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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY

In re:	)	Chapter 11
	)	
MORGAN INDUSTRIES CORPORATION, et al.,[1]	)	Case No. 12-21156 (MBK)
	)	
Debtors.	)	(Jointly Administered)

DISCLOSURE STATEMENT WITH RESPECT TO THE AMENDED AND RESTATED PLAN OF LIQUIDATION FOR THE DEBTORS, MORGAN INDUSTRIES CORPORATION, *ET AL*.
PROPOSED BY THE DEBTORS

Dated: September 24, 2012

[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Morgan Industries Corporation (6758); Hunter Marine Corporation (7926); Hunter Composite Technologies Corporation (7001); Luhrs Corporation (3062); Mainship Corporation (7427); Ovation Yachts Corporation (1476); Salisbury 10 Acres, L.L.C. (1400); Salisbury 20 Acres, L.L.C. (3451); and Silverton Marine Corporation (6842).

DISCLOSURE STATEMENT

DATED September 24, 2012

WITH RESPECT TO THE AMENDED AND RESTATED PLAN OF LIQUIDATION FOR THE DEBTORS, MORGAN INDUSTRIES CORPORATION, *ET AL.*
PROPOSED BY THE DEBTORS

THE DEADLINE TO ACCEPT OR REJECT THE PLAN IS 5:00 P.M. (PREVAILING EASTERN TIME) ON NOVEMBER 2, 2012, UNLESS EXTENDED BY ORDER OF THE BANKRUPTCY COURT.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT (THE "DISCLOSURE STATEMENT") IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE AMENDED AND RESTATED JOINT PLAN OF LIQUIDATION FOR THE DEBTORS, MORGAN INDUSTRIES CORPORATION, *ET AL.* PROPOSED BY THE DEBTORS AND THE COMMITTEE (THE "PLAN"), AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT 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 HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN CAREFULLY, IN THEIR ENTIRETY, BEFORE VOTING. IN MAKING ITS VOTING DECISION, EACH HOLDER MUST RELY ON ITS OWN EXAMINATION OF THE DEBTORS AND THE PLAN, INCLUDING THE MERITS AND RISKS INVOLVED, AND NO SUCH HOLDER SHOULD CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. EACH SUCH HOLDER SHOULD, THEREFORE, CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE SOLICITATION, VOTING, THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN (AND ANY 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 STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATING TO THE PLAN AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE

SUCH SUMMARIES ARE FAIR AND ACCURATE, THE SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. THE DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING PROJECTED FINANCIAL INFORMATION AND OTHER FORWARD-LOOKING STATEMENTS, ARE BASED ON ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. SUCH STATEMENTS ARE PROVIDED PURSUANT TO THE SAFE HARBOR ESTABLISHED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND IN RELIANCE UPON THE EXEMPTION PROVIDED BY SECTION 1145(a)(1) OF THE BANKRUPTCY CODE, AND SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES AND RISKS DESCRIBED IN THIS DISCLOSURE STATEMENT.

THE TERMS OF THE PLAN GOVERN IN THE EVENT OF ANY INCONSISTENCY WITH THE SUMMARIES CONTAINED IN THIS DISCLOSURE STATEMENT.

AS TO CONTESTED MATTERS AND OTHER ACTIONS OR THREATENED ACTIONS (*I.E.,* RIGHTS OF ACTION), THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NONBANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THESE CHAPTER 11 CASES AS TO THE HOLDERS OF CLAIMS.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND BECOMES EFFECTIVE, ALL HOLDERS OF CLAIMS (INCLUDING THOSE WHO REJECTED OR WHO ARE DEEMED TO HAVE REJECTED OR ACCEPTED THE PLAN AND THOSE WHO DID NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN) SHALL BE BOUND BY THE TERMS OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

OVERVIEW OF THE PLAN

The debtors and debtors in possession (each a "Debtor" and collectively, the "Debtors") submit this Disclosure Statement pursuant to section 1125 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* ("Bankruptcy Code"), for use in the solicitation of votes to accept or reject the Plan, and filed with the United States Bankruptcy Court for the District of New Jersey ("Bankruptcy Court"). A copy of the Plan is annexed hereto as Exhibit A. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

The following is a general overview only, and is qualified in its entirety by, and should be read in conjunction with, the more detailed discussions, information and financial statements appearing elsewhere in this Disclosure Statement and the Plan. This Disclosure Statement contains, among other things, descriptions and summaries of the Plan. The Debtors reserve the right to amend or modify the Plan in accordance with the provisions of the Plan consistent with section 1127 of the Bankruptcy Code and Rule 3019 of the Federal Rules of Bankruptcy Procedure ("Bankruptcy Rules").

A. General Structure of the Plan

The Plan is a liquidating plan and does not contemplate the continuation of the Debtors' businesses. As of the date hereof, the Debtors have completed liquidating substantially all of their operating assets. The Plan contemplates establishment of a Liquidating Trust to be administered by a Liquidating Trustee. The Liquidating Trust will receive and liquidate or dispose of the Debtors' remaining assets, which consist primarily of several parcels of real property, and make distributions pursuant to the Plan. The Liquidating Trustee will, among other things, be responsible for (i) the Claims resolution process, (ii) distribution to Holders of Allowed Claims, (iii) pursuit of objections to, and requests for estimation of, Claims against the Debtors, (iv) payment of amounts due under the Plan, (v) managing the wind down process of the Debtors including the sale or abandonment of remaining assets and the dissolution of the Debtors, and the filing of final tax returns, and (vi) investigation and pursuit of Avoidance Actions.

B. Requirements for Confirmation of the Plan

The Plan places Claims against the Debtors into various classes. The Bankruptcy Code requires that each claim or interest in a class be "substantially similar" to the other claims or interests in such class. Under the Bankruptcy Code, classes of claims or interests are either "impaired" or "unimpaired." In general, a class is unimpaired if the plan leaves unaltered the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest. For example, a claim paid in full on the effective date of a plan is unimpaired, as is a secured claim in respect of which the holder is recovering 100% of the underlying collateral.

In order for a chapter 11 plan to be approved, the Bankruptcy Court requires that each class of impaired claims vote to accept the plan, except to the extent a "cramdown" is available under section 1129(b) of the Bankruptcy Code. (In a cramdown scenario, a plan may be confirmed, notwithstanding rejection by one or more impaired classes, if (i) the plan has been accepted by at least one impaired class, (ii) the plan does not "discriminate unfairly" and is "fair and equitable" as to each non-accepting class, and (iii) the other requirements for confirmation are met.) Only the holders of impaired claims or interests are entitled to vote on a plan. Furthermore, if the holder of an impaired claim or interest is not receiving or retaining any property under the plan, the holder is deemed to have rejected the plan and such holder's vote will not be solicited. With respect to voting, acceptance by an impaired class of claims requires acceptances by the holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of claims in the class who actually vote. Holders who are entitled to vote and who fail to

vote are not counted as either accepting or rejecting the plan but may still participate in distributions under the plan to the extent of the allowed amount of their claims.

Assuming that the required votes are received, or that a cramdown is available, a plan must then be approved, or "confirmed," by the Bankruptcy Court. In order to confirm a plan, the Bankruptcy Court must make a series of determinations, including (i) that the plan has classified claims and interests in a permissible manner; (ii) that the plan complies with the requirements of chapter 11 of the Bankruptcy Code; (iii) that the plan was proposed in good faith, and (iv) that the disclosures, as required by chapter 11 of the Bankruptcy Code, have been adequate and have included information concerning all payments made or promised under the plan. The Bankruptcy Code requires, further, that the plan be "feasible" (*i.e.*, that there be a reasonable prospect that confirmation of the plan is not likely to be followed by a liquidation or the need for further financial reorganization) and that the plan is in the "best interests" of all impaired creditors and interest holders (that is, that impaired creditors and interest holders will receive at least as much under the plan as they would in a chapter 7 liquidation). To confirm the Plan, the Bankruptcy Court must find all of these conditions are met with respect to the Plan. Thus, even if the Plan is accepted by the required number of votes, the Bankruptcy Court must make independent findings respecting the Plan's feasibility and whether it satisfies the "best interests" test before the Plan may be confirmed.

C. Summary of Treatment of Claims

The following is a brief summary of the treatment of Claims under the Plan. A Claim is placed in a particular Class for purposes of voting on the Plan and receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim. For a further explanation, please refer to the discussion in Article VI below entitled "Summary of the Plan" and the Plan itself.

1. Class of Claims

Class	Description	Treatment	Entitled to Vote	Estimated Recovery
Class 1 Post-Petition Secured Claim of Bank of America	Class 1 consists of the Allowed Post-Petition Secured Claim of Bank of America pursuant to the DIP Order. The Debtors estimate that the total of the Class 1 Claim equals $795,000.	Bank of America will receive proceeds from sales, as indicated in Section 9.2 of the Plan, in satisfaction of its Class 1 Claims.	Impaired	100%
Class 2 Pre-Petition Secured Claim of Bank of America	Class 2 consists of the Allowed Pre-Petition Secured Claims of Bank of America. The Debtors estimate that the total of all filed and scheduled Class 2 Claims equals $13,449,495.	Bank of America will receive proceeds from sales, as indicated in Article IX of the Plan, in satisfaction of its Class 2 Claims.	Impaired	16%-53%

Class 3 Unsecured Claims	Class 3 consists of all Allowed General Unsecured Claims.	Holders of Allowed Class 3 Claims will receive in full and final satisfaction of their Allowed Class 3 Claim a Pro Rata Distribution of the Liquidating Trust after all Liquidating Trust Assets are liquidated or otherwise disposed of and all other obligations required of the Liquidating Trust by the Plan are satisfied.	Impaired	1%-6%
Class 4 Secured Claim of Textron	Class 4 consists of all Allowed Secured Claims of Textron.	On or before the Effective Date, the Debtors shall convey the Palatka Real Property to Textron in satisfaction of Textron's Class 4 Claims. Textron shall have 30 days from the Confirmation Date to file a deficiency claim, which deficiency claim will be classified as an Unsecured Claim and deemed a Class 3 Claim as outlined in Section 9.3 of the Plan. The Debtors, Committee and the Liquidating Trust reserve all rights including the right to object to Textron's deficiency claim.	Unimpaired	100%
Class 5 Secured Claim of SWED	Class 5 consists of all Allowed Secured Claims of Wicomico. The Debtors estimate that the total of all filed and scheduled Class 5 Claims equals $309,178.	Class 5 will receive payment in full from the net sale proceeds of the sale of the Salisbury Real Property.	Unimpaired	100%
Class 6 Other Secured Claims	Class 6 consists of all Secured Claims of the Debtors not separately classified in the Plan. The Debtors estimate that the total of all filed and scheduled Class 6 Claims equals $250,176.	On the Effective Date, or as soon thereafter as is practicable, each Holder of an Allowed Class 6 Claim shall receive, in full satisfaction and discharge of and in exchange for such Allowed Class 6 Claim, one of the following distributions: (i) the payment of such Holder's Allowed Class 6 Claim in full in Cash; (ii) the surrender to the Holder of any Allowed Class 6 Claim of the property securing such Claim; or (iii) such other distributions as shall be necessary to satisfy the requirements of Chapter 11 of the Bankruptcy Code.	Unimpaired	100%
Class 7 Claims of John Luhrs and Warren Luhrs	Class 7 consists of all Claims of John Luhrs and Warren Luhrs. The Debtors estimate that the total of all filed and scheduled Class 7 Claims equals $27,862,732.	As outlined in Section 15.8 of the Plan, the Luhrs Brothers have consented to waiver of their liens and security interests, and subordination of their Claims to the Claims of Class 3, and will only receive a pro rata distribution should Class 3 be satisfied in full. The Luhrs Brothers have consented to vote in favor of the Plan.	Impaired	0%

2. Substantive Consolidation

The Plan contemplates and is predicated upon substantive consolidation of the Debtors estates into a single entity solely for purposes of all actions and distributions under the Plan. Entry of the Confirmation Order shall constitute approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the deemed substantive consolidation of the Chapter 11 Cases for all purposes related to the Plan, including, without limitation, for purposes of voting, confirmation, and distribution. On and after the Effective Date, (i) all assets and liabilities of the Debtors shall be deemed merged so that all of the Assets of the Debtors shall be transferred to the Liquidating Trust and available to pay all of the liabilities under the Plan as if it were one company, (ii) no monetary distributions shall be made under the Plan on account of Intercompany Claims among the Debtors, (iii) no distributions will be made under the Plan on account of any Equity Interests held by any of the Debtors, (iv) all guarantees of the Debtors of the obligations of any other Debtor shall be deemed to be eliminated so that any Claim against any Debtor and any guarantee thereof executed by any other Debtor and any joint or several liability of the Debtors shall be deemed one obligation of the consolidated Debtors, and (v) each and every Claim filed or to be filed in the Chapter 11 Case of any of the Debtors shall be deemed filed against the consolidated Debtors and shall be deemed one Claim against and obligation of the consolidated Debtors.

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR THE HOLDERS OF CLAIMS AGAINST EACH DEBTOR, AND, ACCORDINGLY, STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

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DISCLOSURE STATEMENT

ARTICLE I

INTRODUCTION

The Debtors submit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code for use in the solicitation of votes in respect of the Plan, a copy of which is annexed hereto as Exhibit A.

This Disclosure Statement sets forth certain information regarding the Debtors' prepetition operations and financial history, the need to seek chapter 11 relief, significant events that occurred during the Chapter 11 Cases, the Debtors' marketing processes, the sale of the Debtors' operating assets, the proposed sales of the Debtors' real property and the operation of the Liquidating Trust by the Liquidating Trustee in furtherance of the terms of the Plan. This Disclosure Statement also describes the terms and provisions of the Plan, including certain effects of confirmation of the Plan and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and procedures that Holders of Claims entitled to vote on the Plan must follow for their votes to be counted.

FOR A DESCRIPTION OF THE PLAN AND CERTAIN RISKS AND OTHER FACTORS PERTAINING TO THE PLAN AS IT RELATES TO HOLDERS OF CLAIMS, SEE ARTICLE VI BELOW, "SUMMARY OF THE PLAN," AND ARTICLE XII BELOW, "CERTAIN RISK FACTORS."

ARTICLE II

VOTING INSTRUCTIONS AND PROCEDURES

2.1 Notice to Holders of Claims

This Disclosure Statement is being transmitted to the Holders of Claims entitled under the Bankruptcy Code to vote to accept or reject the Plan. See Section 2.3 below for a discussion and listing of those Holders entitled to vote on the Plan and those not entitled to vote on the Plan. The purpose of this Disclosure Statement is to provide adequate information to enable those Holders entitled to vote to make a reasonably informed decision with respect to the Plan prior to exercising their right to vote either to accept or reject the Plan.

The Bankruptcy Court has not approved the Disclosure Statement as containing information of a kind and in sufficient and adequate detail to enable Holders of Claims who are entitled to vote on the Plan to make an informed judgment to accept or reject the Plan. The Bankruptcy Court will make a determination as to the adequacy of the Disclosure Statement at the Confirmation Hearing. APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, NOR DOES IT CONSTITUTE AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

HOLDERS OF CLAIMS WHO ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN ARE STRONGLY ENCOURAGED TO READ THIS DISCLOSURE STATEMENT, ITS EXHIBITS, AND THE PLAN AND ITS EXHIBITS CAREFULLY AND IN THEIR ENTIRETIES PRIOR TO VOTING.

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

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS. Except as otherwise specifically 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. Further, 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 IN THIS DISCLOSURE STATEMENT OR ANY ATTACHMENT HERETO HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTING FIRM AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES. THE DISCLOSURE STATEMENT HAS BEEN PREPARED BY THE DEBTORS AND FINANCIAL INFORMATION IS BASED UPON DATA PROVIDED BY THE DEBTORS AT THE TIME OF PREPARATION OF THE PLAN AND DISCLOSURE STATEMENT.

2.2 Solicitation Package

Along with the mailing of this Disclosure Statement, as part of the solicitation of acceptances of the Plan, the Debtors will send or cause to be sent copies of: (i) 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, adequacy of the Disclosure Statement, and related matters, and the time for filing objections to confirmation of the Plan and adequacy of the Disclosure Statement (the "Confirmation Hearing Notice"); (ii) to Voting Creditors (a) the Disclosure Statement, which shall include the Plan as an attachment; (b) a Ballot customized for such Holder, in the form described below; and (iii) to Non-Voting Creditors, a Notice of Non-Voting Status, in the form described below (collectively, the "Solicitation Package"). Holders of unimpaired Claims, or Claims designated as disputed, contingent or unliquidated, will, in lieu of the solicitation materials described above, receive a "Notice of Non-Voting Status" in a form approved by the Bankruptcy Court, providing certain information relevant to such Claims including the date, time and place for the Confirmation Hearing and the procedure and deadline for objections to the Disclosure Statement and confirmation of the Plan. If you did not receive a Ballot in your package and believe that you should have, please contact the Voting Agent at the address or telephone number set forth below.

2.3 Classes Entitled to Vote

Only Classes of Claims that are impaired under the Plan are entitled to vote to accept or reject the Plan. Classes of Claims that are unimpaired are not entitled to vote and are treated as having accepted the Plan. The Bankruptcy Court may estimate and allow a disputed, unliquidated or contingent Claim for purposes of voting on the Plan. Any party in interest may seek an order of the Bankruptcy Court temporarily allowing, for voting purposes, a Disputed Claim.

Holders of Allowed Claims in Classes 4, 5, and 6 are unimpaired under the Plan and are deemed to have accepted the Plan. The Holders of impaired Claims in Classes 1, 2, 3, and 7 are entitled to vote, and votes are being solicited from such Holders.

2.4 Record Date

September 19, 2012, is the record date for all Claims for voting purposes (the "Voting Record Date"). Entities that did not hold such a Claim as of the Voting Record Date will not be permitted to vote to accept or reject the Plan.

