not make or agree to make any payments to the holders of Junior Securities.

(b) Notice of Liquidation Event. In the event of any Liquidation Event, the Corporation shall, within ten (10) days of the date the Board of Directors approves such action, or no later than twenty (20) days of any stockholders' meeting called to approve such action, or within twenty (20) days of the commencement of any involuntary proceeding, whichever is earlier, give each Holder of shares of Series D Convertible Preferred Stock written notice of the proposed action. Such written notice shall describe the material terms and conditions of such proposed action, including a description of the stock, cash and property to be received by the Holders of shares of Series D Convertible Preferred Stock upon consummation of the proposed action and the date of delivery thereof. If any material change in the facts set forth in the initial notice shall occur, the Corporation shall promptly give written notice to each Holder of such material change.

(c) Liquidation Events.

(i) Effecting a Deemed Liquidation Event. In the event of a Deemed Liquidation Event referred to in Section 4(a) or 4(b), if the Corporation does not effect a dissolution of the Corporation under the DGCL within ninety (90) days after such Deemed Liquidation Event, then (i) the Corporation shall send a written notice to each Holder of Series D Convertible Preferred Stock no later than the ninetieth (90^{th}) day after the Deemed Liquidation Event advising such Holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause; (ii) to require the redemption of such shares of Series D Convertible Preferred Stock; and (iii) if the Holders of at least 50% of the then outstanding shares of Series D Convertible Preferred Stock so request in a written instrument delivered to the Corporation not later than one hundred twenty (120) days after such Deemed Liquidation Event, the Corporation shall use the consideration received by the Corporation for such Deemed Liquidation Event (net of any retained liabilities associated with the assets sold or technology licensed, as determined in good faith by the Board of Directors of the Corporation), together with any other assets of the Corporation available for distribution to its stockholders, all to the extent permitted by Delaware law governing distributions to stockholders (the "**Available Proceeds**"), on the one hundred fiftieth (150^{th}) day after such Deemed Liquidation Event, to redeem all outstanding shares of Series D Convertible Preferred Stock at a price per share equal to the Series D Liquidation Amount. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Available Proceeds are not sufficient to redeem all outstanding shares of Series D Convertible Preferred Stock, the Corporation shall ratably redeem each Holder's shares of Series D Convertible Preferred Stock to the fullest extent of such Available Proceeds, and shall redeem the remaining shares as soon as it may lawfully do so under Delaware law governing distributions to stockholders. The provisions of Section 8 shall apply, with such necessary changes in the details thereof as are necessitated by the context, to the redemption of the Series D Convertible Preferred Stock pursuant to this Section 4(c). Prior to the distribution or redemption provided for in this Section 4(c), the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in connection with such Deemed Liquidation Event or in the ordinary course of business.

(ii) Amount Deemed Paid or Distributed. The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring Person. The value of such property, rights or securities shall be determined in good faith by the Board of Directors of the Corporation.

Section 5. Conversion Rate; Adjustments; Conversion.

(a) Optional Conversion. The Holders of the Series D Convertible Preferred Stock shall have conversion rights as follows (the "**Conversion Rights**"):

(i) Right to Convert.

a. Conversion Ratio. Each share of Series D Convertible Preferred Stock shall be convertible, at the option of the Holder thereof, at any time and from time to time and after the Original Issue Date, and without the payment of additional consideration by the Holder thereof, into 1,222 fully paid and non-assessable shares of Common Stock (the "**Preferred Share Conversion Rate**"), which shall be subject to adjustment as provided in Section 5(b) in order to prevent any dilution of the conversion rights granted under this Section 5. As used herein "fully-diluted basis" means, at any applicable point in time, the issued and outstanding shares of Common Stock of the Corporation, on a fully-diluted basis, after giving effect to (i) all issued and outstanding shares of Common Stock, (ii) the conversion into Common Stock of all issued and outstanding shares of Series D Convertible Preferred Stock, (iii) all shares of Common Stock issuable upon exercise of any outstanding options, warrants or other rights to purchase Common Stock, and (iv) all shares of Common Stock issuable upon conversion of any outstanding notes, debentures, all other classes of preferred stock, or other securities convertible into or exchangeable for shares of Common Stock.

b. Termination of Conversion Rights. In the event of a notice of redemption of any shares of Series D Convertible Preferred Stock pursuant to Section 8, the Conversion Rights of the shares designated for redemption shall terminate at the close of business on the last full day preceding the date fixed for redemption, unless the redemption price is not fully paid on such redemption date, in which case the Conversion Rights for such shares shall continue until such price is paid in full. In the event of a Liquidation Event, the Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of any such amounts distributable on such event to the Holders of Series D Convertible Preferred Stock.

(ii) Notice of Conversion. In order for a Holder of Series D Convertible Preferred Stock to voluntarily convert shares of Series D Convertible Preferred Stock into shares of Common Stock, such Holder shall (i) provide ten (10) days prior written notice to the Corporation's transfer agent at the office of the transfer agent for the Series D Convertible Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent) that such Holder elects to convert all or any number of such Holder's shares of Series D Convertible Preferred Stock and, if applicable, any event on which such conversion is contingent and (ii) if such Holder's shares are certificated, surrender the certificate or certificates for such shares of Series D Convertible Preferred Stock (or, if such registered Holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Series D Convertible Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent). Such notice shall state such Holder's name or the names of the nominees in which such Holder wishes the shares of Common Stock to be issued. If required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered Holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such notice and, if applicable, certificates (or lost certificate affidavit and agreement) shall be the time of conversion (the "**Conversion Time**"), and the shares of Common Stock issuable upon conversion of the specified shares shall be deemed to be outstanding of record as of such date. The Corporation shall, promptly after the Conversion Time (A) issue and deliver to such Holder of Series D Convertible Preferred Stock, or to his, her or its nominees, a notice of issuance of uncertificated shares and may, upon written request, issue and deliver a certificate for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof and, may, if applicable and upon written request, issue and deliver a certificate for the number (if any) of the shares of Series D Convertible Preferred Stock represented by any surrendered certificate that were not converted into Common Stock, and (B) pay any Accruing Dividends accrued but unpaid, whether or not declared, together with any other dividends declared but unpaid, on the shares of Series D Convertible Preferred Stock converted. All shares of Common Stock issued hereunder by the Corporation shall be duly and validly issued, fully paid and nonassessable, free and clear of all taxes, liens, charges and encumbrances with respect to the issuance thereof.

(iii) Effect of Conversion. All shares of Series D Convertible Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the Holders thereof to receive shares of Common Stock in exchange therefor and to receive payment of any Accruing Dividends accrued but unpaid, whether or not declared thereon, or any dividends declared but unpaid thereon. Any shares of Series D Convertible Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Series D Convertible Preferred Stock accordingly.

(iv) No Further Adjustment. Upon any such conversion, no adjustment to the Preferred Share Conversion Rate shall be made for any declared but unpaid dividends on the Series D Convertible Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

(v) Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Series D Convertible Preferred Stock pursuant to this Section 5.

(vi) Reservation of Stock. The Corporation shall, at all times while any shares of Series D Convertible Preferred Stock are outstanding, reserve and keep available out of its authorized but unissued shares of capital stock, solely for the purpose of issuance upon the conversion of the Series D Convertible Preferred Stock, such number of shares of Common Stock issuable upon the conversion of all outstanding Series D Convertible Preferred Stock pursuant to this Section 5, taking into account any adjustment to such number of shares so issuable in accordance with Section 5(b) hereof. The Corporation shall take all such actions as may be necessary to assure that all such shares of Common Stock may be so issued without violation of any applicable law or governmental regulation or any requirements of any Trading Market (except for official notice of issuance which shall be immediately delivered by the Corporation upon each such issuance). The Corporation shall not close its books against the transfer of any of its capital stock in any manner which would prevent the timely conversion of the shares of Series D Convertible Preferred Stock.

(b) Adjustments to Preferred Share Conversion Rate.

