UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11
Dawson International Investments (Kinross) Inc., *et al.*,	:	Case No. 16-11551 (JLG)
	:	Jointly Administered
Debtors.	:	

DISCLOSURE STATEMENT RELATING TO THE JOINT CHAPTER 11 PLAN OF DAWSON INTERNATIONAL INVESTMENTS (KINROSS) INC. AND ITS AFFILIATED DEBTORS

Dated: December 11, 2017

McGUIREWOODS LLP
1345 Avenue of the Americas
Seventh Floor
New York, New York 10105
Telephone: (212) 548-2148
Facsimile: (212) 548-2150
Patrick L. Hayden
Nathan S. Greenberg
phayden@mcguirewoods.com
ngreenberg@mcguirewoods.com

Attorneys for the Debtors and Debtors in Possession

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK (THE "BANKRUPTCY COURT") UNDER SECTION 1125(B) OF THE BANKRUPTCY CODE FOR USE IN THE SOLICITATION OF ACCEPTANCES OF THE PLAN DESCRIBED HEREIN. ACCORDINGLY, THE FILING AND DISTRIBUTION OF THIS DISCLOSURE STATEMENT IS NOT INTENDED, AND SHOULD NOT BE CONSTRUED, AS A SOLICITATION OF ACCEPTANCES OF SUCH PLAN. THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON FOR ANY PURPOSE BEFORE A DETERMINATION BY THE BANKRUPTCY COURT THAT THIS DISCLOSURE STATEMENT CONTAINS "ADEQUATE INFORMATION" WITHIN THE MEANING OF SECTION 1125(A) OF THE BANKRUPTCY CODE.

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I.

INTRODUCTION

All capitalized terms used in this Disclosure Statement and not otherwise defined herein shall have the meanings ascribed thereto in the Plan (see Article I of the Plan entitled "Definitions").

THIS DISCLOSURE STATEMENT INCLUDES AND DESCRIBES THE CHAPTER 11 PLAN, DATED NOVEMBER 27, 2017 (THE "PLAN"), A COPY OF WHICH IS ATTACHED AS EXHIBIT A, FILED BY THE CHAPTER 11 DEBTORS LISTED IN SCHEDULE 1 (THE "DEBTORS"). THE VOTING CLASSES UNDER THE PLAN ARE: CLASS 2 – SECURED CLAIMS, CLASS 3A – PBGC CLAIMS, CLASS 3B – GENERAL UNSECURED CLAIMS, AND CLASS 6 – DIIKI EQUITY INTERESTS. THE NON-VOTING CLASSES UNDER THE PLAN ARE: CLASS 1 - PRIORITY NON-TAX CLAIMS, WHICH IS UNIMPAIRED AND IS THEREFORE DEEMED TO HAVE ACCEPTED THE PLAN; AND CLASS 4 - INTER-DEBTOR CLAIMS AND CLASS 5 – SUBSIDIARY EQUITY INTERESTS, WHICH RECEIVE NO PROPERTY UNDER THE PLAN AND ARE THEREFORE DEEMED TO HAVE REJECTED THE PLAN. ACCORDINGLY, THE DEBTORS ARE SOLICITING ACCEPTANCES OF THE PLAN FROM THE HOLDERS OF ALL CLAIMS AND INTERESTS, OTHER THAN THOSE HOLDING CLASS 1 - PRIORITY NON-TAX CLAIMS, CLASS 4 - INTER-DEBTOR CLAIMS AND CLASS 5 – SUBSIDIARY EQUITY INTERESTS.

THE DEBTORS BELIEVE THAT THE PLAN IS IN THE BEST INTEREST OF AND PROVIDES THE HIGHEST AND MOST EXPEDITIOUS RECOVERIES TO HOLDERS OF CLAIMS AND EQUITY INTERESTS. ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN ARE URGED TO VOTE IN FAVOR OF THE PLAN. TO BE COUNTED, YOUR BALLOT MUST BE DULY COMPLETED, EXECUTED AND RECEIVED BY 4:00 p.m. PREVAILING EASTERN TIME ON _______, 2018 (THE "VOTING DEADLINE").

FOR YOUR ESTIMATED PERCENTAGE RECOVERY UNDER THE PLAN, PLEASE SEE THE CHART SET OUT IN "OVERVIEW OF THE PLAN – SUMMARY OF DISTRIBUTIONS UNDER THE PLAN."

II.

NOTICE TO HOLDERS OF CLAIMS AND EQUITY INTERESTS

The purpose of this Disclosure Statement is to enable you, as a creditor whose Claim is impaired under the Plan, to make an informed decision in exercising your right to accept or reject the Plan.

THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN. PLEASE READ THIS DOCUMENT WITH CARE.

PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ANNEXED TO THE PLAN AND TO THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF. IN THE EVENT OF ANY CONFLICT BETWEEN THE DESCRIPTIONS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN, THE TERMS OF THE PLAN SHALL GOVERN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(b) OF THE BANKRUPTCY RULES AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAW OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION ("SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS OF THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

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

On _______, 2018, after notice and a hearing, the Bankruptcy Court issued the Disclosure Statement Order approving the Disclosure Statement because it contains information of a kind, in sufficient detail, and adequate to enable a hypothetical, reasonable investor typical of the solicited classes of Claims of the Debtors to make an informed judgment with respect to the acceptance or rejection of the Plan (a true and correct copy of the Plan is annexed hereto as **Exhibit A**). The Disclosure Statement Order is attached hereto as **Exhibit B** and should be referred to for details regarding the procedures for the solicitation of votes on the Plan. **APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT**

DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT OF THE FAIRNESS OR MERITS OF THE PLAN OR OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT.

Each holder of a Claim or Interest entitled to vote to accept or reject the Plan should read this Disclosure Statement and the Plan in their entirety before voting. No solicitation of votes to accept or reject the Plan may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. Except for the Debtors and certain of the professionals the Debtors have retained, no person has been authorized to use or promulgate any information concerning the Debtors, their businesses, or the Plan other than the information contained in this Disclosure Statement and if given or made, such information may not be relied upon as having been authorized by the Debtors. You should not rely on any information relating to the Debtors, their businesses, or the Plan other than that contained in this Disclosure Statement and the exhibits hereto.

After carefully reviewing this Disclosure Statement, including the attached exhibits, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot and return the same to the address set forth on the Ballot, in the enclosed return envelope so that it will be received by the Balloting Agent, no later than the Voting Deadline.

DO NOT RETURN ANY OTHER DOCUMENTS WITH YOUR BALLOT

You may be bound by the Plan if it is accepted by the requisite holders of Claims even if you do not vote to accept the Plan, or if you are the holder of an unimpaired Claim.

Pursuant to section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a Confirmation Hearing on **_______, 2018,** at __:00 _.m., Prevailing Eastern Time, before the Honorable James L. Garrity, Jr. United States Bankruptcy Judge. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed and served on or before **______, 2018 at** _:00 _.m., Prevailing Eastern Time in the manner described in the Disclosure Statement Order.

THE DEBTORS SUPPORT CONFIRMATION OF THE PLAN AND URGE ALL HOLDERS OF IMPAIRED CLAIMS AND INTERESTS TO ACCEPT THE PLAN.

III.

EXPLANATION OF CHAPTER 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code, pursuant to which a debtor in possession may reorganize its business for the benefit of its creditors, equity holders, and other parties in interest. The formulation of a plan is the principal purpose of a Chapter 11 case. The plan sets forth the means for satisfying the holders of claims against and interests in the debtor's estate.

Although often referred to as a plan of reorganization, a plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of a debtor's assets. In either event, upon confirmation of the plan, it becomes binding on a debtor and all of its creditors and equity holders, and the obligations owed by a debtor to such parties are compromised and exchanged for the obligations specified in the plan.

After a plan has been filed, the holders of impaired claims against and interests in a debtor are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires the debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. **This Disclosure Statement is presented to holders of Claims against and Interests in the Debtors to satisfy the requirements of section 1125 of the Bankruptcy Code in connection with the solicitation of votes by the Debtors on the Plan.**

The bankruptcy court may confirm a plan even though fewer than all the classes of impaired claims and equity interests accept such plan. For a plan to be confirmed, despite its rejection by a class of impaired claims or equity interests, the plan must be accepted by at least one class of impaired claims (determined without counting the vote of insiders) and the proponent of the plan must show, among other things, that the plan does not "discriminate unfairly" and that the plan is "fair and equitable" with respect to each impaired class of claims or equity interests that has not accepted the plan. **The Plan has been structured so that it will satisfy the foregoing requirements as to any rejecting class of Claims and can therefore be confirmed, if necessary, over the objection of one or more (but not all) classes of Claims.**

IV.

OVERVIEW OF THE PLAN

The Plan provides for the treatment of Claims against and Interests in all of the Debtors in the bankruptcy cases of Dawson International Investments (Kinross), Inc., et al., Chapter 11 Case No. 16-11551 (JLG), Jointly Administered. These cases have not been substantively consolidated, at this time, but the Plan seeks the deemed consolidation of the Debtors in accordance with the terms of the Plan.

A. Summary of the Terms of the Plan

The Plan implements and is built around the following key elements:

- The termination of the Pension Plan;
- The disposition of the Ilion Property;
- The deemed consolidation of the Debtors, subject to and after giving effect to the Pension Resolution and the Ilion Property Disposition;
- The payment in full of Administrative Expense Claims, Priority Non-Tax Claims and Priority Tax Claims;

- The distribution, as set forth in the Plan, of the Unsecured Claims Fund to the General Unsecured Creditors;
- The elimination of Inter-Debtor Claims; and
- The assumption or rejection of certain executory contracts.

The Plan reflects, in the view of the Debtors, a reasonable and appropriate disposition of assets in order to maximize the benefit for creditors in these cases.

B. Summary of Distributions under the Plan

The following is a summary of the distributions proposed under the Plan. It is qualified in its entirety by reference to the full text of the Plan, which is attached to this Disclosure Statement as **Exhibit A**.

The claim amounts set forth below are based on information contained in the Debtors' Schedules and reflect what the Debtors believe to be reasonable estimates of the likely resolution of outstanding Claims. The amounts utilized may differ from the outstanding filed claims amounts.

The following chart summarizes the distribution to each class under the Plan:

UNCLASSIFIED CLAIMS	
Classes of Claims	**Treatment of Classes of Claims**
Administrative Expense Claims (includes costs of the chapter 11 proceedings for the Debtors and expenses of operation as specified in section 503(b) and 507(a)(2) of the Bankruptcy Code including Fee Claims, Claims arising after the Petition Date, obligations with respect to assumed executory contracts and leases, and any outstanding statutory fees). Estimated Claims: Undetermined	On the applicable Distribution Date, all unpaid Allowed Administrative Expense Claims of the Debtors (other than Inter-Debtor Claims) shall be paid by the Plan Administrator from the Plan Funds; provided, further, however, that such treatment shall not provide a return to such holder having a present value as of the Effective Date in excess of such holder's Allowed Administrative Expense Claim. Ordinary Course Expenses shall be paid by the Plan Administrator from Plan Funds in the ordinary course without further order of the Bankruptcy Court. **Estimated Recovery: 100% of Allowed Claims.**
Priority Tax Claims (includes all Claims entitled to priority under section 507(a)(8) of the Bankruptcy Code). Estimated Claims: approximately $68,000	Unless otherwise agreed with a holder of an Allowed Priority Tax Claim, the Plan Administrator, in his sole discretion, may choose whether Allowed Priority Tax Claims will be paid from the Plan Funds either: (1) in Cash, in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest from the

	Effective Date at a fixed annual rate equal to five percent (5%) and paid in regular installments of equal amount over a period not exceeding five (5) years from the Petition Date; or (2) in full in Cash on, or as soon thereafter as is reasonably practicable, the later of the Effective Date and the first Business Day after the date that is thirty (30) calendar days after the date such Priority Tax Claim becomes an Allowed Priority Tax Claim. The Plan Administrator reserves the right to prepay, without penalty, at any time under option (1) above. **Estimated Recovery: 100% of Allowed Claims.**

<u>CLASSIFIED CLAIMS AND INTERESTS</u>

<u>Classes of Claims and Interests</u>	**<u>Treatment of Classes of Claims and Interests</u>**
Class 1 – Priority Non-Tax Claims Estimated Claims: None	**Unimpaired.** Except to the extent that the holder agrees to less favorable treatment, in full and final satisfaction of each Allowed Priority Non-Tax Claim, each Allowed Priority Non-Tax Claim will be unimpaired under the Plan, and, pursuant to section 1124 of the Bankruptcy Code, all of the legal, equitable and contractual rights to which such Claim entitles the holder in respect of such Claim will be fully reinstated and retained, and such Allowed Priority Non-Tax Claim (<u>including</u> any amounts to which such holder is entitled pursuant to section 1124(2) of the Bankruptcy Code) shall be paid in full from the Plan Funds in accordance with such reinstated rights on the Effective Date. **Estimated Recovery: 100% of Allowed Claims.**
Class 2 – Secured Claims Estimated Claims: None	**Impaired.** Except to the extent that the holder agrees to less favorable treatment, each holder of an Allowed Secured Claim against any Debtor shall, in full and complete satisfaction, settlement and release of and in exchange for such Allowed Claim, (i) retain its lien in such property, or the proceeds of such property, securing such Allowed Secured

	Claim and be paid by the Plan Administrator in the ordinary course of business in accordance with the terms existing between the Debtors and such holder with respect to such Allowed Secured Claim prior to the Petition Date; (ii) retain its lien in such property, or the proceeds of such property, securing such Allowed Secured Claim and receive deferred cash payments from the Plan Funds totaling at least the amount of such Allowed Secured Claim, of a value, as of the Effective Date, of at least the value of such holder's interest in each Debtor's interest in such property, or (iii) be transferred the collateral securing such Claim, each in full and complete satisfaction of such Claim. **Estimated Recovery: 100% of Allowed Claims.**
Class 3A – PBGC Claims Estimated Claims: approximately $6,400,000	**Impaired.** Except to the extent that the holder agrees to less favorable treatment, in full and final satisfaction of the Allowed PBGC Claims against each Debtor, the Allowed PBGC Claims shall be treated in accordance with the Pension Resolution (which provides for the termination of the Pension Plan). **Estimated Recovery: To be determined in accordance with the Pension Resolution.**
Class 3B – General Unsecured Claims Estimated Claims: approximately $16,700,000	**Impaired.** Except to the extent that the holder agrees to less favorable treatment, in full and final satisfaction of each Allowed General Unsecured Claim against a Debtor, each holder of an Allowed General Unsecured Claim against a Debtor shall receive its Pro Rata Share of the Unsecured Claims Fund. **Estimated Recovery: Less than approximately 1% of Allowed Claims.**

Class 4 – Inter-Debtor Claims	**Impaired.** All Inter-Debtor Claims shall be cancelled as of the Effective Date, and holders thereof shall not receive a distribution under the Plan in respect of such Claims. **Estimated Recovery: 0% of Allowed Claims.**
Class 5 – Subsidiary Equity Interests	**Impaired.** Each holder of a Subsidiary Equity Interest shall not receive or retain any distribution or property under the Plan on account of such Subsidiary Equity Interest. Upon the termination of the Plan Administrator in accordance with Section 9.7 of the Plan, all Subsidiary Equity Interests shall be deemed cancelled, without further action by any party or order of the Court. **Estimated Recovery: $0.**
Class 6 – DIIKI Equity Interests	**Impaired.** Except to the extent that the holder agrees to less favorable treatment, in full and final satisfaction of each Allowed DIIKI Equity Interest, each holder of an Allowed DIIKI Equity Interest shall receive its Pro Rata Share of the Remaining Amount. **Estimated Recovery: $0.**

C. Parties Entitled to Vote on The Plan

Under the provisions of the Bankruptcy Code, not all parties in interest are entitled to vote on a chapter 11 plan. Holders of unclassified claims are not entitled to vote on the Plan. Holders of Claims not impaired by the Plan are deemed to accept the Plan under section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote on the Plan. Holders of Impaired Claims or Interests receiving no distribution under the Plan are not entitled to vote because they are deemed to have rejected the Plan under section 1126(g) of the Bankruptcy Code.