2.5 Ballots; Voting Deadline

Ballots are being provided only to the Holders of Claims entitled to vote on the Plan. If you are entitled to vote for Claims in more than one Class, you will receive separate Ballots that must be used for each Class. Other forms of Ballots are not acceptable and will not be counted. After reviewing this Disclosure Statement, the Plan and the instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot. You must complete and sign your original Ballot (copies will not be accepted) and return it in the envelope provided.

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED **NO LATER THAN NOVEMBER 2, 2012, AT 5:00 P.M. (PREVAILING EASTERN TIME)** (THE "VOTING DEADLINE") BY DONLIN RECANO & COMPANY, INC. (THE "VOTING AGENT") AT THE FOLLOWING ADDRESS:

IF BY REGULAR/USPS EXPRESS MAIL	IF BY HAND DELIVERY OR OVERNIGHT COURIER (FEDEX OR UPS)
Donlin, Recano & Company, Inc. Re: Morgan Industries Corporation, et al., Attn: Voting Department P.O. Box 2034 Murray Hill Station New York, NY 10156	Donlin, Recano & Company, Inc. Re: Morgan Industries Corporation, et al. Attn: Voting Department 419 Park Avenue South New York, NY 10016 Telephone: (212) 771-1128 Facsimile: (212) 481-1416

If you have questions about voting procedures or the Solicitation Packages, please contact the Voting Agent. Further, if you wish to obtain, at your own expense (unless otherwise specifically required by Bankruptcy Rule 3017(d)), an additional copy or copies of the Plan, this Disclosure Statement or any appendices or exhibits to such documents, please contact the Voting Agent.

2.6 Confirmation Hearing; Objections

Pursuant to section 1128 of the Bankruptcy Code and Bankruptcy Rule 3017(c), the Confirmation Hearing is scheduled to commence on **November 7, 2012, at 10:00 a.m. (prevailing Eastern Time)**, before the Honorable Michael B. Kaplan, United States Bankruptcy Judge, United States Bankruptcy Court for the District of New Jersey, Clarkson S. Fisher U.S. Courthouse, 402 East State Street, Trenton, NJ 08608. The Confirmation Hearing may be adjourned from time to time by the Debtors or the

Bankruptcy Court without further notice other than by announcement of the adjournment date at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

At the Confirmation Hearing, the Bankruptcy Court will (i) determine the adequacy of the information contained in the Disclosure Statement in accordance with section 1125 of the Bankruptcy Code; (ii) determine whether the requisite vote has been obtained for the Voting Classes, (iii) hear and determine objections, if any, to the Plan and to confirmation of the Plan that have not been previously disposed of, (iv) determine whether the Plan meets the confirmation requirements of the Bankruptcy Code, and (v) determine whether to confirm the Plan.

Objections to the adequacy of the Disclosure Statement and confirmation of the Plan, if any, must (i) conform to the Bankruptcy Rules, the Local Bankruptcy Rules, and any orders of the Bankruptcy Court in these Chapter 11 Cases, (ii) set forth the name of the objecting party, the nature and amount of Claims held or asserted by the objecting party against the Debtors' estates or property, (iii) provide the basis for the objection and the specific grounds therefore and (iv) be filed and served so as to be ***actually received*** by the Bankruptcy Court and each of the following parties not later than **October 31, 2012 at 5:00 p.m. (prevailing Eastern Time)**:

Office of the U.S. Trustee: Office of the U.S. Trustee for the District of New Jersey One Newark Center Suite 2100 Newark, NJ 07102 Attn: Mitchell Hausman, Esq.	Counsel to the Debtors: Arent Fox LLP 1675 Broadway New York, New York 10019 Attn: Robert Hirsh, Esq. and George Angelich, Esq. hirsh.robert@arentfox.com angelich.george@arentfox.com
Counsel to the Committee: Lowenstein Sandler PC 65 Livingston Avenue Roseland, New Jersey 07068 Attn: Jeffrey Prol, Esq. jprol@lowenstein.com	

ARTICLE III

BACKGROUND OF THE DEBTORS

3.1 Company History

Silverton Marine Corporation ("Silverton") was founded in 1969 by third generation boat manufacturers, brothers John and Warren Luhrs. Morgan Industries Corporation ("Morgan Industries") was formed in the mid-1980s and became the parent holding company of numerous operating subsidiaries engaged in the manufacture and sale of recreational sailboats and powerboats under the brand names of Silverton, Ovation, Luhrs, Mainship, and Hunter Marine.

3.2 Corporate Structure

The founding brothers, John and Warren Luhrs (the "Luhrs Brothers"), collectively own one hundred percent (100%) of the Class A (control) stock in Morgan Industries. The Luhrs Brothers also own or control substantially all of the Class B (non-control) shares of Morgan Industries. Approximately two (2) to three (3) percent of the Class B (non-control) shares of Morgan Industries are owned by former employees as a result of the termination of the Employee Stock Option Trust in July 2011.

Each of Silverton Marine Corporation, a New Jersey corporation ("Silverton"), Ovation Yachts Corporation, a New Jersey corporation ("Ovation"), Luhrs Corporation, a New Jersey corporation ("Luhrs"), Mainship Corporation, a New Jersey corporation ("Mainship"), Hunter Marine Corporation, a New Jersey corporation ("Hunter") and non-debtor Luhrs Marine Limited, an entity formed in the United Kingdom ("LML")[2] is a direct wholly-owned subsidiary of Morgan Industries. These entities are collectively referred to as the "Primary Subsidiaries." Morgan Industries owns 100% of the outstanding capital stock of the Primary Subsidiaries. The only entities in which Morgan Industries owns a direct equity interest are the Primary Subsidiaries.

Hunter Composite Technologies Corporation, a Connecticut corporation ("HCTC") is a direct wholly-owned subsidiary of Hunter Marine. HCTC is a non-operating subsidiary.

Salisbury 10 Acres, L.L.C., a Maryland limited liability company ("Salisbury 10") and Salisbury 20 Acres, L.L.C., a Maryland limited liability company ("Salisbury 20") are direct wholly-owned subsidiaries of Silverton. Salisbury 10 and Salisbury 20 are holding companies for thirty (30) undeveloped acres of land located on the Wicomico River in Salisbury, Maryland (the "Salisbury Real Property").

3.3 The Debtors' Businesses

The Debtors, through their trade name the Luhrs Marine Group, were a global leader in the production and sale of recreational powerboats and sailboats under the iconic brand names of Silverton, Ovation, Luhrs, Mainship, and Hunter Marine. In 2010, Silverton, Mainship and Luhrs, collectively, held approximately 5.3% of the United States market for fiberglass, in-board engine powerboats greater than 27 feet in length. Additionally, Hunter Marine was the largest manufacturer of sailboats in the United States, accounting for an estimated 32% of new sailboat registrations in 2010, making it the sixth consecutive year Hunter Marine represented approximately 30% of all new sailboat registrations in the United States. The Debtors historically sold their products primarily through a network of more than 170 dealer relationships worldwide, including more than 90 dealers in the United States and an established network of dealers in over 40 other countries.

(a) *The Sailboat Division*

As of the Petition Date, Hunter Marine was North America's leader in manufacturing sailboats and sailing yachts. Hunter Marine designed, manufactured and sold keel and trailerable sailboats out of the Debtors' production facility located in Alachua, Florida (the "Alachua Facility"). As of the Petition Date, Hunter employed thirty-three (33) employees, of whom seventeen (17) were salaried and sixteen (16) were hourly. Hunter Marine continued to manufacture and ship sailboats out of the Alachua Facility

[2] LML is an entity organized in the United Kingdom for the purposes of conducting sales of the Debtors' boats in Europe. LML ceased operating in July of 2010. As of the Petition Date, LML is being dissolved.

in the ordinary course during the Chapter 11 Cases until the sale of the operating assets to Marlow Acquisitions, LLC which closed on August 7, 2012.

HCTC produced and sold a line of small sailboats manufactured out of composite technology. HCTC suspended operations as of 2010 and is no longer an operating entity.

(b) ***The Powerboat Division***

The Debtors' powerboat division was traditionally comprised of the following brands: Silverton, Ovation, Luhrs and Mainship. Until February 2012, when operations were suspended, each of the entities produced unique lines of powerboats. For example, Silverton built sport bridges, convertibles, aft-cabin and pilothouse motor yachts; Ovation manufactured luxury cruisers; Luhrs produced sportfishing boats from 28 to 41 feet in open express, hard top or flybridge convertible configurations; and Mainship built six (6) different models of trawlers.

Prior to January 2009, Mainship and Luhrs operated out of the Debtors' facilities located in St. Augustine, Florida (the "St. Augustine Facility"). Beginning January 2009, as part of a restructuring of the powerboat division, the operations of Mainship and Luhrs were relocated to the Debtors' existing production facility in Millville, New Jersey (the "Millville Facility"), where the Silverton and Ovation brands were being manufactured. Around the same time, all design, engineering, manufacturing, sales, and support responsibilities for the powerboat division were also centralized at the Millville Facility. The Debtors believed that the powerboat companies would be significantly strengthened by the centralization of design, engineering, manufacturing, parts fabrication, purchasing and customer service at the Millville Facility.

As a result of this corporate restructuring in early 2009, Silverton took over day-to-day manufacturing for the products of Mainship, Luhrs and Ovation. Silverton funded all operating expenses in connection with the manufacturing and sale of powerboats. Upon sale of a Mainship, Luhrs or Ovation powerboat to a dealer, 95% of the net price was allocated to Silverton for reimbursement of costs and expenses of manufacturing the powerboat and 5% of the net price was allocated to the applicable brand Debtor.

In early February 2012, the Debtors determined it was necessary to suspend production of new powerboats at the Millville Facility (i.e., the Silverton, Luhrs, Mainship and Ovation boats) and downsized the workforce by terminating the remaining sixty (60) employees.

As discussed in more detail in Article V below, entitled "The Sale of the Debtors' Assets, the operating assets of Silverton, Ovation, Luhrs and Mainship were sold during the Chapter 11 Cases. Specifically, all molds, tooling, brand names, websites and intellectual property required to produce the product lines of Mainship and Luhrs was sold to Marlow Acquisitions, LLC. All molds, tooling, brand names, websites and intellectual property required to produce the product lines of Silverton and Ovation was sold to TF Yachts LLC. Finally, all equipment and machinery located in the Millville Facility was sold to Hilco Industrial, LLC.

3.4 The Debtors' Prepetition Debt Structure

As of the Petition Date, the Debtors' debt structure consisted of the following:

(a) ***The Prepetition Credit Agreement***

The Debtors are party to that certain Loan Agreement (as amended, the "Prepetition BOA Loan Agreement"), dated as of October 7, 2003, by and among Morgan Industries, as Borrower (the "Prepetition Borrower"), and Bank of America, N.A. ("Bank of America" or "Prepetition Lender"), as Lender. Silverton, Hunter Marine, Mainship, Luhrs and Luhrs Marine Limited (collectively, the "Guarantors") guaranteed payment of all obligations under the Prepetition BOA Loan Agreement.

Pursuant to the Prepetition BOA Loan Agreement, the Prepetition Lender made certain loans, advances to, issued letters of credit for and/or provided other financial accommodations to or for the benefit of the Prepetition Borrower, including (i) a term facility in the principal amount of $8,000,000.00, of which $7,036,866.00 in principal was outstanding as of the Petition Date (which includes $836,912.00 in funded letters of credit (as amended, supplemented or otherwise modified prior to the Petition Date, the "Funded Letters of Credit") and $2,010,707.00 in unfunded letters of credit (as amended, supplemented or otherwise modified prior to the Petition Date, the "Unfunded Letters of Credit") plus unpaid interest, costs and fees ("Prepetition Loan A") evidenced by that certain Promissory Note dated October 7, 2003 executed by the Prepetition Borrower in favor of the Prepetition Lender (as amended, supplemented or otherwise modified prior to the Petition Date, "Prepetition Loan A Note"); and (ii) a term facility in the original principal amount of $10,820,000.00 of which $6,328,865.39, in principal was outstanding as of the Petition Date plus, unpaid interest, costs and fees ("Prepetition Loan B" together with the Prepetition Loan A, collectively, the "Prepetition Term Loans") evidenced by that certain Promissory Note dated October 7, 2003 executed by the Borrower in favor of the Prepetition Lender (as amended, supplemented or otherwise modified prior to the Petition Date, "Prepetition Loan B Note" and together with the Prepetition Loan A Note, the "Prepetition Term Notes").

The Prepetition Term Loans are secured by (i) an October 7, 2003 Pledge Agreement by Morgan Industries (the "Pledge Agreement") pledging its interests in various affiliated entities and (ii) an October 7, 2003 Security Agreement executed by certain of the Debtors (the "Security Agreement") encumbering all accounts, chattel paper, personal property, fixtures, equipment, inventory, contracts deposit accounts, general intangible equipment, intellectual property, inventory and other personal property as described therein.

Prepetition Term Loan B is also secured by a first-priority security interest in certain of the Debtors real property located in Alachua County, Florida (the "Alachua Real Property") and St. Johns County, Florida (the "St. Augustine Real Property"). The personal property pledged by the Pledge Agreement and Security Agreement as well as the Alachua Real Property and St. Augustine Real Property constitute collectively the "Prepetition Collateral", as more particularly described in the Prepetition BOA Loan Agreement and ancillary document.

As adequate protection of the Prepetition Lender's interest in the Prepetition Collateral on account of the Debtors' use of its cash collateral during the Chapter 11 Cases, any decline in the value of the Prepetition Collateral during the Chapter 11 Cases, and the sale of the Prepetition Collateral and application of the proceeds to the DIP Facility (as defined herein), pursuant to the Final DIP Order (as defined herein) the Prepetition Lender received liens upon the real property located in Millville, New Jersey (the "Millville Real Property") and the Salisbury Real Property to secure the Prepetition Term Loans. See Section 4.5 below for a more detailed discussion of the Final DIP Order and DIP Facility.

(b) ***Other Secured Debt***

Since 2001, the Luhrs Brothers and certain companies wholly-owned by the Luhrs Brothers have made numerous secured loans to the Debtors to fund acquisition and working capital needs in the aggregate amount of $24,736,887 (the "Luhrs Brothers Loans"). Substantially all of the Luhrs Brothers Loans are secured by promissory notes and collateralized. As of the Petition Date, approximately $24,736,887 is outstanding under the Luhrs Brothers Loans.

Amounts outstanding under the Luhrs Brothers Loans are secured by (i) a mortgage on the Millville Real Property, and (ii) a security interest in all or substantially all of the Debtors' tangible and intangible personal property and fixtures. Pursuant to those certain Subordination Agreements executed by Warren Luhrs and John Luhrs in favor of the Prepetition Lender dated September 30, 2006 and October 7, 2003, the Luhrs Brothers agreed to subordinate all debt owed under the Luhrs Brothers Loans to the debt owed under the Prepetition BOA Loan Agreement.

Bank of America (successor to Barnett Bank of the St. Johns as assignee of First Union National Bank of Florida) has a mortgage on the Millville Facility securing a note in the original principal amount of $20,000,000 (the "First Union Note"). Upon information and belief, all amounts outstanding under the First Union Note have been satisfied in full, however, as of the Petition Date, the mortgage remained recorded on the Millville Facility.

Salisbury 20 borrowed $400,000 from Salisbury Wicomico Economic Development, Inc. ("SWED") in August 2004 (the "SWED Loan"). Salisbury 20's obligation under the SWED Loan is secured by a mortgage on the real property owned by Salisbury 20 in Wicomico County, MD. As of the Petition Date, approximately $309,178 is outstanding under the SWED Loan.

Textron Financial Corporation ("TFC") and certain of the Debtors entered into the Forbearance and Settlement Agreement dated January 31, 2011, pursuant to which the parties agreed to a settlement of the Debtors' outstanding repurchase obligations under their floor plan financing arrangements with TFC and a payment plan for the repayment of same (the "TFC Settlement Agreement"). Pursuant to the TFC Settlement Agreement, TFC agreed to accept $1,325,000 in settlement of all outstanding amounts owing to TFC. The Debtors' obligation under the TFC Settlement Agreement is secured by a mortgage on the real property owned by Luhrs in Palatka, Florida (the "Palatka Real Property"). As of the Petition Date, approximately $1,020,000 is outstanding under the TFC Settlement Agreement.

The Debtors historically financed the purchase of certain manufacturing equipment through loans provided by various lenders. A number of lenders have asserted a purchase money security interest in the Debtors' equipment pledged as collateral for the loan (the "PMSI Lenders").

3.5 Events Leading to Chapter 11 Filing

The Luhrs Marine Group experienced declining sales and profitability over the last several years as the marine industry began to be negatively impacted by a number of macro-economic factors and other factors unique to the industry in the Fall of 2008. Among those external factors were declines in the housing market and the tightening of the credit markets, which led to a decline in consumer discretionary spending and the tightening of credit terms by the Debtors' "floor plan financing companies", such as General Electric Credit Corporation ("GECC") and TFC. As a result, financing sources previously available to the Debtors and their dealers became more restrictive and, in some cases, unavailable. Where credit was still available, the terms became more restrictive requiring repurchase obligations of the Debtors that put significant pressure on liquidity and profitability. Moreover, the decline in consumer discretionary spending, coupled with increasing gasoline prices and increasing unemployment rates, has

negatively impacted the Debtors' core market. Excess aged inventories at existing dealerships, and dealership failures have led to the liquidation of new and used boat inventories and the shifting of consumer purchasing trends.

In light of the above, the Debtors' board of directors, elected to pursue various strategic alternatives, including the sale of one or both of its business lines. In connection with this effort, Morgan Industries retained professionals to assist in its analysis, consideration and pursuit of potential strategic alternatives for the Luhrs Marine Group.