(i) If the Corporation, at any time while any shares of Series D Convertible Preferred Stock are outstanding, shall (i) issue, grant or sell any shares of Common Stock or any securities convertible into or exercisable for any class or series of capital stock of the Corporation, (ii) pay a stock dividend or otherwise make a distribution or distributions on shares of its Common Stock payable in shares of its capital stock (whether payable in shares of its Common Stock or of capital stock of any class), (iii) subdivide outstanding shares of Common Stock into a larger number of shares, (iv) combine outstanding shares of Common Stock into a smaller number of shares, (v) issue by reclassification of shares of Common Stock any shares of capital stock of the Corporation, (vi) effect a capital reorganization of the Corporation, (vii) effect a Deemed Liquidation Event, or (viii) effect another similar transaction (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features), then the Board of Directors shall make an appropriate adjustment in the Preferred Share Conversion Rate designated in Section 5(a) hereof so that at all times all shares of Series D Convertible Preferred Stock shall be convertible into that amount of the then issued and outstanding shares Common Stock, on a fully-diluted basis, necessary for the Holder to maintain its ownership of the Corporation consistent with the terms of Section 5(a)(i)a. hereof. Any adjustment made pursuant to this Section 5(b)(i) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination, reclassification, reorganization, Deemed Liquidation Event or other similar transaction.

(ii) All calculations under this Section 5(b) shall be made to the nearest 1/1,000th of a cent or the nearest 1/1,000th of a share, as the case may be. Any calculation resulting in a fraction shall be rounded up to the next cent or share.

(iii) Whenever the Preferred Share Conversion Rate is adjusted pursuant to Section 5(b)(i), the Corporation shall within ten (10) days after the determination of the new Preferred Share Conversion Rate deliver to each Holder at such Holder's last address as it shall appear upon the Series D Convertible Preferred Stock register a notice setting forth the new Preferred Share Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

(iv) In case of any reclassification of the Common Stock, any consolidation or merger of the Corporation with or into another Person, the sale or transfer of all or substantially all of the assets of the Corporation or any compulsory share exchange pursuant to which the Common Stock is converted into other securities, cash or property, then each Holder shall have the right thereafter to convert such Series D Convertible Preferred Stock only into the shares of stock and other securities and property receivable upon or deemed to be held by holders of Common Stock following such reclassification, consolidation, merger, sale, transfer or share exchange (except in the event the property is cash, then such Holder shall have the right to convert the Series D Convertible Preferred Stock and receive cash in the same manner as other stockholders), and such Holder shall be entitled upon such event to receive such amount of securities or property as the shares of the Common Stock into which such Series D Convertible Preferred Stock could have been converted immediately prior to such reclassification, consolidation, merger, sale, transfer or share exchange would have been entitled. The terms of any such consolidation, merger, sale, transfer or share exchange shall include such terms so as to continue to give to the Holder the right to receive the securities or property set forth in this Section 5(b)(iv) upon any conversion following such consolidation, merger, sale, transfer or share exchange. This provision shall similarly apply to successive reclassifications, consolidations, mergers, sales, transfers or share exchanges.

(v) If (i) the Corporation shall declare a dividend (or any other distribution) on its Common Stock; (ii) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of its Common Stock; (iii) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock (other than a subdivision or combination of the outstanding shares of Common Stock), any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property; or (iv) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding-up of the affairs of the Corporation, then the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of Series D Convertible Preferred Stock, and shall cause to be delivered to each Holder at such Holder's last address as it shall appear upon the Series D Convertible Preferred Stock register, at least ten (10) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding-up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding-up; provided, however, that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice.

Section 6. Rank. The Series D Convertible Preferred Stock shall, as to distribution of assets upon liquidation, dissolution or winding up or a Deemed Liquidation Event of the Corporation (whether voluntary or involuntary), rank (i) prior and senior to any Junior Securities; and (ii) pari passu with other Series D Convertible Preferred Stock.

Section 7. Voting Rights.

(a) Generally. Except as otherwise provided herein, each Holder of outstanding shares of Series D Convertible Preferred Stock shall be entitled to vote with holders of outstanding shares of Common Stock, voting together as a single class, with respect to any and all matters presented to the stockholders of the Corporation for their action or consideration (whether at a meeting of stockholders of the Corporation, by written action of stockholders in lieu of a meeting or otherwise). In any such vote, each share of Series D Convertible Preferred Stock shall be entitled to a number of votes equal to the number of shares of Common Stock into which the share is convertible pursuant to Section 5 hereof as of the record date for such vote or written consent or, if there is no specified record date, as of the date of such vote or written consent. Each Holder shall be entitled to notice of all stockholder meetings (or requests for written consent) in accordance with the Corporation's bylaws.

(b) Election of Directors. In the election of directors of the Corporation, the Holders of outstanding shares of Series D Convertible Preferred Stock, voting as a separate class, shall be entitled to elect by majority vote (with each share of Series D Convertible Preferred Stock entitled to one vote) five (5) of the seven (7) members of the Board of Directors (each, a "**Series D Director**"). A Series D Director may be removed at any time as a director (with or without cause) upon, and only upon, the written request of the Holders of the outstanding shares of Series D Convertible Preferred Stock (voting as a separate class by majority vote with each share of Series D Convertible Preferred Stock entitled to one vote). In the event that a vacancy is created on the Board of Directors at any time due to the death, disability, retirement, resignation or removal of a Series D Director, then the Holders of the outstanding shares of Series D Convertible Preferred Stock (voting as a separate class by majority vote with each Share of Series D Convertible Preferred Stock entitled to one vote) shall have the right to designate an individual to fill such vacancy. In the event that the Holders of shares of Series D Convertible Preferred Stock shall fail to designate in writing a representative to fill the vacant Series D Director seat on the Board of Directors, such board seat shall remain vacant until such time as the Holders elect an individual to fill such seat in accordance with this Section 7(b), and during any period where such seat remains vacant, the Board of Directors nonetheless shall be deemed duly constituted.

(c) Other Special Voting Rights. Without the prior written consent of Holders of not less than two-thirds of the then total outstanding shares of Series D Convertible Preferred Stock, voting separately as a single class with one vote per share, in person or by proxy, either in writing without a meeting or at an annual or a special meeting of such Holders, and any other applicable stockholder approval requirements required by law, the Corporation shall not take, and shall cause its subsidiaries not to take or consummate, any of the actions or transactions described in this Section 7(c) (any such action or transaction without such prior written consent being null and void and of no force or effect) as follows:

(i) create, or authorize the creation of, any additional class or series of capital stock of the Corporation (or any security convertible into or exercisable for any class or series of capital stock of the Corporation) or issue or sell, or obligate itself to issue or sell, any securities of the Corporation or any subsidiary (or any security convertible into or exercisable for any class or series of capital stock of the Corporation or any subsidiary), including any class or series of capital stock of the Corporation that ranks superior to or in parity with the Series D Convertible Preferred Stock in rights, preferences or privileges (including with respect to dividends, liquidation, redemption or voting) including, without limitation, any additional shares of Series C Redeemable Convertible 7.5% Preferred Stock;

(ii) modify or amend the terms of any outstanding options, warrants or other securities convertible into or exercisable for any class or series of capital stock of the Corporation;

(iii) increase or decrease the number of authorized shares of any series of Preferred Stock or authorize the issuance of or issue any shares of Preferred Stock;

(iv) other than as contemplated by this Certificate of Designation, amend, alter, modify or repeal the Certificate of Incorporation, this Certificate of Designation or the by-laws of the Corporation, including the amendment of the Certificate of Incorporation by the adoption or amendment of any Certificate of Designation or similar document, or amend the organizational documents of any subsidiary;

(v) issue, or cause any subsidiary of the Corporation to issue, any indebtedness or debt security, other than trade accounts payable and/or letters of credit, performance bonds or other similar credit support incurred in the ordinary course of business, or amend, renew, increase or otherwise alter in any material respect the terms of any indebtedness previously approved or required to be approved by the Holders of the Series D Convertible Preferred Stock;

(vi) increase the authorized number of directors constituting the Board of Directors from seven (7);

(vii) redeem, purchase or otherwise acquire or pay or declare any dividend or other distribution on (or pay into or set aside for a sinking fund for any such purpose) any capital stock of the Corporation; *provided*, that this restriction shall not apply to the redemption or repurchase of or the payment of dividends on shares of Series D Convertible Preferred Stock pursuant hereto;

(viii) declare bankruptcy, dissolve, liquidate or wind up the affairs of the Corporation or any subsidiary of the Corporation;

(ix) effect, or enter into any agreement to effect, a Deemed Liquidation Event;

(x) modify or change the nature of the Corporation's business as presently conducted;

(xi) acquire, or cause a subsidiary of the Corporation to acquire, in any transaction or series of related transactions, the stock or any material assets of another Person, or enter into any joint venture with any other Person;

(xii) sell, transfer, license, lease or otherwise dispose of, in any transaction or series of related transactions, any assets of the Corporation or any subsidiary outside the ordinary course of business;

(xiii) use, or permit the use of, the proceeds from the sale of the Series D Convertible Preferred Stock other than fund to the Corporation's operations and for the payment of fees and expenses associated with the issuance of the Series D Convertible Preferred Stock;

(xiv) enter into, or become subject to, any agreement or instrument or other obligation which by its terms restricts the Corporation's ability to perform its obligations under this Certificate of Designation, including the ability of the Corporation to pay dividends or make any redemption or other liquidation payment required hereunder; or

(xv) agree or commit to do any of the foregoing.