The following sets forth the Classes that are entitled to vote on the Plan and the Classes that are not entitled to vote on the Plan:

Class	Claim	Status	Voting Rights
1	**Priority Non-Tax Claims**	**Unimpaired**	**Deemed to Accept**
2	**Secured Claims**	**Impaired**	**Entitled to Vote**
3A	**PBGC Claims**	**Impaired**	**Entitled to Vote**
3B	**General Unsecured Claims**	**Impaired**	**Entitled to Vote**
4	**Inter-Debtor Claims**	**Impaired**	**Deemed to Reject**
5	**Subsidiary Equity Interests**	**Impaired**	**Deemed to Reject**
6	**DIIKI Equity Interests**	**Impaired**	**Entitled to Vote**

D. Solicitation Package

The following materials constitute the "Solicitation Package":

- the notice of the Confirmation Hearing;
- the appropriate Ballot(s) and applicable voting instructions if the recipient is entitled to vote;
- a pre-addressed, postage pre-paid return envelope if the recipient is entitled to vote;
- a letter from the Debtors to the holders in each of the Voting Classes urging them to vote to accept the Plan;
- the Disclosure Statement with all exhibits and schedules;
- the Plan;
- the Disclosure Statement Order, which, among other things, (a) approves this Disclosure Statement as containing "adequate information" in accordance with section 1125 of the Bankruptcy Code, (b) fixes a voting record date, (c) approves solicitation and voting procedures with respect to the Plan, (d) approves the form of the Solicitation Package and the notices to be distributed with respect thereto, and (e) schedules certain dates in connection therewith; and
- the Solicitation Procedures.

All parties entitled to vote to accept or reject the Plan shall receive paper copies of the Solicitation Package. The Solicitation Package (except the Ballots) also can be obtained by any party by contacting counsel for the Debtors. All parties in interest who have appeared in the Chapter 11 Cases as of the Voting Record Date, but are not entitled to vote, shall receive the Solicitation Package without a Ballot, a return envelope, or a letter to the holders in each of the Voting Classes urging them to vote to accept the Plan.

Notwithstanding the above, certain creditors whose Claims are not classified in accordance with 11 U.S.C. § 1123(a)(1) or who are not entitled to vote because they are either deemed to accept the Plan under 11 U.S.C. § 1126(f) or deemed to reject the Plan under 11 U.S.C. § 1126(g) will receive only the Confirmation Hearing Notice and a Notice of Non-Voting Status, substantially in the forms attached to the Disclosure Statement Order (collectively, the "Non-Voting Status Notices"). The Non-Voting Status Notices will instruct these creditors that copies of the Solicitation Package (except the Ballots) can be obtained by requesting a copy from counsel for the Debtors.

As reflected in Article XII of the Plan, certain counterparties to executory contracts and unexpired leases also may be affected by the Plan. However, certain of these counterparties may not hold Claims against the Debtors as of the Voting Record Date. In such instances, the Debtors will serve the Disclosure Statement (with exhibits), the Disclosure Statement Order (without exhibits), the Solicitation Procedures, the Confirmation Hearing Notice, and the Notice to Counterparties to Contracts and Leases substantially in the form attached to the Disclosure Statement Order.

All other parties in interest in these cases will receive only the Confirmation Hearing Notice. The Confirmation Hearing Notice will instruct the parties in interest that the Solicitation Package (except the Ballots) can be obtained by requesting a copy from counsel to the Debtors.

E. Voting Instructions

Only the holders of Allowed Claims or Interests in Classes 2, 3A, 3B and 6 as of **______, 2018** (the "Voting Record Date") are entitled to vote to accept or reject the Plan, and they may do so by completing the Ballot and returning it in the envelope provided to the Debtors' attorneys McGuireWoods LLP ("McGuireWoods") by the Voting Deadline. Voting Instructions are attached to each Ballot. McGuireWoods will also process and tabulate Ballots for each Class entitled to vote to accept or reject the Plan and will file a voting report (the "Voting Report") at least seven (7) calendar days before the Confirmation Hearing.

The deadline to vote on the Plan is 4:00 p.m., Prevailing Eastern Time, **______, 2018.**

BALLOTS
Ballots must be actually received by McGuireWoods by the Voting Deadline by using the envelope provided, or by First Class Mail, Overnight Courier or Personal Delivery to: McGuireWoods LLP Attn: Nathan S. Greenberg 1345 Avenue of the Americas Seventh Floor New York, New York 10105

If you have any questions on the procedures for voting on the Plan, please call Nathan S. Greenberg at the following telephone number: (212) 548-2148.

ANY BALLOT THAT IS PROPERLY EXECUTED BY THE HOLDER OF A CLAIM OR INTEREST, BUT WHICH DOES NOT CLEARLY INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN OR WHICH INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN SHALL NOT BE COUNTED.

EACH HOLDER OF A CLAIM MUST VOTE ALL OF ITS CLAIMS OR INTERESTS WITHIN A PARTICULAR PLAN CLASS EITHER TO ACCEPT OR REJECT THE PLAN AND MAY NOT SPLIT ITS VOTES. BY SIGNING AND RETURNING A BALLOT, EACH HOLDER OF A CLAIM OR INTEREST IN CLASSES 2, 3 AND 6 WILL CERTIFY TO THE BANKRUPTCY COURT AND THE DEBTORS THAT NO OTHER BALLOTS WITH RESPECT TO SUCH CLAIM HAVE BEEN CAST OR, IF ANY OTHER BALLOTS HAVE BEEN CAST WITH RESPECT TO SUCH CLASS OF CLAIMS, SUCH OTHER BALLOTS INDICATED THE SAME VOTE TO ACCEPT OR REJECT THE PLAN.

ALL BALLOTS ARE ACCOMPANIED BY RETURN ENVELOPES. IT IS IMPORTANT TO FOLLOW THE SPECIFIC INSTRUCTIONS PROVIDED ON EACH BALLOT.

F. The Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Plan.

The Bankruptcy Court has scheduled the Confirmation Hearing for _____, 2018, at _:00 p.m., Prevailing Eastern Time, (the "Confirmation Hearing Date") before the Honorable James L. Garrity, Jr., United States Bankruptcy Judge. The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof.

Objections to confirmation of the Plan must be filed with the Bankruptcy Court and served on the Debtors, and certain other parties, on or before 4:00 p.m., Prevailing Eastern Time, _____, 2018 in accordance with the Disclosure Statement Order that accompanies this Disclosure Statement. THE BANKRUPTCY COURT WILL NOT CONSIDER OBJECTIONS TO CONFIRMATION UNLESS THEY ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE DISCLOSURE STATEMENT ORDER.

G. Confirming and Consummating the Plan

It will be a condition to Confirmation of the Plan that all provisions, terms and conditions of the Plan are approved in the Confirmation Order. In addition, certain other conditions contained in the Plan will have been satisfied or waived pursuant to the provisions of

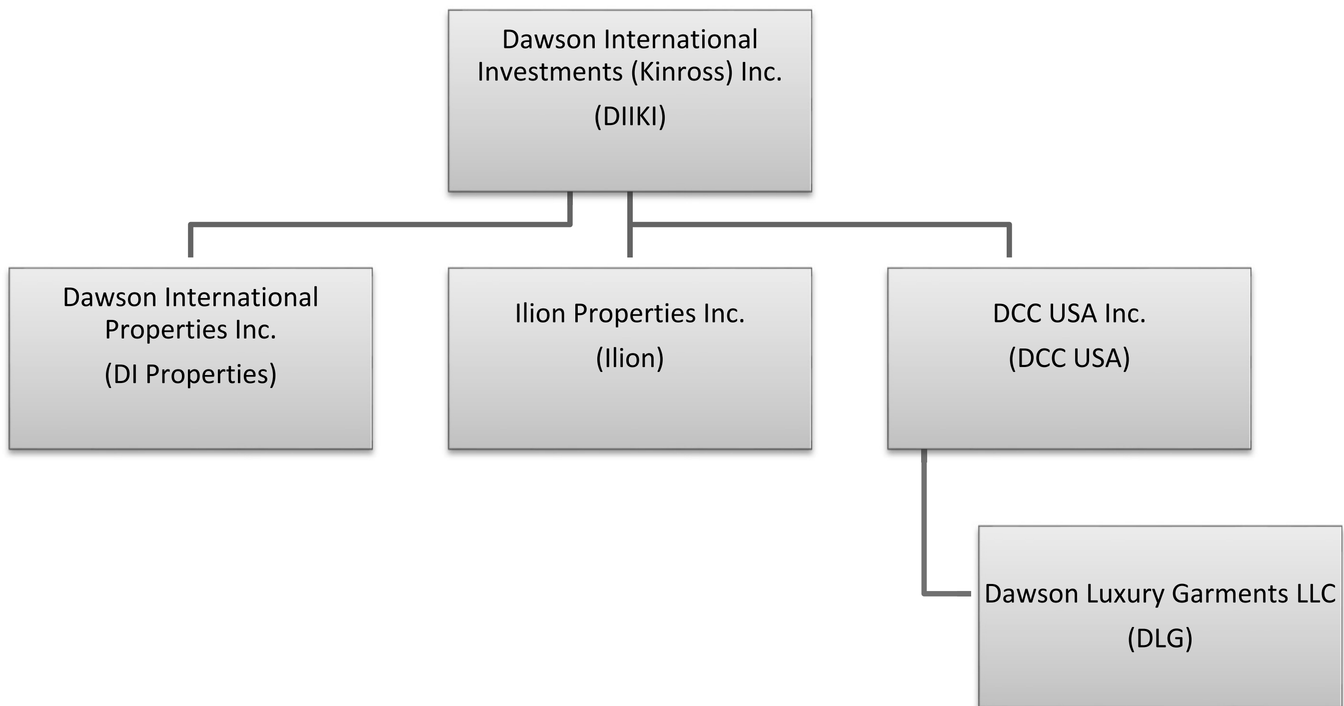
Article XIV of the Plan. Following Confirmation, the Plan will be consummated on the Effective Date. For further information, see Section XI hereof—"SUMMARY OF THE CHAPTER 11 PLAN— Conditions Precedent to Confirmation of the Plan and the Occurrence of the Effective Date."

V.

GENERAL INFORMATION REGARDING THE DEBTORS

A. The Debtors

The Debtors are comprised of five separate entities: DIIKI, DI Properties, Ilion, DCC, and DLG. The chart below depicts the corporate structure of the Debtors as of the date of this Disclosure Statement.



DIIKI is the successor by merger to DI Holdings. DI Holdings was, and DIIKI now is, parent to DI Properties. DIIKI is also parent to Ilion and to DCC USA, which, in turn, is parent to DLG. Certain non-debtor affiliates were also owned directly or indirectly by DIIKI; these non-debtor U.S. affiliates have no known assets and no known liabilities other than potential liability in regard to the Pension Plan (as discussed further below). The Debtors are privately owned, and no debt or equity securities of any Debtor are currently listed or traded on

any public securities exchange or market. Dawson UK is the sole shareholder of DIIKI. Dawson UK was placed in administration in Scotland on August 15, 2012. As of the date hereof, Dawson UK is being liquidated in the administration proceeding.

B. The Debtors' Business

None of the Debtors currently operates, and each of the Debtors has been in the process of winding down and liquidating for several years or more. The bankruptcy filing is the culmination of that process. For many years, the Debtors (other than DLG), and related entities, were engaged in different aspects of the textile manufacturing industry with a number of operating facilities including those further described below at locations in North Carolina and New York. Acquired in 1996, DLG was engaged in the business of designing, sourcing (primarily from China), distributing and marketing textiles, including cashmere and cashmere blend knitwear and accessories in the United States. DLG had no manufacturing operations. By 2003-2004, all of the Debtors had ceased operations except for DLG. DLG was headquartered in South Natick, Massachusetts. DLG continued to design, source, distribute and market cashmere and cashmere blended knitwear until May 2014 when, following an independent sale process conducted by KPMG USA, its assets were sold to, and certain liabilities assumed by, certain former managers of DLG for reasonable consideration.

C. The Debtors' Officers and Directors

The Debtors have two remaining officers/directors. David G. Cooper is the President of DIIKI and the sole director of four of the Debtors: DIIKI, DI Properties, Ilion and DCC USA. He is also a manager of DLG. James D. Byrnes is Vice President of DI Properties, Ilion, DLG and DCC USA, and is also a manager of DLG. More information about Mr. Cooper's and Mr. Byrnes' history with the Debtors can be found in the *Declaration of David G. Cooper in Accordance with Local Rule 1007-2* (Doc. No. 3).

D. The Debtors' Prepetition Finances

All real property of the Debtors was sold by 2003-2004, except for the Ilion Property. All operations of the Debtors had ceased by 2003-2004, except for the operations of DLG. DLG's operating assets were sold in 2014, and certain liabilities were assumed by the purchasers. The proceeds of such sale and DLG's existing cash on hand were the only liquid assets retained by the Debtors. As of the Petition Date, DLG held the approximate sum of $5.3 million in cash. Prior to the cessation of the Debtors' operations by 2003-2004 (except for DLG, which ceased operations in 2014), intercompany loan balances existed as the result of various intercompany transactions.

After the cessation of the Debtors' businesses (other than DLG's business), but prior to Dawson UK being placed into administration in 2012, the payment of the Debtors' expenses was typically effectuated by DLG making dividend payments, based on a proportion of its profit for the year, to Dawson UK (effectively flowing through DCC USA and DIIKI), and DLG being reimbursed for the intercompany balances which had arisen with US affiliates during the year either by reducing the amount of the dividend paid to Dawson UK or by subsequent

reimbursement of cash by Dawson UK. In each case, the balances owed by DI Properties and Ilion were transferred to DIIKI.

Following the Dawson UK administration in 2012, but before the Petition Date, DLG declared dividends to DIIKI equal to the amount of the intercompany balances which had arisen, effectively extinguishing any balance due by DIIKI and transferring the intercompany balances owed by DI Properties and Ilion to DIIKI.

All intercompany transactions made as a result of this system were recorded either as dividends or intercompany loans and debited or credited to each entity, as appropriate. All payments made for such expenses were paid from DLG's funds, which were held in a bank account in DCC USA's name, and recorded as intercompany transactions as described above.

E. Properties That May Create Environmental Liability For The Debtors

In conducting their businesses, certain of the Debtors, or certain of their former affiliates, currently own or previously owned certain parcels of real property, including the following parcels of real property. As explained further below, through certain transactions, certain of the Debtors assumed some of the liabilities associated with the properties.

(i) Albemarle Property

Jefferies, a commission dyeing company, owned the Albemarle Property. Jefferies was acquired by DI Holdings in 1990. In 1994, the ownership of Jefferies was transferred to Morgan, which was in turn owned by DI Holdings. In 1999, upon the sale of the stock of Morgan (as described further below), the stock of Jefferies was transferred back to DI Holdings. Certain remediation work had commenced at the Albemarle Property in 1999, with a pump-and-treat extraction system pertaining to groundwater contamination. In May 2000, Jefferies sold the Albemarle Property to Uwharrie Storage Center Inc. ("Uwharrie") for $350,000. Under the agreement with Uwharrie, Jefferies retained the responsibility for remediating certain environmental responsibilities.

In 2003, DI Properties (having assumed certain liabilities in regard to the Albemarle Property as described further below) entered into a Corrective Action Plan with the North Carolina Department of Environmental and Natural Resources, now known as the North Carolina Department of Environmental Quality ("NCDEQ") in regard to the Albemarle Property. With the Albemarle Property having been sold, and DI Properties administering the remediation program, a certificate of dissolution for Jefferies was filed with the State of Delaware in December 2002. Payments made on account of the remediation program for the Albemarle Property have been approximately $102,000 for 2015/16, $53,000 for 2014/15, $36,000 for 2013/14, $63,000 for 2012/13, and $109,000 for 2011/12.

(ii) Kings Mountain Property

In 1989, DCPI, a subsidiary of DI Holdings (which later merged into DIIKI), acquired certain assets and assumed certain liabilities of the Consumer Products Group division of Reeves Brothers Inc. and Cinderella Knitting Mills Inc. Upon information and belief, Dawson

UK indemnified Reeves Brothers for certain liabilities arising out of this transaction. The assets acquired by DCPI included the Kings Mountain Property.

In 1993, DCPI sold the Kings Mountain Property to Beltex Corporation ("Beltex"). Under the agreement with Beltex, DCPI retained certain potential environmental liabilities at the Kings Mountain Property. In March 1995, DCPI merged into Morgan. There is an Interim Corrective Action Plan from approximately 1997 in regard to the Kings Mountain Property which included a pump-and-treat extraction system. In addition, a soil vapor extraction system operated from 1998 to 2007.

Payments made on account of the remediation program at the Kings Mountain Property have been approximately $2,000 for 2015/16, $14,000 for 2014/15, $32,000 for 2013/14, $38,000 for 2012/13, and $36,000 for 2011/12. DI Properties assumed certain environmental liabilities for the Kings Mountain Property, as explained further below.

(iii) **Montgomery Avenue Property**

In the 1989 transaction with Reeves Brothers, Inc. and Cinderella Knitting Mills, Inc. noted above, the assets acquired by DCPI from Reeves Brothers included the Montgomery Avenue Property. As noted above, upon information and belief, Dawson UK indemnified Reeves Brothers for certain liabilities arising out of the 1989 transaction. DCPI merged into Morgan in March 1995. In August 1996, Morgan sold the Montgomery Avenue Property to Arrowood, Inc. In 2010, NCDEQ sent a "Notice of Regulatory Requirement for Contaminant Assessment and Cleanup" in regard to the Montgomery Avenue Property to Reeves Brothers. In 2011, Reeves Brothers or its successor, forwarded such notice to Dawson UK. The Debtors are unaware of any further action taken in regard to this notice.