ARTICLE IV

THE CHAPTER 11 CASES

4.1 Commencement of the Chapter 11 Cases

On April 30, 2012, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of New Jersey. The cases were assigned to the Honorable Michael B. Kaplan. The Chapter 11 Cases were consolidated for procedural purposes only and are being jointly administered under Case No. 12-21156 (MBK).

4.2 First Day Orders

On or shortly after the Petition Date, the Debtors filed a number of motions designed to allow them to continue operating their businesses in the ordinary course without unnecessary disruption as a result of the bankruptcy filings. Pursuant to those motions, the Bankruptcy Court entered orders that, among other things, granted the Debtors the authority to:

- have joint administration of the Chapter 11 Cases;
- designate the Chapter 11 Cases as complex chapter 11 cases;
- file a consolidated list of creditors;
- extend the time for the Debtors to file their schedules of assets and liabilities and related schedules and their statements of financial affairs;
- pay prepetition accrued wages, salaries, medical benefits, and reimbursable employee expenses and administer their benefit plans in the ordinary course;
- maintain insurance policies, including payment of premiums when due;
- maintain existing bank accounts, business forms and cash management structure;
- establish procedures for adequate assurance of payment for utility providers and ensure continuation of service;
- retain certain ordinary course professionals; and
- enter into the debtor in possession financing agreement and use cash collateral factoring agreement.

4.3 Committee

On May 15, 2012, the US Trustee appointed the Committee pursuant to section 1102(a) of the Bankruptcy Code. The Committee retained Lowenstein Sandler, PC as its counsel and EisnerAmper LLP as its accountant and financial advisor. The current members of the Committee are set forth below:

Volvo Penta of the Americas, LLC 1300 Volvo Penta Drive Chesapeake, VA 23320 Attn: William Englett Tel. No. (757) 436-5138	Selden Mast, Inc. 4668 Franchise Street North Charleston, SC 29418 Attn: Thomas Sharkey Tel. No. (843) 760-6278 ext. 208	Mastry Engine Center, LLC 2801 Anvil Street North St. Petersburg, FL 33710 Attn: Kenneth R. Tadle, *Chairperson* Tel. No. (727) 522-9471
Doyle Ploch Sailmakers 52333 3rd Avenue, South St. Petersburg, FL 33712 Attn: Mark Ploch Tel. No. (727) 471-2040	Rex Lumber Company 840 Main Street Acton, MA 01720 Attn: Michael Abreu Tel. No. (978) 263-0055 ext. 1245	

4.4 Employment of Professionals

Pursuant to orders entered by the Bankruptcy Court, the following professionals were retained by the Debtors and Committee:

- Arent Fox LLP as counsel to the Debtors;
- Capstone Advisory Group, LLC as financial advisor to the Debtors;
- Katz, Kane & Co., LLC as investment banker to the Debtors;
- GA Keen Realty Advisors, LLC as special real estate advisor to the Debtors;
- Lowenstein Sandler, PC as counsel to the Committee; and
- EisnerAmper LLP as accountant and financial advisor to the Committee.

The Professionals retained by the Debtors' Estates are authorized to prepare monthly invoices and file quarterly fee applications pursuant to the order establishing interim compensation procedures entered by the Bankruptcy Court on June 13, 2012 and, upon compliance with such order, are entitled to receive monthly payment of fees and expenses subject to a twenty percent (20%) holdback for fees.

4.5 Financing

On July 10, 2012, the Bankruptcy Court entered an order, among other things (i) authorizing the Debtors to incur postpetition secured indebtedness, (ii) granting security interests and superpriority administrative expense claims pursuant to sections 364(c) and (d) of the Bankruptcy Code; and (iii) authorizing the use of cash collateral and granting adequate protection to the Prepetition Lender (the "Final DIP Order"). Pursuant to the Final DIP Order, the Debtors received authorization to enter into the Postpetition Credit Agreement dated July 13, 2012 by and among Morgan Industries as Borrower and Bank of America as Postpetition Lender (the "DIP Credit Agreement"), pursuant to which Morgan Industries was authorized to borrow money (the "DIP Facility") and the remaining Debtors were

authorized to guarantee indebtedness in accordance with the terms set forth in the DIP Credit Agreement. Under the terms of the DIP Credit Agreement, the maximum aggregate amount of outstanding principal indebtedness arising out of the DIP Facility, owing by the Debtors at any point in time to the DIP Lender was $2 million (the "Initial DIP Availability"). The Debtors' obligations under DIP Facility are secured by liens and security interests in the Debtors' Postpetition Collateral.[3]

The Final DIP Order authorized the Debtors to use the cash collateral of the Prepetition Lender. As adequate protection of the Prepetition Lender's interest in the Prepetition Collateral on account of the Debtors' use of its cash collateral, any decline in the value of the Prepetition Collateral during the Chapter 11 Cases, and the sale of the Prepetition Collateral and application of the proceeds to the DIP Facility, pursuant to the Final DIP Order the Prepetition Lender received liens upon the Millville Real Property and Salisbury Real Property.

The DIP Credit Agreement required the Debtors to apply the net proceeds from the Lot 1 Sale (as defined herein) to the outstanding obligations under the DIP Facility up to $1,600,000, and then to the obligations outstanding under the Prepetition Term Loans. In accordance with the terms of the DIP Credit Agreement, on August 23, 2012, the Debtors paid $1,6000,000 to the DIP Lender on account of the outstanding obligations under the DIP Facility and $190,786 to the Prepetition Lender on account of the amounts outstanding under the Prepetition Term Loans (the "Hunter Payment").

The DIP Facility further required the Debtors to pay the DIP Lender a commitment fee of $200,000 (the "Commitment Fee"), which was payable upon the earlier of (i) the sale of assets of Silverton; (ii) the sale of any of the Debtors' real property; or (iii) the termination date of the DIP Credit Facility. On August 8, 2012, the Debtors satisfied the Commitment Fee from the proceeds of the sale of the operating assets of Silverton.

The remainder of the proceeds from the Lot 2 Sale and Lot 3 Sale (as both terms are defined herein), in the amount of $315,000, were applied to outstanding obligations under the Prepetition Term Loans as required by the Final DIP Order and DIP Credit Agreement.

Pursuant to the DIP Credit Agreement, after the Hunter Payment, the Debtors' availability under the DIP Facility was restricted to a revolving credit commitment of $450,000 (the "Limited Availability"). $50,000 (the "Trust Line of Credit") of the Limited Availability is to be made available by

[3] Pursuant to the Final DIP Order and Postpetition Credit Agreement, "Postpetition Collateral" is defined as the Debtors' right, title and interest in, to and under all currently owned or hereafter acquired property and assets of the Debtors of any kind or nature, whether real or personal, tangible or intangible, wherever located, and all proceeds, products, rents and profits thereof, including without limitation all cash, cash equivalents, goods, accounts, other receivables, chattel paper, contract rights, inventory (except for any real estate upon which Textron Financial Corporation held a perfected lien as of the Petition Date and subject to only the perfected lien of Salisbury Wicomico Economic Development, Inc. as of the Petition Date on the real property owned by the Debtors and located in Wicomico County, Maryland), cash in advance deposits, general intangibles, instruments, documents, securities (whether or not marketable) deposit accounts, real estate, machinery, equipment, fixtures, real property interests, vehicles, franchise rights, patents, trademarks, trade names, copyrights, intellectual property, investment property, supporting obligations, letter of credit rights, commercial tort claims, licenses, claims and causes of action (excluding causes of action arising under sections 544, 547, 548, 550 or 553 of the Bankruptcy Code (the "Avoidance Actions")) rights to payment, including tax refund claims, insurance proceeds and tort claims and all substitutions, accessions and proceeds, products, rents and profits of all of the foregoing, wherever located, including insurance and other proceeds, including property encumbered by a lien arising under Bankruptcy Code §553, in each case subject only to any liens or security interests existing on or in the Postpetition Collateral that are valid, binding, enforceable and perfected liens on the Petition Date that are not otherwise subject to avoidance or subordination, all as more fully set forth in the Final Order.

the DIP Lender under the DIP Facility for purposes of funding the Liquidating Trust. The Debtors have fully drawn upon the remaining $400,000. As a result, as of the date hereof, the only remaining availability under the DIP Facility is the Trust Line of Credit.

The Postpetition Lender has agreed to increase the Debtors' Limited Availability under the DIP Facility by $195,000 to fund the Chapter 11 Cases through the Effective Date of the Plan. Moreover, the Postpetition Lender has agreed to fund the payment of the Administrative Funds Escrow to pay the Administrative Claims, excluding Professional Fee Claims. The Debtors' obligations under the DIP Facility are scheduled to mature on October 1, 2012.

4.6 Bank of America/Committee Settlement

On May 30, 2012, the Committee filed an objection to the Debtors' motion seeking approval of the Final DIP Order (the "Committee DIP Objection"). Pursuant to the Committee DIP Objection, the Committee opposed certain of the provisions in DIP Credit Agreement which, among other things, granted additional collateral to the Prepetition Lender, permitted for the elevation of the Prepetition Term Loans to administrative expense priority, and granted the DIP Lender and Prepetition Lender liens on the Avoidance Actions.

In an effort to consensually resolve the Committee DIP Objection, the Debtors, Committee, and Bank of America, agreed on the terms of a settlement (the "Bank of America/Committee Settlement"). Pursuant to the Bank of America/Committee Settlement, the parties outlined (i) the timeline and process for the sale of the Millville Real Property, Alachua Real Property, Augustine Real Property and Salisbury Real Property (collectively, the "Real Estate Sales"), (ii) the allocation of the proceeds of the Real Estate Sales with a portion being gifted to the Liquidating Trust for Holders of Unsecured Claims, (iii) the treatment of the Luhrs Brothers Loans, (iv) the funding of the Liquidating Trust, and (v) certain other terms for a plan. At the hearing on the Final DIP Order on July 10, 2012, counsel for the Committee outlined the key terms of the Bank of America/Committee Settlement on the record. The Bank of America/Committee Settlement serves as the basis for the Plan.

4.7 Schedules and Statements of Financial Affairs

On June 6, 2012, the Debtors each filed their Schedules of Assets and Liabilities (the "Schedules") and Statements of Financial Affairs (the "Statements") with the Bankruptcy Court. Such Schedules and Statements, among other things, set forth the claims of known creditors of the Debtors as of the Petition Date, according to the Debtors' books and records.

4.8 General Bar Date

By order dated June 13, 2012 (the "General Bar Date Order"), the Bankruptcy Court established July 30, 2012 at 5:00 p.m. (prevailing Eastern Time) as the final date for filing proofs of claim against the Debtors, subject to certain exceptions (the "General Bar Date"). The General Bar Date Order established October 2, 2012 at 5:00 p.m. (prevailing Eastern Time) as the final date for governmental units to file proofs of claim against the Debtors (the "Governmental Bar Date"). Pursuant to Bankruptcy Rule 3003(c)(2), any creditor whose Claim was not listed on the Debtors' Schedules, or was scheduled as disputed, contingent or unliquidated, and who failed to file a proof of claim on or before the General Bar Date or Governmental Bar Date, as applicable, will not be treated as a creditor with respect to the Plan or receive a distribution under the Plan. The General Bar Date and Governmental Bar Date do not apply to Administrative Claims, except for section 503(b)(9) Claims.

4.9 Administrative Claims Bar Date

By order dated July 11, 2012 the (the "Administrative Claims Bar Date Order"), the Bankruptcy Court established August 17, 2012 at 4:00 p.m. (prevailing Eastern Time) as the final date for filing requests for payment of certain administrative expenses that accrued from on or after the Petition Date through July 31, 2012, subject to certain exceptions (the "First Administrative Bar Date"). Any Holder of an Administrative Claim who failed to file a request for payment of administrative expenses on or before the First Administrative Bar Date, will not receive a distribution under the Plan. Pursuant to Section 2.3 of the Plan, the deadline for all requests for allowance and payment of Administrative Claims (other than Professional Fees) arising after July 31, 2012 shall be filed on or before the first business day that is thirty (30) days following the Effective Date (the "Second Administrative Bar Date").

4.10 Claims

As of September 18, 2012, approximately 1,200 proofs of claim in excess of $161 million have been filed against the Debtors. The Debtors briefly reviewed the filed Claims and estimate the allowed amount of the Claims will be approximately $60 million. The Plan, however, is subject to resolution of various Claims that have been asserted. The outcome of numerous Claims remains uncertain at this time. The determinations of such Claims will have an effect on recoveries under the Plan.

THESE ESTIMATES ARE PRELIMINARY AND TENTATIVE GIVEN THE LIMITED REVIEW AND ANALYSIS UNDERTAKEN BY THE DEBTORS TO DATE. THESE AMOUNTS REPRESENT ESTIMATES BY THE DEBTORS BASED ON CURRENT INFORMATION ONLY. THE DEBTORS MAKE NO REPRESENTATIONS AS TO THE EXTENT THESE ESTIMATES ULTIMATELY PROVE ACCURATE IN LIGHT OF ACTUAL CLAIMS AND THE RESOLUTION OF CLAIMS DISPUTES, SOME OF WHICH ARE CURRENTLY PENDING. FOR INFORMATION REGARDING THE LIMITATION OF AND UNCERTANTIES RELATING TO THESE ESTIMATES, SEE ARTICLE XII BELOW ("CERTAIN RISK FACTORS").

ARTICLE V

THE SALE OF THE DEBTORS' ASSETS

Prior to and since the commencement of these Chapter 11 Cases, the Debtors, with the assistance of their professionals, evaluated their businesses and real property to determine the manner in which to best maximize value for creditors. As a result of the extensive prepetition and postpetition marketing effort, during these Chapter 11 Cases, the Debtors negotiated and pursued four (4) different transactions and sought and obtained Bankruptcy Court approval of such transactions. These transactions and the remaining assets to be liquidated are described below.

5.1 Sales of the Debtors' Operating Assets

Shortly after the commencement of these Chapter 11 Cases, the Debtors, through their advisors, initiated a new marketing effort to sell the Debtors' operating assets. Approximately eighty (80) strategic and financial buyers were contacted. Approximately fifty (50) of these parties received non-disclosure agreements of which twenty (20) parties executed the non-disclosure agreements and engaged in various levels of diligence.

As a result of these efforts, and after extensive negotiations with multiple parties, the Debtors determined that Tiger International Management Inc. ("Tiger International") was the best available "stalking horse" bidder for the operating assets of the sailboat division, Hunter Marine and all molds,

tooling brand names, websites, intellectual property and dealer agreements required to produce the product lines of Mainship and Luhrs (collectively, the "Lot 1 Assets"), based on purchase price and its willingness to enter into a non-contingent sale agreement. On May 29, 2012, Hunter Marine, Mainship, Luhrs and Tiger International entered into that certain asset purchase agreement to sell the Lot 1 Assets (the "Lot 1 Sale").

Despite the Debtors' marketing efforts, they were unable to locate a party willing to act as a "stalking horse" purchaser in connection with the sale of the remaining operating assets not contemplated to be sold in the Lot 1 Sale (the "Remaining Asset Lots" and, together with the Lot 1 Assets, the "Operating Assets"). The principal assets of the Remaining Asset Lots included the operating assets of the powerboat businesses (i.e., Silverton and Ovation), equipment and inventory of Mainship and Luhrs.

On May 29, 2012, the Debtors filed a motion for entry of an order establishing certain procedures regarding the auction and sale of the Operating Assets as well as approving the Lot 1 Sale and proposed sales of the Remaining Asset Lots. By order dated June 1, 2012, the Bankruptcy Court approved the bidding procedures (the "Operating Asset Bidding Procedures"). Pursuant to the Operating Asset Bidding Procedures, bids for any combination of the Operating Assets were due on or before July 3, 2012.

(a) *Sale of Lot 1 Assets*

In addition to Tiger International, the Debtors received a Qualified Bid (as such term is defined in the Operating Asset Bidding Procedures) from Marlow Acquisitions, LLC ("Marlow") to purchase the Lot 1 Assets. After an auction on July 9, 2012, the Debtors, in consultation with their professionals, selected the bid submitted by Marlow in an amount of $1,945,000 as the successful bid, and the sale to Marlow was approved by the Bankruptcy Court on July 10, 2012. The Lot 1 Sale closed on August 7, 2012.

(b) *Sale of the Lot 2 Assets*

The Debtors received five (5) bids for the purchase of certain tangible personal property owned by Silverton, Luhrs, Mainship and Ovation including, without limitation, machinery, furniture and equipment (the "Lot 2 Assets") from (i) Counsel RB Capital, LLC, (ii) Stephen E. Bonham, (iii) Hilco Industrial, LLC, (iv) Tiger Remarketing Services, and (v) PPL Group LLC. After an auction on July 9, 2012, the Debtors, in consultation with their professionals, selected the bid submitted by Hilco Industrial, LLC ("Hilco") in the amount of $265,000 as the successful bid, and the sale to Hilco was approved by the Bankruptcy Court on July 10, 2012 (the "Lot 2 Sale"). The Lot 2 Sale closed on July 30, 2012.

(c) *Sale of the Lot 3 Assets*

The Debtors received one (1) bid for the purchase of (i) certain tangible personal property owned by Silverton and Ovation, including, without limitation, inventory, molds, tooling, spare parts, works in progress and (ii) intangible personal property rights owned by Silverton and Ovation (the "Lot 3 Assets") from TF Yachts LLC ("TF Yachts"). After an auction on July 9, 2012, the Debtors, in consultation with their professionals, selected the bid submitted by TF Yachts in the amount of $250,000 as the successful bid, and the sale to TF Yachts was approved by the Bankruptcy Court on July 10, 2012 (the "Lot 3 Sale" and together with the Lot 1 Sale and Lot 2 Sale, the "Operating Asset Sales"). The Lot 3 Sale closed on July 30, 2012.