Section 8. Redemption of Series D Convertible Preferred Stock.

(a) Redemption Right. At any time and from time to time on or after the Original Issue Date, any Holder of Series D Convertible Preferred Stock shall have the right to elect to have, out of funds legally available therefor, all or any portion of the then outstanding shares of Series D Convertible Preferred Stock redeemed by the Corporation (a "**Series D Redemption**") for a price per share equal to the Stated Value for such share, plus all unpaid accrued and accumulated dividends on such share (whether or not declared) (the "**Series D Redemption Price**"). Any such Series D Redemption shall occur not more than sixty (60) days following receipt by the Corporation of a written election notice (the "**Series D Election Notice**") from any Holder of Series D Convertible Preferred Stock, stating the aggregate number of shares to be redeemed. Upon receipt of a Series D Election Notice, all Holders of Series D Convertible Preferred Stock shall be deemed to have elected to have all, or in the case of an election to redeem less than all of the shares of Series D Convertible Preferred Stock, the same *pro rata* portion of their shares redeemed pursuant to this Section 8 and such election shall bind all Holders; *provided*, that notwithstanding anything to the contrary contained herein, each Holder shall have the right to elect prior to the Series D Conversion Election Date to give effect to the conversion rights contained in Section 5 instead of giving effect to the provisions contained in this Section 8 with respect to the shares of Series D Convertible Preferred Stock held by such Holder. In exchange for the surrender to the Corporation by the electing Holders of their certificate or certificates representing their shares of Series D Convertible Preferred Stock in accordance with Section 8(d) below, the aggregate Series D Redemption Price for all shares held by each such Holder shall be payable in cash in immediately available funds to the respective Holders of the Series D Convertible Preferred Stock being redeemed on the applicable Series D Redemption Date and the Corporation shall contribute all of its assets to the payment of the Series D Redemption Price, and to no other corporate purpose, except to the extent prohibited by applicable Delaware law.

(b) Redemption Notice. As promptly as practicable, but in no event later than ten (10) days, following receipt of a Series D Election Notice, the Corporation shall send written notice (the "**Series D Redemption Notice**") of its receipt of a Series D Election Notice to each Holder of record of Series D Convertible Preferred Stock. Each Series D Redemption Notice shall state:

(i) the number of Shares of Series D Convertible Preferred Stock held by the Holder that the Corporation shall redeem on the Series D Redemption Date specified in the Series D Redemption Notice;

(ii) the date of the closing of the redemption, which shall be no later than sixty (60) days following receipt by the Corporation of the Series D Election Notice (the applicable date, the "**Series D Redemption Date**") and the Series D Redemption Price;

(iii) the date upon which the Holder's right to convert its shares of Series D Convertible Preferred Stock pursuant to Section 5 terminates, which date shall be no earlier than five (5) days before the Series D Redemption Date (the applicable date, the "**Series D Conversion Election Date**"); and

(iv) the manner and place designated for surrender by the Holder to the Corporation of his, her or its certificate or certificates representing the shares of Series D Convertible Preferred Stock to be redeemed.

(c) Insufficient Funds; Remedies For Nonpayment.

(i) Insufficient Funds. If on any Series D Redemption Date, the assets of the Corporation legally available are insufficient to pay the full Series D Redemption Price for the total number of shares elected to be redeemed pursuant to this Section 8, the Corporation shall (A) take all appropriate action reasonably within its means to maximize the assets legally available for paying the Series D Redemption Price, (B) redeem out of all such assets legally available therefor on the applicable Series D Redemption Date the maximum possible number of shares of Series D Convertible Preferred Stock that it can redeem on such date, *pro rata* among the Holders of such shares to be redeemed in proportion to the aggregate number of shares elected to be redeemed by each such Holder on the applicable Series D Redemption Date and (C) following the applicable Series D Redemption Date, at any time and from time to time when additional assets of the Corporation become legally available to redeem the remaining shares of Series D Convertible Preferred Stock, the Corporation shall immediately use such assets to pay the remaining balance of the aggregate applicable Series D Redemption Price.

(ii) Remedies For Nonpayment. If on any Series D Redemption Date, all of the shares of Series D Convertible Preferred Stock elected to be redeemed pursuant to a Series D Election Notice are not redeemed in full by the Corporation by paying the entire Series D Redemption Price, until such shares are fully redeemed and the aggregate Series D Redemption Price paid in full, (A) all of the unredeemed shares of Series D Convertible Preferred Stock shall remain outstanding and continue to have the rights, preferences and privileges expressed herein, including the accrual and accumulation of dividends thereon and (B) the Holders of the unredeemed shares of Series D Convertible Preferred Stock shall have all remedies available under applicable law arising from the Corporation's breach.

(d) Surrender of Certificates. On or before the Series D Redemption Date, each Holder of Shares of Series D Convertible Preferred Stock not otherwise electing prior to the Series D Conversion Election Date to convert its shares pursuant to Section 5 shall surrender the certificate or certificates representing such shares to the Corporation, in the manner and place designated in the Series D Redemption Notice, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto), or, in the event the certificate or certificates are lost, stolen or missing, shall deliver an affidavit of loss, in the manner and place designated in the Series D Redemption Notice. Each surrendered certificate shall be canceled and retired and the Corporation shall thereafter make payment of the applicable Series D Redemption Price by certified check or wire transfer to the Holder of record of such certificate; *provided*, that if less than all the shares of Series D Convertible Preferred Stock represented by a surrendered certificate are redeemed, then a new stock certificate representing the unredeemed shares shall be issued in the name of the applicable Holder of record of canceled stock certificate.

(e) Rights Subsequent to Redemption. If on the applicable Series D Redemption Date, the Series D Redemption Price is paid (or tendered for payment) for any of the shares of Series D Convertible Preferred Stock to be redeemed on such Series D Redemption Date, then on such date all rights of the Holder in the shares so redeemed and paid or tendered, including any rights to dividends on such shares, shall cease, and such shares shall no longer be deemed issued and outstanding.

Section 9. Covenants.

(a) So long as any shares of Series D Convertible Preferred Stock are outstanding, the Corporation shall not, without first obtaining the unanimous written consent of the Holders, alter or change the rights, preferences or privileges of the Series D Convertible Preferred Stock so as to affect adversely the Holders.

(b) So long as any shares of Series D Convertible Preferred Stock are outstanding, the Corporation shall not, without first obtaining the approval of holders of a majority of the outstanding shares of Common Stock (voting as a separate class, without the vote of Holders of the Series D Convertible Preferred Stock or any other series of Preferred Stock), alter or change the rights, preferences or privileges of the Series D Convertible Preferred Stock.

Section 10. Miscellaneous.

(a) Status of Converted or Redeemed Stock. Any shares of Series D Convertible Preferred Stock that are redeemed, converted or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the Holders of Series D Convertible Preferred Stock following redemption.

(b) Lost or Stolen Certificates. Upon receipt by the Corporation of (i) evidence of the loss, theft, destruction or mutilation of any stock certificate(s) representing shares of Series D Convertible Preferred Stock, or (ii) in the case of loss, theft or destruction, indemnity (with a bond or other security) reasonably satisfactory to the Corporation, or in the case of mutilation, the stock certificate(s) representing shares of Series D Convertible Preferred Stock (surrendered for cancellation), the Corporation shall execute and deliver new stock certificate(s) representing shares of Series D Convertible Preferred Stock. However, the Corporation shall not be obligated to reissue such lost, stolen, destroyed or mutilated stock certificate(s) representing shares of Series D Convertible Preferred Stock if the Holder of such shares of Series D Convertible Preferred Stock contemporaneously requests the Corporation to convert such shares of Series D Convertible Preferred Stock.

(c) Notices. Except as otherwise provided herein, all notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (i) when delivered by hand (with written confirmation of receipt); (ii) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (iii) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (iv) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent (x) to the Corporation, at its principal executive offices and (y) to any Holder, at such Holder's address at it appears in the stock records of the Corporation (or at such other address for a Holder as shall be specified in a notice given in accordance with this Section 10(c)).