(iv) **Ilion Property**

In July 1986, Duofold, Inc. (a newly established subsidiary of DI Holdings) ("New Duofold") acquired the assets and business of an entity also called Duofold, Inc., a subsidiary of Cluett, Peabody & Co., Inc. In the same transaction, Ilion (a subsidiary of DI Holdings) acquired the Ilion Property.

The operations of New Duofold were absorbed into those of Morgan with Morgan/New Duofold operating from the Ilion Property until approximately 1998, at which time operations ceased at the Ilion Property. While operating at the Ilion Property, Morgan/New Duofold paid annual rent to Ilion. Ilion continues to own the Ilion Property, but the Ilion Property has not been operated by any party since 1998, other than for use as storage from time to time. Morgan/New Duofold operated the Ilion Property as a cut-and-sew facility and the Debtors do not believe such operations resulted in significant environmental contamination of the Ilion Property, if any. However, the Debtors are aware that the site has a long history of industrial use.

The Ilion Property contains the Ilion Tank, an above-ground petroleum storage tank which contains approximately 10,000 gallons of fuel oil. The Debtors have received estimates for the cost of removal of the tank of approximately $80,000. In May 2015, the NYSDEC sent a notice of Motion for Order Without Hearing for violations of the Environmental

Conservation Law Section 17-1009(2) and 6 NYCRR Part 613.9(b)(1) to Ilion. The notice requires that Ilion, among other things, (i) permanently close the petroleum storage tank; (ii) register the petroleum storage tank with the NYSDEC and pay a back-registration fee of $1,000; and (iii) be assessed a civil penalty of at least $60,000 for violation of environmental law, but suspending payment of $50,000 provided Ilion complies with the order. Ilion communicated to NYSDEC that it was unclear whether there were sufficient funds to address the issue at that time.

NYSDEC entered an Order in DEC Case No. R6-20140806-46, dated June 27, 2016, in regard to the motion, (the "NYSDEC Order"). In the NYSDEC Order, NYSDEC found Ilion liable for violation of New York Environmental Conservation Law 17-1009(2) and 6 NYCRR 613.9(b)(1), and ordered, among other things, that Ilion permanently close the Ilion Tank, and purported to assess a $60,000 civil penalty against Ilion.[1]

NYSDEC advised the Debtors that it may seek to enforce the NYSDEC Order against Ilion pursuant to 11 U.S.C. §362(b)(4) and seek the allowance of an administrative expense claim on account of the asserted $60,000 civil penalty and the costs of tank closure and removal.

NYSDEC filed duplicate proofs of claim against each of the Debtors, including Ilion, on account of, among other things, the NYSDEC Order and the Ilion Tank on November 23, 2016 (claim number 6-1 in Ilion's bankruptcy case) (collectively, the "NYS Claim").[2] The NYS Claim, as filed against each of the Debtors and as it pertains to the Ilion Tank and the NYSDEC Order, including as asserted in paragraph 3 of the Declaration of Isaac Cheng attached to the NYS Claim, is collectively referred to herein as the "NYS Tank Claim." The NYS Claim, as filed against each of the Debtors, and as it pertains to matters other than the NYS Tank Claim, is collectively referred to herein as the "NYS Remaining Claim."

After the issuance of the NYSDEC Order, counsel for the Debtors engaged with counsel for NYSDEC in an attempt to achieve a consensual resolution of the issues pertaining to the Ilion Tank, the NYSDEC Order and the NYS Tank Claim. The Debtors anticipate that such resolution will be embodied in the NYSDEC Stipulation, to be negotiated with NYSDEC. It is anticipated that the NYSDEC Stipulation will resolve the NYS Tank Claim, reducing potential claims against the Ilion Estate.

The Debtors considered entering the Ilion Property into the Brownfields program operated by the NYSDEC. However, the Debtors determined that it was unlikely whether there were sufficient funds to allow them to enter the Ilion Property into the program. Prior to the Petition Date, the Debtors marketed and attempted to sell or otherwise dispose of the Ilion Property. To date, the Debtors have been unable to identify a buyer on any terms.

[1] The Debtors do not concede the validity, accuracy or enforceability of the provisions of the NYSDEC Order, and the Debtors reserve all rights in regard thereto.
[2] The NYS Claim is claim number 15-1 in the case of Dawson International Investments (Kinross) Inc.; claim number 6-1 in the case of Dawson International Properties, Inc.; claim number 4-1 in the case of DCC USA Inc.; and claim number 6-1 in the case of Dawson Luxury Garments LLC.

F. Sara Lee Agreement

By agreement dated August 1999, DI Holdings sold the stock of Morgan to Sara Lee Corporation (the "Sara Lee Agreement"). In conjunction with the Sara Lee Agreement, certain of the Debtors, including DI Properties, assumed certain liabilities pertaining to Morgan, which potentially include certain environmental liabilities pertaining to certain of the real property described herein. Additionally, a number of properties were excluded from the sale, and the Sara Lee Agreement specified that a Dawson entity would assume these excluded assets.

The Sara Lee Agreement contains a provision whereby DI Holdings (now DIIKI) and Dawson UK indemnified Sara Lee and Morgan for certain matters possibly including the environmental liabilities at the Albemarle Property and at the Kings Mountain Property.

G. The Debtors' Pension Plan

In 1999, pursuant to the sale of Morgan to Sara Lee, DI Holdings became the sponsor of the Pension Plan. Upon the merger of DI Holdings into DIIKI in 2003, DIIKI became the sponsor of the Pension Plan. The Pension Plan is a tax-qualified, defined benefit, single-employer pension plan.

John Hancock is the actuary and the record keeper for the Pension Plan.

As of the date hereof, no current employees participate in the Pension Plan. Approximately 750 former employees participate in the Pension Plan. In 1994, the Pension Plan was frozen as to new participants. In 1994, the benefit levels of the Pension Plan were frozen. The Pension Plan is currently underfunded on a termination basis in the approximate amount of the Pension Termination Amount based on estimates as of December 2017. All contributions to the Pension Plan have been timely made by the Debtors to date.

H. Dawson UK Claim

Through operation of the Debtors' cash management system, as described in further detail above, Dawson UK asserts that it has accrued a Claim against DIIKI for approximately $1.5 million. If the Dawson UK claim is allowed, it will be treated as a Class 3B – General Unsecured Claim for distribution purposes.

VI.

LIQUIDATION OF THE DEBTORS THROUGH THE PLAN

A. Goals of the Debtors' Plan

(i) Maximizing the Recovery For All Creditors

After studying the Debtors' financial situation, assets and liabilities, the Debtors have concluded that the Plan is the best alternative to efficiently wind-down the Debtors and will maximize recoveries of holders of all Claims to the greatest extent possible.

(ii) **Satisfaction of Administrative Liabilities**

Under the Plan, the Debtors and the Plan Administrator, as the case may be, will satisfy all administrative and priority claims. All Allowed Administrative Expense Claims will be paid in full from the Plan Funds by the Plan Administrator. The Plan Funds will include all Cash, all Assets and Causes of Action, and the proceeds thereof, of the Debtors on the Effective Date, other than the Ilion Property. All Priority Tax Claims and Priority Non-Tax Claims will be paid in full from the Plan Funds by the Plan Administrator.

(iii) **Distribution to Unsecured Creditors**

The Unsecured Creditors Fund will be the source of payment to the holders of General Unsecured Claims. The Unsecured Creditors Fund is the amount of the Plan Funds remaining after the payment in full of all amounts payable under the Plan (other than amounts payable in respect of Class 3B and Class 6) including, without limitation, the Pension Termination Amount, Allowed Administrative Expense Claims, Allowed Priority Tax Claims, Allowed Priority Non-Tax Claims, Allowed Secured Claims, the Ilion Tank Payment and the funding of the Plan Administrator Reserve.

B. Implementation of Plan Goals

(i) <u>Termination of the Pension Plan.</u>

(a) The Pension Resolution shall be as follows:

Each of the Debtors is a contributing sponsor of the Pension Plan, 29 U.S.C. § 1301(a)(13), or a member of the contributing sponsor's controlled group, 29 U.S.C. § 1301(a)(14). The Pension Plan is covered by Title IV of ERISA. The PBGC, a United States Government corporation, guarantees the payment of certain pension benefits upon termination of a pension plan covered by Title IV of ERISA.

A single-employer pension plan that is covered by Title IV of ERISA may only be terminated through the following methods: (1) a voluntary termination by the sponsor through the standard termination procedure described in 29 U.S.C. § 1341(b); (2) a voluntary termination by the sponsor through the distress termination procedures described in 29 U.S.C. § 1341(c); or (3) a PBGC-initiated termination under 29 U.S.C. § 1342. For either a standard termination or a distress termination, the pension plan administrator must satisfy certain notice requirements to the plan's participants, beneficiaries, alternate payees and employee organization representing participants.

The PBGC has filed three contingent claims against each of the Debtors for (1) the Pension Plan's unfunded benefit liabilities under 29 U.S.C. § 1362(b); (2) the minimum funding contributions to the Pension Plan under 29 U.S.C. § 1082(b) and 26 U.S.C. §§ 412 and 430; and (3) the pension insurance premiums due under 29 U.S.C. §§ 1306 and 1307 (collectively, the "PBGC Claims"). The PBGC Claims as filed total approximately $6.4 million. If the Pension Plan terminates under 29 U.S.C. §§ 1341(c) or 1342, each Debtor, including DLG, will be jointly and severally liable for the PBGC Claims. *See* 29 U.S.C. § 1362(a), 26 U.S.C. §

412, and 29 U.S.C. § 1307. The PBGC is the only material pre-petition creditor of DLG, which is the only Debtor with assets of value.

The Debtors intend to resolve the Pension Plan obligations and the PBGC Claims by establishing a bank escrow account, or a substantially equivalent protected sequestered bank account acceptable to the PBGC (such account, an "Escrow Account"), and deposit funds into the Escrow Account in the amount of the "Pension Termination Amount". The Escrow Account shall be dedicated to the Pension Resolution and shall be used for no other purpose. The Pension Termination Amount is the amount that the PBGC and Debtors estimate to be adequate to: (1) complete a standard termination of the Pension Plan in accordance with 29 U.S.C. §§ 1341(a) and (b), and the regulations thereunder ("Standard Termination"); (2) make minimum funding contributions to the Pension Plan under 26 U.S.C. § 430 until completion of the Standard Termination, if any; and (3) pay reasonable expenses of administering the Pension Plan.

After the Debtors have completed a Standard Termination, including the PBGC's completion of a pre-distribution audit of the Standard Termination, and upon receipt by the custodian of the Escrow Account of joint written instructions from the PBGC and the Debtors that all benefits have been paid to participants as required under the Pension Plan, 29 U.S.C. §§ 1341(a) and (b), and the regulations thereunder ("Determination of Compliance"), any Pension Termination Amount remaining in the Escrow Account shall be transferred to the Plan Administrator as Plan Funds.

Any Pension Termination Amount in the Escrow Account shall be immediately transferred to the Pension Plan upon receipt by the custodian of the Escrow Account of written instructions from the PBGC, subsequent to the occurrence of any of the following events: (a) the Debtors failing to timely complete a Standard Termination within the timeline prescribed under ERISA or otherwise agreed to by the Debtors and the PBGC; (b) the Debtors failing to comply with the provisions under 29 U.S.C. §§ 1341(a) and (b), and the regulations thereunder; (c) the Debtors notifying the PBGC in writing that they are unable or unwilling to complete a Standard Termination of the Pension Plan; (d) with respect to the Standard Termination, the PBGC issuing unrescinded findings from a pre-distribution audit of the Pension Plan with which the Debtors fail to comply; (e) with respect to the Standard Termination, the PBGC issuing an unrescinded notice of noncompliance; (f) the PBGC receiving a notice of intent to terminate the Pension Plan in a distress termination from the Debtors pursuant to 29 U.S.C. § 1341(c); (g) the Debtors materially breaching any other covenant, term, or condition agreed to between the Debtors and the PBGC and the Debtors failing to timely cure within the agreed-upon timeframe between the Debtors and the PBGC; or (h) the Debtors failing to make minimum funding contributions to the Pension Plan under 26 U.S.C. § 430.

Upon the Effective Date, until the Debtors have deposited the Pension Termination Amount into the Escrow Account, no transfers may be made from DLG's Estate to any creditor. The Debtors' completion of a Standard Termination or deposit of the Pension Termination Amount into the Pension Plan as described above will resolve all liabilities under Title IV of ERISA with respect to the Pension Plan (including the PBGC Claims).

Subject to Section 8.11 of the Plan, nothing in the Plan or the Confirmation Order shall release any party from their duties and obligations under ERISA; or release any party with

respect to controlled group liability owed to the Pension Plan or the PBGC; or release any party from fiduciary breach related to the Pension Plan; or enjoin or prevent the PBGC or the Pension Plan from collecting such liability from a liable party.

(b) The Debtors believe that the Pension Resolution represents a reasonable resolution of the obligations pertaining to the Pension Plan, and is in the best interest of creditors. The Pension Plan will be terminated in accordance with the Pension Resolution, either under a standard termination process, or a distress termination process.

Because each of the Debtors is jointly and severally liable for the Pension Plan obligations, and because the only asset of value is held by DLG, which has no other known significant pre-petition creditors, the Pension Resolution is based on most of the funds available in the Debtors' Estates being dedicated first to the pension obligations, either resulting from a standard termination of the Pension Plan or a distress termination.

In a standard termination of the Pension Plan, the pension obligations are fully funded through the purchase of an annuity from a third-party provider. The third-party annuity provider then makes payments to the Pension Plan participants in accordance with the terms of the annuity. Upon a completion of the standard termination process, the Debtors would have no further liability in regard to the Pension Plan. If a standard termination of the Pension Plan cannot be accomplished, then the Pension Plan would be terminated under a distress termination process, in which case the PBGC would take over the administration of the Pension Plan.

Under the Pension Resolution, the Pension Termination Amount will be placed into escrow, to be used solely for funding a standard termination of the Pension Plan, or, if that is not feasible, then the then-remaining Pension Termination Amount will be remitted to the Pension Plan, and the PBGC would take over the administration of the Pension Plan, which will resolve all liabilities under Title IV of ERISA with respect to the Pension Plan (including the PBGC Claims). If a standard termination of the Pension Plan occurs, and there is any excess of the Pension Termination Amount remaining, then such excess would be returned to the Plan Administrator for use in accordance with the Plan.

The Pension Resolution represents a resolution with the PBGC in regard to the termination of the Pension Plan, and allows funds other than the Pension Termination Amount to be available from which to make other payments under the Plan. In the absence of the Pension Resolution under the Plan, because the Debtors are jointly and severally liable in regard to the Pension Plan, and because the only asset of value of the Debtors is the cash owned by DLG, the Debtors believe that it is likely that no funds would be available for other creditors (absent the consolidation of the Debtors).

(ii) <u>Disposition of the Ilion Property.</u>

The Ilion Property Disposition shall be as follows:

On the Effective Date, the Ilion Property shall be deemed abandoned pursuant to Bankruptcy Code Section 554, provided, however, that the Plan Administrator shall be authorized, but not directed, in his sole discretion, to execute any documents necessary or convenient to effectuate the transfer or other disposition of the Ilion Property, with any such

transfer or disposition being exempt from transfer taxes pursuant to Bankruptcy Code Section 1146(a). Since the Debtors have been unable to find a buyer on any terms for the Ilion Property, it is of inconsequential value. Additionally, the Ilion Property is burdensome to the estate because Ilion has no assets, much less unencumbered assets, from which to pay any potential environmental obligations associated with the Ilion Property. The Debtors are not aware of any present or imminent threat to public health and safety in regard to the Ilion Property.

[On the Effective Date, the NYSDEC Stipulation shall become effective and binding on the parties thereto, and, without limitation, the Plan Administrator shall remit the amount of the Ilion Tank Payment to NYSDEC in full and final satisfaction of, and in resolution of, all issues pertaining to the removal of the Ilion Tank from the Ilion Property, including, without limitation, (i) any obligation of the Debtors to remove or otherwise dispose of the Ilion Tank, and (ii) all aspects of the proof of claim filed by NYSDEC pertaining to the Ilion Tank including the NYS Tank Claim. Prior to the date hereof, counsel for the Debtors began discussing the disposition of the Ilion Tank and the NYSDEC Order with counsel for NYSDEC. The Debtors anticipate negotiating the NYSDEC Stipulation with NYSDEC, which stipulation the Debtors anticipate will minimize the costs pertaining to the Ilion Tank and the NYS Tank Claim.]