(d) ***Unsold Operating Assets***

Certain limited personal property assets of the Debtors remain in the Estates upon the closing of the Operating Asset Sales. All remaining operating assets of the Debtors shall vest with the Liquidating Trust upon the Effective Date. The Liquidating Trustee shall have the authority to sell the remaining operating assets for the benefit of the beneficiaries of the Liquidating Trust.

5.2 Disposition of the Debtors' Real Estate

Shortly after the commencement of these Chapter 11 Cases, the Debtors retained and employed GA Keen Realty Advisors, LLC ("Keen"), as their special real estate advisor, to market and sell the Debtors' right, title and interest in the Debtors' real property.

(a) ***Sale of the Salisbury Real Property***

As a result of the marketing efforts, and after extensive negotiations, on August 6, 2012 the Debtors entered into an agreement with East Star, L.L.C. ("East Star") for the sale of the Salisbury Real Property. The hearing seeking approval of the sale of the Salisbury Real Property to East Star for a purchase price in the amount of $850,000 ("Salisbury Sale") is scheduled for September 25, 2012. Upon approval of the Salisbury Sale by the Bankruptcy Court, it is anticipated that the transaction will close on or before October 19, 2012.

Pursuant to the Plan, the net proceeds from the Salisbury Sale will be used to first pay in full the secured claim of SWED, in the approximate amount of $309,178. The remainder of the proceeds from the Salisbury Sale will be distributed as follows: (i) $25,000 to the Liquidating Trust for the benefit of Class 3 Unsecured Claims, then (ii) to pay Allowed Professional Fee Claims in excess of the DIP Facility budget up through and including August 31, 2012; and then (iii) the remainder, if any, to the Liquidating Trust for the benefit of Class 3 Unsecured Claims.

(b) ***Sale of Real Estate Lot A***

As of the date hereof, the Debtors are pursuing the sale of the Millville Real Property, Alachua Real Property, and St. Augustine Real Property (collectively, "Real Estate Lot A"). To the extent all or a portion of Real Estate Lot A is not sold prior to the Confirmation Date, the Trustee, with the assistance of Keen, will continue to market and sell Real Estate Lot A on or before December 31, 2012 (or by such other time as the Liquidating Trustee shall determine in its discretion and after consultation with Bank of America or as approved by the Bankruptcy Court).

Subject to the payment of Allowed Professional Fee Claims as set forth in Section 2.5(b) of the Plan, net proceeds from the sale of any properties included in Real Estate Lot A (other than a credit bid of a property by Bank of America) will be applied to the Allowed Post-Petition Secured Claim of Bank of America until paid in full; then split 92.5% to the Pre-Petition Secured Claim of Bank of America and 7.5% to the Liquidating Trust for the benefit of Class 3 Unsecured Claims; then, should the Pre-Petition Secured Claim of Bank of America be paid in full, the remainder to the Liquidating Trust for the benefit of Class 3 Unsecured Claims.

Any sale of property in Real Estate Lot A remains subject to Bank of America's right to credit bid. In the event that Bank of America exercises its right to credit bid on a property, Bank of America shall pay the Liquidating Trust for the benefit of the Class 3 Unsecured Claims as applicable: (i) $65,000 for a credit bid on the Millville Real Property; (ii) $46,250 for a credit bid on the Alachua Real Property; and (iii) $93,750 for a credit bid on the St. Augustine Real Property (each a "Credit Bid Fee"). To the

extent the Liquidating Trust receives $500,000 in the aggregate for the benefit of the Class 3 Unsecured Claims from (i) the sales of the property in Real Estate Lot A, (ii) the Salisbury Sale, (iii) proceeds from the Operating Asset Sales, or (iv) Credit Bid Fees, Bank of America is no longer obligated to pay any additional Credit Bid Fees to the Liquidating Trust. Moreover, no Credit Bid Fee will be paid by Bank of America until all of Real Estate Lot A has been liquidated or disposed of.

The estimated proceeds from the sales of the properties in Real Estate Lot A ranges from $4,250,000 to $10,000,000. The Debtors estimate that the projected value available to settle Class 3 Unsecured Claims will range from $151,000 to $1,072,875 (inclusive of the Salisbury Sale). Because of the difficultly in estimating a range of recoveries from the pursuit of the Rights of Action, an estimate of the proceeds from the Rights of Action is not included in the above.

(c) *Surrender of the Palatka Real Property*

Pursuant to Section 9.2 of the Plan, on or before the Effective Date, the Debtors will surrender the Palatka Real Property to Textron in satisfaction of the Secured Claim of Textron. It is anticipated that the value of the Palatka Real Property is less than the amount owing to Textron. As a result, pursuant to the Plan, Textron must file a general unsecured deficiency claim within thirty (30) days from the date of surrender of the Palatka Real Property or Textron will forever waive such deficiency claim.

ARTICLE VI

SUMMARY OF THE PLAN

THE FOLLOWING IS A SUMMARY OF SOME OF THE SIGNIFICANT ELEMENTS OF THE PLAN. THIS DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE MORE DETAILED INFORMATION SET FORTH IN THE PLAN AND THE ATTACHMENTS THERETO.

6.1 Overall Structure of the Plan

The Plan is a liquidating plan and does not contemplate the continuation of the Debtors' businesses. The Debtors have substantially completed liquidating most, if not all, of their Operating Assets. The Plan contemplates establishment of a Liquidating Trust to be administered by a Liquidating Trustee. The Liquidating Trust will receive and liquidate or dispose of the Debtors' remaining assets, which consist primarily of the Millville Real Property, Alachua Real Property, and St. Augustine Real Property, and make distributions pursuant to the Plan. The Liquidating Trustee will, among other things, be responsible for the (a) Claims resolution process, (b) distribution to holders of Allowed Claims, (c) pursuit of objections to, and requests for estimation of, Claims against the Debtors, (d) payment of amounts due under the Plan, and (e) managing the wind down process of the Debtors including the sale or abandonment of remaining assets and the dissolution of the Debtors, and the filing of final tax returns, and (f) investigation and pursuit of Avoidance Actions.

6.2 Substantive Consolidation

The Plan contemplates and is predicated upon substantive consolidation of the Debtors' Estates solely for purposes of all actions and distributions under the Plan. Entry of the Confirmation Order shall constitute approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the deemed substantive consolidation of the Chapter 11 Cases and Bankruptcy Estates for all purposes related to the Plan, including, without limitation, for purposes of voting, confirmation, and distribution. On and after the Effective Date, (i) all assets and liabilities of the Debtors shall be deemed merged so that

all of the Assets of the Debtors shall be transferred to the Liquidating Trust, subject to the Liens encumbering such Assets immediately prior to the Effective Date, and available to pay all of the liabilities under the Plan as if it were one company, (ii) no monetary distributions shall be made under the Plan on account of Intercompany Claims among the Debtors, (iii) no distributions will be made under the Plan on account of any Equity Interests held by any of the Debtors, (iv) all guarantees of the Debtors of the obligations of any other Debtor shall be deemed to be eliminated so that any Claim against any Debtor and any guarantee thereof executed by any other Debtor and any joint or several liability of the Debtors shall be deemed one obligation of the consolidated Debtors, and (v) each and every Claim filed or to be filed in the Chapter 11 Case of any of the Debtors shall be deemed filed against the consolidated Debtors and shall be deemed one Claim against and obligation of the consolidated Debtors.

For the avoidance of doubt, the limited substantive consolidation contemplated in the Plan will not be construed as substantive consolidation for any other purpose than that described in this paragraph. Further, the limited substantive consolidation contemplated by the Plan will not apply to the reporting of disbursements or to the payment of all fees payable to the Office of the United States Trustee pursuant to section 1930 of title 28 of the United States Code and section 3717 of title 31 of the United States Code.

6.3 Compromise of Controversies

In consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan constitute a good faith compromise and settlement of all Claims and controversies resolved under the Plan, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such compromise and settlement under Bankruptcy Rule 9019.

6.4 Treatment of Unclassified Claims

As provided in section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims are unclassified claims, are not impaired, and are not entitled to vote on the Plan, because they are automatically entitled to the specific treatment provided for them in the Bankruptcy Code. These non-voting Claims are treated separately as unclassified Claims as set forth in Article II of the Plan.

(a) *Administrative Claims in General*

Except to the extent that a holder of an Allowed Administrative Claim agrees to a different treatment or is a Professional Fee Claim, Allowed Administrative Claims shall be paid on the Effective Date, or as soon thereafter as practicable, to each holder of an Allowed Administrative Claim in Cash in an amount equal to such Allowed Administrative Claim from the Administrative Claims Escrow. Allowed Professional Fee Claims shall be paid as described in Article IX of the Plan. Any portion of the Post-Petition Secured Claim of Bank of America that is not paid in full from the liquidation of the Debtors' real property Assets shall be deemed to be an Allowed Administrative Claim.

An Administrative Claim that is unliquidated or is a Disputed Claim or otherwise not an Allowed Administrative Expense Claim shall not receive any Distribution unless and until such Claim becomes an Allowed Administrative Claim. As soon as is practicable after the entry of a Final Order allowing an Administrative Claim, the Holder of that Claim shall receive the full amount of such Claim in one cash payment from the Liquidating Trust.

(b) *Bar Date for Administrative Claims*

Requests for payment of an Administrative Claims and/or requests for the allowance and payment of Administrative Claims, other than Professional Fees, unless otherwise required pursuant to a

prior order of the Bankruptcy Court, must be filed and served by the Administrative Claims Bar Date. Any Entities that fail to file a request for payment of an Administrative Claim on or before the Administrative Claims Bar Date shall be forever barred from asserting such Claim against the Debtors or their Bankruptcy Estates, and the holder thereof shall be enjoined from commencing or continuing any action, employment of process, or act to collect, offset, or recover such Administrative Claim and such Entity shall be deemed to forever waive and be barred from asserting such Administrative Claim and shall not be entitled to a distribution under the Plan, and the Debtors or the Liquidating Trustee shall have no obligation with respect thereto.

(c) ***Statutory Fees***

All unpaid fees due and payable under 28 U.S.C. § 1930 shall be paid by the Liquidating Trustee from the Liquidating Trust, as such fees arise prior to and after the Effective Date until a Final Decree is entered in these Chapter 11 Cases.

(d) ***Professional Fees***

(1) Time for Filing and Allowance

Unless otherwise expressly provided in the Plan, a Professional Fee Claim will be Allowed only if: (i) on or before 4:00 p.m. (prevailing Eastern Time) on the fifth (5th) Business Day prior to the Confirmation Hearing, the Professional files and delivers to counsel to the Debtors, the Committee, and Bank of America a written estimate of all unpaid amounts through the Effective Date for which compensation will be sought; (ii) on or before the Professional Fee Claim Bar Date, which date is 30 days after the Confirmation Date, the entity holding such Professional Fee Claim files with the Court a final fee application and serves the application on counsel to the Debtors, counsel to the Committee, Bank of America, the Liquidating Trustee, and the U.S. Trustee; and (iii) the Court enters a Final Order allowing such Claim. Notwithstanding the foregoing, the Professional Fee Claims of Keen shall be Allowed, without any further order of the Court, provided that (i) the amount of the fees do not exceed the amounts set forth in the Order Authorizing Employment and Retention of GA Keen Realty Advisors, LLC, as Special Real Estate Advisor to the Debtors [Docket No. 201], (ii) Keen delivers to counsel to the Debtors, the Committee, and Bank of America, a written, detailed statement of all unpaid amounts through the date for which compensation is sought, and (iii) no party provides notice of its objection to the request for payment of the Professional Fee Claim amount within twenty (20) days of delivery of the statement to Bank of America. In the event Bank of America objects to any Professional Fee Claim delivered by Keen, then a Professional Fee Claim will be Allowed by Keen only if: (i) Keen shall file with the Court a final fee application and serves the application on counsel to the Debtors, the Committee, Bank of America, the Liquidating Trustee, and the U.S. Trustee; and (ii) after an opportunity to object and a hearing, the Court enters a Final Order allowing such Claim.

Any party in interest may file an objection to such application within the time provided by the Bankruptcy Rules or within any other period that the Bankruptcy Court establishes. Entities holding Professional Fee Claims that do not timely file and serve a fee application will be forever barred from asserting such Professional Fee Claim against the Debtors, the Estates, the Liquidating Trust, Bank of America, or their respective property.

(2) Payment of Professional Fees

For the avoidance of doubt, Allowed Professional Fee Claims are not included as Allowed Administrative Claims for purposes of Section 2.2 above.

Allowed Professional Fee Claims shall be paid first, from retainers paid to professionals pre-petition, if any; second, from cash collateral and DIP advances limited to the amounts allocated to the professionals in the DIP Facility budget; and third, pro rata from the proceeds of the sales of real property outlined in Section 9.2 of the Plan. Allowed Professional Fee Claims limited to the amounts allocated to the professionals in the DIP Facility budget shall be paid in full from the first such sale (and, if necessary due to a deficiency, from subsequent sales). After the sales of all real property contemplated in Section 9.2 of the Plan, the Liquidating Trustee and Bank of America shall determine the appropriate amounts of the pro rata distribution, and shall allocate the remaining funds accordingly subject to Section 9.2 of the Plan. Any allowed Professional Fee Claims in excess of the specific amounts allocated to the professionals in the DIP Facility budget shall be paid by from the sale of the Salisbury Real Property as identified in Section 9.1(b).

(3) Retainers Held by Professionals

On the Effective Date, all Professionals holding an unapplied retainer or portion thereof, in excess of fees and expenses allowed by the Bankruptcy Court, shall remit all such funds to the Liquidating Trustee, which funds shall be added to the Liquidating Trust.

(e) ***Priority Tax Claims***

Allowed Priority Tax Claims arising with respect to the Debtors' real property shall be paid from the proceeds of the post-confirmation sale of the real property giving rise to the Allowed Priority Tax Claim.

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a different treatment, or the Holder of an Allowed Priority Tax Claim is subject to Section 2.6(a) above, at the sole option of the Liquidating Trustee, each Holder of an Allowed Priority Tax Claim shall receive in full and complete settlement, satisfaction, and discharge of its Allowed Priority Tax Claim: (i) Cash in an amount equal to such Allowed Priority Tax Claim on or as soon as is practicable after the Initial Distribution Date, or (ii) such other treatment as agreed to by the Holder of the Allowed Priority Tax Claim and the Liquidating Trustee.

(f) ***Priority Claims***

Except to the extent that a Holder of an Allowed Priority Claim agrees to a different treatment, each such Holder of an Allowed Priority Claim shall receive from available funds in the Liquidating Trust, in full and complete settlement, satisfaction, and discharge of such Claim, Cash in an amount equal to such Claim, on the Initial Distribution Date.

6.5 Classification of Claims

The classifications of Claims in Article III of the Plan shall apply for all purposes, including voting, confirmation, and distribution pursuant to the Plan, pursuant to 11 U.S.C. §§ 1122 and 1123(a)(1). A Claim shall be deemed classified in a particular Class only to the extent that: (i) the Claim qualifies within the description of that Class (and shall be deemed classified in a different Class to the extent that any portion of such Claim qualifies within the description of such different Class), (ii) the Claim is Allowed as of the Effective Date, and (iii) the Claim has not been paid or otherwise satisfied prior to the Effective Date.

The Plan classifies Claims into seven (7) distinct Classes, as follows:

Class	Designation	Impairment	Entitled to Vote
1	Post-Petition Secured Claim of Bank of America	Impaired	Yes
2	Pre-Petition Secured Claim of Bank of America	Impaired	Yes
3	Unsecured Claims	Impaired	Yes
4	Secured Claim of Textron	Unimpaired	No (deemed to accept)
5	Secured Claim of SWED	Unimpaired	No (deemed to accept)
6	Other Secured Claims	Unimpaired	No (deemed to accept)
7	Claims of John Luhrs and Warren Luhrs	Impaired	Yes

6.6 Treatment of Claims

(a) *Class 1 – Post-Petition Secured Claim of Bank of America – Impaired*

Class 1 consists of the Allowed Post-Petition Secured Claim of Bank of America pursuant to the DIP Order and including the Cash paid from the Administrative Claims Escrow. The Debtors estimate that the total of the Class 1 Claims equals $795,000. Bank of America will receive proceeds from sales, as indicated in Section 9.2 of the Plan, in satisfaction of its Class 1 Claims. The Debtors believe Class 1 will be paid in full, is impaired, and is entitled to vote. The Post-Petition Secured Claim of Bank of America shall be deemed Allowed and shall not be subject to offset or other abatement.

Class 1 is impaired and entitled to vote on the Plan.

(b) *Class 2 – Pre-Petition Secured Claim of Bank of America – Impaired*

Class 2 consists of the Allowed Pre-Petition Secured Claims of Bank of America. The Debtors estimate that the total of all filed and scheduled Class 2 Claims equals $13,449,495. Pursuant to the Plan, Bank of America will receive proceeds from sales, as indicated in Article IX of the Plan, in satisfaction of its Class 2 Claims. The Pre-Petition Secured Claim of Bank of America shall be deemed Allowed and shall not be subject to offset or other abatement.

Class 2 is impaired and entitled to vote on the Plan.

(c) *Class 3 – Unsecured Claims – Impaired*

Class 3 consists of all Allowed Unsecured Claims. Holders of Allowed Class 3 Claims will receive in full and final satisfaction of their Allowed Class 3 Claim a Pro Rata Distribution of the Liquidating Trust after all Liquidating Trust Assets are liquidated or otherwise disposed of and all other obligations required of the Liquidating Trust by the Plan are satisfied.

Class 3 is impaired and entitled to vote on the Plan.

(d) *Class 4 – Secured Claim of Textron – Not Impaired*

Class 4 consists of all Allowed Secured Claims of Textron. Under the Plan, the Debtors will convey the Palatka Real Property, on which Textron's claim is based, to Textron. Textron shall have 30 days from the Confirmation Date to file a deficiency claim, which deficiency claim will be classified as an Unsecured Claim and deemed a Class 3 Claim as outlined in Section 9.3 of the Plan. The Debtors, the

Committee, and the Liquidating Trustee, as appropriate, reserve all rights including the right to object to Textron's deficiency claim. Class 4 will receive no distribution, is not impaired, and is not entitled to vote.