(d) Amendment and Waiver. Notwithstanding any provision in the Certificate of Designation to the contrary, no provision contained in this Certificate of Designation may be amended, modified or waived except by an instrument in writing executed by the Corporation all of the Holders of the shares of Series D Convertible Preferred Stock then outstanding. Without limiting the generality of the foregoing, no amendment, modification or waiver of the terms or relative priorities of the Series D Convertible Preferred Stock may be accomplished by the merger, consolidation or other transaction of the Corporation with another corporation or entity unless the Corporation has obtained the prior written consent of all of the Holders in accordance with this Section 10(d).

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designation to be signed by the undersigned this 21 day of December 2016.

GRANDPARENTS.COM, INC.

By: /s/ Steve Leber
Steve Leber
Chief Executive Officer

EX-10.2 4 v455649_ex10-2.htm EXHIBIT 10.2

Exhibit 10.2

FORM OF INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (this "**Agreement**") is made and entered into this ___ day of _____, 2016, by and between Grandparents.com, Inc., a Delaware corporation (the "**Company**"), and _____ ("**Indemnitee**").

WHEREAS, qualified persons are reluctant to serve corporations as directors or otherwise unless they are provided with broad indemnification and insurance against claims arising out of their service to and activities on behalf of the corporations; and

WHEREAS, the Company has determined that attracting and retaining such persons is in the best interests of the Company's stockholders and that it is reasonable, prudent and necessary for the Company to indemnify such persons to the fullest extent permitted by applicable law and to provide reasonable assurance regarding insurance;

NOW, THEREFORE, the Company and Indemnitee hereby agree as follows:

1. Defined Terms; Construction.

(a) Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"**Change in Control**" means, and shall be deemed to have occurred if, on or after the date of this Agreement, (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than (A) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries acting in such capacity, or (B) a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing more than 35% of the total voting power represented by the Company's then outstanding Voting Securities, (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the board of directors of the Company and any new director whose election by the board of directors of the Company or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation other than a merger or consolidation that would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 50% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of related transactions) all or substantially all of its assets, or (v) the Company shall file or have filed against it, and such filing shall not be dismissed, any bankruptcy, insolvency or dissolution proceedings, or a trustee, administrator or creditors committee shall be appointed to manage or supervise the affairs of the Company.

"**Corporate Status**" means the status of a person who is or was a director (or a member of any committee of a board of directors), officer, employee or agent (including without limitation a manager of a limited liability company) of the Company or any of its subsidiaries, or of any predecessor thereof, or is or was serving at the request of the Company as a director (or a member of any committee of a board of directors), officer, employee or agent (including without limitation a manager of a limited liability company) of another entity, or of any predecessor thereof, including service with respect to an employee benefit plan.

"**Determination**" means a determination that either (x) there is a reasonable basis for the conclusion that indemnification of Indemnitee is proper in the circumstances because Indemnitee met a particular standard of conduct (a "**Favorable Determination**") or (y) there is no reasonable basis for the conclusion that indemnification of Indemnitee is proper in the circumstances because Indemnitee met a particular standard of conduct (an "**Adverse Determination**"). An Adverse Determination shall include the decision that a Determination was required in connection with indemnification and the decision as to the applicable standard of conduct.

"**DGCL**" means the General Corporation Law of the State of Delaware, as amended from time to time.

"**Expenses**" means all (i) attorneys' fees and expenses, retainers, court, arbitration and mediation costs, transcript costs, fees and expenses of experts, witness and public relations consultants bonds and fees, traveling expenses, costs of collecting and producing documents, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, appealing or otherwise participating in a Proceeding or responding to, or objecting to, a request to provide discovery in any Proceeding, (ii) damages, judgments, fines and amounts paid in settlement and any other amounts that Indemnitee becomes legally obligated to pay (including any federal, state or local taxes imposed on Indemnitee as a result of receipt of reimbursements or advances of expenses under this Agreement) and (iii) the premium, security for, and other costs relating to any costs bond, supersedes bond or other appeal bond or its equivalent, whether civil, criminal, arbitrational, administrative or investigative with respect to any Proceeding actually and reasonably incurred by Indemnitee, or on Indemnitee's behalf, because of any claim or claims made against or by him in connection with any Proceeding, whether formal or informal (including an action by or in the right of the Company), to which Indemnitee is, was or at any time becomes a party or a witness, or is threatened to be made a party to, participant in or a witness with respect to, by reason of Indemnitee' Corporate Status.

"**Independent Legal Counsel**" means an attorney or firm of attorneys competent to render an opinion under the applicable law, selected in accordance with the provisions of Section 5(e), who has not performed any services (other than services similar to those contemplated to be performed by Independent Legal Counsel under this Agreement) for the Company or any of its subsidiaries or for Indemnitee within the last three years.

"**Proceeding**" means a threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including without limitation a claim, demand, discovery request, formal or informal investigation, inquiry, administrative hearing, arbitration or other form of alternative dispute resolution, including an appeal from any of the foregoing.

"**Voting Securities**" means any securities of the Company that vote generally in the election of directors.

(b) Construction. For purposes of this Agreement,

(i) References to the Company and any of its "subsidiaries" shall include any corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise that before or after the date of this Agreement is party to a merger or consolidation with the Company or any such subsidiary or that is a successor to the Company as contemplated by Section 8(e) (whether or not such successor has executed and delivered the written agreement contemplated by Section 8(e)).

(ii) References to "fines" shall include any excise taxes assessed on Indemnitee with respect to an employee benefit plan.

(iii) References to a "witness" in connection with a Proceeding shall include any interviewee or person called upon to produce documents in connection with such Proceeding.

2. Agreement to Serve.

Indemnitee agrees to serve as a director of the Company or one or more of its subsidiaries and in such other capacities as Indemnitee may serve at the request of the Company from time to time, and by its execution of this Agreement the Company confirms its request that Indemnitee serve as a director and in such other capacities. Indemnitee shall be entitled to resign or otherwise terminate such service with immediate effect at any time, and neither such resignation or termination nor the length of such service shall affect Indemnitee's rights under this Agreement. This Agreement shall not constitute an employment agreement, supersede any employment agreement to which Indemnitee is a party or create any right of Indemnitee to continued employment or appointment.

3. Indemnification.

(a) General Indemnification. The Company shall indemnify Indemnitee, to the fullest extent permitted by applicable law in effect on the date hereof or as amended to increase the scope of permitted indemnification, against Expenses, losses, liabilities, judgments, fines, penalties and amounts paid in settlement (including all interest, taxes, assessments and other charges in connection therewith) incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding in any way connected with, resulting from or relating to Indemnitee's Corporate Status.

(b) Additional Indemnification Regarding Expenses. Without limiting the foregoing, in the event any Proceeding is initiated by Indemnitee, the Company or any other person to enforce or interpret this Agreement or any rights of Indemnitee to indemnification or advancement of Expenses (or related obligations of Indemnitee) under the Company's or any such subsidiary's certificate of incorporation, bylaws or other organizational agreement or instrument, any other agreement to which Indemnitee and the Company or any of its subsidiaries are party, any vote of stockholders or directors of the Company or any of its subsidiaries, the DGCL, any other applicable law or any liability insurance policy, the Company shall indemnify Indemnitee against Expenses incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding in proportion to the success achieved by Indemnitee in such Proceeding and the efforts required to obtain such success, as determined by the court presiding over such Proceeding.

(c) Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of any Expenses, losses, liabilities, judgments, fines, penalties and amounts paid in settlement incurred by Indemnitee, but not for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for such portion.

(d) Nonexclusivity. The indemnification provided by this Agreement shall not be deemed exclusive of any rights to which Indemnitee may be entitled under the certificate of incorporation, bylaws or other organizational agreement or instrument of the Company or any of its subsidiaries, any other agreement, any vote of stockholders or directors, the DGCL, any other applicable law or any liability insurance policy.

(e) Exceptions. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated under the Agreement to indemnify Indemnitee:

(i) For Expenses incurred in connection with Proceedings initiated or brought voluntarily by the Indemnitee and not by way of defense, counterclaim or crossclaim, except (x) as contemplated by Section 3(b), (y) in specific cases if the board of directors of the Company has approved the initiation or bringing of such Proceeding, and (z) as may be required by law.

(ii) For an accounting of profits arising from the purchase and sale by the Indemnitee of securities within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar provisions of any federal, state or local law if the final, non-appealable judgment of a court of competent jurisdiction finds Indemnitee to be liable for disgorgement under such Section 16(b).