(iii) Consolidation.

Consolidation of the estates of multiple debtors in bankruptcy effectuates a combination of the assets and liabilities of the involved debtors for certain purposes. The common effects of consolidation are (i) the pooling of the assets of, and claims against, the consolidated debtors; (ii) satisfying liabilities from a common fund; and (iii) combining the creditors of the debtors for purposes of voting on bankruptcy plans.

The Plan contemplates and is predicated upon the deemed consolidation of the Debtors' estates, subject to and after giving effect to the Pension Resolution and the Ilion Property Disposition.

On the Effective Date, pursuant to Bankruptcy Code sections 105(a) and 1123(a)(5)(C), subject to and after giving effect to the Pension Resolution and the Ilion Property Disposition, each Debtor shall be deemed to be consolidated with each of the other Debtors, solely for the purpose of implementing the Plan, including for the purposes of voting, assessing whether confirmation standards have been met, calculating and making distributions under the Plan and filing post-confirmation reports and paying quarterly fees to the Office of the United States Trustee. As of the Effective Date, all Assets, Causes of Action, property, rights, and Claims of the deemed consolidated Debtors and their respective Estates, other than the Ilion Property, and all Claims against the deemed consolidated Debtors and their respective Estates, shall be deemed pooled on the Effective Date for purposes of allowance, treatment, and Plan Distributions under the Plan. Inter-Debtor Claims will be cancelled. Proofs of Claim for the same liability filed against multiple Debtors, including, without limitation, any Claim upon which any of the deemed consolidated Debtors are co-obligors or guarantors or otherwise may be contingently liable shall, without necessity of objection by any party, be deemed to constitute a single proof of Claim entitled to a single satisfaction from the deemed consolidated Estates in accordance with the terms of the Plan; the duplicative Claims being otherwise deemed

disallowed. The Debtors will tabulate all votes on the Plan on a consolidated basis. Such deemed consolidation (other than for purposes of implementing the Plan) shall not affect (a) the legal and corporate structures of the Debtors, (b) the vesting of Assets in the Post-Effective Date Debtors, (c) the rights to distributions from any insurance contracts or the proceeds thereof, or (d) the rights of any Person to contest alleged setoff or recoupment rights on the grounds of lack of mutuality under Section 553 of the Bankruptcy Code or other applicable law.

Since at least 2003-2004, and as described further above, the Debtors have maintained a system of intercompany accounts to track activity between the Debtors. The Debtors have attempted to accurately reflect in the Schedules and in pleadings filed in this case the accurate intercompany balances between the Debtors. The information reflected in the Schedules, however, is presented on a net basis and the process of further delineating each debit or credit to each Debtors' estate would be both time consuming and costly.

The Debtors are seeking the deemed consolidation of the Debtors, subject to and after giving effect to the Pension Resolution and the Ilion Property Disposition, because they believe that, in view of the limited funding available and the expense involved in further unraveling the estates, the recovery by Creditors will, at best, be maximized, and at worst, be largely unaffected, on a practical basis, by consolidating the assets of each of the Debtors. Deemed consolidation is to be effectuated after the implementation of the Pension Resolution because each of the Debtors is jointly and severally liable for the Pension Plan obligations, including DLG, which is the sole source among the Debtors of assets of value. In the absence of deemed consolidation and the effectuation of the Pension Resolution as provided in the Plan, it is unlikely that any funds would remain for the benefit of creditors other than pertaining to the Pension Plan. The process of determining Inter-Debtor Claims on any basis other than as reflected in the Debtors' books and records would be time consuming and costly, and, in the Debtors' view, would not result in additional funds being available to satisfy obligations under the Plan.

(iv) Plan Administrator and Payment of Claims under the Plan.

Under the Plan, the distribution of the Plan Funds will be administered by the Plan Administrator. The Plan Administrator will use the Plan Funds to make the required payments to creditors under the Plan. The Plan Administrator will also use certain of the Plan Funds for post-Effective Date operating and wind down expenses of the Post-Effective Date Debtors. The Plan Administrator can use the Plan Administrator Reserve to fund only the costs and expenses necessary to administer and perform the contemplated functions of the Plan Administrator under the Plan including, without limitation, to pay the reasonable fees and expenses of professionals retained by the Plan Administrator and the payment of post-Effective Date costs and wind-down expenses for the Post-Effective Date Debtors.

C. Plan Releases and Third Party Releases

Sections 13.1, 13.2, 13.3, and 13.4 of the Plan provide for certain releases of claims, exculpations, and injunctions. Certain of these provisions may affect claims that theoretically could be raised by or against the Debtors' and certain of the Debtors' affiliates; officers, directors, principals, shareholders, parents, current subsidiaries, members, managers,

auditors, accountants, financial advisors, predecessors, successors, servants, agents, counsel, attorneys, partners, representatives or assigns, whether past or present. The Debtors believe that such provisions are fair, equitable, and appropriate. The parties benefiting from the releases are providing, or have provided, substantial benefits to all parties in interest through the Plan.

As will be indicated on the ballots for voting on the Plan, by voting to accept the Plan, Holders of Claims and Interests will be agreeing to the release provisions of Section 13.2 of the Plan.

VII.

FINANCIAL CALCULATIONS AND ASSUMPTIONS

A. Purpose and Objectives

The Debtors' analysis of their current assets serves as the basis for the Plan. The Debtors believe that any assumptions that underlie the calculations are reasonable under the circumstances.

B. DLG Assets

The Debtors' primary asset is the approximately $4.0 million in cash held by DLG as of the date hereof. This is the only liquid asset of any of the Debtors.

C. Ilion Property

Other than the DLG cash, the only asset held by the Debtors is the Ilion Property. The Debtors have made efforts to sell the property but have not secured a buyer. The Debtors do not believe that the Ilion Property has significant value.

D. Funds Necessary upon the Effectiveness of the Plan

The Debtors estimate that the amount of the Plan Funds will be sufficient in order to make the payments contemplated pursuant to the Plan since it is a liquidating plan. The Debtors anticipate making all the required distributions contemplated by the Plan from the Plan Funds.

VIII.

THE CHAPTER 11 CASES

A. Commencement of the Chapter 11 Cases

On May 27, 2016, Dawson International Investments (Kinross) Inc. and its affiliated Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court, the Honorable James L. Garrity, Jr. presiding.

B. Continuation of Wind-Down Activities after the Petition Date

Since the Petition Date, the Debtors have continued to wind-down their businesses and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors have sought Bankruptcy Court approval for all transactions that were outside the ordinary course of their businesses. During the period immediately following the Petition Date, the Debtors sought and obtained authority from the Bankruptcy Court with respect to a number of matters deemed by the Debtors to be essential to their efficient management of the chapter 11 cases. The descriptions of such matters contained herein are summaries only, and are qualified in their entirety by the provisions of the relevant orders entered by the Bankruptcy Court.

(i) **"Initial" Motions**

At the commencement of the case, and contemporaneously with the filing of the petitions for relief, the debtors filed various "initial" motions. These included:

(1) **Debtors' Motion for Order Directing Joint Administration of Related Chapter 11 Cases;**

The Debtors filed a motion requesting that the five individual Chapter 11 cases of the Debtors be jointly administered (Doc. No. 2). This motion sought joint administration for procedural purposes only, in order to assist in the efficient filing and management of the numerous motions and notices that will be filed in these cases. By order entered on June 24, 2016, the Bankruptcy Court granted the motion (Doc. No. 25). The Debtors are separately requesting the deemed consolidation of the Debtors through operation of the Plan, as described in further detail herein.

(2) **Debtors' Motion for Order Authorizing Employment and Retention of Professionals Used in the Ordinary Course Of Business;**

Debtors utilize certain professionals to assist them on a day-to-day basis with the wind-down of the Debtors' affairs. The Debtors filed a motion seeking to continue to employ professionals in the ordinary course to render services for the Debtors, including specialized legal advice regarding the Pension Plan (Doc. No. 5). In the motion, the Debtors requested that the Bankruptcy Court implement a process by which each ordinary course professional can file a retention affidavit certifying that such professional does not hold any interest materially adverse to the Debtors and laying out estimates of costs and payments. By order entered on June 24, 2016, and as supplemented, the Bankruptcy Court granted the motion (Doc. Nos. 28, 94 and 120).

(3) **Debtors' Motion for Entry of Order Approving (i) the Debtors' Use of a Cash Management System, (ii) the Use of Post-Petition Intercompany Loans, and (iii) Administrative Expense Status for Post-Petition Intercompany Loans;**

As described in greater detail in the *Declaration of David G. Cooper in Accordance with Local Rule 1007-2* (the "First Day Declaration") (Doc. No. 3), the cash held by

DLG on the Petition Date has been the only liquid asset available to the Debtors to pay expenses. The Debtors filed a motion requesting that they be permitted to continue to use DLG's funds during the pendency of these Chapter 11 cases so that the Debtors may continue to pay expenses incurred and record any applicable intercompany transactions resulting therefrom (Doc. No. 4). The Bankruptcy Court granted the motion on an interim basis by order entered on June 24, 2016 (Doc. No. 26), and on a final basis by order entered on July 21, 2016 (Doc. No. 51). The Debtors have incurred expenses in winding-down the businesses, including in regard to the Pension Plan, and used the DLG cash to pay such expenses. All payments made by DLG for liabilities incurred by another Debtor have been recorded as intercompany transactions.

(4) **Debtors' Motion for Entry of an Order (i) Setting Bar Dates for Filing Proofs of Claim, (ii) Approving the Form and Manner for Filing Proofs of Claim, and (iii) Approving Notice Thereof.**

The Bankruptcy Code provides that the Court shall fix deadlines by which proofs of claim against the Debtors must be filed. The Debtors filed a motion requesting, among other things, that the Bankruptcy Court set a general bar date of August 15, 2016 and a government bar date of November 23, 2016 (Doc. No. 12). By order entered on June 24, 2016, the Bankruptcy Court granted the motion (Doc. No. 29).

(ii) **Pension Motions**

The Debtors filed a motion seeking permission from the Bankruptcy Court to, in their discretion, investigate and initiate a standard termination of the Pension Plan pursuant to 29 U.S.C. § 1341(b) (Doc. No. 56). By order entered on August 31, 2016, the Bankruptcy Court granted the motion (Doc. No. 60). The Debtors, and their advisors, carefully reviewed the assets and liabilities of the Pension Plan in an effort to determine if a standard termination of the Pension Plan is feasible. While a standard termination of the Pension Plan cannot be assured, the Pension Resolution represents the culmination of the Debtors' review of termination issues for the Pension Plan.

The Debtors also filed a series of motions seeking the authority of the Court to make required minimum funding contributions to the Pension Plan, such that, as of the date hereof, the Debtors are current on all minimum funding contributions.

C. Representation of the Debtors

The Debtors filed their application for authorization to employ and retain McGuireWoods LLP as attorneys for the Debtors and Debtors in Possession effective *nunc pro tunc* to the Petition Date on June 20, 2016 (Doc. No. 22). The Court granted the application by order entered on July 15, 2016 (Doc. No. 50).

The Debtors filed their application to retain Deloitte Tax LLP to provide certain tax advisory services on October 26, 2016 (Doc. No. 72), as supplemented by supplemental applications filed on May 17, 2017 (Doc. No. 117), and November 22, 2017 (Doc. No. 149). By orders entered on November 25, 2016 (Doc. No. 83) and on June 14, 2017 (Doc. No. 121), the Bankruptcy Court granted the initial application and the first supplemental application,

respectively. As of the date hereof, approval of the second supplemental application is pending before the Bankruptcy Court.

The Debtors filed their application to retain Qualified Annuity Services, Inc. to provide pension plan advisory services to the Debtors on October 28, 2016 (Doc. No. 75). By order entered on November 25, 2016 (Doc. No. 82), Bankruptcy Court granted the application.

From the Petition Date through September 30, 2017, these professionals have incurred fees and expenses as follows (additional amounts continue to accrue after September 30, 2017):

McGuireWoods LLP	$429,969.08
Butzel Long (ordinary course professional)	$220,766.90
Deloitte Tax LLP	$50,000.00 (plus additional amounts not yet invoiced to the Debtors)
Qualified Annuity Services, Inc.	$98,000.00

D. Plan Exclusivity

Pursuant to sections 1121(b) and (c)(3) of the Bankruptcy Code, the Debtors have a certain amount of time within which (a) to file their Plan (the "Filing Period"); and (b) to solicit acceptances of their timely filed Plan (the "Solicitation Period") before other parties in interest are permitted to file plans, subject to extension of such periods by the Court. The Debtors filed a series of motions seeking the extension of the exclusive Filing Period and the exclusive Solicitation Period, which motions the Bankruptcy Court granted. By order entered on October 10, 2017 (Doc. No. 141), the Bankruptcy Court extended the exclusive Filing Period to November 27, 2017 and the exclusive Solicitation Period to January 27, 2018. The Debtors filed the Plan on November 27, 2017.

E. Claims Administration

(i) Schedules and Bar Dates

On June 10, 2016, the Debtors filed their respective Schedules.

Pursuant to the Bar Date Order, the Court set August 15, 2016 as the deadline for all non-governmental unit holders of alleged Claims against the Debtors to file proofs of claim against the Debtors, and the Court set November 23, 2016 as the deadline for all governmental units to file proofs of claim against the Debtors. The aggregate, non-duplicative, amount of claims filed against the Debtors by the respective bar dates was in excess of $23,000,000, plus other asserted contingent and/or unliquidated amounts.

Pursuant to the Bar Date Order, claims associated with the rejection of an executory contract or unexpired lease must be filed by the later of the Bar Date or 30 days from

the notice of the order rejecting the executory contract or unexpired lease. With respect to claims affected by amended schedules, such claims must be filed by the later of the Bar Date or 30 days from the notice of the amended schedules, and only if such schedule amendment affects such claim as described in the Bar Date Order.

(ii) **Claim Objections**

In the ordinary course of business, the Debtors maintain books and records ("Books and Records") that reflect, among other things, the Debtors' liabilities and the amounts owed to their creditors in connection with such liabilities. The Debtors and their professionals will review the proofs of claim submitted in the Chapter 11 Cases, including any supporting documentation, and comparing the Claims asserted in the proofs of claim with the Books and Records to determine the validity of such Claims.

The Debtors anticipate that either the Debtors, pre-confirmation, or the Plan Administrator, post-confirmation, will file objections that will reduce the amount of filed Claims against the Debtors. From and after the Effective Date, only the Plan Administrator will have the right to assert objections to Claims. The Debtors will examine all of the Claims and anticipate filing claims objections during the pendency of these Chapter 11 Cases.

F. Litigation

(i) **Actionable Avoidance Actions**

From and after the Effective Date, only the Plan Administrator will have the right to assert, prosecute and/or settle Avoidance Actions (if any). However, the Debtors do not foresee there being any actionable Avoidance Actions that would be financially beneficial for the Debtors or the Plan Administrator to pursue. The Debtors anticipate that the Plan Administrator, post-confirmation, will not file any Avoidance Actions.

(ii) **Other Litigation**

From and after the Effective Date, only the Plan Administrator will have the right to assert, prosecute and/or settle other litigation matters (if any). However, the Debtors do not foresee there being any other litigation claims that would be financially beneficial for the Debtors or the Plan Administrator to pursue, including, without limitation, actions against potentially responsible parties in regard to potential environmental liabilities. Any funds used by the Debtors or the Plan Administrator in pursuit of any litigation claims would diminish the amount of funds available for use as Plan Funds under the Plan, and the success of any such litigation is highly speculative, and would require the expenditure of significant funds by or on behalf of the Estates. The Debtors anticipate that the Plan Administrator, post-confirmation, will not file any other litigation claims.

IX.

LITIGATION AND ADMINISTRATIVE ACTIONS PENDING AGAINST THE DEBTORS

A. Litigation

The Debtors are not aware of any currently pending or threatened litigation against the Debtors.

B. Administrative Actions

See Section V(E)(iv) above regarding the Ilion Tank on the Ilion Property.

X.

SUMMARY OF THE CHAPTER 11 PLAN

A. Introduction

The following is a summary of certain terms and provisions of the Plan. This summary of the Plan is qualified in its entirety by reference to the full text of the Plan, which is annexed to this Disclosure Statement as **Exhibit A**.

B. General Description of the Treatment of Claims and Equity Interests

The classes of Claims against and Interests in, with respect to and to the extent applicable for, each Debtor shall be treated under the Plan as follows:

(i) Class 1 – Priority Non-Tax Claims.

(a) Treatment. Except to the extent that the holder agrees to less favorable treatment, in full and final satisfaction of each Allowed Priority Non-Tax Claim, each Allowed Priority Non-Tax Claim shall be unimpaired under the Plan, and, pursuant to section 1124 of the Bankruptcy Code, all of the legal, equitable and contractual rights to which such Claim entitles the holder in respect of such Claim shall be fully reinstated and retained, and such Allowed Priority Non-Tax Claim (including any amounts to which such holder is entitled pursuant to section 1124(2) of the Bankruptcy Code) shall be paid in full from the Plan Funds in accordance with such reinstated rights on the Effective Date.