Class 4 is not impaired and is presumptively deemed to have accepted the Plan.

(e) ***Class 5 – Secured Claim of SWED – Not Impaired***

Class 5 consists of all Allowed Secured Claims of SWED. The Debtors estimate that the total of all filed and scheduled Class 5 Claims equals $309,178. Class 5 will receive payment in full from the net sale proceeds of the sale of the Salisbury Real Property. Class 5 is not impaired, and is not entitled to vote.

Class 5 is not impaired and is presumptively deemed to have accepted the Plan.

(f) ***Class 6 – Other Secured Claims – Not Impaired***

Class 6 consists of all Secured Claims of the Debtors not separately classified in the Plan. The Debtors estimate that the total of all filed and scheduled Class 6 Claims equals $250,176. On the Effective Date, or as soon thereafter as is practicable, each Holder of an Allowed Class 6 Claim shall receive, in full satisfaction and discharge of and in exchange for such Allowed Class 6 Claim, one of the following distributions: (i) the payment of such Holder's Allowed Class 6 Claim in full in Cash; (ii) the surrender to the Holder of any Allowed Class 6 Claim of the property securing such Claim; or (iii) such other distributions as shall be necessary to satisfy the requirements of Chapter 11 of the Bankruptcy Code.

Class 6 is not impaired and is presumptively deemed to have accepted the Plan.

(g) ***Class 7 - Claims of John Luhrs and Warren Luhrs – Impaired***

Class 7 consists of any and all Claims of the Luhrs Brothers. The Debtors estimate that the total of all filed and scheduled Class 7 Claims equals $27,862,732. As outlined in Section 15.8 of the Plan, the Luhrs Brothers have consented to waiver of their liens and security interests, and subordination of their Claims to the Claims of Class 3, and will only receive a pro rata distribution should Class 3 be satisfied in full. The Luhrs Brothers have consented to vote in favor of the Plan. Furthermore, those certain Debt Subordination Agreements executed by the Luhrs Brothers dated September 30, 2006 and October 7, 2003 in favor of Bank of America shall remain in full force and effect.

Class 7 is impaired and entitled to vote on the Plan.

ARTICLE VII

DISPOSITION OF REAL PROPERTY

7.1 Contemplated Sale of the Salisbury Real Property

To the extent the Salisbury Real Property is not sold prior to the Confirmation Date, the following shall apply:

(a) The Salisbury Real Property is to be marketed and sold, either individually or collectively, by Keen on the same terms and conditions under which Keen was retained prior to confirmation.

(b) Subject to the payment of Allowed Professional Fee Claims as set forth in Section 2.5(b) of the Plan, net proceeds from the sales of the Salisbury Real Property shall be used first to pay in full the secured claim of SWED; then $25,000 to the Liquidating Trust for the benefit of Class 3 Claims; then to pay Allowed Professional Fee Claims in excess of the DIP Facility budget up through and including August 31, 2012; then the remainder, if any, to the Liquidating Trust for the benefit of Class 3 Claims.

(c) The sale of the Salisbury Real Property shall not be subject to deed stamps or other excise tax pursuant to 11 U.S.C. § 1146(a).

7.2 Contemplated Sales of Certain Real Property

To the extent the Millville Real Property, the Alachua Real Property, or the St. Augustine Real Property ("Real Estate Lot A") are not sold prior to the Confirmation Date, the following shall apply:

(a) Real Estate Lot A is to be marketed and sold, either individually, collectively, or in any combination, by Keen on the same terms and conditions under which Keen was retained prior to confirmation.

(b) Real Estate Lot A is to be sold on or before December 31, 2012, or by such other time as the Liquidating Trustee shall determine in its discretion after consultation with Bank of America or as approved by the Court.

(c) The Trustee shall have the right, after consultation with Bank of America, to accept or reject any offers on any property in Real Estate Lot A, and any such property may be offered at private sale or public auction.

(d) The sale of Real Estate Lot A shall not be subject to deed stamps or other excise tax pursuant to 11 U.S.C. § 1146(a).

(e) Any sale of any property in Real Estate Lot A is subject to Bank of America's right to credit bid.

(f) In the event Bank of America credit bids on the Millville Real Property, Bank of America agrees to pay into the Liquidating Trust $65,000 for the benefit of Class 3 Claims, subject to Section 9.2(j) of the Plan.

(g) In the event Bank of America credit bids on the Alachua Real Property, Bank of America agrees to pay into the Liquidating Trust $46,250 for the benefit of Class 3 Claims, subject to Section 9.2(j) of the Plan.

(h) In the event Bank of America credit bids on the St. Augustine Real Property, Bank of America agrees to pay into the Liquidating Trust $93,750 for the benefit of Class 3 Claims, subject to Section 9.2(j) of the Plan.

(i) Subject to the payment of Allowed Professional Fee Claims as set forth in Section 2.5(b) of the Plan (including payments to Keen), net proceeds from the sale of any properties included in Real Estate Lot A shall be applied first to Bank of America's Class 1 Claims until paid in full; then split 92.5% to Bank of America's Class 2 Claims, and 7.5% to the Liquidating Trust for the benefit of Class 3 Claims; then, should Bank of America be paid in full on its Class 2 Claims, the remainder to the Liquidating Trust for the benefit of Class 3 Claims.

(j) In the event the Liquidating Trust receives $500,000 in aggregate for the benefit of Class 3 Claims from (i) the sales of the property in Real Estate Lot A, (ii) the sales of the Salisbury Real Property, (iii) proceeds from the pre-confirmation sales of the operating assets of Hunter Marine Corporation and Silverton Marine Corporation, if any, and (iv) credit bid fees contemplated in Section 9.2 of the Plan, Bank of America shall not be obligated to pay any additional credit bid fees. Bank of America shall pay credit bid fees on a Pro Rata basis only to the extent necessary to fund the Liquidating Trust up to $500,000 for the benefit of Class 3 Claims (after liquidation or other disposition of all real property). No credit bid fee shall be paid by Bank of America until all real property has been liquidated or otherwise disposed of.

(k) After the Effective Date, the conveyance or sale of the Palatka Real Property, the Millville Real Property, the Alachua Real Property, the Salisbury Real Property, and the St. Augustine Real Property shall not be subject to approval by the Court, provided that such sale is in accordance with the terms and conditions of the Plan.

7.3 Surrender of the Palatka Real Property

On or before the Effective Date, the Debtors will convey the Palatka Real Property to Textron in satisfaction of Textron's Class 4 Claims and upon the Effective Date the automatic stay will be lifted with respect to the Palatka Real Property. Textron shall have 30 days from the date of surrender of the Palatka Real Property to file a general unsecured deficiency claim which shall be classified as a general unsecured claim and deemed a Class 3 Claim. The Debtors and the Liquidating Trustee, as appropriate, reserve all rights including the right to object to Textron's deficiency claim.

7.4 Lease Proceeds

All lease proceeds, if any, from any real property included in the Assets shall be paid to Bank of America to be applied to its Class 2 Claims and shall not vest in the Liquidating Trust, except lease proceeds from the Palatka Real Property which shall be paid to Textron, and lease proceeds from Salisbury Real Property, which shall be paid to SWED. Any lease payments to Textron or SWED pursuant to the Section shall reduce their respective claims by the amount of such lease payment.

ARTICLE VIII

THE LIQUIDATING TRUST

8.1 Appointment of Liquidating Trustee

(a) On or before the Plan Supplement Filing Date, [●] shall be selected as Liquidating Trustee. If approved by the Bankruptcy Court in the Confirmation Order, the person so designated shall become the Liquidating Trustee of the Liquidating Trust on the Effective Date.

(b) The Liquidating Trustee shall have and perform all of the duties, responsibilities, rights and obligations set forth in the Liquidating Trust Agreement.

8.2 Funding of the Liquidating Trust

The Liquidating Trust will initially be funded pursuant to the DIP Order by a $50,000 loan from Bank of America, to be paid back as outlined in Section 9.2(h) of the Plan; then will continue to be funded by the liquidation of the Trust Assets, including real property as indicated in Article IX of the Plan and subject to any other applicable Plan provision. To the extent necessary, the Liquidating Trust will administer the Administrative Claims Escrow.

8.3 Transfer of Liquidating Trust Assets to the Liquidating Trust

On the Effective Date, the Debtors shall transfer and shall be deemed to have irrevocably transferred to the Liquidating Trust, for and on behalf of the beneficiaries of the Liquidating Trust, with no reversionary interest, the Liquidating Trust Assets.

8.4 The Liquidating Trust

(a) Without any further action of the directors or shareholders of the Debtors, on the Effective Date, the Liquidating Trust Agreement for the Liquidating Trust, substantially in the form attached as an exhibit to the Plan Supplement, shall become effective. On or before the Effective Date, the Debtors and the Liquidating Trustee shall execute the Liquidating Trust Agreement and shall take such other necessary steps to establish the Liquidating Trust. The Liquidating Trustee shall accept the Liquidating Trust Assets and sign the Liquidating Trust Agreement on the Effective Date and the Liquidating Trust will then be deemed created and effective.

(b) The Liquidating Trustee shall have the powers, duties, and obligations set forth in the Plan and the Liquidating Trust Agreement. The costs and expenses incurred in maintaining, protecting, and distributing the Liquidating Trust, and paying the Liquidating Trustee and the U.S, Trustee fees by the Liquidating Trustee on and after the Effective Date shall be paid from the Liquidating Trust Assets. Upon entry of the Final Decree and as otherwise provided in the Liquidating Trust Agreement, the Liquidating Trust shall be terminated and dissolved without further action by the Liquidating Trustee or the Court. In connection with the Liquidating Trust Assets, any and all rights, claims, and causes of action, any attorney-client or similar privilege, work-product privilege, or other privilege or immunity attaching to any documents or communications (whether written or oral) transferred to the Liquidating Trust shall vest with the Liquidating Trustee and its representatives.

(c) The Liquidating Trustee shall have full authority to take any steps necessary to administer the Liquidating Trust Assets including, without limitation, the duty and obligation to liquidate Liquidating Trust Assets, and to pursue and settle any other Claims or Rights of Action, subject to the procedures in

the Liquidating Trust Agreement. Upon such transfer, the Debtors and their Estates shall have no other rights or obligations with respect to the Liquidating Trust.

(d) The Liquidating Trustee shall be entitled to payment of reasonable fees and expenses for all services rendered, or to be rendered, in its capacity as Liquidating Trustee, as well as all expenses incurred, or to be incurred, in connection with the administration and wind down of these Chapter 11 Cases, the Liquidating Trust, and the Plan, as identified in the Fee Schedule attached as Exhibit A to the Liquidating Trust Agreement filed with the Court on or before the Plan Supplement Filing Date. All costs and expenses associated with the administration shall be the sole responsibility of and paid by the Liquidating Trust from the Liquidating Trust Assets.

(e) The Liquidating Trustee shall continue the retention of Keen on the same terms and conditions, and may retain such law firms, accounting firms, experts, advisors, consultants, investigators, appraisers, auctioneers or other professionals as it may deem necessary (collectively, the "Liquidating Trustee Professionals"), in its sole discretion, and at the sole expense of the Liquidating Trust, to aid in the performance of its responsibilities pursuant to the terms of the Plan including, without limitation, the liquidation and distribution of Liquidating Trust Assets.

(f) Distribution of Liquidating Trust Assets: The Liquidating Trustee is required to distribute pursuant to the provisions of the Plan to the holders of Allowed Claims on account of their interests in the Liquidating Trust, on a periodic basis, and at least once per year (if practicable), all unrestricted Cash on hand (including any Cash received from the Debtors on the Effective Date, and treating any permissible investment as Cash for purposes of this Section, except such amounts (i) as have been reserved on account of Disputed Claims, or are otherwise part of the claim reserve established by the Liquidating Trustee, (ii) as are reasonably necessary to meet contingent liabilities and to maintain the value of the Liquidating Trust Assets during liquidation, (iii) as are necessary to pay reasonable incurred or anticipated expenses (including, but not limited to, any taxes imposed on or payable by the Debtors or the Liquidating Trust or in respect of the Liquidating Trust Assets), or (iv) as are necessary to satisfy other liabilities incurred or anticipated by the Liquidating Trust in accordance with the Plan or the Liquidating Trust Agreement; provided, however, that the Liquidating Trustee shall not be required to make a distribution pursuant to this Section if the aggregate, net amount of unrestricted Cash available for distribution (taking into account the above listed exclusions) is such as would make the distribution impracticable as reasonably determined by the Liquidating Trustee; and provided further that nothing in the Plan shall compel the Liquidating Trustee to treat any tentative Tax Refund(s) obtained pursuant to Tax Code Section 6411 as unrestricted cash until completion of the associated audit by the relevant authorities.

(g) As of the Effective Date, the Liquidating Trustee, on behalf of the holders of Allowed General Unsecured Claims, the Debtors, or the Bankruptcy Estates, as applicable, shall be responsible for: (i) liquidating or otherwise reducing to Cash the unliquidated Liquidating Trust Assets; (ii) filing, prosecuting, compromising, and settling the Rights of Action; (iii) making distributions under the Plan; (iv) settling, resolving, and objecting to Claims including Unsecured Claims; (v) seeking estimation of contingent or unliquidated Claims including Unsecured Claims under 11 U.S.C. § 502(c); (vi) investing the Liquidating Trust Assets; (vii) establishing claim reserves as the Liquidating Trustee, in its sole discretion, deems appropriate; (viii) winding up the affairs of the Debtors and the Bankruptcy Estates; (ix) complying with, enforcing, and carrying out the terms of the Plan and Liquidating Trust Agreement; (x) compensating professionals of the Liquidating Trust and the Liquidating Trustee; and (xi) making and filing all tax returns for the Liquidating Trust.

(h) For federal income tax purposes, it is intended that the Liquidating Trust be classified as a grantor trust under Treasury Regulation section 301.7701–4 and that such trust be owned by its

beneficiaries. Accordingly, for federal income tax purposes, it is intended that the beneficiaries be treated as if they had received a distribution of an undivided interest in the Liquidating Trust Assets and then contributed such interests to the Liquidating Trust. The Liquidating Trust Agreement shall (i) state that the primary purpose of the Liquidating Trust is to liquidate the Liquidating Trust Assets with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, its liquidating purpose and (ii) contain a fixed or determinable termination date that is not more than three (3) years from the date of creation of the Liquidating Trust, which termination date may be extended for one or more finite terms subject to the approval of the Bankruptcy Court upon a finding that the extension is necessary to its liquidating purpose. Each such extension must be approved by the Bankruptcy Court within one (1) month before the beginning of the extended term.

(i) The Liquidating Trustee shall be responsible for filing all federal, state, and local tax returns for the Liquidating Trust. The Liquidating Trustee shall file all federal tax returns for the Liquidating Trust as a grantor trust pursuant to Treasury Regulation section 1.671–4. The Liquidating Trustee also will annually send to each holder of an interest in the Liquidating Trust a separate statement regarding the receipts and expenditures of the Liquidating Trust as relevant for U.S. federal income tax purposes and will instruct all such holders to use such information in preparing their U.S. federal income tax returns or to forward the appropriate information to such holder's underlying beneficial holders with instructions to utilize such information in preparing their U.S. federal income tax returns. The Liquidating Trustee shall also file (or cause to be filed) any other statement, return, or disclosure relating to the Liquidating Trust that is required by any governmental unit.

(j) Tax Reporting for Liquidating Trust:

(1) On or before the Effective Date, the Debtors shall provide the Liquidating Trustee with a good-faith valuation of the Tax Refunds as of the Effective Date. As soon as practical after the Effective Date, the Liquidating Trustee shall determine the fair market value, as of the Effective Date, of all other Liquidating Trust Assets, and shall make all such values (including the Tax Refunds value) available from time to time, and such values shall be used consistently by all parties to the Liquidating Trust (including, without limitation, the Debtors, the Liquidating Trustee, and Liquidating Trust beneficiaries) for all United States federal income tax purposes.

(2) Allocations of Liquidating Trust taxable income among the Liquidating Trust beneficiaries shall be determined by reference to the manner in which an amount of cash representing such taxable income would be distributed (were such cash permitted to be distributed at such time) if, immediately prior to such deemed distribution, the Liquidating Trust had distributed all the Liquidating Trust Assets (valued at their tax book value) pursuant to the Plan, adjusted for prior taxable income and loss and taking into account all prior and concurrent distributions from the Liquidating Trust. Similarly, taxable loss of the Liquidating Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a hypothetical liquidating distribution of the remaining Liquidating Trust Assets. The tax book value of the Liquidating Trust Assets for purpose of this paragraph shall equal their fair market value on the Effective Date, adjusted in accordance with tax accounting principles prescribed by the Tax Code, the applicable Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements.

(3) Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by the Liquidating Trustee of a private letter ruling if the Liquidating Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Liquidating Trustee), the Liquidating Trustee shall (A) timely elect to treat any Disputed Claim Reserve as a "disputed ownership fund" governed by Treasury

Regulation Section 1.468B-9, and (B) to the extent permitted by applicable law, report consistently with the foregoing for state and local income tax purposes. All parties (including the Liquidating Trustee, the Debtors, and the Liquidating Trust beneficiaries) shall report for United States federal, state, and local income tax purposes consistently with the foregoing.

(4) The Liquidating Trustee shall be responsible for payment, out of the Liquidating Trust Assets, of any Taxes imposed on the Liquidating Trust or the Liquidating Trust Assets, including the Disputed Claim Reserve. In the event, and to the extent, any Cash retained on account of Disputed Claims in the Disputed Claim Reserve is insufficient to pay the portion of any such Taxes attributable to the taxable income arising from the Liquidating Trust Assets allocable to, or retained on account of, Disputed Claims, such Taxes shall be (A) reimbursed from any subsequent Cash amounts retained on account of Disputed Claims, or (B) to the extent such Disputed Claims have subsequently been resolved, deducted from any amounts otherwise distributable by the Liquidating Trustee as a result of the resolution of such Disputed Claims.