(iii) On account of Indemnitee's conduct that is established by a final, non-appealable judgment of a court of competent jurisdiction as knowingly fraudulent or deliberately dishonest or that constituted willful misconduct.

(iv) For which payment is actually made to Indemnitee under a valid and collectible insurance policy or under a valid and enforceable indemnity clause, bylaw or agreement, except in respect of any excess beyond payment actually received by Indemnitee under such insurance, clause, bylaw or agreement.

(v) if and to the extent indemnification is prohibited by applicable law.

(f) Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute such documents and do such acts as the Company may reasonably request to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

4. Advancement of Expenses.

The Company shall pay all Expenses incurred by Indemnitee in connection with any Proceeding in any way connected with, resulting from or relating to Indemnitee's Corporate Status, other than a Proceeding initiated by Indemnitee for which the Company would not be obligated to indemnify Indemnitee pursuant to Section 3(e)(i), in advance of the final disposition (in accordance with Section 5(c)) of such Proceeding and without regard to whether Indemnitee will ultimately be entitled to be indemnified for such Expenses and without regard to whether an Adverse Determination has been made, except as contemplated by the last sentence of Section 5(f). The right to advances under this Section 4 shall in all events continue until final disposition of any Proceeding, including any appeal therein. Advances shall be made without regard to Indemnitee's ability to repay the expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement, and Indemnitee shall repay such amounts advanced only if and to the extent that it shall ultimately be determined in a decision by a court of competent jurisdiction from which no appeal can be taken that Indemnitee is not entitled to be indemnified by the Company for such Expenses. The right to advancement described in this Section 4 is vested. Such repayment obligation shall be unsecured and shall not bear interest. The Company shall not impose on Indemnitee additional conditions to advancement or require from Indemnitee additional undertakings regarding repayment.

5. Indemnification Procedure.

(a) Notice of Proceeding; Cooperation. Indemnitee shall give the Company notice in writing as soon as practicable, and in any event, no later than 30 days after Indemnitee becomes aware, of any Proceeding for which indemnification will or could be sought under this Agreement, provided that any failure or delay in giving such notice shall not relieve the Company of its obligations under this Agreement unless and to the extent that (i) none of the Company and its subsidiaries are party to or aware of such Proceeding and (ii) the Company is materially prejudiced by such failure.

(b) Settlement. The Company will not, without the prior written consent of Indemnitee, which may be provided or withheld in Indemnitee's sole discretion, effect any settlement of any Proceeding against Indemnitee or which could have been brought against Indemnitee unless such settlement solely involves the payment of money by persons other than Indemnitee and includes an unconditional release of Indemnitee from all liability on any matters that are the subject of such Proceeding and an acknowledgment that Indemnitee denies all wrongdoing in connection with such matters. The Company shall not be obligated to indemnify Indemnitee against amounts paid in settlement of a Proceeding against Indemnitee if such settlement is effected by Indemnitee without the Company's prior written consent, which shall not be unreasonably withheld.

(c) Request for Payment; Timing of Payment. To obtain indemnification payments or advances under this Agreement, Indemnitee shall submit to a Company a written request therefor, together with such invoices or other supporting information as may be reasonably requested by the Company and reasonably available to Indemnitee. The Company shall make indemnification payments to Indemnitee no later than 30 days, and advances to Indemnitee no later than 20 days, after receipt of the written request of Indemnitee.

(d) Determination. The Company intends that Indemnitee shall be indemnified to the fullest extent permitted by law as provided in Section 3 and that no Determination shall be required in connection with such indemnification. In no event shall a Determination be required in connection with advancement of Expenses pursuant to Section 4 or in connection with indemnification for Expenses incurred as a witness or incurred in connection with any Proceeding or portion thereof with respect to which Indemnitee has been successful on the merits or otherwise. Any decision that a Determination is required by law in connection with any other indemnification of Indemnitee, and any such Determination, shall be made within 30 days after receipt of Indemnitee's written request for indemnification, as follows:

(i) If no Change in Control has occurred, (w) by a majority vote of the directors of the Company who are not parties to such Proceeding, even though less than a quorum, with the advice of Independent Legal Counsel, or (x) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, with the advice of Independent Legal Counsel, or (y) if there are no such directors, or if such directors so direct, by Independent Legal Counsel in a written opinion to the Company and Indemnitee, or (z) by the stockholders of the Company.

(ii) If a Change in Control has occurred, by Independent Legal Counsel in a written opinion to the Company and Indemnitee.

The Company shall pay all Expenses incurred by Indemnitee in connection with a Determination.

(e) Independent Legal Counsel. If there has not been a Change in Control, Independent Legal Counsel shall be selected by the board of directors of the Company and approved by Indemnitee (which approval shall not be unreasonably withheld or delayed). If there has been a Change in Control, Independent Legal Counsel shall be selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld or delayed). The Company shall pay the fees and expenses of Independent Legal Counsel and indemnify Independent Legal Counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to its engagement.

(f) Consequences of Determination; Remedies of Indemnitee. The Company shall be bound by and shall have no right to challenge a Favorable Determination. If an Adverse Determination is made, or if for any other reason the Company does not make timely indemnification payments or advances of Expenses, Indemnitee shall have the right to commence a Proceeding before a court of competent jurisdiction to challenge such Adverse Determination and/or to require the Company to make such payments or advances. Indemnitee shall be entitled to be indemnified for all Expenses incurred in connection with such a Proceeding in accordance with Section 3(b) and to have such Expenses advanced by the Company in accordance with Section 4. If Indemnitee fails to timely challenge an Adverse Determination, or if Indemnitee challenges an Adverse Determination and such Adverse Determination has been upheld by a final judgment of a court of competent jurisdiction from which no appeal can be taken, then, to the extent and only to the extent required by such Adverse Determination or final judgment, the Company shall not be obligated to indemnify or advance Expenses to Indemnitee under this Agreement.

(g) Presumptions; Burden and Standard of Proof. In connection with any Determination, or any review of any Determination, by any person, including a court:

(i) It shall be a presumption that a Determination is not required.

(ii) It shall be a presumption that Indemnitee has met the applicable standard of conduct and that indemnification of Indemnitee is proper in the circumstances.

(iii) The burden of proof shall be on the Company to overcome the presumptions set forth in the preceding clauses (i) and (ii), and each such presumption shall only be overcome if the Company establishes otherwise.

(iv) The termination of any Proceeding by judgment, order, finding, settlement (whether with or without court approval) or conviction, or upon a plea of *nolo contendere*, or its equivalent, shall not create a presumption that indemnification is not proper or that Indemnitee did not meet the applicable standard of conduct or that a court has determined that indemnification is not permitted by this Agreement or otherwise.

(v) Neither the failure of any person or persons to have made a Determination nor an Adverse Determination by any person or persons shall be a defense to Indemnitee's claim or create a presumption that Indemnitee did not meet the applicable standard of conduct, and any Proceeding commenced by Indemnitee pursuant to Section 5(1) shall be *de novo* with respect to all determinations of fact and law.

6. Directors and Officers Liability Insurance.

(a) Maintenance of Insurance. So long as the Company or any of its subsidiaries maintains liability insurance for any directors, officers, employees or agents of any such person, the Company shall ensure that Indemnitee is covered by such insurance in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's and its subsidiaries' then current directors and officers. If at any date (i) such insurance ceases to cover acts and omissions occurring during all or any part of the period of Indemnitee's Corporate Status or (ii) neither the Company nor any of its subsidiaries maintains any such insurance, the Company shall ensure that Indemnitee is covered, with respect to acts and omissions prior to such date, for at least six years (or such shorter period as is available on commercially reasonable terms) from such date, by other directors and officers liability insurance, in amounts and on terms (including the portion of the period of Indemnitee's Corporate Status covered) no less favorable to Indemnitee than the amounts and terms of the liability insurance maintained by the Company on the date hereof.

(b) Notice to Insurers. Upon receipt of notice of a Proceeding pursuant to Section 5(a), the Company shall give or cause to be given prompt notice of such Proceeding to all insurers providing liability insurance in accordance with the procedures set forth in all applicable or potentially applicable policies. The Company shall thereafter take all necessary action to cause such insurers to pay all amounts payable in accordance with the terms of such policies.