(b) Full Settlement. As more specifically set forth in, and without in any way limiting, Section 16.2 of the Plan, the distributions provided in Section 5.1 of the Plan to holders of Allowed Priority Non-Tax Claims (when distributed to holders of Allowed Priority Non-Tax Claims in accordance with the Plan) are in full settlement and release of each holder's Priority Non-Tax Claim and all other Claims of such holder against any and all of the Debtors, if any, of such holder directly or indirectly related to or arising out of the transactions, agreements or instruments upon which such Priority Non-Tax Claim was based. Class 1 is unimpaired.

(ii) **Class 2 –Secured Claims.**

(a) Treatment. Except to the extent that the holder agrees to less favorable treatment, each holder of an Allowed Secured Claim against any Debtor shall, in full and complete satisfaction, settlement and release of and in exchange for such Allowed Claim, (i) retain its lien in such property, or the proceeds of such property, securing such Allowed Secured Claim and be paid by the Plan Administrator in the ordinary course of business in accordance with the terms existing between the Debtors and such holder with respect to such Allowed Secured Claim prior to the Petition Date; (ii) retain its lien in such property, or the proceeds of such property, securing such Allowed Secured Claim and receive deferred cash payments from the Plan Funds totaling at least the amount of such Allowed Secured Claim, of a value, as of the Effective Date, of at least the value of such holder's interest in each Debtor's interest in such property, or (iii) be transferred the collateral securing such Claim, each in full and complete satisfaction of such Claim.

(b) Full Settlement. As more specifically set forth in, and without in any way limiting, Section 16.2 of the Plan, the consideration provided in Section 5.2 of the Plan to the holders of Secured Claims is in full settlement and release of each holder's Secured Claim and all other Claims against any and all of the Debtors, if any, of such holder directly or indirectly related to or arising out of the transactions, agreements or instruments upon which such Secured Claim was based. Class 2 is impaired.

(iii) **Class 3A – PBGC Claims.**

(a) Treatment. Except to the extent that the holder agrees to less favorable treatment, in full and final satisfaction of the Allowed PBGC Claims against each Debtor, the Allowed PBGC Claims shall be treated in accordance with the Pension Resolution.

(b) Full Settlement. As more specifically set forth in, and without in any way limiting, Section 16.2 of the Plan, the consideration provided in Section 5.3 of the Plan to the holders of the Allowed PBGC Claims is in full settlement and release of each holder's Allowed PBGC Claim and all other Claims against any and all of the Debtors, if any, of such holder directly or indirectly related to or arising out of the transactions, agreements or instruments upon which such Allowed PGGC Claim was based. Class 3A is impaired.

(iv) **Class 3B – General Unsecured Claims.**

(a) Treatment. Except to the extent that the holder agrees to less favorable treatment, in full and final satisfaction of each such Allowed General Unsecured Claim against a Debtor, each holder of an Allowed General Unsecured Claim against a Debtor shall receive its Pro Rata Share of the Unsecured Claims Fund, provided, however, that each such holder cannot receive more than the Allowed amount of its General Unsecured Claim, without interest, attorneys' fees or costs of collection.

(b) Full Settlement. As more specifically set forth in, and without in any way limiting, Section 16.2 of the Plan, the consideration provided in Section 5.4 of the Plan (and the payment or transfer of such consideration to the Unsecured Claim Fund) to the holders of General Unsecured Claims are in full settlement and release of each holder's General Unsecured

Claim and all other Claims against any and all of the Debtors, if any, of such holder directly or indirectly related to or arising out of the transactions, agreements or instruments upon which such General Unsecured Claim was based. Class 3B is impaired.

(v) **Class 4 – Inter-Debtor Claims.**

All Inter-Debtor Claims shall be cancelled as of the Effective Date, and holders thereof shall not receive a distribution under the Plan in respect of such Claims. Class 4 is impaired.

(vi) **Class 5 – Subsidiary Equity Interests.**

Each holder of a Subsidiary Equity Interest shall not receive or retain any distribution or property under the Plan on account of such Subsidiary Equity Interest. Upon the termination of the Plan Administrator in accordance with Section 9.7 of the Plan, all Subsidiary Equity Interests shall be deemed cancelled, without further action by any party or order of the Court. Class 5 is impaired.

(vii) **Class 6 – DIIKI Equity Interests.**

(a) Treatment. Except to the extent that the holder agrees to less favorable treatment, in full and final satisfaction of each Allowed DIIKI Equity Interest, each holder of an Allowed DIIKI Equity Interest shall receive its Pro Rata Share of the Remaining Amount.

(b) Full Settlement. As more specifically set forth in, and without in any way limiting, Section 16.2 of the Plan, the consideration provided in Section 5.7 of the Plan to the holders of DIIKI Equity Interests is in full settlement and release of each holder's DIIKI Equity Interest and all other Claims against any and all of the Debtors, if any, of such holder directly or indirectly related to or arising out of the transactions, agreements or instruments upon which such DIIKI Equity Interest was based. Class 6 is impaired.

(viii) **Deemed Satisfaction of Secondary Liability Claims.**

All Secondary Liability Claims shall be allowed in the amount of zero dollars ($0.00) and deemed satisfied in full as a result of Plan Distributions made on the underlying Allowed Claim pursuant to Article V of the Plan. From and after the Effective Date, each Secondary Liability Claim shall be of no further force or effect.

(ix) **Insurance Policies.**

Notwithstanding anything to the contrary in the Plan, all insurance agreements, and all obligations of the Debtors and the counterparties thereto shall be unaffected by the Plan and shall remain enforceable according to their terms and applicable law; provided, however, such agreements may be terminated at the discretion of the Debtors, the Post-Effective Date Debtors, or the Plan Administrator.

C. Provisions for Treatment of Unclassified Claims under the Plan

(i) Unclassified Claims.

Administrative Expense Claims and Priority Tax Claims are treated in accordance with sections 1129(a)(9)(A) and 1129(a)(9)(C) of the Bankruptcy Code, respectively. Administrative Expense Claims and Priority Tax Claims are not designated as classes of Claims for the purposes of the Plan or for the purposes of sections 1123, 1124, 1125, 1126 or 1129 of the Bankruptcy Code.

(ii) Treatment of Administrative Expense Claims.

All Administrative Expense Claims shall be treated as follows:

(a) Time for Filing Administrative Expense Claims.

The holder of an Administrative Expense Claim, other than (i) a Fee Claim; (ii) an Ordinary Course Expense; (iii) an Administrative Expense Claim that has been Allowed on or before the Effective Date; or (iv) an Inter-Debtor Claim, must file with the Bankruptcy Court and serve on the Debtors and the U.S. Trustee, notice of such Administrative Expense Claim by the Administrative Expense Claim Bar Date for such Administrative Expense Claims that have accrued or are anticipated to accrue on or before [March 1, 2018]. Any estimated Administrative Expense Claim that is filed on account of an anticipated Administrative Expense Claim will establish the maximum allowable amount of such Administrative Expense Claim. Such notice must include at a minimum (A) the name of the Debtor(s) which are purported to be liable for the Claim, (B) the name of the holder of the Claim, (C) the amount of the Claim, and (D) the basis of the Claim (including any documentation evidencing or supporting such Claim). **THE FAILURE TO FILE A NOTICE OF ADMINISTRATIVE EXPENSE CLAIM ON OR BEFORE THE ADMINISTRATIVE EXPENSE CLAIM BAR DATE AND THE FAILURE TO SERVE SUCH NOTICE TIMELY AND PROPERLY SHALL RESULT IN THE ADMINISTRATIVE EXPENSE CLAIM BEING FOREVER BARRED AND DISALLOWED WITHOUT FURTHER ORDER OF THE BANKRUPTCY COURT. IF FOR ANY REASON ANY SUCH ADMINISTRATIVE EXPENSE CLAIM IS INCAPABLE OF BEING FOREVER BARRED AND DISALLOWED, THEN THE HOLDER OF SUCH CLAIM SHALL IN NO EVENT HAVE RECOURSE OF ANY KIND TO ANY PROPERTY DISTRIBUTED PURSUANT TO THE PLAN.**

(b) Time for Filing Fee Claims.

(i) Each Professional who holds or asserts a Fee Claim must serve on the Debtors notice of such Fee Claim by the Administrative Expense Claim Bar Date (such that the Debtors receive such notice on or before the Administrative Expense Claim Bar Date) for such Fee Claims that have accrued or are anticipated to accrue on or before [March 1, 2018]. Any estimated Fee Claim that is served on account of an anticipated Fee Claim will establish the maximum allowable amount of such Fee Claim. Such notice must include at a minimum (A) the name of the Debtor(s) which are purported to be liable for the Claim, (B) the name of the holder of the Claim, (C) the amount of the Claim, and (D) the basis of the Claim (including any documentation evidencing or supporting such Claim). **THE FAILURE TO PROPERLY**

SERVE A NOTICE OF FEE CLAIM ON OR BEFORE THE ADMINISTRATIVE EXPENSE CLAIM BAR DATE SHALL RESULT IN THE FEE CLAIM BEING FOREVER BARRED AND DISALLOWED WITHOUT FURTHER ORDER OF THE BANKRUPTCY COURT. IF FOR ANY REASON ANY SUCH FEE CLAIM IS INCAPABLE OF BEING FOREVER BARRED AND DISALLOWED, THEN THE HOLDER OF SUCH CLAIM SHALL IN NO EVENT HAVE RECOURSE OF ANY KIND TO ANY PROPERTY DISTRIBUTED PURSUANT TO THE PLAN.

(ii) Additionally, each Professional who holds or asserts a Fee Claim shall be required to file with the Bankruptcy Court, and serve on all parties required to receive notice, a final Fee Application within twenty (20) days after the Effective Date or such other specific date as may be established by the Bankruptcy Court. **THE FAILURE TO FILE TIMELY AND SERVE SUCH FEE APPLICATION SHALL RESULT IN THE FEE CLAIM BEING FOREVER BARRED**. Notwithstanding the foregoing or any other provision of the Plan, "Ordinary Course Professionals," as defined in the Debtors' Motion for Order Authorizing Employment and Retention of Professionals Used in the Ordinary Course of Business (Doc No. 5) shall be paid in accordance with the provisions of the order of the Bankruptcy Court approving such motion, and any supplements thereto (Doc. Nos. 28, 94 and 120), without the need to file a Fee Application (except as provided in any such orders), provided, however, that each Ordinary Course Professional shall be required to comply with the provisions of Section 6.2(b)(i) of the Plan.

(c) Allowance of Administrative Expense Claims and Fee Claims.

An Administrative Expense Claim (other than a Fee Claim, an Ordinary Course Expense, or an Inter-Debtor Claim) with respect to which notice has been properly and timely filed and served pursuant to Section 6.2(a) of the Plan, shall become an Allowed Administrative Expense Claim if no objection is filed within thirty (30) days after the date of service of the applicable notice of Administrative Expense Claim or such later date as may be approved by the Bankruptcy Court on motion of a party in interest, without notice or a hearing. If an objection is filed within such 30-day period (or any extension thereof), the Administrative Expense Claim shall become an Allowed Administrative Expense Claim only to the extent allowed by Final Order or by mutual agreement among the parties. A Fee Claim in respect of which a Fee Application has been properly filed and served pursuant to Section 6.2(b) of the Plan shall become an Allowed Administrative Expense Claim only to the extent allowed by Final Order.

(d) Payment of Allowed Administrative Expense Claims.

On the Distribution Date, all unpaid Allowed Administrative Expense Claims, including Fee Claims, of the Debtors (other than Inter-Debtor Claims) shall be paid by the Plan Administrator from the Plan Funds on the applicable Distribution Date; provided, further, however, that such treatment shall not provide a return to such holder having a present value as of the Effective Date in excess of such holder's Allowed Administrative Expense Claim. Ordinary Course Expenses shall be paid by the Plan Administrator from Plan Funds in the ordinary course without further motion or application to, or order of, the Bankruptcy Court.

(e) No Payment on Inter-Debtor Claims.

Inter-Debtor Claims that constitute Administrative Expense Claims shall receive no distribution or payment under the Plan.

(iii) **Treatment of Priority Tax Claims.**

(a) Unless otherwise agreed with a holder of an Allowed Priority Tax Claim, the Plan Administrator, in his sole discretion, may choose whether Allowed Priority Tax Claims will be paid from the Plan Funds either: (1) in Cash, in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest from the Effective Date at a fixed annual rate equal to five percent (5%) and paid in regular installments of equal amount over a period not exceeding five (5) years from the Petition Date; or (2) in full in Cash on, or as soon thereafter as is reasonably practicable, the later of the Effective Date and the first Business Day after the date that is thirty (30) calendar days after the date such Priority Tax Claim becomes an Allowed Priority Tax Claim. The Plan Administrator reserves the right to prepay, without penalty, at any time under option (1) above.

(b) The Confirmation Order shall, or shall be deemed to, among other things, enjoin any holder of an Allowed Priority Tax Claim from commencing or continuing any action or proceeding against any responsible person, officer or director of the Debtors that otherwise would be liable to such holder for payment of a Priority Tax Claim so long as the Debtors and/or the Plan Administrator are in compliance with Section 6.3 of the Plan. So long as the holder of an Allowed Priority Tax Claim is enjoined from commencing or continuing any action or proceeding against any responsible person, officer or director under the Plan or pursuant to the Confirmation Order, the statute of limitations for commencing or continuing any such action or proceeding shall be tolled.

D. Acceptance or Rejection of the Plan; Effect of Rejection by One or More Classes of Claims or Interests

(i) **Classes Entitled to Vote.**

Only holders of Claims in the following classes are permitted to vote on the Plan: Class 2 (Secured Claims); Class 3A (PBGC Claims); Class 3B (General Unsecured Claims); and Class 6 (DIIKI Equity Interests). Class 1 (Priority Non-Tax Claims) is unimpaired, not eligible to vote, and deemed to accept the Plan. Class 4 (Inter-Debtor Claims) and Class 5 (Subsidiary Equity Interests) receive or retain no property under the Plan, are not eligible to vote, and are deemed to reject the Plan.

(ii) **Class Acceptance Requirement.**

A class of Claims shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in such class that have voted on the Plan. A class of Interests shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount of the Allowed Interests in such class that have voted on the Plan.

(iii) **Cramdown.**

If all applicable requirements for confirmation of the Plan are met as set forth in section 1129(a) of the Bankruptcy Code, except subsection (8) thereof, the Plan shall be treated as a request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code, notwithstanding the failure to satisfy the requirements of section 1129(a)(8), on the basis that the Plan is fair and equitable and does not discriminate unfairly with respect to each class of Claims or Interests that is impaired under, and has not accepted, the Plan.

E. Means for Implementation of the Plan

(i) **Certain Transactions On the Effective Date.**

The Debtors, the Post-Effective Date Debtors and the Plan Administrator, as applicable, shall, on and after the Effective Date (i) effectuate the termination of the Pension Plan in accordance with the Pension Resolution; (ii) effectuate the Ilion Property Disposition; (iii) implement all settlements and compromises as set forth in or contemplated by the Plan; (iv) amend and restate their constituent documents in accordance with the terms of the Plan, as applicable; and (v) execute, deliver, and perform all obligations under the Plan.

(ii) **Appointment of Plan Administrator.**

On the Effective Date, the Plan Administrator shall be appointed and shall act in accordance with the provisions of the Plan, including, without limitation, the provisions of Article IX of the Plan. On the Effective Date, the Plan Funds shall be under the control of the Plan Administrator in accordance with the terms of the Plan.

(iii) **Unsecured Claims Fund.**

On the Effective Date, or as soon thereafter as is reasonably practicable, the Unsecured Claims Fund will be established from the Plan Funds. The Plan Administrator will administer the Unsecured Claims Fund in accordance with the provisions of the Plan and the Confirmation Order. The Unsecured Claims Fund will be the sole source of funding of distributions to be made to the holders of Allowed Claims in Class 3B.

(iv) **Cancellation of Notes and Interests.**

On the Effective Date, except to the extent otherwise provided in the Plan, all notes instruments, certificates, and other documents evidencing indebtedness of the Debtors, and Interests, shall be cancelled, and the obligations of the Debtors thereunder or in any way related thereto shall be discharged.