(5) The Liquidating Trustee shall invest the Liquidating Trust Assets in: (a) direct obligations of the United States or obligations of any agency or instrumentality thereof, which are guaranteed by the full faith and credit of the United States; (b) money market deposit accounts, checking accounts, savings accounts, or certificates of deposit, or other time deposit accounts that are issued by a commercial bank or savings institution organized under the laws of the United States or any state thereof, including the Liquidating Trustee; (c) any other investments that may be permissible under either 11 U.S.C. § 345 or any order of the Bankruptcy Court entered in the Debtors' Chapter 11 Cases; or (d) any other investments as provided under the Liquidating Trust Agreement.

(k) The Liquidating Trustee shall have sole authority, without further Bankruptcy Court approval, to liquidate or otherwise dispose of the Liquidating Trust Assets, to file, prosecute, and settle objections to Claims, to pursue, settle, or otherwise resolve or abandon any Rights of Action, to hire and pay professional fees and expenses of counsel and other advisors with the reasonable fees and expenses of such professionals to be paid from the Liquidating Trust Assets, and to take such other actions as shall be necessary to implement the Plan, wind down the Debtors' affairs, and effect the closing of these Chapter 11 Cases and all other actions required under the Liquidating Trust Agreement.

8.5 Limitation of Liability for Liquidating Trustee

Upon the Effective Date and execution of the Liquidating Trust Agreement, the Liquidating Trustee as trustee of the Liquidating Trust, and not personally, shall be vested in all right, title, and interest in all Liquidating Trust Assets, and all rights to enforce orders of the Bankruptcy Court entered in this Bankruptcy Proceeding. The Liquidating Trustee shall liquidate the Liquidating Trust Assets and distribute the proceeds thereof in accordance with the Plan and the Liquidating Trust Agreement. The Confirmation Order shall state that without the permission of the Bankruptcy Court, no judicial, administrative, arbitration, or other action or proceeding shall be commenced against the Liquidating Trustee in its official or personal capacity, with respect to its status, duties, powers, acts, or omissions as the Liquidating Trustee in any forum other than the Bankruptcy Court.

The Liquidating Trustee shall act on behalf of the Liquidating Trust to carry out its obligations and to exercise its rights in accordance with and subject to the Plan, the Confirmation Order and the Liquidating Trust Agreement. The Liquidating Trustee shall be vested with the rights, powers, and benefits as set forth in the Liquidating Trust Agreement, including without limitation, all rights, powers, and benefits afforded a "trustee" under 11 U.S.C. §§ 704 and 1106.

The Liquidating Trustee shall be compensated as set forth in Exhibit A to the Liquidating Trust Agreement and shall not be required to file a fee application or obtain any approval of the Bankruptcy Court to receive compensation. The Liquidating Trustee may pay from the Liquidating Trust Assets all reasonable fees and expenses incurred in connection with the duties and actions of the Liquidating Trustee, including, but not limited to, fees and expenses of the Liquidating Trustee's professionals, insurance, taxes, and other expenses arising in the ordinary course of business in maintaining, liquidating, disposing of, and the distribution of the Liquidating Trust Assets and compensation to the Liquidating Trustee. The Liquidating Trustee may pay all such reasonable fees and expenses without Bankruptcy Court approval. Any disputes concerning the administration of the Liquidating Trust or implementation of the distribution of the Liquidating Trust Assets may be brought before the Bankruptcy Court for resolution.

The Liquidating Trustee shall be authorized and empowered to object to Claims and to pursue and prosecute, settle, or decline to pursue such objections, as well as the Rights of Action, whether or not the Rights of Action or objections to Claims have been commenced prior to the Effective Date. The Liquidating Trustee shall be substituted as the real party in interest in any such action or objection, commenced by or against the Debtors or the Committee, and may pursue, or decline to pursue, such objections or Rights of Action. The Liquidating Trustee may, in its sole discretion and business judgment, settle, release, sell, assign, otherwise transfer, or compromise such objections and Rights of Action, subject to the provisions of the Plan, without Bankruptcy Court approval.

The Liquidating Trustee may, but shall not be required to, set-off against any Claim and the distributions to be made pursuant to the Plan in respect of such Claim and/or Right of Action the Estate may have against the Claimant; provided, however, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Liquidating Trustee of any such Right of Action, set-off, or recoupment which the Debtors may have against such Claimant.

A substituted Liquidating Trustee may be designated after resignation or other removal of the Liquidating Trustee as provided under the Liquidating Trust Agreement.

8.6 Final Administration of Liquidating Trust

Upon full administration of the Liquidating Trust Assets, and the satisfaction as far as possible of all remaining liabilities of the Liquidating Trust, including but not limited to all Rights of Action, in accordance with the Plan, the Liquidating Trustee, shall: (i) terminate the Liquidating Trust, by filing written notice of termination with the Bankruptcy Court and providing such notice to the Liquidating Trust beneficiaries and the US Trustee; and (ii) as soon as practicable after termination of the Liquidating Trust, provide to the US Trustee, and file with the Bankruptcy Court, a final account and report of Liquidating Trust administration and be forever discharged of and released from all power, duties, and responsibilities under the Liquidating Trust Agreement and the Plan. Every effort shall be made to effectuate such termination no later than the time reasonably necessary to accomplish the Liquidating Trust's purpose of liquidating the Liquidating Trust Assets and distributing the proceeds thereof to the Liquidating Trust beneficiaries in accordance with the Liquidating Trust Agreement and the Plan, and in no event shall the Liquidating Trust continue for more than three (3) years after the Effective Date without further order of the Bankruptcy Court.

ARTICLE IX

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

9.1 Assumption and Rejection

All executory contracts and unexpired leases, other than those executory contracts and unexpired leases which (i) were executed subsequent to the Petition Date, or (ii) have not expired by their own terms prior to the Confirmation Date, and other than those executory contracts and unexpired leases regarding which an Order has been entered prior to the Effective Date authorizing assumption thereof, shall be deemed rejected upon the Confirmation Date except for any executory contract or unexpired lease that is specifically designated to be assumed or has been assumed or assumed and assigned under the Plan.

9.2 Indemnification Agreements

The obligations of the Debtors to indemnify any person having served as an officer or director of the Debtors, to the extent provided in any of the Debtors' corporate governance documents or by written or other agreement or applicable law, shall be terminated and extinguished and, to any extent necessary, deemed an executory contract, terminated and rejected under the Plan. Notwithstanding the foregoing, the provision will not limit or modify any indemnification obligations approved by the Bankruptcy Court.

9.3 Claims Relating to Assumption or Rejection

Any party to an executory contract or unexpired lease not previously assumed or rejected and to which no bar date has been established, which is assumed or rejected pursuant to the Plan or is the subject of a pending rejection motion, is required under the terms of the Plan to file a claim for amounts due as a result of such assumption or rejection by the Rejection Claim Bar Date; provided, however, if a motion seeking assumption or rejection is not heard and determined prior to the Effective Date, any Claim based thereon shall be filed within thirty (30) days of entry of an Order ruling on the motion. Any Allowed Claim relating to the rejection of executory contracts or leases shall be treated as an unsecured Claim of the appropriate Debtor and will be classified as a general unsecured claim and deemed a Class 3 Claim. Any Allowed cure claim relating to the assumption of executory contracts or leases pursuant to the Plan shall be paid in full from the Liquidating Trust Assets to the extent finally determined as of the Effective Date, or, to the extent thereafter, from an Interim Distribution or subsequent distribution by the Liquidating Trustee. Any such claim not filed by the Rejection Claim Bar Date as provided in the Plan shall be forever barred and shall not be enforceable against the Debtors or their properties or the Liquidating Trust, and the Debtors and Liquidating Trust shall have no obligation to pay the same.

9.4 Insurance Policies

To the extent that any and all insurance policies including any directors and officers liability insurance policies are considered executory contracts, then notwithstanding anything contained in the Plan to the contrary, such insurance policies shall be deemed assumed and assigned to the Liquidating Trust. Unless otherwise determined by the Bankruptcy Court, pursuant to a Final Order, no payments are required to cure any defaults of the Debtors existing as of the Confirmation Date with respect to each such policy. For the avoidance of any doubt, all rights under any insurance policy, including any directors and officers liability insurance policies, that is not an executory contract, and all rights under any other insurance policies under which the Debtors may be beneficiaries, shall be preserved and shall vest with the Liquidating Trust; and, nothing herein shall alter or adversely affect the rights of any non-Debtor beneficiaries of or insured persons under such insurance policies.

ARTICLE X

EFFECT OF CONFIRMATION

10.1 Vesting of Assets

On the Effective Date, all Assets of every kind and nature whatsoever of the Debtors and their Bankruptcy Estates shall vest in and be conveyed and transferred to the Liquidating Trust free and clear of all Liens (other than those of Bank of America), Claims, and encumbrances of the Debtors or any creditor or any other Entity, except the obligations, rights, and liens continued or granted pursuant to the Plan and the Confirmation Order. As provided herein, these Liquidating Trust Assets shall be managed by the Liquidating Trustee and used for the sole purposes of consummating and carrying out the Plan and effectuating distributions to holders of Allowed Claims as provided hereunder. Nothing herein shall prevent the Liquidating Trustee from abandoning any Liquidating Trust Assets after the Confirmation Date.

10.2 Authority to Effectuate Plan

Upon the entry of the Confirmation Order by the Bankruptcy Court and except as provided herein, any treatment or actions provided for or contemplated under the Plan shall be deemed to be authorized and approved without any further order or approval of the Bankruptcy Court. The Debtors and the Liquidating Trustee shall be authorized, without further application to or order of the Bankruptcy Court, to take whatever action is necessary or proper to consummate and carry out the Plan, to consummate any transaction provided for herein and to effectuate the distributions provided for hereunder. The Liquidating Trustee is also expressly authorized and empowered to liquidate, sell, dispose of, or abandon, for the benefit of the Trust and its beneficiaries, any and all Liquidating Trust Assets, to distribute the proceeds thereof in accordance with the Plan and the Liquidating Trust Agreement and to pay all costs and expenses associated with such sale, liquidation or disposition without further order of the Bankruptcy Court.

10.3 Binding Effect and Deemed Consent

Except as otherwise expressly provided in the Plan, on and after the Effective Date, the Plan, the Confirmation Order, and all exhibits thereto shall bind all Claimants and holders of Equity Interests, whether or not such persons voted, or had a right to vote, to accept or reject the Plan.

10.4 Corporate Action and Dissolution of Debtors

Each of the matters provided for under the Plan involving any corporate action to be taken or required by the Debtors shall, as of the Effective Date, be deemed to have occurred and be effective as provided herein, and shall be authorized and approved in all respects without any requirement of further action by stockholders, officers, directors, managers, or members of the Debtors.

From and after the Effective Date, and notwithstanding any applicable non-bankruptcy law to the contrary, the Debtors shall remain in existence for the sole purpose of winding up the Debtors' business and transferring the Estate Property and Remaining Assets to the Liquidating Trust, and for all other purposes, the Debtors shall be deemed dissolved and neither the Debtors or the Estates nor the Liquidating Trust shall be liable for any state or local annual or other corporation excise or similar tax.

Upon the Effective Date, each of Debtors' cases except the lead case, Morgan Industries Corp., Case No. 12-21156, shall be closed pursuant to the Confirmation Order. Upon the entry of the Final

Order, the Liquidating Trustee may file a certificate of dissolution as to each of the Debtors. The Liquidating Trustee shall not be compelled to dissolve the Debtors if doing so would unduly burden the Liquidating Trustee. No order shall be required to effectuate such dissolution and all state agencies shall accept a copy of the Plan and the Confirmation Order as sufficient to effectuate such dissolution without need for payment of any kind.

On the Effective Date, the obligations of, and Claims against, the Debtors and their Estates arising under, evidenced by, or relating to any agreements, contracts, indentures, certificates of designation, bylaws, certificates or articles of incorporation, or any other corporate governance document or instrument, shall be terminated and extinguished, including but not limited to the obligations of the Debtors to indemnify any Entity, including those who served as an officer or director of the Debtors, to the extent provided in any of the Debtors' corporate governance documents or by written or other agreement or applicable law. Notwithstanding the foregoing, this provision will not limit or modify any indemnification obligations approved by the Court.

10.5 Dissolution of Committee

Upon the Effective Date, the Committee shall be dissolved and the Committee and its members shall be released and discharged from the rights and duties arising from or related to these Bankruptcy Cases and the retention or employment of the Committee professionals shall terminate, except with respect to final applications for professionals' compensation, provided that the Committee shall continue for the sole purpose of reviewing and taking any appropriate action (including, without limitation, filing objections thereto) in connection with Professional Fee Claims, after final resolution of which the Committee shall be dissolved, released, and discharged as indicated above. The professionals retained by the Committee and the members thereof shall not be entitled to compensation or reimbursement of expenses for any services rendered or expenses incurred after the Effective Date except for services rendered and expenses incurred in connection with any applications by such professionals or Committee members for allowance of compensation and reimbursement of expenses pending on the Effective Date or timely Filed after the Effective Date as provided in the Plan, as approved by the Court and in accordance with the DIP Facility budget.

10.6 Late Claims

Any Claim filed after the Bar Date shall be unenforceable unless the Claimant has been granted an extension of time to file a Claim by the Bankruptcy Court, and such entity shall not be treated as a creditor or Claimant for the purposes of voting or distributions with respect to the Plan. Unless otherwise expressly ordered by the Bankruptcy Court, any such late-filed Claim shall not be entered on the official claims register, shall be deemed Disallowed and expunged, and the Claimant shall receive no distribution under the Plan or from the Liquidating Trust Assets.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.1 Modification of Plan

(a) Pre-Confirmation Modification. At any time before the Confirmation Date, the Plan or Plan Supplement may be modified by the Debtors, with notice to the Committee and Bank of America, provided that the Plan, as modified, does not fail to meet the requirements of 11 U.S.C. §§ 1122 and 1123. In the event that there is a modification of the Plan, then the Plan as modified shall become the Plan.

(b) Pre-Consummation Modifications. At any time after the Confirmation Date, but before substantial consummation of the Plan, the Plan or Plan Supplement may be modified by the Debtors, with notice to the Committee and Bank of America, upon approval of the Bankruptcy Court, provided that the Plan, as modified, does not fail to meet the requirements of 11 U.S.C. §§ 1122 and 1123. The Plan, as modified under the section, becomes a Plan only if the Court, after notice and hearing, confirms such Plan, as modified, under 11 U.S.C. § 1129.

(c) Non-Material Modifications. At any time after the Confirmation Date, the Debtors may, with notice to the Committee and written consent from Bank of America, which consent cannot be unreasonably withheld, without approval of the Court, remedy any defect or omission, or reconcile any such inconsistencies in the Plan or Plan Supplement or in the Confirmation Order, as such matters may be necessary to carry out the purposes, intent, and effect of the Plan, provided that they do not materially or adversely affect the interests of creditors or other entities.

(d) Events of Default. The occurrence of any of the following shall constitute an event of default under the Plan (each, an "Event of Default");

(1) The Liquidating Trustee's failure to pay fully when due any payment required to be made in accordance with the provisions of the Plan, which failure remains uncured for a period of five (5) days after receipt of written notice;

(2) The Liquidating Trustee's failure to perform or observe any other term or provision set forth in the Plan, which failure remains uncured for a period of fifteen (15) days after receipt of written notice;

(3) The failure of the Debtors and/or the Liquidating Trustee to comply with the terms of the Liquidating Trust Agreement, which failure remains uncured for a period of five (5) days after receipt of written notice;

(4) The Effective Date does not occur within sixty (60) days of the Confirmation Date;

(5) The Liquidating Trustee's failure to maintain insurance on the Alachua Real Property, the St. Augustine Real Property, or the Millville Real Property acceptable to Bank of America; and

(6) All of the real estate Assets are not sold or otherwise conveyed out of the Liquidating Trust, in accordance with the terms and conditions contained herein, on or before April 1, 2013.

(e) Rights and Remedies Upon an Event of Default. Upon occurrence of an Event of Default under the Plan, the automatic stay on all collateral for the Bank of America loans shall automatically terminate and Bank of America shall have the right to exercise its state court remedies, all without further authorization or order of the Court, including the right to foreclose its liens on the Alachua Real Property, the St. Augustine Real Property, and the Millville Real Property.

(f) Notice of Event of Default. The Liquidating Trustee shall give Bank of America immediate notice of the occurrence of any Event of Default under the Plan.

11.2 Revocation or Withdrawal

The Plan may be revoked or withdrawn by the Debtors prior to the Confirmation Date. If the Plan is revoked or withdrawn prior to the Confirmation Date, then the Plan shall be deemed null and void.

In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by the Debtors or the Bankruptcy Estates, or any other entity, or to prejudice in any manner the rights of the Debtors or any other entity in any further proceedings involving the Debtors.

11.3 Injunction

All Entities who have held, hold, or may hold Claims or Equity Interests are permanently enjoined, from and after the Effective Date, from: (i) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Equity Interest; (ii) the enforcement, attachment, collection, or recovery by any manner or means of any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any encumbrance of any kind; and (iv) asserting any right of setoff, subrogation, or recoupment of any kind against each of the Liquidating Trust, the Liquidating Trust Assets, the Liquidating Trustee, and all professionals retained by the Liquidating Trust.