7. Limitation of Liability. Indemnitee shall not be personally liable to the Company or any of its subsidiaries or to the stockholders of the Company or any such subsidiary for monetary damages for breach of fiduciary duty as a director of the Company or any such subsidiary; provided, however, that the foregoing shall not eliminate or limit the liability of the Indemnitee (i) for any breach of the Indemnitee's duty of loyalty to the Company or such subsidiary or the stockholders thereof; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; (iii) under Section 174 of the DGCL or any similar provision of other applicable corporations law; or (iv) for any transaction from which the Indemnitee derived an improper personal benefit. If the DGCL or such other applicable law shall be amended to permit further elimination or limitation of the personal liability of directors, then the liability of the Indemnitee shall, automatically, without any further action, be eliminated or limited to the fullest extent permitted by the DGCL or such other applicable law as so amended.

8. Miscellaneous.

(a) Non-Circumvention. The Company shall not seek or agree to any order of any court or other governmental authority that would prohibit or otherwise interfere, and shall not take or fail to take any other action if such action or failure would reasonably be expected to have the effect of prohibiting or otherwise interfering, with the performance of the Company's indemnification, advancement or other obligations under this Agreement.

(b) Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable. for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (ii) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

(c) Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, (ii) on the first business day following the date of dispatch if delivered by a recognized next-day courier service or (iii) on the third business day following the date of mailing if delivered by domestic registered or certified mail, properly addressed, or on the fifth business day following the date of mailing if sent by airmail from a country outside of North America, to Indemnitee at the address shown on the signature page of this Agreement, to the Company at the address shown on the signature page of this Agreement, or in either case as subsequently modified by written notice.

(d) Amendment and Termination. No amendment, modification, termination or cancellation of this Agreement shall be effective unless it is in writing signed by all the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver.

(e) Successors and Assigns. This Agreement shall be binding upon the Company and its respective successors and assigns, including without limitation any acquiror of all or substantially all of the Company's assets or business, any person (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) that acquires beneficial ownership of securities of the Company representing more than 35% of the total voting power represented by the Company's then outstanding Voting Securities, and any survivor of any merger or consolidation to which the Company is party. The Company shall require and cause any such successor, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement as if it were named as the Company herein, and the Company shall not permit any such purchase of assets or business, acquisition of securities or merger or consolidation to occur until such written agreement has been executed and delivered. No such assumption and agreement shall relieve the Company of any of its obligations hereunder, and this Agreement shall not otherwise be assignable by the Company. This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or delegate this Agreement or any rights or obligations. Without limiting the generality or effect of the foregoing, Indemnitee's right to receive payments hereunder shall not be assignable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by the Indemnitee's will or by estate law, and, in the event of any attempted assignment or transfer contrary to this Section 8(e), the Company shall have no liability to pay any amount so attempted to be assigned or transferred.

(f) Choice of Law; Consent to Jurisdiction. This Agreement shall be governed by and its provisions construed in accordance with the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely within Delaware, without regard to the conflict of law principles thereof. The Company and Indemnitee each hereby irrevocably consents to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any Proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be brought only in the state courts of the State of Delaware.

(g) Integration and Entire Agreement. This Agreement sets forth the entire understanding between the parties hereto and supersedes and merges all previous written and oral negotiations, commitments, understandings and agreements relating to the subject matter hereof between the parties hereto, provided that the provisions hereof shall not supersede the provisions of the Company's certificate of incorporation, bylaws or other organizational agreement or instrument, any other agreement, any vote of stockholders or directors, the DGCL or other applicable law, to the extent any such provisions shall be more favorable to Indemnitee than the provisions hereof.

(h) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

[*Remainder of this page intentionally left blank*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Grandparents.com, Inc.

By: _____
Name:
Title:

AGREED TO AND ACCEPTED:

INDEMNITEE:

By: _____
Name:
Title:

Address: _____
_____
_____

Exhibit D

Grandparents.com, Inc.
United States Bankruptcy Court - Southern District of Florida - Miami Division
Case No.: 16-14711-LMI (Joint Administration)
Liquidation Analysis (Note 1)

Assets Available For Distribution As Of August 14, 2016	Chapter 7 Liquidation Value	Chapter 11 Plan of Liquidation Value	Chapter 11 Plan of Liquidation (Lender has no security in D&O) Value	Notes
Cash				
Pre-Confirmation Cash	$ -	175,000	$ 175,000	[2]
Allocated for Unsecured	-	50,000	-	[3]
Fund Trust	-	200,000	-	[4]
Recovery under D&O policy	1,000,000	1,000,000	1,000,000	[5]
Chapter 5 Causes of Action	100,000	100,000	100,000	[6]
Estimated assets available for distribution	**1,100,000**	**1,525,000**	**1,275,000**	
Less: Estimated fees and expenses				
Professional fees (Conversion or Post-Confirmation)				
Contingency fees	368,500	368,500	368,500	[7]
Plan Administrator/Trustee fees	33,000	33,000	33,000	[8] [9]
Professional fees				[10] [11]
Attorneys	100,000	50,000	50,000	
Tax	30,000	30,000	30,000	
Bank fees	10,000	720	720	[12]
Bond fee		1,875	1,875	[13]
Other expenses	30,000	30,000	30,000	[14]
Total professional fees (Conversion or Post-Confirmation)	**571,500**	**514,095**	**514,095**	
Estimated net assets available before Chapter 11 claims	**528,500**	**1,010,905**	**760,905**	
U.S. Trustee Fees				
Pre-Confirmation		2,275	2,275	[15]
Post-Confirmation		12,025	12,025	[16]
Total estimated U.S. Trustee Fees	**-**	**12,025**	**12,025**	
Estimated Chapter 11 Professional Fees & Expenses				[17]
Akerman LLP		150,000	150,000	
The Rising Group Consulting, Inc.		25,000	25,000	
Total Estimated Fees and Expenses		175,000	175,000	
Estimated net assets available for distribution	**528,500**	**823,880**	**573,880**	
Payments Under Chapter 7 Claim Amount				
Lender Secured Claim (Class 1) 9,188,538	528,500			[18]
Other Priority Payments (Class 2) 100	-			[19]
Net Proceeds Remaining for Class 3 Creditors	-			[20]
Payment Under Chapter 11 Plan of Liquidation				
General Unsecured Creditors per Plan (Class 3)		50,000	-	[21]
Other Priority Payments (Class 2)		100	100	[22]
Lender's Reimbursement per Plan		300,000	-	[23]
Unsecured Creditors per Plan (Class 3)		450,000	-	[24]
		800,100	100	
Available for (Class 3 & 4)		23,780	573,780	
Pro Rata to Class 3 & 4 Claim Amount				
General Unsecured Creditors per Plan (Class 3) 4,076,007		7,307	176,314	[25]
Lender Unsecured Deficiency Claim (Class 4) 9,188,538		16,473	397,466	[26]

SUMMARY OF DISTRIBUTION UNDER CHAPTER 7 AND CHAPTER 11 PLAN OF LIQUIDATION

	Chapter 7		Chapter 11 Plan of Liquidation		Chapter 11 Plan of Liquidation (Lender has no security in D&O) Value	
Lender Secured Claim (Class 1)	$ 528,500	5.8%	$ -	0.0%	$ -	0.0%
Other Priority Payments (Class 2)	-	0.0%	100	100.0%	100	100.0%
General Unsecured Creditors (Class 3)	-	0.0%	387,307	9.50%	176,314	4.3%
Lender Unsecured Deficiency Claim (Class 4)	-	0.0%	436,473	4.75%	397,466	4.3%

Adjusted amounts, pursuant to "Unsecured Distribution Formula," described in First Amended Disclosure Statement, Section 20.D.

THE NOTES (EXHIBIT B) ARE AN INTREGAL PART OF THIS ANALYSIS.

The Management of Grandparents.com, Inc., et al. ("Management) from time to time makes written and oral forward looking statements concerning expectations, beliefs, plans, objectives, future events or performance and underlying assumptions and other statements that are not historical facts. These statements are "forward-looking statements." Generally, the inclusion of the words “believe”, "could", "should", "estimate", "expect", "intend", "anticipate", "will", "plan", "target", "forecast", and similar expressions identify statements that constitute "forward-looking" statements." All statements addressing developments that Management expects or anticipates will occur in the future, including statements relating to values, future financial condition, assets, real property and timing of their disposition, as well as statements expressing optimism or pessimism about future results, are forward-looking statements.

The forward-looking statements are based upon then current assumptions regarding future developments and are applicable only as of the dates of such statements. By their nature, all forward-looking statements involve risks and uncertainties, Management assumes no obligation to update or review any forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, whether as a result of new information, future events or otherwise. There can be no assurance that Management has correctly identified and appropriately assessed all factors affecting Grandparents.com, Inc., et al. and its assets. For these reasons, you are cautioned not to place undue reliance on any forward-looking statements.