(v) **Corporate Action.**

(a) The entry of the Confirmation Order shall constitute authorization for the Debtors, the Post-Effective Date Debtors or the Plan Administrator (as the case may be) to take or cause to be taken all corporate actions necessary or appropriate to implement all provisions of, and to consummate, the Plan prior to, on and after the Effective Date and all such actions taken

or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act or action under any applicable law, order, rule or regulation, including without limitation, any action required by the stockholders or directors of the Debtors or the Post-Effective Date Debtors, including, among other things, (i) the adoption or amendment of any organizational documents; (ii) the modification, termination or cancellation of any outstanding instrument, document or agreement as required by the Plan; (iii) the modification, termination or cancellation of any Interest in the Debtors, as required by the Plan; (iv) the appointment of the Plan Administrator; (v) the effectuation of the termination of the Pension Plan in accordance with the Pension Resolution; (vi) the effectuation of the Ilion Property Disposition; (vii) the making of all Plan Distributions; (viii) the implementation of all settlements and compromises as set forth in or contemplated by the Plan; (ix) the performance of all obligations, rights and duties under the Plan; and (x) executing and/or entering into any and all transactions, contracts, or arrangements permitted by applicable law, order, rule or regulation.

(b) The officers of the Debtors or the Post-Effective Date Debtors (as the case may be) are authorized and directed to do all things and to execute and deliver all agreements, documents, instruments, notices and certificates as are contemplated by the Plan and to take all necessary action required in connection therewith, in the name of and on behalf of the Debtors.

(c) The constituent documents of all of the Post-Effective Date Debtors shall, as of the Effective Date, be deemed amended to prohibit the issuance of non-voting equity securities by such Debtor as required by section 1123(a)(6) of the Bankruptcy Code.

(vi) **Continued Corporate Existence of the Debtors.**

Each of the Debtors shall continue to exist after the Effective Date as a separate entity, with all the powers available to such legal entity, in accordance with applicable law and pursuant to their constituent documents, as modified by the Plan. On or after the Effective Date, the Post-Effective Date Debtors may, within the Plan Administrator's sole and exclusive discretion, take such action as permitted by applicable law, their constituent documents, and the Plan Documents, as they determine is reasonable and appropriate, including (a) causing any or all of the Post-Effective Date Debtors to be dissolved or merged, combined, consolidated or converted into one or more of the other Post-Effective Date Debtors or other legal entities; (b) liquidating and dissolving any of the Post-Effective Date Debtors; and (c) changing the legal name of any of the Post-Effective Date Debtors.

Upon the filing with the Bankruptcy Court, by the Plan Administrator, of a request to close the Bankruptcy Cases and upon the entry of a final decree, each of the Debtors will be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of the Debtors or payments to be made in connection therewith; provided, however, that the Plan Administrator may file, in its discretion, on behalf of each Debtor and Post-Effective Date Debtor, with the office of the applicable secretary of state, a certificate of dissolution. From and after the Effective Date, each of the Debtors and Post-Effective Date Debtors shall not be required to file any document, or take any other action, to withdraw its business operation from any state in which it was previously conducting its business operations. On the date the Debtors and Post-Effective Date Debtors are dissolved in accordance with the Plan, the common stock certificates and other instruments evidencing Interests will be

deemed cancelled without further act or action under any applicable agreement, law, regulation, order or rule, and the Interests in the Debtors evidenced thereby will be extinguished.

(vii) **Revesting of Assets.**

Except as otherwise expressly provided in the Plan, or in any agreements contemplated under the Plan, on the Effective Date all Plan Funds (including all Causes of Action, Cash and Assets, but excluding the Ilion Property) will vest in the Post-Effective Date Debtors free and clear of all Claims, liens, charges, encumbrances, or other interests, under the direction and control of the Plan Administrator in accordance with the provisions of the Plan. Without limiting the generality of the foregoing, except as expressly released, or as otherwise expressly provided, in the Plan, on the Effective Date all Causes of Action shall be reserved and retained by, and vest in, the Post-Effective Date Debtors under the direction and control of the Plan Administrator in accordance with the provisions of the Plan.

(viii) **Release of Liens.**

Except as otherwise provided in the Plan (including, without limitation, the retention of liens described in Sections 5.2 of the Plan) or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date and concurrently with the applicable Plan Distributions made pursuant to the Plan, all interests, mortgages, deeds of trust, liens or other security interests against the property of any Estate will be fully released.

(ix) **Consolidation.**

Subject to, and after giving effect to, the Pension Resolution and the Ilion Property Disposition, on the Effective Date, pursuant to Bankruptcy Code sections 105(a) and 1123(a)(5)(C), each Debtor shall be deemed to be consolidated with each of the other Debtors, solely for the purpose of implementing the Plan, including for the purposes of voting, assessing whether confirmation standards have been met, calculating and making distributions under the Plan and filing post-confirmation reports and paying quarterly fees to the Office of the United States Trustee. As of the Effective Date, all Assets, Causes of Action, property, rights, and Claims of the deemed consolidated Debtors and their respective Estates, and all Claims against the deemed consolidated Debtors and their respective Estates, shall be deemed pooled on the Effective Date for purposes of allowance, treatment, and Plan Distributions under the Plan. Inter-Debtor Claims will be cancelled. Proofs of Claim for the same liability filed against multiple Debtors, including, without limitation, any Claim upon which any of the deemed consolidated Debtors are co-obligors or guarantors or otherwise may be contingently liable shall, without necessity of objection by any party, be deemed to constitute a single proof of Claim entitled to a single satisfaction from the deemed consolidated Estates in accordance with the terms of the Plan; the duplicative Claims being otherwise deemed disallowed. The Debtors will tabulate all votes on the Plan on a consolidated basis. Such deemed consolidation (other than for purposes of implementing the Plan) shall not affect (a) the legal and corporate structures of the Debtors, (b) the vesting of Assets in the Post-Effective Date Debtors, (c) the rights to distributions from any insurance contracts or the proceeds thereof, or (d) the rights of any Person

to contest alleged setoff or recoupment rights on the grounds of lack of mutuality under Section 553 of the Bankruptcy Code or other applicable law.

(x) **Initial Boards of Directors and Officers.**

On the Effective Date, the charters and by-laws of each Debtor shall be deemed amended, to the extent necessary, to require only one director and only one officer, who shall be the same person. Such person shall be the Plan Administrator, or its designee.

(xi) **The Pension Resolution.**

The Pension Resolution shall be as follows:

Each of the Debtors is a contributing sponsor of the Pension Plan, 29 U.S.C. § 1301(a)(13), or a member of the contributing sponsor's controlled group, 29 U.S.C. § 1301(a)(14). The Pension Plan is covered by Title IV of ERISA. The PBGC, a United States Government corporation, guarantees the payment of certain pension benefits upon termination of a pension plan covered by Title IV of ERISA.

The PBGC has filed three contingent claims against each of the Debtors for (1) the Pension Plan's unfunded benefit liabilities under 29 U.S.C. § 1362(b); (2) the minimum funding contributions to the Pension Plan under 29 U.S.C. § 1082(b) and 26 U.S.C. §§ 412 and 430; and (3) the pension insurance premiums due under 29 U.S.C. §§ 1306 and 1307 (collectively, the "PBGC Claims"). The PBGC Claims as filed total approximately $6.4 million. If the Pension Plan terminates under 29 U.S.C. §§ 1341(c) or 1342, each Debtor, including DLG, will be jointly and severally liable for the PBGC Claims. *See* 29 U.S.C. § 1362(a), 26 U.S.C. § 412, and 29 U.S.C. § 1307. The PBGC is the only material pre-petition creditor of DLG, which is the only Debtor with liquid assets.

To address the Pension Plan and the PBGC Claims, the Debtors will establish a bank escrow account, or a substantially equivalent protected sequestered bank account acceptable to the PBGC (such account, an "Escrow Account"), and deposit funds into the Escrow Account in the amount of the "Pension Termination Amount". The Pension Termination Amount is the amount that the PBGC and Debtors estimate to be adequate to: (1) complete a standard termination of the Pension Plan in accordance with 29 U.S.C. §§ 1341(a) and (b), and the regulations thereunder ("Standard Termination"); (2) make minimum funding contributions to the Pension Plan under 26 U.S.C. § 430 until completion of the Standard Termination; and (3) pay reasonable expenses of administering the Pension Plan.

After the Debtors have completed a Standard Termination, including the PBGC's completion of a pre-distribution audit of the Standard Termination, and upon receipt by the custodian of the Escrow Account of joint written instructions from the PBGC and the Debtors that all benefits have been paid to participants as required under the Pension Plan, 29 U.S.C. §§ 1341(a) and (b), and the regulations thereunder ("Determination of Compliance"), any Pension Termination Amount remaining in the Escrow Account shall be transferred to the Plan Administrator as Plan Funds.

Any Pension Termination Amount in the Escrow Account shall be immediately transferred to the Pension Plan upon receipt by the custodian of the Escrow Account of written instructions from the PBGC, subsequent to the occurrence of any of the following events: (a) the Debtors failing to timely complete a Standard Termination within the timeline prescribed under ERISA or otherwise agreed to by the Debtors and the PBGC; (b) the Debtors failing to comply with the provisions under 29 U.S.C. §§ 1341(a) and (b), and the regulations thereunder; (c) the Debtors notifying the PBGC in writing that they are unable or unwilling to complete a Standard Termination of the Pension Plan; (d) with respect to the Standard Termination, the PBGC issuing unrescinded findings from a pre-distribution audit of the Pension Plan with which the Debtors fail to comply; (e) with respect to the Standard Termination, the PBGC issuing an unrescinded notice of noncompliance; (f) the PBGC receiving a notice of intent to terminate the Pension Plan in a distress termination from the Debtors pursuant to 29 U.S.C. § 1341(c); (g) the Debtors materially breaching any other covenant, term, or condition agreed to between the Debtors and the PBGC and the Debtors failing to timely cure within the agreed-upon timeframe between the Debtors and the PBGC; or (h) the Debtors failing to make minimum funding contributions to the Pension Plan under 26 U.S.C. § 430.

Upon the Effective Date, until the Debtors have deposited the Pension Termination Amount into the Escrow Account, no transfers may be made from DLG's Estate to any creditor. The Debtors' completion of a Standard Termination or deposit of the Pension Termination Amount into the Pension Plan as described above will resolve all liabilities under Title IV of ERISA with respect to the Pension Plan (including the PBGC Claims).

Subject to Section 8.11 of the Plan, nothing in the Plan or the Confirmation Order shall release any party from their duties and obligations under ERISA; or release any party with respect to controlled group liability owed to the Pension Plan or the PBGC; or release any party from fiduciary breach related to the Pension Plan; or enjoin or prevent the PBGC or the Pension Plan from collecting such liability from a liable party.

(xii) **The Ilion Property Disposition.**

The Ilion Property Disposition shall be as follows:

(a) On the Effective Date, the Ilion Property shall be deemed abandoned pursuant to Bankruptcy Code Section 554, provided, however, that the Plan Administrator shall be authorized, but not directed, in his sole discretion, to execute any documents necessary or convenient to effectuate the transfer or other disposition of the Ilion Property, with any such transfer or disposition being exempt from transfer taxes pursuant to Bankruptcy Code Section 1146(a).

(b) [On the Effective Date, the NYSDEC Stipulation shall become effective and binding on the parties thereto, and, without limitation, the Plan Administrator shall remit the amount of the Ilion Tank Payment to NYSDEC in full and final satisfaction of, and in resolution of, all issues pertaining to the removal of the Ilion Tank from the Ilion Property, including, without limitation, (i) any obligation of the Debtors to remove or otherwise dispose of the Ilion Tank, and (ii) all aspects of the proof of claim filed by NYSDEC pertaining to the Ilion Tank.]

F. The Plan Administrator

(i) Generally.

The powers, authority, responsibilities and duties of the Plan Administrator are set forth herein.

(ii) Appointment of the Plan Administrator.

On the Effective Date, the Plan Administrator will be appointed. The Plan Administrator shall have all powers, rights, duties and protections afforded the Plan Administrator under the Plan. All payments required or permitted to be made by the Plan Administrator or the Post-Effective Date Debtors under the Plan, including, without limitation, post-Effective Date operating expenses and the Plan Administrator Reserve, shall be made from the Plan Funds. The Plan Administrator shall use the Plan Administrator Reserve to fund the post-Effective Date operating and wind-down expenses of the Post-Effective Date Debtors, including to pay the fees and expenses of the Plan Administrator, and its professional, consulting and advisory fees.

(iii) Funding Expenses of the Plan Administrator.

On and after the Effective Date, the Plan Funds shall be under the direction and control of the Plan Administrator. The Plan Administrator shall disburse the Plan Funds, without further application to or order of the Bankruptcy Court, to (i) satisfy the obligations of the Plan Administrator and the Post-Effective Date Debtors after the Effective Date incurred in accordance with the provisions of the Plan and the Confirmation Order, (ii) pay expenses from the Plan Administrator Reserve, and (iii) make the Plan Distributions and pay all amounts payable under the Plan. Professional, consultant and advisor fees and other wind-down expenses incurred by the Plan Administrator from and after the Effective Date in connection with the consummation and implementation of the Plan shall be paid in the ordinary course of business by the Plan Administrator from the Plan Administrator Reserve, without further application to or order of the Bankruptcy Court. Any dispute regarding compensation shall be resolved by agreement of the parties or if the parties are unable to agree, as determined by the Bankruptcy Court. The Plan Administrator Reserve will be the sole source of funding of distributions to pay the expenses of the Plan Administrator and any professionals, consultants and advisors retained by the Plan Administrator.

(iv) Service and Removal.

If the Plan Administrator resigns or is removed, the U.S. Trustee shall select a new Plan Administrator, subject to Bankruptcy Court approval.

(v) Authority.

The Plan Administrator shall have the authority and right on behalf of itself and the Post-Effective Date Debtors, without the need for Bankruptcy Court approval (unless otherwise indicated), to carry out and implement all provisions of the Plan, including, without limitation, to:

(a) control and effectuate the Claims reconciliation process, including to object to, seek to subordinate, compromise or settle any and all Claims against the Debtors;

(b) receive, hold and disburse the Plan Funds, on behalf of the Post-Effective Date Debtors, in accordance with the provisions of the Plan;

(c) establish and administer the Plan Administrator Reserve;

(d) make Plan Distributions to holders of Allowed Claims in accordance with the Plan;

(e) liquidate the Assets of the Post-Effective Date Debtors, with the proceeds thereof becoming part of the Plan Funds;

(f) take such actions as may be necessary or appropriate to pursue and recover on the Causes of Action including filing appropriate actions or proceedings in the Bankruptcy Court or otherwise in connection therewith and settling any such Causes of Action with or without litigation, with the proceeds thereof becoming part of the Plan Funds;

(g) exercise its reasonable business judgment to direct and control the wind down, liquidation and/or abandoning of the assets of the Post-Effective Date Debtors;

(h) retain and pay professionals, attorneys, consultants and advisors to assist in performing its duties under the Plan, without further application to or order of the Bankruptcy Court;

(i) maintain the books and records and accounts of the Post-Effective Date Debtors;

(j) invest Cash constituting the Plan Funds;

(k) incur and pay reasonable and necessary expenses in connection with the performance of duties under the Plan, including the reasonable fees and expenses of the Plan Administrator and professionals, attorneys, consultants and advisors retained by the Plan Administrator, without further application to or order of the Bankruptcy Court;

(l) administer each Post-Effective Date Debtor's tax obligations, including (i) filing and paying tax returns, (ii) requesting, if necessary, an expedited determination of any unpaid tax liability of each Debtor or its estate under Bankruptcy Code section 505(b) for all taxable periods of such Debtor ending after the Petition Date through the liquidation of such Debtor as determined under applicable tax laws and (iii) representing the interest and account of each Debtor or its estate before any taxing authority in all matters including, without limitation, any action, suit, proceeding or audit;

(m) take all action necessary to liquidate and dissolve each of the Post-Effective Date Debtors;

(n) prepare and file any and all informational returns, reports, statements, returns or disclosures relating to the Post-Effective Date Debtors that are required by any Governmental Unit or applicable law;

(o) effectuate the Ilion Property Disposition; and

(p) effectuate the termination of the Pension Plan in accordance with the Pension Resolution, provided that neither the Plan Administrator nor the Post-Effective Date Debtors will have any liability or responsibility to make payments or contributions to the Pension Plan, including, without limitation, on account of the PBGC Claims, other than as provided in Class 3A of the Plan.

(vi) **Plan Distribution Withholding.**

The Plan Administrator may withhold from amounts distributable to any Person any and all amounts, determined in the Plan Administrator's sole discretion, to be required by the Plan, any law, regulation, rule, ruling, directive or other governmental requirement.

(vii) **Termination of the Plan Administrator.**

The duties, responsibilities and powers of the Plan Administrator will terminate upon (i) the completion of its duties under the Plan, (ii) the completion of the administration of, and distributions on account of, all Claims under the Plan, and (iii) the closing of the Chapter 11 Cases.