11.4 Discharge

As provided in 11 U.S.C. § 1141(d)(3), the Plan does **not** grant the Debtors a discharge. Notwithstanding the foregoing, except as otherwise provided herein: (1) the rights afforded in the Plan and the treatment of all Claims shall be in exchange for and in complete satisfaction, discharge, and release of such Claims of any nature whatsoever, including any interest accrued on such Claims from and after the Filing Date, against the Debtors, the Liquidating Trust, the Liquidating Trustee, or any of their Assets or properties; and (2) all Entities shall be precluded from asserting against the Debtors, the Liquidating Trust, the Liquidating Trustee, or any of their Assets any other or further Claims based upon any act or omission, transaction, or other activity of any kind or nature that occurred before the Confirmation Date, except as otherwise provided in the Plan.

11.5 Term of Existing Injunctions or Stays

Unless otherwise provided, all injunctions or stays provided for in these Chapter 11 Cases pursuant to 11 U.S.C. §§ 105, 362, or 524, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date, and thereafter shall be annulled.

11.6 Exculpation and Limitation of Liability

(a) NONE OF THE DEBTORS, THE LIQUIDATING TRUST, THE LIQUIDATING TRUSTEE, OR THE COMMITTEE, OR BANK OF AMERICA, NOR ANY OF THEIR RESPECTIVE PRESENT OF FORMER MEMBERS, OFFICERS, DIRECTORS, EMPLOYEES, ADVISORS, AGENTS OR ATTORNEYS, OR OTHER PROFESSIONALS SHALL HAVE OR INCUR ANY LIABILITY TO ANY CLAIMANT OR HOLDER OF AN EQUITY INTEREST, OR ANY OTHER PARTY IN INTEREST, OR ANY OF THEIR RESPECTIVE AGENTS, EMPLOYEES, REPRESENTATIVES, FINANCIAL ADVISORS, ATTORNEYS, PROFESSIONALS OR AFFILIATES, OR ANY OF THEIR SUCCESSORS OR ASSIGNS, FOR ANY ACT OR OMISSION IN CONNECTION WITH, RELATING TO, OR ARISING OUT OF, THESE CHAPTER 11 CASES, INCLUDING, WITHOUT LIMITATION, THE DEBTORS' OPERATIONS, THE FILING OF THESE CHAPTER 11 CASES, THE ADMINISTRATION OF THE DEBTORS' CASH, ASSETS, REAL, AND PERSONAL PROPERTY, THE ASSET PURCHASE AGREEMENT, THE DIP ORDER, THE FORMULATING, NEGOTIATING, OR IMPLEMENTING OF THE PLAN, THE SOLICITATION OF ACCEPTANCES OF THE PLAN, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE CONFIRMATION OF THE PLAN,

THE CONSUMMATION OF THE PLAN, OR THE ADMINISTRATION OF THESE CHAPTER 11 CASES, OR THE PLAN, OR THE PROPERTY TO BE DISTRIBUTED UNDER THE PLAN.

(b) Notwithstanding any other provision of the Plan, no holder of a Claim or Equity Interest, no other party in interest, none of their respective agents, employees, representatives, financial advisors, attorneys, or affiliates, and no successors or assigns of the foregoing, shall have any Right of Action against the Liquidating Trust, the Liquidating Trustee, the Debtors, the Committee, Bank of America, or any of their respective present or former members, officers, directors, shareholders, employees, agents, advisors or attorneys, or professionals for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, formulating, negotiating, or implementing the Plan, the consummation of the Plan, the confirmation of the Plan, or the administration of the Plan or the property to be distributed under the Plan.

(c) Nothing in this section shall be construed (i) to exculpate any entity from fraud, gross negligence, willful misconduct, malpractice, criminal conduct, misuse of confidential information that causes damages, or ultra vires acts, or (ii) to limit the liability of the professionals of the Debtors, the Committee, Bank of America, and the Liquidating Trust, to their respective clients pursuant to applicable rules of professional conduct.

(d) Notwithstanding anything contained herein to the contrary, nothing herein or otherwise shall be deemed a waiver, release, discharge, or limitation upon any Assets and/or Rights of Action held by or to be transferred hereunder to the Liquidating Trust, or the ability of the Liquidating Trustee to prosecute, liquidate, or settle such Liquidating Trust Assets, Avoidance Actions, and Rights of Action.

11.7 Release

Holders of Claims that vote in favor of the Plan voluntarily and consensually release the Debtors, the Liquidating Trust, the Liquidating Trustee, the Committee, Bank of America, and John Luhrs and Warren Luhrs (each in his capacity as shareholder and lender), and any of their respective present or former members, officers, directors, shareholders, employees, agents, advisors or attorneys, or professionals from all claims and causes of action held by such Claim Holder to the extent such claim or cause of action relates to the Debtors, the bankruptcy cases, the Plan, the Disclosure Statement, or the negotiation or consummation of the transactions contemplated by the DIP Order, the Plan, or the Disclosure Statement, except for liability arising from willful misconduct, gross negligence, or fraud. All Entities shall be enjoined from filing or otherwise asserting any claim or cause of action that is the subject to Article XV of the Plan.

11.8 Subordination and Release of John and Warren Luhrs' Claims

John Luhrs and Warren Luhrs each waives any and all liens and security interests on real property where each has mortgages in these Chapter 11 Cases, and subordinates any Claims, including unsecured claims, to the Claims of general unsecured creditors in Class 3.

ARTICLE XII

CERTAIN RISK FACTORS

THE HOLDERS OF CLAIMS AGAINST ANY DEBTOR SHOULD READ AND CAREFULLY CONSIDER THE FOLLOWING FACTORS, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND THE DOCUMENTS

DELIVERED HEREWITH OR INCORPORATED BY REFERENCE HEREIN BEFORE VOTING TO ACCEPT OR TO REJECT THE PLAN.

12.1 Nature of Financial Information

Although the Debtors used best efforts to ensure the accuracy of the financial information provided herein or attached hereto, such information has not been audited and is based upon an analysis of data provided by the Debtors at the time of preparation of the Plan and this Disclosure Statement. The Debtors believe that such financial information fairly reflects the finances of the Debtors; however, the Debtors do not represent or warrant that the information contained herein and attached hereto is without inaccuracies.

12.2 Certain Bankruptcy Law Considerations – Alternatives to the Plan

The Debtors believe that the Plan affords Holders of Claims the potential for the greatest realization on the Debtors' assets. If the Plan is not consummated, the Debtors believe that much of the success reached by the parties in their negotiations and their long-standing efforts to reach consensual resolutions could very well be squandered. Accordingly, if the Plan is not confirmed and consummated, the alternatives include:

(a) *Liquidating Under Chapter 7 of the Bankruptcy Code*

The Debtors could be liquidated under chapter 7 of the Bankruptcy Code. A discussion of the effect of a chapter 7 liquidation is set forth in Section 14.3 of this Disclosure Statement. The Debtors believe that such a liquidation would result in lower aggregate distributions being made to creditors than those provided for in the Plan because of (i) additional administrative expenses attendant to the appointment of a chapter 7 trustee and the trustee's employment of attorneys and other professionals, and (ii) the likelihood that the Debtors' remaining assets (i.e., Real Estate Lot A) would have to be sold or disposed of in a less orderly fashion.

(b) *Alternative Plans*

If the Plan is not confirmed, the Debtors and/or Committee could attempt to formulate and propose a different chapter 11 plan or plans. The Debtors believe that not only does the Plan fairly adjust the rights of the various Classes of Claims, but as a result of the Bank of America/Committee Settlement, the Plan provides superior recoveries to Holders of Unsecured Claims in Class 3 over any alternative capable of rational consideration (such as a chapter 7 liquidation), thus enabling many stakeholders to maximize their returns.

There are few, if any, alternatives to the structure proposed by the Debtors. Due to the consummation of the Operating Asset Sales, resulting in the sale of substantially all of the Debtors' Operating Assets, the Debtors' reorganization and emergence from bankruptcy as a going concern is no longer a viable possibility. Any alternative will likely result in a liquidation trust structure similar to that proposed in the Plan. Rejection of the Plan in favor of some other alternative method of reconciling the Claims will require, at the very least, an extensive and time consuming process (including the possibility of protracted and costly litigation) and will not result in a better recovery for any Class of Claims.

12.3 Possible Adverse Effects from Delay

Any delays of the Confirmation Date or the Effective Date could result in, among other things, increased Administrative Claims and Professional Fee Claims. Delay could further endanger the ultimate approval of the Plan by the Bankruptcy Court.

12.4 Possible Adverse Effects from Modification of the Plan

The Debtors, with notice to the Committee and Bank of America, specifically have reserved in the Plan the right to modify its terms prior to confirmation. Any such modifications could result in a less favorable treatment of any non-accepting Class or Classes, as well as of any Classes junior to such non-accepting Classes.

12.5 Unknown Claims

It is possible that there are Claims of which the Debtors are not aware at this time. There can be no assurance that recoveries by the Debtors' creditors will not be materially and adversely affected by any such unknown Claims. Note, however, that the General Bar Date for filing proofs of claim for "General Claims" in these Chapter 11 Cases was July 30, 2012, and October 2, 2012 for "Governmental Claims." The Administrative Claim Bar Date for filing requests for paying of certain administrative expenses that accrued from on or after the Petition Date through July 31, 2012 was August 17, 2012.

12.6 Dilution

No final determination has been made as to which Claims will be Disputed Claims, and it is possible that the number of Disputed Claims may be material and that the amounts allowed in respect of Disputed Claims may be materially in excess of the estimates of Allowed Claims used to develop the Plan. The Holders of Allowed Claims are subject to the risk of dilution if actual Allowed Claims exceeds such estimates. Accordingly, distributions to the Holders of Allowed Claims are at risk of being adversely affected by the total amount of Allowed Claims.

ARTICLE XIII

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

A summary description of certain income tax consequences of the Plan is provided below. The description is for informational purposes only, and, due to a lack of definitive judicial or administrative authority or interpretation, substantial uncertainties exist with respect to various tax consequences of the Plan as discussed herein. Only the principal consequences of the Plan for certain Debtors and for Holders of Claims who are entitled to vote to accept or reject the Plan are discussed below. This summary does not purport to address all of the federal income tax consequences that may be applicable to the Debtors or to any particular Holder in light of such Holder's own individual circumstances. This summary does not address the federal income tax consequences of the Plan to Holders of Claims that may be subject to special rules, such as foreign persons, insurance companies, financial institutions, regulated investment companies, broker-dealers and tax-exempt organizations. This summary does not discuss foreign, state, local, estate or gift tax consequences of the Plan, nor does it discuss federal income tax consequences to a Holder of Claims being satisfied in full or otherwise unimpaired under the Plan or not receiving any recovery under the Plan. No opinion of counsel has been sought or obtained with respect to any tax consequences of the Plan. No rulings or determinations of the Internal Revenue Service or any other tax authorities have been sought or obtained with respect to the tax consequences of the Plan, and the discussion below is not binding upon the Internal Revenue Service or such other authorities. The Debtors, the Committee, and the Liquidating Trustee are not making any representations regarding the

particular tax consequences of the confirmation and consummation of the Plan as to the Holder of any Claim, and are not rendering any form of legal opinion as to such tax consequences.

The discussion of federal income tax consequences below is based on the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), the Treasury Regulations promulgated thereunder, judicial decisions, and published positions of the Internal Revenue Service and other applicable authorities, all as in effect on the date hereof and all of which is subject to change – e.g., legislative, judicial or administrative changes – possibly with retroactive effect.

EACH AND EVERY HOLDER OF A CLAIM IS STRONGLY URGED TO CONSULT A PROFESSIONAL TAX ADVISOR REGARDING THE FEDERAL, STATE AND LOCAL, AND ANY FOREIGN, TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND THE PLAN.

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE

TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, THE HOLDERS OF CLAIMS ARE HEREBY NOTIFIED THAT: (A) ANY UNITED STATES FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS FOR THE PURPOSE OF AVOIDING UNITED STATES FEDERAL TAX PENALTIES, (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE DEBTORS AND COMMITTEE OF THE SALE TRANSACTION OR MATTERS ADDRESSED HEREIN AND (C) HOLDER OF CLAIMS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

13.1 Federal Tax Consequences to the Debtors

(a) *Sales of the Debtors' Assets*

During the Chapter 11 Cases, the Debtors have sold substantially all of their Operating Assets for cash. The Debtors will distribute the majority of that cash to Holders of Claims.

The sales of the Debtors' Operating Assets in the Chapter 11 Cases were taxable transactions. Thus, the Debtors must recognize any gain or loss realized on each such sale. To determine the amount of gain or loss realized on any sale, the total consideration received in such sale must be allocated among the assets sold in accordance with their relative fair market values. The gain or loss realized with respect to each asset is then determined separately by subtracting the selling Debtor's tax basis in such asset from the amount of consideration received for such asset. To the extent that the Debtors recognize a net gain in any taxable year of the sale, such gain may be offset either by operating losses that accrue during the tax year of the sale or by the Debtors' net operating loss and/or capital loss carryforwards. The Debtors may, however, recognize some alternative minimum tax as a result of asset sales if the gain from the sale is offset by net operation losses and/or capital loss carryforwards, and not by operating losses from the same tax year as the year of the sale. Any resulting tax will be paid by the Debtors.

(b) *Cancellation of Indebtedness and Reduction of Tax Attributes*

As a result of the consummation of the Plan, certain indebtedness of the Debtors will be discharged. Generally, the Debtors must include in gross income the amount of such cancellation of indebtedness (the "COD") income. The amount of COD income that the Debtors will recognize as a result of the Plan is the difference between the amount of their indebtedness that is canceled and the

amount or value of the consideration exchanged therefor. Because the Debtors are in a chapter 11 bankruptcy proceeding, however, the Debtors will not be required to recognize COD income, but must instead reduce certain tax attributes (the "Tax Attributes") by the amount of unrecognized COD income on the first day of the following tax year in the manner prescribed by Internal Revenue Code section 108(b). Tax Attributes include net operating losses ("NOLs"), capital losses and loss carryforwards, certain tax credits and, subject to certain limitations, the tax basis of property.

(c) ***Transfer of Assets to the Liquidating Trust***

In addition, pursuant to the Plan, the transfer of the Liquidating Trust Assets to the Liquidating Trust will be made for the benefit of the beneficiaries thereof, but only to the extent such beneficiaries are entitled to distributions under the Plan. Upon completion of the transfer of the Liquidating Trust Assets into the Liquidating Trust, the Debtors will have no interest in, or with respect to, Liquidating Trust Assets, or the Liquidating Trust. For all federal income tax purposes, all parties (including, without limitation, the Debtors, the Liquidating Trustee and the beneficiaries) will treat the transfer of assets to the Liquidating Trust in accordance with the terms of the Plan as a transfer of assets (at a value as determined by the Liquidating Trustee) to the beneficiaries, followed by a transfer by such beneficiaries to the Liquidating Trust, and the beneficiaries will be treated as the grantors and owners thereof.

The transfer of the Debtors' assets pursuant to the Plan will constitute a taxable disposition, for federal income tax purposes, of such assets for an amount equal to their respective fair market values, triggering gain or loss depending on each Debtor's adjusted tax basis in the respective assets. To the extent the Debtors recognize a net gain from the transfer of these assets, such gain may be offset either by operating losses that accrue during the tax year of the transfer, or by the Debtors' NOLs and/or capital loss carryforwards. The Debtors may, however, recognize some alternate minimum tax as a result of the transfer if the gain from the sales are offset by net operation loss and/or capital loss carryforwards, and not by operating losses from the same tax year as the year of the transfer. The Debtors' ability to use certain losses (including loss carryforwards) to offset taxable gains and income may be subject to certain limitations under the consolidated returns.

(d) ***Alternative Minimum Tax***

The Internal Revenue Code provides that, for any taxable year, a corporation's federal income tax liability equals the greater of (i) the regular tax computed at the regular 35% corporate tax rate on taxable income and (ii) the alternative minimum tax (the "AMT") computed at a lower tax rate (20%) but on a broader income base (alternative minimum taxable income ("AMTI")). For purposes of computing a corporation's regular federal income tax liability, all of the income recognized in a taxable year may be offset by available NOLs and other tax carryovers (to the extent permitted under, *inter alia*, sections 382 and 383 of the Internal Revenue Code). In contrast, for purposes of computing AMTI, NOLs (as determined for AMT purposes) and other tax carryovers generally are taken into account, but may not offset more than 90% of the pre-NOL AMTI. Thus, a corporation that is currently profitable for AMT purposes generally will be required to pay federal income tax at an effective rate of at least 2% of its pre-NOL AMTI (10% of the 20% AMT tax rate), regardless of the amount of NOLs. As a result, even if the Debtors are otherwise able to fully shelter their income with NOLs, they will be subject to current taxation in any year in which they have positive net pre-NOL AMTI (including as a result of gain and income recognized in connection with the sales Debtors' assets through the Chapter 11 Cases and the transactions contemplated by the Plan).

13.2 Tax Treatment of the Liquidating Trust

The Liquidating Trust is intended to be treated for federal income tax purposes as a grantor trust. Assuming the Liquidating Trust qualifies as a grantor trust for federal income tax purposes, the Liquidating Trust's beneficiaries may be treated as the grantors of the Liquidating Trust, the Liquidating Trust should be disregarded for federal income tax purposes as an entity separate from the grantors, and the grantors would report the income and loss from the Liquidating Trust. Under the Plan, the transfer of cash and any remaining assets of the Debtors to the Liquidating Trust may be treated for federal income tax purposes as if the Debtors distributed an interest in each of the assets transferred directly to the Liquidating Trust beneficiaries in exchange for their outstanding claims against the Debtors. The Liquidating Trust beneficiaries would then be deemed to contribute their interest in the assets to the Liquidating Trust.