United States Bankruptcy Court - Southern District of Florida - Miami Division
Case No.: 16-14711-LMI (Joint Administration)
Liquidation Analysis (Note 1)

Assets Available For Distribution As Of August 14, 2016	Chapter 7 Liquidation Value	Chapter 11 Plan of Liquidation Value	Chapter 11 Plan of Liquidation (Lender has no security in D&O) Value	Notes
Cash				
Pre-Confirmation Cash	$ -	175,000	$ 175,000	[2]
Allocated for Unsecured	-	50,000	-	[3]
Fund Trust	-	200,000	-	[4]
Recovery under D&O policy	5,000,000	5,000,000	5,000,000	[5]
Chapter 5 Causes of Action	100,000	100,000	100,000	[6]
Estimated assets available for distribution	**5,100,000**	**5,525,000**	**5,275,000**	
Less: Estimated fees and expenses				
Professional fees (Conversion or Post-Confirmation)				
Contingency fees	1,708,500	1,708,500	1,708,500	[7]
Plan Administrator/Trustee fees	153,000	153,000	153,000	[8] [9]
Professional fees				[10] [11]
Attorneys	100,000	50,000	50,000	
Tax	30,000	30,000	30,000	
Bank fees	10,000	720	720	[12]
Bond fee		1,875	1,875	[13]
Other expenses	30,000	30,000	30,000	[14]
Total professional fees (Conversion or Post-Confirmation)	**2,031,500**	**1,974,095**	**1,974,095**	
Estimated net assets available before Chapter 11 claims	**3,068,500**	**3,550,905**	**3,300,905**	
U.S. Trustee Fees				
Pre-Confirmation		2,275	2,275	[15]
Post-Confirmation		12,025	12,025	[16]
Total estimated U.S. Trustee Fees	**-**	**12,025**	**12,025**	
Estimated Chapter 11 Professional Fees & Expenses				[17]
Akerman LLP		150,000	150,000	
The Rising Group Consulting, Inc.		25,000	25,000	
Total Estimated Fees and Expenses		175,000	175,000	
Estimated net assets available for distribution	**3,068,500**	**3,363,880**	**3,113,880**	
Payments Under Chapter 7 Claim Amount				
Lender Secured Claim (Class 1) 9,188,538	3,068,500			[18]
Other Priority Payments (Class 2) 100	-			[19]
Net Proceeds Remaining for Class 3 Creditors	-			[20]
Payment Under Chapter 11 Plan of Liquidation				
General Unsecured Creditors per Plan (Class 3)		50,000	-	[21]
Other Priority Payments (Class 2)		100	100	[22]
Lender's Reimbursement per Plan		300,000	-	[23]
Unsecured Creditors per Plan (Class 3)		450,000	-	[24]
		800,100	100	
Available for (Class 3 & 4)		2,563,780	3,113,780	
Pro Rata to Class 3 & 4 Claim Amount				
General Unsecured Creditors per Plan (Class 3) 4,076,007		787,813	956,821	[25]
Lender Unsecured Deficiency Claim (Class 4) 9,188,538		1,775,967	2,156,959	[26]

SUMMARY OF DISTRIBUTION UNDER CHAPTER 7 AND CHAPTER 11 PLAN OF LIQUIDATION

	Chapter 7		Chapter 11 Plan of Liquidation		Chapter 11 Plan of Liquidation (Lender has no security in D&O) Value	
Lender Secured Claim (Class 1)	$ 3,068,500	33.4%	$ -	0.0%	$ -	0.0%
Other Priority Payments (Class 2)	-	0.0%	100	100.0%	100	100.0%
General Unsecured Creditors (Class 3)	-	0.0%	1,287,813	31.6%	956,821	23.5%
Lender Unsecured Deficiency Claim (Class 4)	-	0.0%	2,075,967	22.6%	2,156,959	23.5%

THE NOTES (EXHIBIT B) ARE AN INTREGAL PART OF THIS ANALYSIS.

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United States Bankruptcy Court - Southern District of Florida - Miami Division
Case No.: 16-14711-LMI (Joint Administration)
Liquidation Analysis (Note 1)

Assets Available For Distribution As Of August 14, 2016		Chapter 7 Liquidation Value	Chapter 11 Plan of Liquidation Value	Chapter 11 Plan of Liquidation (Lender has no security in D&O) Value	Notes
Cash					
Pre-Confirmation Cash		$ -	175,000	$ 175,000	[2]
Allocated for Unsecured		-	50,000	-	[3]
Fund Trust		-	200,000	-	[4]
Recovery under D&O policy		10,000,000	10,000,000	10,000,000	[5]
Chapter 5 Causes of Action		100,000	100,000	100,000	[6]
Estimated assets available for distribution		**10,100,000**	**10,525,000**	**10,275,000**	
Less: Estimated fees and expenses					
Professional fees (Conversion or Post-Confirmation)					
Contingency fees		3,383,500	3,383,500	3,383,500	[7]
Plan Administrator/Trustee fees		303,000	303,000	303,000	[8] [9]
Professional fees					[10] [11]
Attorneys		100,000	50,000	50,000	
Tax		30,000	30,000	30,000	
Bank fees		10,000	720	720	[12]
Bond fee			1,875	1,875	[13]
Other expenses		30,000	30,000	30,000	[14]
Total professional fees (Conversion or Post-Confirmation)		**3,856,500**	**3,799,095**	**3,799,095**	
Estimated net assets available before Chapter 11 claims		**6,243,500**	**6,725,905**	**6,475,905**	
U.S. Trustee Fees					
Pre-Confirmation			2,275	2,275	[15]
Post-Confirmation			12,025	12,025	[16]
Total estimated U.S. Trustee Fees		**-**	**12,025**	**12,025**	
Estimated Chapter 11 Professional Fees & Expenses					[17]
Akerman LLP			150,000	150,000	
The Rising Group Consulting, Inc.			25,000	25,000	
Total Estimated Fees and Expenses			175,000	175,000	
Estimated net assets available for distribution		**6,243,500**	**6,538,880**	**6,288,880**	
Payments Under Chapter 7	Claim Amount				
Lender Secured Claim (Class 1)	9,188,538	6,243,500			[18]
Other Priority Payments (Class 2)	100	-			[19]
Net Proceeds Remaining for Class 3 Creditors		-			[20]
Payment Under Chapter 11 Plan of Liquidation					
General Unsecured Creditors per Plan (Class 3)			50,000	-	[21]
Other Priority Payments (Class 2)			100	100	[22]
Lender's Reimbursement per Plan			300,000	-	[23]
Unsecured Creditors per Plan (Class 3)			450,000	-	[24]
			800,100	100	
Available for (Class 3 & 4)			5,738,780	6,288,780	
Pro Rata to Class 3 & 4	Claim Amount				
General Unsecured Creditors per Plan (Class 3)	4,076,007		1,763,446	1,932,453	[25]
Lender Unsecured Deficiency Claim (Class 4)	9,188,538		3,975,334	4,356,327	[26]

SUMMARY OF DISTRIBUTION UNDER CHAPTER 7 AND CHAPTER 11 PLAN OF LIQUIDATION

	Chapter 7		Chapter 11 Plan of Liquidation		Chapter 11 Plan of Liquidation (Lender has no security in D&O) Value	
Lender Secured Claim (Class 1)	$ 6,243,500	67.9%	$ -	0.0%	$ -	0.0%
Other Priority Payments (Class 2)	-	0.0%	100	100.0%	100	100.0%
General Unsecured Creditors (Class 3)	-	0.0%	2,263,446	55.5%	1,932,453	47.4%
Lender Unsecured Deficiency Claim (Class 4)	-	0.0%	4,275,334	46.5%	4,356,327	47.4%

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United States Bankruptcy Court - Southern District of Florida - Miami Division
Case No.: 16-14711-LMI (Joint Administration)
Liquidation Analysis (Note 1)