(viii) **Plan Administrator Post-Effective Date.**

Except as otherwise provided in Section 9.8 of the Plan, the Plan Administrator, together with its officers, directors, employees, agents, attorneys, consultants, advisors and representatives, are exculpated pursuant to the Plan by all Persons, Entities, holders of Claims and Interests, and all other parties in interest, from any and all Causes of Action arising out of the discharge by the Plan Administrator of the powers and duties conferred upon the Plan Administrator by the Plan, any Final Order of the Bankruptcy Court entered pursuant to or in the furtherance of the Plan, or applicable law, except solely for actions or omissions arising out of the Plan Administrator's willful misconduct or gross negligence. No Person, Entity, holder of a Claim or an Interest, or representative thereof, shall have or pursue any Cause of Action (a) against the Plan Administrator or its officers, directors, employees, agents, attorneys, consultants, advisors and representatives for making Plan Distributions in accordance with the Plan, or (b) against any holder of a Claim for receiving or retaining Plan Distributions as provided for by the Plan. Nothing contained in Section 9.8 of the Plan shall preclude or impair any holder of an Allowed Claim or Allowed Interest from bringing an action in the Bankruptcy Court against the Plan Administrator or any Post-Effective Date Debtor to compel the making of Plan Distributions contemplated by the Plan on account of such Claim or Interest.

G. Plan Distribution Provisions

(i) Sources of Cash for Plan Distributions.

All Cash necessary for the Plan Administrator to make payments and Plan Distributions shall be obtained from the Plan Funds.

(ii) Investment of Funds Held by the Plan Administrator; Tax Reporting by the Plan Administrator.

The Plan Administrator may, but shall not be required to, invest any funds held by the Plan Administrator pending the distribution of such funds pursuant to the Plan in investments that are exempt from federal, state, and local taxes. Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by the Plan Administrator of a private letter ruling if the Plan Administrator so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Plan Administrator), the Plan Administrator may (a) treat the funds and other property held by it as held in a single trust for federal income tax purposes in accordance with the trust provisions of the Internal Revenue Code (sections 641 et seq.), and (b) to the extent permitted by applicable law, report consistently with the foregoing for state and local income tax purposes.

(iii) Timing of Plan Distributions.

Except as otherwise provided in the Plan, without in any way limiting Article XI of the Plan, payments and distributions in respect of Allowed Claims will be made by the Plan Administrator on the relevant Distribution Date.

For federal income tax purposes, except to the extent a Plan Distribution is made in connection with reinstatement of an obligation pursuant to section 1124 of the Bankruptcy Code, a Plan Distribution will be allocated first to the principal amount of a Claim and then, to the extent the Plan Distribution exceeds the principal amount of the Claim, to the portion of the Claim representing accrued but unpaid interest.

(iv) Unsecured Claims Fund.

Upon the occurrence of the Effective Date, the Plan Administrator shall receive the Plan Funds on behalf of the Post-Effective Date Debtors. The Unsecured Claims Fund shall be a subset of the Plan Funds in accordance with the provisions of the Plan and all amounts therein (including any interest actually earned thereon) shall be maintained by the Plan Administrator for distribution in accordance with Section 10.5 of the Plan to holders of Allowed Claims in Class 3B.

(v) Distributions After Allowance of Class 3B Claims.

Distributions to each holder of a General Unsecured Class 3B Claim, to the extent that such General Unsecured Claim ultimately becomes an Allowed General Unsecured Claim, will be made by the Plan Administrator from the Unsecured Claims Fund on the initial Distribution Date, or on a Periodic Distribution Date, as applicable, and in accordance with the

provisions of the Plan. After the date that an order or judgment of the Bankruptcy Court allowing any Contested General Unsecured Claim becomes a Final Order, the Plan Administrator will distribute to the holder of such Allowed General Unsecured Claim its Pro Rata Share of the Unsecured Claims Fund, based on the Maximum Allowable Amount of all the then Contested Class 3B Claims, on the next Periodic Distribution Date that is at least fifteen (15) days after the date of such Final Order.

(vi) **Distributions After Disallowance of Contested Class 3B Claims.**

Holders of Allowed General Unsecured Claims that receive an initial distribution after allowance of such holder's General Unsecured Claim as set forth in Section 10.5 of the Plan, may receive subsequent applicable Pro Rata distributions if and to the extent that other Contested Class 3B Claims are disallowed or expunged. The Plan Administrator may, in its discretion, make each Periodic Distribution Date more frequent than every month. If, after making distributions to holders of Allowed General Unsecured Claims in accordance with the Plan, less than $5,000 remains in the Unsecured Claims Fund, such amount shall be donated by the Plan Administrator to a not-for-profit, non-religious organization designated to receive unclaimed property, as chosen by the Plan Administrator.

(vii) **Address for Delivery of Plan Distributions/Unclaimed Distributions.**

Subject to Bankruptcy Rule 9010, any Plan Distribution or delivery to a holder of an Allowed Claim shall be made at the address of such holder as set forth (a) in the Schedules, (b) on the proof of Claim filed by such holder, (c) in any notice of assignment filed with the Bankruptcy Court with respect to such Claim pursuant to Bankruptcy Rule 3001(e) or (d) in any notice served by such holder giving details of a change of address. If any Plan Distribution is returned to the Plan Administrator as undeliverable, no Plan Distributions shall be made to such holder unless the Plan Administrator is notified of such holder's then current address within thirty (30) days after such Plan Distribution was returned. After such date, if such notice was not provided, a holder shall have forfeited its right to such Plan Distribution, and the undeliverable Plan Distributions shall be returned to the Plan Administrator and revert to Plan Funds to be treated in accordance with the provisions of the Plan.

(viii) **Time Bar to Cash Payments.**

Checks issued in respect of Allowed Claims and Allowed Interests shall be automatically null and void if not negotiated within forty-five (45) days after the date of issuance thereof. Requests for reissuance of any voided check shall be made directly to the Plan Administrator by the holder of the Allowed Claim or Allowed Interest to whom such check was originally issued. Any Claim in respect of such a voided check shall be made within thirty (30) days after the voiding thereof in accordance with the provisions of Section 10.8 of the Plan. If no request is made as provided in the preceding sentence, any Claims in respect of such void check shall be discharged and forever barred and such unclaimed Plan Distribution shall revert to the Plan Funds to be treated in accordance with the provisions of the Plan.

(ix) **Manner of Payment under the Plan.**

Unless the Person receiving a Plan Distribution agrees otherwise, any Plan Distribution to be made in Cash under the Plan shall be made, at the election of the Plan Administrator, by check drawn on a domestic bank or by wire transfer from a domestic bank. Cash payments to foreign creditors may, in addition to the foregoing, be made, at the option of the Plan Administrator, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

(x) **Minimum and Fractional Distributions.**

Any other provision of the Plan notwithstanding, the Plan Administrator will not be required to make distributions or payments of less than $25 on account of any Allowed Claim (whether Cash or otherwise), and will likewise not be required to make distributions or payments of fractions of dollars. Whenever any payment of a fraction of a dollar under the Plan would otherwise be called for, the actual payment will be rounded to the nearest whole dollar (with any amount equal to or less than one-half dollar to be rounded down).

(xi) **Surrender and Cancellation of Instruments.**

Unless otherwise provided in the Plan, as a condition to receiving any Plan Distribution, on or before the Distribution Date, the holder of an Allowed Claim evidenced by a certificate, instrument or note, other than any such certificate, instrument or note that is being reinstated or being left unimpaired under the Plan, shall (i) surrender such certificate, instrument or note representing such Claim, and (ii) execute and deliver such other documents as may be necessary to effectuate the Plan in the sole determination of the Plan Administrator. Such certificate, instrument or note, shall thereafter be cancelled and extinguished. The Plan Administrator shall have the right to withhold any Plan Distribution to be made to or on behalf of any holder of such Claims unless and until (a) such certificates, instruments or notes are surrendered, or (b) any relevant holder provides to the Plan Administrator an affidavit of loss or such other documents as may be required by the Plan Administrator together with an appropriate indemnity in the customary form. Any such holder who fails to surrender such certificates, instruments or notes, or otherwise fails to deliver an affidavit of loss and indemnity prior to the second anniversary of the Effective Date, shall be deemed to have forfeited its Claims and shall not participate in any Plan Distribution. All property in respect of such forfeited Claims shall become Plan Funds to be administered in accordance with the Plan.

H. Procedures for Resolving and Treating Contested Claims

(i) **Prosecution of Contested Claims.**

(a) After the Effective Date, only the Plan Administrator may object to the allowance of Contested Claims. All objections that are filed and prosecuted as provided herein shall be litigated to Final Order or compromised and settled in accordance with Section 11.3 of the Plan. Notwithstanding any authority to the contrary, an objection to a Claim shall be deemed properly served on the holder of a Claim if the Plan Administrator effects service in any of the following manners: (a) in accordance with Rule 4 of the Federal Rules of Civil Procedure, as modified and made applicable by Bankruptcy Rule 7004; (b) to the extent counsel for a holder of

a Claim is unknown, by first class mail, postage prepaid, on the signatory on the proof of Claim or other representative identified on the proof of Claim or any attachment thereto; or (c) by first class mail, postage prepaid, on any counsel that has appeared on behalf of any holder of a Claim in the Chapter 11 Cases.

(b) For purposes of effectuating the reserve provisions of the Plan and the allocations and distributions to holders of Allowed Claims, the Bankruptcy Court may, on or prior to the initial Distribution Date, pursuant to Section 11.6 of the Plan, fix or liquidate the amount of any Contested Claim, in which event the amount so fixed will be deemed the Allowed amount of such Claim for purposes of the Plan or, in lieu thereof, the Court will determine the Maximum Allowable Amount. The Bankruptcy Court's entry of an estimation order may limit the distribution to be made on individual Contested Claims, regardless of the amount finally Allowed on account of such Contested Claims, and no holder shall have recourse against the Debtors, the Post-Effective Date Debtors or the Plan Administrator as such holder's sole recovery shall be from the Unsecured Claims Fund.

(ii) **Objection Deadline.**

As soon as practicable, but in no event later than the later of, as applicable: (a) thirty (30) days after the Effective Date (subject to being extended by one or more orders of the Bankruptcy Court upon motion of the Plan Administrator without notice or a hearing, provided that such motion is filed before the expiration of any objection deadline), and (b) thirty (30) days after any applicable bar date under the Bar Date Order, objections to Claims shall be filed with the Bankruptcy Court and served upon the holders of each of the Claims to which objections are made.

(iii) **Claims Settlement.**

Notwithstanding any requirements that may be imposed pursuant to Bankruptcy Rule 9019, from and after the Effective Date, the Plan Administrator shall have authority to settle, compromise and pay, as applicable, in accordance with the Plan all Claims and Causes of Action without further review or approval of the Bankruptcy Court, provided, however, that the Plan Administrator, in his sole discretion, may seek approval of the Bankruptcy Court.

(iv) **Entitlement to Plan Distributions Upon Allowance.**

Notwithstanding any other provision hereof, and subject to Section 11.3 of the Plan, if any portion of a Claim is a Contested Claim, no Plan Distribution provided hereunder shall be made on account of such Claim unless and until such Claim becomes an Allowed Claim that is not a Contested Claim, subject to the setoff rights as provided in Section 16.13 of the Plan. When a Claim that is not an Allowed Claim as of the Effective Date becomes an Allowed Claim the holder of such Allowed Claim shall thereupon become entitled to receive the Plan Distributions in respect of such Claim the same as though such Claim had been an Allowed Claim on the Effective Date.

(v) **Contested Claims Reserve.**

The Plan Administrator may establish a Contested Claims Reserve from the Unsecured Claims Fund in a segregated account for the purpose of effectuating Plan Distributions to the holders of Contested Claims pending the allowance or disallowance of such Claims in accordance with the Plan.

(vi) **Estimation of Claims.**

The Debtors (prior to the Effective Date) or the Plan Administrator (subsequent to the Effective Date) may at any time request that the Bankruptcy Court estimate any disputed, contingent, unliquidated or Contested Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether the Debtor or the Plan Administrator previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Claim, the amount so estimated shall constitute (a) the Allowed amount of such Claim; (b) a maximum limitation on such Claim; or (c) in the event such Claim is estimated in connection with the estimation of other Claims, a maximum limitation on the aggregate amount of Allowed Claims on account of Claims so estimated. In the event that the Bankruptcy Court estimates any contingent , unliquidated or Contested Claim, the amount so estimated shall constitute (a) the Allowed amount of such Contested Claim; (b) a maximum limitation on such Contested Claim; or (c) in the event such Contested Claim is estimated in connection with the estimation of other Contested Claims within the same Class, a maximum limitation on the aggregate amount of Allowed Claims on account of such Contested Claims so estimated. If the estimated amount constitutes a maximum limitation on the amount of such Claim, or on more than one such Claim within a Class of Claims, as applicable, the Debtors or the Plan Administrator may pursue supplementary proceedings to object to the allowance of such Claims. All of the aforementioned objection, estimation and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or otherwise resolved by any mechanism approved by the Bankruptcy Court including the provisions in the Plan, including section 11.3 of the Plan.

(vii) **No Recourse Against the Debtors, the Plan Administrator or the Post-Effective Date Debtors.**

Any holder of a Contested Claim that ultimately becomes an Allowed Claim shall be entitled to receive its applicable Plan Distribution under the Plan solely from any Contested Claim Reserve established on account of such Contested Claims. In no event shall any holder of a Contested Claim have any recourse with respect to Plan Distributions made, or to be made, under the Plan to holders of such Claims, to any Debtor, the Plan Administrator or the Post-Effective Date Debtors on account of such Contested Claim, regardless of whether such Contested Claim shall ultimately become an Allowed Claim, and regardless of whether sufficient Cash or other property remains available for distribution in the Contested Claim Reserve established on account of such Contested Claims at the time such Claim becomes entitled to receive a Plan Distribution under the Plan.

I. Treatment of Executory Contracts and Unexpired Leases

(i) Assumption and Rejection of Executory Contracts and Unexpired Leases.

(a) The Assumed Contracts shall be assumed by the Debtors pursuant to the provisions of section 365 of the Bankruptcy Code effective as of and subject to the occurrence of the Effective Date. The Plan shall constitute a motion to assume the Assumed Contracts. Entry of the Confirmation Order by the clerk of the Bankruptcy Court shall constitute approval, subject to the occurrence of the Effective Date, of the assumption of the Assumed Contracts pursuant to sections 365(a) and (b) of the Bankruptcy Code, and a finding by the Bankruptcy Court that the requirements of section 365(b) of the Bankruptcy Code have been satisfied. Each Assumed Contract shall include modifications, amendments, supplements, restatements or other similar agreements made directly or indirectly by any agreement, instrument or other document that affects such Assumed Contract.

(b) Unless the subject of a Final Order to assume or reject prior to the Effective Date, all executory contracts and unexpired leases that are not Assumed Contracts shall be rejected by the Debtors pursuant to the provisions of section 365 of the Bankruptcy Code effective as of and subject to the occurrence of the Effective Date, unless another date is specified in the Plan. The Plan shall constitute a motion to reject such executory contracts and unexpired leases. Entry of the Confirmation Order by the clerk of the Bankruptcy Court shall constitute approval of such rejections pursuant to section 365(a) of the Bankruptcy Code, subject to the occurrence of the Effective Date, and a finding by the Bankruptcy Court that each such rejected agreement, executory contract or unexpired lease is burdensome and/or that the rejection thereof is in the best interests of the Debtors and their estates. Each executory contract and unexpired lease to be rejected shall include all modifications, amendments, supplements, restatements or other similar agreements made directly or indirectly by any agreement, instrument or other document that affects such rejected executory contract or unexpired lease.

(c) Any non-Debtor counterparty to an Assumed Contract who disputes the assumption must file with the Bankruptcy Court, and serve upon the Debtors, a written objection to the assumption of such an executory contract or unexpired lease, which objection shall set forth the basis for the dispute by no later than two (2) days prior to the Confirmation Hearing. The failure to timely object shall be deemed a waiver of any and all objections to the assumption of each of the Assumed Contracts.

(ii) Cure Costs.

The provisions (if any) of each Assumed Contract which are or may be in default shall be satisfied solely by Cure Costs. A schedule of Cure Costs is attached as Schedule 3 to the Disclosure Statement (and may be amended from time to time) and shall set forth the Cure Costs for each agreement which the Debtors believe a Cure Cost must be satisfied as a condition to the assumption of such agreement. If an Assumed Contract does not have a Cure Cost, it will not be identified on the schedule of Cure Costs. Any non-Debtor counterparty to an Assumed Contract who disputes the scheduled Cure Costs (or objects to the omission of a scheduled Cure Costs) must file with the Bankruptcy Court, and serve upon the Debtors, by no later than two (2) days prior to the Confirmation Hearing, a written objection to the proposed Cure Costs, which

objection shall set forth the basis for the dispute and the alleged correct Cure Cost. If a non-Debtor counterparty fails to file and serve an objection which complies with the foregoing, the Cure Costs set forth on the schedule of Cure Costs shall be binding on the non-Debtor counterparty, and the non-Debtor counterparty shall be deemed to have waived any and all objections to the assumption of the relevant agreement as proposed by the Debtors. In the event of a dispute regarding the assumption of an Assumed Contract, or the amount of any Cure Cost, the payment of any Cure Costs to the counterparty of the executory contract or unexpired lease shall occur as soon as reasonably practicable following the entry of a Final Order or mutual agreement resolving such dispute.