If the Liquidating Trust is not treated for federal income tax purposes as a grantor trust, then the Liquidating Trust may be classified as a partnership for federal income tax purpose, in which case the Liquidating Trust beneficiaries would be treated as partners in the partnership. Unlike a grantor trust, the partnership would be treated as an entity required to compute income and loss, file tax returns, and make tax elections; but income and loss would pass through to the partners to be reported by them on their separate tax returns. If the Liquidating Trust is treated as a partnership for federal income tax purposes, the transfer of cash and any remaining assets of the Debtors to the Liquidating Trust under the Plan may be treated for federal income tax purposes as if the Debtors had distributed an interest in each of the assets so as transferred directly to the Liquidating Trust beneficiaries in exchange for their outstanding claims against the assets of the Debtors. The Liquidating Trust beneficiaries would then be deemed to contribute their interest in these assets to the Liquidating Trust for an interest in the Liquidating Trust.

13.3 Federal Tax Consequences to Holders of Allowed Unsecured Claims

(a) *Gain or Loss*

Pursuant to the Plan, the Debtors will transfer all of their assets, either directly or indirectly, to Holders of Allowed Claims in satisfaction and discharge of such Allowed Claims.

In general, beneficiaries of the Liquidating Trust should be treated as receiving from the Debtors their share of the respective assets transferred to the Liquidating Trust in satisfaction of each of their Claims and simultaneously transferring such assets to the Liquidating Trust. Assuming the Liquidating Trust is taxed as a grantor trust or as a partnership for federal income tax purposes, under the Plan, a beneficiary of the Liquidating Trust may recognize a taxable loss (or gain) to the extent the amount realized by such beneficiary in respect of its Claim, excluding accrued interest, is less (or greater) than its tax basis in such Claim, excluding any claim for accrued interest. The amount realized by such beneficiary should be equal to the amount of cash and the fair market value (determined as described above) of any other consideration received pursuant to the Plan (for example, such beneficiary's undivided beneficial interest in the assets of the Debtors, which are then deemed contributed by it to the Liquidating Trust). In general, any gain realized by a Holder of a Claim will be recognized for federal income tax purposes, and will be treated as capital gain or ordinary income based on the particular circumstances of the Holder. Whether any loss realized by a Holder of a Claim is recognized for federal income tax purposes, and the treatment of such loss if recognized, depends on the particular circumstances of the Holder of the Claim. Additionally, the Debtors and Committee believe that beneficiaries of the Liquidating Trust should recognize their allocable share of taxable income on the assets transferred to the Liquidating Trust on an annual basis. Such taxable income will include, inter alia, interest earned on invested cash, gain or loss on sales of assets held by the Liquidating Trust, and

recoveries with respect to other assets in excess of the values attributed thereto when such assets were contributed to the Liquidating Trust.

Notwithstanding the foregoing, it is possible that the Internal Revenue Service may assert that any income, gain or loss by Holders of Claims should be deferred until the Liquidating Trustee makes the final distributions from the Liquidating Trust. In addition, a Holder's ultimate share of the assets of the Liquidating Trust based on its Claim may differ from the initial estimates thereof. This may result in a Holder having to recognize additional or offsetting income or gain or loss if, and to the extent that, the aggregate amount of cash and the fair market value of property ultimately received by that Holder from the Liquidating Trust differs from the amount used in initially determining that Holder's income, gain or loss. Holders of Claims should consult their own tax advisors regarding the possibility that the recognition of income, gain or loss may be accelerated or deferred.

The Debtors and Committee do not offer an opinion as to any federal, state and local, or other tax consequences to Holders of Claims as a result of the confirmation and execution of the Plan. HOLDERS OF CLAIMS ARE STRONGLY URGED TO CONSULT A PROFESSIONAL TAX ADVISOR REGARDING THE FEDERAL, STATE AND LOCAL, AND ANY FOREIGN, TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.

(b) ***Distribution in Discharge of Accrued Unpaid Interest***

Pursuant to the Plan, a distribution received in respect of Allowed Claims will be allocated first to the principal amount of such Claims. A Holder of an Allowed Claim generally recognizes a deductible loss to the extent that it does not receive payment of interest that has previously been included in its income, although it is not clear whether such loss would be ordinary or capital. Holders of Allowed Claims are urged to consult with their tax advisors regarding the allocation of consideration and deductibility of unpaid interest.

(c) ***Information Reporting and Withholding***

All distributions to Holders of Allowed Claims under the Plan are subject to any applicable withholding tax requirements. Under federal income tax law, interest, dividends, and other reportable payments, may, under certain circumstances, be subject to "backup withholding," currently at a rate of 28% but subject to adjustment in future years. Backup withholding generally applies if the Holder (i) fails to furnish its social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN, (iii) fail properly to report interest or dividends, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions. Non-U.S. persons are subject to other withholding taxes with respect to their share of interest or other income allocable or paid to them.

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, HOLDERS OF CLAIMS ARE STRONGLY ENCOURAGED TO CONSULT THEIR TAX ADVISORS ABOUT THE UNITED STATES

FEDERAL, STATE AND LOCAL, AND ANY APPLICABLE FOREIGN, INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

ARTICLE XIV

CONFIRMATION OF THE PLAN

In order to confirm the Plan, the Bankruptcy Court must make a series of determinations concerning the Plan, including that (i) the Plan has classified Claims in a permissible manner; (ii) the Plan complies with the technical requirements of chapter 11 of the Bankruptcy Code; (iii) the Plan was proposed in good faith; and (iv) the disclosures, as required by chapter 11 of the Bankruptcy Code, have been adequate and have included information concerning all payments made or promised under the Plan. The Debtors believe all of these conditions will be met by the Confirmation Hearing and will seek determinations to such effect at the Confirmation Hearing.

14.1 Classification of Claims

The Bankruptcy Code requires that each claim or interest in a class be "substantially similar" to the other claims or interests in such class. The Debtors believe the Claims in each Class under the Plan are substantially similar and that the classifications proposed in the Plan are appropriate under the Bankruptcy Code.

14.2 Acceptance of the Plan

(a) *Impaired Classes*

As a condition to confirmation, the Bankruptcy Code requires that each class of impaired claims vote to accept the Plan, except to the extent that a "cramdown" is available under section 1129(b) of the Bankruptcy Code. Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of claims in that class, but for that purpose counts only those who actually vote. Thus, a class will have voted to accept the Plan only if two-thirds (2/3) in amount and a majority in number actually voting in such class cast their ballots in favor of acceptance. Holders entitled to vote who fail to vote are not counted as either accepting or rejecting a plan.

(b) *Presumed Acceptances by Unimpaired Classes*

Under section 1126(f) of the Bankruptcy Code, the holders of claims in classes that are not impaired under a plan are deemed to have accepted the plan, and their votes on the plan need not be solicited. Holders of Allowed Claims in Classes 4, 5, and 6 are unimpaired under the Plan. Hence, such Holders are conclusively presumed to have accepted the Plan, and votes in respect of such Claims will not be solicited.

(c) *Classes Deemed to have Rejected the Plan*

Under section 1126(g) of the Bankruptcy Code, the holders of claims or interests who are not entitled to receive or retain property in respect thereof are deemed to have rejected the plan. Here, no Class of Claims is deemed to have rejected the Plan.

(d) ***Classes Entitled to Vote to Accept or Reject the Plan***

As a result of Sections 11.2 (b) and (c) above, votes to accept or reject the Plan will be solicited only from the Holders of Claims in Classes 1, 2, 3 and 7.

14.3 Best Interests Test

Even if a plan is accepted by the holders of each class of claims and interests, the Bankruptcy Code requires that the court determine that the plan is in the best interests of all holders of claims or interests that are impaired by the plan and have not accepted the plan. The "best interests" test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a court to find either that all members of an impaired class of claims or interests have accepted the plan or that the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover under a hypothetical chapter 7 liquidation. The "best interests" test does not apply to the holders of unimpaired claims.

During the Chapter 11 Cases, the Debtors sold substantially all of their Operating Assets, the Salisbury Real Property and, pursuant to the Plan, the Liquidating Trust is selling the remainder of the Debtors' assets, including Real Estate Lot A. Under these circumstances, the chapter 7 scenario and the Plan are not very different. Nevertheless, the Debtors submit that the value of distributions in a liquidation pursuant to chapter 7 of the Bankruptcy Code would be substantially less than the value of the distributions required under the Plan.

The current Plan incorporates the Bank of America/Committee Settlement. Pursuant to the Bank of America/Committee Settlement, a percentage of the Real Estate Sales is gifted by Bank of America to the Liquidating Trust for the benefit of Holders of Unsecured Claims. Further, the Luhrs Brothers have agreed to subordinate their claims arising from the Luhrs Brothers Loans to the Claims of the Unsecured Claims. Implementation of the Bank of America/Committee Settlement, pursuant to the Plan, results in greater distributions to Holders of Unsecured Claims than in a chapter 7 scenario as the Bank of America/Committee Settlement would not likely be enforceable in a chapter 7 case.

Moreover, in a chapter 7 case, there would be additional administrative expenses that would need to be paid in advance of any distributions of unsecured claims, including the additional expenses involved in the appointment of a chapter 7 trustee and attorneys, accountants and other professionals to assist such trustee. The chapter 7 trustee and his counsel and other professionals would need to become familiar with the Debtors' remaining assets and the Claims against the Debtors. Such a process would involve substantial time and expense. The chapter 7 trustee's professionals would be entitled to compensation at their normal hourly rates and to reimbursement of costs incurred in this process. These fees and expenses would be in addition to the allowed fees and expenses of the Debtors' and Committee's professionals incurred during the Chapter 11 Cases. The additional fees and expenses attributable to the chapter 7 case would be deducted from assets of the Debtors otherwise available for distribution to Holders of Allowed Claims under the Plan.

The Debtors and Committee believe that members of impaired Classes under the Plan would recover property of a value not less than what such Holders would receive in liquidation under chapter 7. A chapter 7 liquidation analysis is attached as Exhibit B to this Disclosure Statement.

14.4 Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires a finding that confirmation is not likely to be followed by a liquidation or need for further financial reorganization. The Debtors submit that the

requirement is not applicable in the liquidating plan context, and in any event they believe that the Liquidating Trust and the Liquidating Trustee will be able to perform their duties under the Plan without requiring a further liquidation or financial reorganization.

14.5 Confirmation Without Acceptance by All Impaired Classes – Cramdown

Section 1129(b) of the Bankruptcy Code provides that, notwithstanding rejection of a plan by one or more impaired classes, the plan may still be confirmed, provided that the plan has been accepted by at least one impaired class of claims, the plan "does not discriminate unfairly" and is "fair and equitable" as to each impaired, non-accepting class, and the other requirements for confirmation (except acceptance by all impaired classes) are met.

The Debtors reserve the right to seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code notwithstanding the rejection of the Plan by impaired Classes of Claims.

(a) *Plan Does Not Discriminate Unfairly*

A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if dissenting classes are treated equally with respect to classes of equal rank. The Debtors believe that the Plan does not discriminate unfairly.

(b) *Plan is Fair and Equitable as to Impaired, Non-Accepting Classes*

A plan is fair and equitable as to a class of secured claims that rejects such plan if the plan provides either: (i) each impaired secured creditor retains its liens securing its secured claim and receives on account of its secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the "indubitable equivalent" of its allowed secured claim, or (iii) the property securing the claim is sold free and clear of liens, with such liens to attach to the proceeds of the sale and the treatment of such liens on proceeds to be as provided in clause (i) or (ii) of this subparagraph.

A plan is fair and equitable as to a class of unsecured claims that rejects such plan if the plan provides either: (i) each impaired unsecured creditor receives or retains under the plan property of a value, measured as of the effective date of the Plan, equal to the amount of its allowed claim or (ii) the Holders of claims and interests that are junior to the claims of the dissenting class will not receive or retain any property under the plan.

A plan is fair and equitable as to a class of interests that rejects such plan if the plan provides either: (i) each holder of an interest will receive or retain under the plan property of a value equal to the greatest of the fixed liquidation preference to which such holder is entitled, the fixed redemption price to which such holder is entitled, or the value of the interest or (ii) the holder of an interest that is junior to the non-accepting class will not receive or retain any property under the plan.

The Debtors believe that the Plan is "fair and equitable" as to each impaired Class.

14.6 Conditions to Effectiveness of Plan

The occurrence of the Effective Date and the substantial consummation of the Plan are subject to satisfaction of the following conditions precedent (unless waived in writing by the Debtors):

(a) The Confirmation Order has become a Final Order. The Debtors and all other parties in interest having possession, custody, or control over Liquidating Trust Assets transfer substantially all Liquidating Trust Assets to the Liquidating Trust.

(b) The Liquidating Trust has been created pursuant to the terms of the Plan, the Liquidating Trustee has been appointed and approved by the Bankruptcy Court, and the Liquidating Trust Agreement has been executed by the Liquidating Trustee.

(c) All other actions and documents necessary to implement the Plan shall have been effected and executed.

If each of the conditions to the occurrence of the Effective Date has not been satisfied or duly and properly waived on or before the first Business Day that is one hundred, eighty (180) days after the Confirmation Date, or such later date as agreed to by the Debtors, the Confirmation Order shall be deemed vacated and the Plan shall be null and void in all respects, and nothing contained in the Plan shall constitute a waiver or release of any Claims.

14.7 Retention of Jurisdiction

The Bankruptcy Court shall retain and have subject matter jurisdiction over any matter arising under the Bankruptcy Code, or arising in or related to these Chapter 11 Cases and the Plan and for the following purposes:

(a) to resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which the Debtors were or are a party or with respect to which the Debtors may be liable, and to hear, determine, and, if necessary, liquidate any Claims arising therefrom;

(b) to enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases, transactions, and other agreements or documents created in connection with the Plan;

(c) to determine any and all motions, adversary proceedings, applications, and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Plan, are available to the Bankruptcy Estates and that may be instituted by the Liquidating Trustee after the Effective Date (to the extent such venue is selected by the Liquidating Trustee, including, but not limited to any claims or Rights of Action arising under 11 U.S.C. §§ 542, 543, 544, 545, 547, 548, 549, or 553(b));

(d) to ensure that distributions to holders of Allowed Claims are accomplished as provided herein;

(e) to hear and determine any timely objections to Claims, both before and after the Effective Date, including any objections to the classification of any Claim, and to allow, disallow, determine, liquidate, classify, estimate, or establish the priority of, or secured or unsecured status of any Claim, in whole or in part;

(f) to enforce the Liquidating Trustee's interest in the Cash and the Liquidating Trust Assets, and the Liquidating Trustee's right to pursue objections to Claims, Rights of Action, and all other rights of the Liquidating Trustee to the Liquidating Trust Assets;

(g) to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, reversed, or vacated;

(h) to issue orders in aid of execution of the provisions of the Plan to the extent authorized by 11 U.S.C. § 1142, including, but not limited to, orders interpreting, enforcing, or clarifying the provisions thereof;

(i) to consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order to the extent authorized by the Bankruptcy Code;

(j) to hear and determine all applications for allowance of compensation for services rendered and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or the Plan incurred prior to the Effective Date;

(k) to hear and determine any and all objections to and proceedings involving the allowance, estimation, classification, and subordination of Claims;

(l) to hear and determine all suits, controversies and disputes arising in connection with or relating to the Plan, or any orders of the Bankruptcy Court in the Chapter 11 Cases entered on or before the Effective Date, the interpretation, implementation, enforcement or consummation of the Plan, or any orders of the Bankruptcy Court in the Chapter 11 Cases entered on or before the Confirmation Date, or the extent of any entity's obligations incurred in connection with or released under the Plan;

(m) to 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 the consummation or enforcement of the Plan;

(n) to enforce all orders, judgments, and rulings entered in connection with the Chapter 11 Cases and to determine any other matters that may arise in connection with or are related to the Plan, the Disclosure Statement, the Asset Purchase Agreement, the Confirmation Order, or the Liquidating Trust Agreement;

(o) to enter any order, including injunctions necessary to enforce the title, rights, and powers of the Debtors or the Liquidating Trustee and to impose such limitations, restrictions, terms, and conditions on such title, rights, and powers as the Bankruptcy Court may deem necessary or appropriate, the Liquidating Trust Agreement or any contract, instrument, release, or other agreement or document created in connection with the Plan or the Disclosure Statement;

(p) to hear and determine matters concerning state, local, and federal taxes in accordance with 11 U.S.C. §§ 346, 505, and 1146;

(q) to hear any other matter for any purpose specified in the Confirmation Order that is not inconsistent with the Bankruptcy Code, including the allowance or disallowance and classification of late-filed proofs of claim in accordance with Bankruptcy Rule 9006(b);

(r) to enter a Final Decree closing these Chapter 11 Cases;

(s) to resolve any matters that may arise in connection with the Liquidating Trust or the Liquidating Trust Agreement;

(t) to determine and hear any actions or controversies by or against the Liquidating Trustee;

(u) to hear and determine any matter relating to or arising out of any action or act taken or omission in connection with or related to the formulation, preparation, dissemination, implementation, administration, confirmation, or consummation of the Plan, the Disclosure Statement, or any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, or any other act or omission taken or to be taken in connection with the Chapter 11 Cases commenced against any party in the Chapter 11 Cases, including, without limitation, the Liquidating Trustee, the Debtors, the Committee, and their respective current and former directors and officers, members, agents, advisors, attorneys, advisors, and other professionals and Entities employed pursuant to 11 U.S.C. §§ 327 and 1103;

(v) to adjudicate all Rights of Action to recover all Assets and properties of the Debtors and Bankruptcy Estates wherever located;

(w) to hear and determine any and all objections to payments under the Plan;

(x) to adjudicate all claims or controversies arising out of any purchases, sales, or contracts made or undertaken by the Debtors during the pendency of the Chapter 11 Cases; and

(y) to enforce the permanent injunction created by the Confirmation Order and Section 15.3 of the Plan.

ARTICLE XV

RECOMMENDATION

The Debtors believe that the Plan affords Holders of Claims the potential for the greatest realization from the assets of the Debtors' Estates and, therefore, is in the best interests of all Holders of Claims. Accordingly, the Debtors recommend that all Holders of Claims vote to accept the Plan.

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