Assets Available For Distribution As Of August 14, 2016	Chapter 7 Liquidation Value	Chapter 11 Plan of Liquidation Value	Chapter 11 Plan of Liquidation (Lender has no security in D&O) Value	Notes
Cash				
Pre-Confirmation Cash	$ -	175,000	$ 175,000	[2]
Allocated for Unsecured	-	50,000	-	[3]
Fund Trust	-	200,000	-	[4]
Recovery under D&O policy	15,000,000	15,000,000	15,000,000	[5]
Chapter 5 Causes of Action	100,000	100,000	100,000	[6]
Estimated assets available for distribution	**15,100,000**	**15,525,000**	**15,275,000**	
Less: Estimated fees and expenses				
Professional fees (Conversion or Post-Confirmation)				
Contingency fees	5,058,500	5,058,500	5,058,500	[7]
Plan Administrator/Trustee fees	453,000	453,000	453,000	[8] [9]
Professional fees				[10] [11]
Attorneys	100,000	50,000	50,000	
Tax	30,000	30,000	30,000	
Bank fees	10,000	720	720	[12]
Bond fee		1,875	1,875	[13]
Other expenses	30,000	30,000	30,000	[14]
Total professional fees (Conversion or Post-Confirmation)	**5,681,500**	**5,624,095**	**5,624,095**	
Estimated net assets available before Chapter 11 claims	**9,418,500**	**9,900,905**	**9,650,905**	
U.S. Trustee Fees				
Pre-Confirmation		2,275	2,275	[15]
Post-Confirmation		12,025	12,025	[16]
Total estimated U.S. Trustee Fees	**-**	**12,025**	**12,025**	
Estimated Chapter 11 Professional Fees & Expenses				[17]
Akerman LLP		150,000	150,000	
The Rising Group Consulting, Inc.		25,000	25,000	
Total Estimated Fees and Expenses		175,000	175,000	
Estimated net assets available for distribution	**9,418,500**	**9,713,880**	**9,463,880**	
Payments Under Chapter 7 Claim Amount				
Lender Secured Claim (Class 1) 9,188,538	9,188,538			[18]
Other Priority Payments (Class 2) 100	100			[19]
Net Proceeds Remaining for Class 3 Creditors	229,862			[20]
Payment Under Chapter 11 Plan of Liquidation				
General Unsecured Creditors per Plan (Class 3)		50,000	-	[21]
Other Priority Payments (Class 2)		100	100	[22]
Lender's Reimbursement per Plan		300,000	-	[23]
Unsecured Creditors per Plan (Class 3)		450,000	-	[24]
		800,100	100	
Available for (Class 3 & 4)		8,913,780	9,463,780	
Pro Rata to Class 3 & 4 Claim Amount				
General Unsecured Creditors per Plan (Class 3) 4,076,007		2,739,078	2,908,086	[25]
Lender Unsecured Deficiency Claim (Class 4) 9,188,538		6,174,702	6,555,694	[26]

SUMMARY OF DISTRIBUTION UNDER CHAPTER 7 AND CHAPTER 11 PLAN OF LIQUIDATION

	Chapter 7		Chapter 11 Plan of Liquidation		Chapter 11 Plan of Liquidation (Lender has no security in D&O) Value	
Lender Secured Claim (Class 1)	$ 9,188,538	100.0%	$ -	0.0%	$ -	0.0%
Other Priority Payments (Class 2)	100	100.0%	100	100.0%	100	100.0%
General Unsecured Creditors (Class 3)	229,862	5.6%	3,239,078	79.5%	2,908,086	71.3%
Lender Unsecured Deficiency Claim (Class 4)	-	0.0%	6,474,702	70.5%	6,555,694	71.3%

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Grandparents.com, Inc.

United States Bankruptcy Court - Southern District of Florida - Miami Division

Case No.: 16-14711-LMI (Joint Administration)

Liquidation Analysis – Notes

Exhibit B

1. Assumes conversion from Chapter 11 to Chapter 7 or Effective Date of the Plan of Liquidation on September 7, 2017 (the "Liquidation Date" or "Effective Date, respectively).

2. The Pre-Confirmation Date cash balance for professional fees approved in the cash collateral orders.

3. As per the Plan of Liquidation, the Lender contributed $50,000 for pro rata distribution to holders of Class 3 claims.

4. As per the Plan of Liquidation, $200,000 will be allocated by the Lender to fund the Liquidating Trust.

5. The estimated recoveries against the current and former Directors and Officers is unknown. However, for purposes of this liquidation analysis the debtor has assumed a $15 million recovery, which is the maximum recovery under the D&O policy. For the estimated range of recoveries see section V subsection 19 of the disclosure statement. Notwithstanding anything contained herein, the Liquidating Trustee's right to recover against former directors and/or officers of the Debtors shall not be limited to the proceeds of the D&O Policies.

6. The estimated value of other causes of action including, but not limited to, chapter 5 causes action are currently being analyzed, but have not yet been determined. Face value of those claims approximate $100,000.

7. Contingency Fees are based on the Debtors' Court-approved retention of Genovese Joblove & Battista, P.A. at 33.5% (Post-suit/pre-start of trial).

8. Trustee Fees are based on reasonable compensation allowed under 11 U.S.C, §326.

9. Liquidating Trustee Fees are based on 3% of disbursements.

10. Chapter 7 professional fees represent estimated fess of professionals retained by the Chapter 7 Trustee during the course of the Chapter 7 cases

11. Liquidating Trust professional fees represent estimated fees of professionals retained by the Liquidating Trustee during the term of the Liquidating Trust including fess for tax preparation.

12. The bank fees charge are minimum monthly fee charged by bank plus minimal wire transfer charges. Chapter 7 Trustee bank fee based upon a minimum 1% annual deposit charge.

13. Pursuant to the Liquidating Trust Agreement, the Liquidating Trustee shall maintain a bond equal to 150% of the cash on hand. The bond fee reflects the minimum amount on deposit on the effective date of the plan. In the event that the liquidating trust recoveries net litigation proceeds in an amount in access of $250,000, the bond fee shall increase accordingly. The bond premium is estimated at 0.50% of the bond requirement.

14. Other estimated expenses include, but are not limited to, filing fees, court reporting fees, postage and other disbursements necessary to the administration of either a Chapter 7 bankruptcy Estate or Plan of Liquidation.

15. With respect to Pre-Confirmation U.S. Trustee fees, the Liquidating Trustee shall pay within ten days after the Effective Date all fees incurred under 28 U.S .C. § 1930(a)(6) ("U.S. Trustee Fees") attributable to the Debtors for the period ending on the Effective Date.

16. Post-Confirmation U.S. Trustee Fees are estimated based on quarterly Liquidating Trust disbursements.

17. Chapter 11 professional fees are based on estimates provided by the professionals for services rendered in connection with the Chapter 11cases through the contemplated Liquidation Date.

18. Class 1 consists of the Lender Secured Claim. The Secured Claim of the Lender in the Allowed amount of $9,188,538.93, which is an aggregate of all amounts due Lender under the DIP Loan Documents ($1,360,916), plus all amounts due under the Prepetition Loan Documents ($9,827,621.96), minus $2,000,000 (the amount of Lender's credit bid for substantially all of the Debtors' assets) and is secured by the net proceeds recovered in connection with non-Chapter 5 Litigation Claims and the remaining Trust Assets (collectively, the "Lender Collateral").

19. Class 2 consists of Other Priority Claims. Allowed Class 2 Claims will receive a Cash payment equal to the amount of its Allowed Class 2 Claim in full satisfaction, settlement, release and discharge of its Allowed Class 2 Claim. Thus, holders of Allowed Class 2 Claims shall be paid in full. Class 2 Claims are estimated to be $100.

20. Amount available to Class 3 General Unsecured Claims in a Chapter 7, which will not include the Lender’s release of its lien on the Lender Collateral.

21. Class 3 consists of all Allowed General Unsecured Claims against the Debtors. The Debtors will allocate $50,000 for pro rata distribution to holders of Class 3 Claims.

22. *See* note 19 *infra*.

23. Pursuant to the Plan of Liquidation, the first $300,000 of the net proceeds received from any Litigation Claims shall be paid to the Lender prior to the payment of any Class 3 General Unsecured Claim (“Lender’s Initial Share of Litigation Claims Proceeds”).

24. Class 3 Claims will receive the first $450,000.00 of net recoveries from Litigation Claims (the "GUC Priority Claim") after payment of the Lender's Initial Share of Litigation Claims Proceeds, which represents a partial subordination of the Lender's unsecured deficiency claim.

25. Allowed Class 3 and 4 Claims will receive, after the net proceeds of Litigation Claims total $800,100, a pro rata distribution of any net recoveries from Litigation Claims, except that at no time shall the percentage recovery to the general unsecured creditor pool (Class 3) exceed two times the percentage recovery to the Lender under Class 4.

26. *See* note 25 *infra*.