(iii) **Claims Arising from Rejected Contracts.**

Rejection Damage Claims must be filed with the Bankruptcy Court in accordance with the provisions of the Bar Date Order. Properly submitted Rejection Damage Claims shall be treated in accordance with Class 3B under the Plan. All Rejection Damage Claims shall be subject to objection by the Plan Administrator. Any Rejection Damage Claims that are not timely filed with the Bankruptcy Court pursuant to Section 12.3 of the Plan will forever be barred from assertion and shall not be enforceable against the Debtors, Post-Effective Date Debtors, the Plan Administrator, or their respective Assets, or against the Plan Funds.

J. Settlements and Compromises

(i) **Compromise and Settlement.**

Notwithstanding anything contained in the Plan to the contrary, the allowance, classification and treatment of all Allowed Claims and Allowed Interests and their respective Plan Distributions and treatments hereunder take into account and conform to the relative priority and rights of the Claims, and Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510(b) and (c) of the Bankruptcy Code, substantive consolidation or otherwise. As of the Effective Date, any and all such rights described in the preceding sentence are settled, compromised and released pursuant hereto. The Confirmation Order shall constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan are (a) in the best interests of the Debtors and their Estates, (b) fair, equitable and reasonable, (c) made in good faith and (d) approved by the Bankruptcy Court pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019.

(ii) **Releases.**

NOTWITHSTANDING ANYTHING CONTAINED IN THE PLAN TO THE CONTRARY, ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION PROVIDED BY EACH OF THE DEBTOR RELEASEES, INCLUDING, WITHOUT LIMITATION: (A) THE DISCHARGE OF DEBT AND ALL OTHER GOOD AND VALUABLE CONSIDERATION PAID PURSUANT TO THE PLAN OR OTHERWISE; AND (B) THE SERVICES OF THE DEBTORS' PRESENT OFFICERS AND DIRECTORS IN FACILITATING THE IMPLEMENTATION OF THE TRANSACTIONS

CONTEMPLATED BY THE PLAN, EACH OF THE DEBTORS AND THEIR ESTATES, AND EACH HOLDER OF A CLAIM OR INTEREST, SHALL PROVIDE A FULL DISCHARGE AND RELEASE TO THE DEBTOR RELEASEES (AND EACH SUCH DEBTOR RELEASEE SO RELEASED SHALL BE DEEMED RELEASED AND DISCHARGED BY THE DEBTORS AND EACH HOLDER OF A CLAIM OR INTEREST) AND EACH SUCH DEBTOR RELEASEE'S RESPECTIVE ASSETS FROM ANY AND ALL CLAIMS, CAUSES OF ACTION AND ANY OTHER DEBTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, ACTIONS, REMEDIES, AND LIABILITIES WHATSOEVER, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING AS OF THE EFFECTIVE DATE OR THEREAFTER ARISING, IN LAW, AT EQUITY, WHETHER FOR TORT, FRAUD, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS, OR OTHERWISE, BASED IN WHOLE OR IN PART UPON ANY ACT OR OMISSION, TRANSACTION, OR OTHER OCCURRENCE OR CIRCUMSTANCES EXISTING OR TAKING PLACE PRIOR TO OR ON THE EFFECTIVE DATE ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, INCLUDING, WITHOUT LIMITATION, THOSE THAT ANY OF THE DEBTORS, THE POST-EFFECTIVE DATE DEBTORS OR THE PLAN ADMINISTRATOR WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR THAT ANY HOLDER OF A CLAIM OR INTEREST OR OTHER PERSON OR ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT FOR OR ON BEHALF OF ANY OF THE DEBTORS OR ANY OF THEIR ESTATES AND FURTHER INCLUDING THOSE IN ANY WAY RELATED TO OR ARISING OUT OF THE CHAPTER 11 CASES, THE PLAN, THE DISCLOSURE STATEMENT, OR THE PRE-PETITION OR POST-PETITION OPERATION OR ACTIVITIES OF THE DEBTORS; PROVIDED, HOWEVER, THAT THE FOREGOING RELEASES SHALL NOT APPLY TO ANY PERSON OR ENTITY WHO, IN CONNECTION WITH ANY ACT OR OMISSION BY THE DEBTORS OR THEIR BUSINESSES, HAS BEEN OR IS HEREAFTER FOUND BY ANY FINAL ORDER OR ANY COURT TRUBUNAL TO HAVE COMMITTED ACTUAL FRAUD.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO, WITHOUT LIMITATION, SECTION 363 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 9019, OF THE FOREGOING RELEASES, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE FOREGOING RELEASES ARE: (A) IN EXCHANGE FOR GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE DEBTOR RELEASEES, REPRESENTING GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE FOREGOING RELEASES; (B) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (C) FAIR, EQUITABLE, AND REASONABLE; (D) APPROVED AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (E) A BAR TO THE DEBTORS, THE PLAN ADMINISTRATOR, THE POST-EFFECTIVE DATE DEBTORS, AND EACH HOLDER OF A CLAIM OR INTEREST ASSERTING ANY

CLAIM RELEASED BY THE FOREGOING RELEASES AGAINST ANY OF THE DEBTOR RELEASEES OR THEIR RESPECTIVE PROPERTY.

THE POST-EFFECTIVE DATE DEBTORS AND THE PLAN ADMINISTRATOR SHALL BE BOUND, TO THE SAME EXTENT THE DEBTORS ARE BOUND, BY THE RELEASES SET FORTH ABOVE.

THE FOREGOING RELEASES SHALL HAVE NO EFFECT ON THE CLAIMS OF EACH HOLDER OF AN ALLOWED CLAIM OR ALLOWED INTEREST TREATED UNDER THE PLAN, TO THE EXTENT OF ALLOWANCE OF CLAIMS OR INTERESTS AND SATISFACTION OF CLAIMS PURSUANT TO THE PLAN.

(iii) **Exculpation.**

NOTWITHSTANDING ANYTHING CONTAINED IN THE PLAN TO THE CONTRARY, THE EXCULPATED PARTIES SHALL NEITHER HAVE NOR INCUR ANY LIABILITY TO ANY PERSON OR ENTITY FOR ANY PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, OR ADMINISTERING 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 PREPETITION OR POST-PETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE RESTRUCTURING, LIQUIDATION AND/OR WIND-DOWN OF THE DEBTORS, THE CHAPTER 11 CASES, OR CONFIRMING OR CONSUMMATING THE PLAN; PROVIDED, HOWEVER, THAT THE FOREGOING PROVISIONS OF SECTION 13.3 OF THE PLAN SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY PERSON OR ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; PROVIDED FURTHER, THAT EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THE ABOVE REFERENCED DOCUMENTS; PROVIDED STILL FURTHER, THAT THE FOREGOING EXCULPATION SHALL NOT APPLY TO ANY ACTS OR OMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, IF ANY.

(iv) **Injunction.**

Upon the Confirmation Date, Bankruptcy Code section 1141 shall become applicable with respect to the Plan. In accordance with Bankruptcy Code section 1141(d)(3), the Plan does not discharge the Debtors. Bankruptcy Code section 1141 nevertheless provides, among other things, that the property dealt with by the Plan is free and clear of all Claims and Interests of creditors, equity security holders, and of general partners of the Debtors. Accordingly, no Person or Entity holding a Claim, Interest, lien, charge, encumbrance, or other interest may receive any payment from, or seek recourse against, any property other than as

provided in the Plan, and all Persons and Entities are permanently enjoined and prohibited from taking any actions to the contrary. As of the Confirmation Date, all parties are precluded from asserting against any property that is to be distributed under the Plan any Claims, rights, Causes of Action, liabilities, or Interests based upon any act, omission, transaction, or other activity that occurred before the Confirmation Date except as expressly provided in the Plan or the Confirmation Order.

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR THE CONFIRMATION ORDER, AS OF THE CONFIRMATION DATE, BUT SUBJECT TO THE OCCURRENCE OF THE EFFECTIVE DATE, ALL PERSONS OR ENTITIES WHO HAVE HELD, HOLD OR MAY HOLD CLAIMS AGAINST OR INTERESTS IN THE DEBTORS OR THE ESTATES ARE, WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS, PERMANENTLY ENJOINED AFTER THE CONFIRMATION DATE FROM: (I) COMMENCING, CONDUCTING OR CONTINUING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY SUIT, ACTION OR OTHER PROCEEDING OF ANY KIND (INCLUDING, WITHOUT LIMITATION, ANY PROCEEDING IN A JUDICIAL, ARBITRAL, ADMINISTRATIVE OR OTHER FORUM) AGAINST OR AFFECTING THE DEBTORS, THE POST-EFFECTIVE DATE DEBTORS, THE ESTATES, THE PLAN ADMINISTRATOR OR ANY OF THEIR PROPERTY (INCLUDING INSURANCE PROCEEDS), OR ANY DIRECT OR INDIRECT TRANSFEREE OF ANY PROPERTY OF, OR DIRECT OR INDIRECT SUCCESSOR IN INTEREST TO, ANY OF THE FOREGOING PERSONS OR ENTITIES, OR ANY PROPERTY OF ANY SUCH TRANSFEREE OR SUCCESSOR; (II) ENFORCING, LEVYING, ATTACHING (INCLUDING, WITHOUT LIMITATION, ANY PRE-JUDGMENT ATTACHMENT), COLLECTING OR OTHERWISE RECOVERING BY ANY MANNER OR MEANS, WHETHER DIRECTLY OR INDIRECTLY, ANY JUDGMENT, AWARD, DECREE OR ORDER AGAINST THE DEBTORS, THE POST-EFFECTIVE DATE DEBTORS, THE ESTATES, THE PLAN ADMINISTRATOR OR ANY OF THEIR PROPERTY, OR ANY DIRECT OR INDIRECT TRANSFEREE OF ANY PROPERTY OF, OR DIRECT OR INDIRECT SUCCESSOR IN INTEREST TO, ANY OF THE FOREGOING PERSONS OR ENTITIES, OR ANY PROPERTY OF ANY SUCH TRANSFEREE OR SUCCESSOR; (III) CREATING, PERFECTING OR OTHERWISE ENFORCING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY ENCUMBRANCE OF ANY KIND AGAINST THE DEBTORS, THE POST-EFFECTIVE DATE DEBTORS, THE ESTATES, THE PLAN ADMINISTRATOR OR ANY OF THEIR PROPERTY, OR ANY DIRECT OR INDIRECT TRANSFEREE OF ANY PROPERTY OF, OR DIRECT OR INDIRECT SUCCESSOR IN INTEREST TO, ANY OF THE FOREGOING PERSONS OR ENTITIES, OR ANY PROPERTY OF ANY SUCH TRANSFEREE OR SUCCESSOR; (IV) ACTING OR PROCEEDING IN ANY MANNER, IN ANY PLACE WHATSOEVER, THAT DOES NOT CONFORM TO OR COMPLY WITH THE PROVISIONS OF THE PLAN TO THE FULL EXTENT PERMITTED BY APPLICABLE LAW; AND (V) COMMENCING OR CONTINUING, IN ANY MANNER OR IN ANY PLACE, ANY ACTION THAT DOES NOT COMPLY WITH OR IS INCONSISTENT WITH THE PROVISIONS OF THE PLAN; PROVIDED, HOWEVER, THAT NOTHING CONTAINED HEREIN SHALL PRECLUDE SUCH PERSONS OR ENTITIES FROM EXERCISING THEIR RIGHTS, OR OBTAINING BENEFITS, PURSUANT TO AND CONSISTENT WITH THE TERMS OF THE PLAN,

OR COMMENCING, ENFORCING, COLLECTING OR OTHERWISE RECOVERING ON ANY SUIT, ACTION OR OTHER PROCEEDING THAT IS NOT ENJOINED HEREIN AGAINST PERSONS OR ENTITIES OTHER THAN THE DEBTORS, THE POST-EFFECTIVE DATE DEBTORS, THE ESTATES OR THE PLAN ADMINISTRATOR; PROVIDED, FURTHER, NOTHING HEREIN SHALL CONSTITUTE A WAIVER OF ANY RIGHTS OR DEFENSES OF SUCH PERSONS OR ENTITIES WITH RESPECT TO SUCH ACTIONS, INCLUDING, BUT NOT LIMITED TO, DEFENSES RELATED TO VALIDITY, PRIORITY, AMOUNT AND TIMELINESS OF SUCH CLAIMS OR INTERESTS.

K. Conditions Precedent to Confirmation of the Plan and the Occurrence of the Effective Date

(i) Conditions Precedent to Confirmation.

The following are conditions precedent to confirmation of the Plan:

(a) Disclosure Statement. The Disclosure Statement Order shall have been entered by the clerk of the Bankruptcy Court in form and substance reasonably acceptable to the Debtors; and

(b) Plan Documents. All documents and agreements contemplated by, related to or necessary to the Plan, including the Plan and the Confirmation Order, shall be in a form and substance satisfactory or reasonably satisfactory to the Debtors.

(ii) Conditions Precedent to the Occurrence of the Effective Date.

The following are conditions precedent to the occurrence of the Effective Date:

(a) The Confirmation Order shall have been entered by the clerk of the Bankruptcy Court, shall be acceptable to the Debtors, shall be in full force and effect and shall be a Final Order; and

(b) The Effective Date shall have occurred on or prior to May 1, 2018 (such date may be extended with the written consent of the Debtors).

(c) The Debtors' estimate of the aggregate amount of Allowed Administrative Expense Claims, Allowed Priority Non-Tax Claims, Allowed Priority Tax Claims and Cure Costs shall not exceed $[________].

(iii) Waiver of Conditions.

The Debtors may waive any one or more of the conditions set forth in Section 14.1 or Section 14.2 of the Plan in a writing executed by each of them without order of the Bankruptcy Court and without notice to any parties in interest.

(iv) **Effect of Non-Occurrence of the Effective Date.**

If the Effective Date shall not occur, the Plan shall be null and void and nothing contained in the Plan shall: (a) constitute a waiver or release of any Causes of Action or of any Claims against or Interests in a Debtor; (b) prejudice in any manner the rights of any party-in-interest; or (c) constitute an admission, acknowledgement, offer or undertaking by the Debtors or any other party-in-interest.

L. Retention of Jurisdiction

Pursuant to sections 105(a) and 1142 of the Bankruptcy Code the Bankruptcy Court shall retain and shall have exclusive jurisdiction over any matter (a) arising under the Bankruptcy Code, (b) arising in or related to the Chapter 11 Cases or the Plan, or (c) that relates to the following:

(a) To hear and determine any and all motions or applications pending on the Confirmation Date or thereafter brought in accordance with Article XII hereof for the assumption or rejection of executory contracts or unexpired leases to which any of the Debtors is a party or with respect to which any of the Debtors may be liable, and to hear and determine any and all Claims and any related disputes (including, without limitation, the exercise or enforcement of setoff or recoupment rights, or rights against any third party or the property of any third party resulting therefrom or from the expiration, termination or liquidation of any executory contract or unexpired lease);

(b) To determine any and all adversary proceedings, applications, motions, and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by the Plan Administrator, the Post-Effective Date Debtors or the Debtors, as applicable, after the Effective Date;

(c) To hear and determine any objections to the allowance of Claims, whether filed, asserted, or made before or after the Effective Date, including, without limitation, to hear and determine any objections to the classification of any Claim and to allow, disallow or estimate any Contested Claim in whole or in part;

(d) To hear and determine any controversies, suits or disputes that may relate to, impact upon or arise in connection with the Pension Resolution;

(e) To hear and determine any controversies, suits or disputes that may relate to, impact upon or arise in connection with the Ilion Property Disposition;

(f) To issue such orders in aid of consummation of the Plan to the extent authorized or contemplated by section 1142 of the Bankruptcy Code;

(g) To consider any modifications to the Plan, remedy any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(h) To hear and determine all Fee Applications and applications for allowances of compensation and reimbursement of any other fees and expenses authorized to be paid or reimbursed under the Plan or the Bankruptcy Code;

(i) To hear and determine all controversies, suits, and disputes that may relate to, impact upon, or arise in connection with the Plan or its interpretation, implementation, enforcement, or consummation;

(j) To hear and determine all controversies, suits, and disputes that may relate to, impact upon, or arise in connection with the Confirmation Order (and all exhibits to the Plan) or its interpretation, implementation, enforcement, or consummation;

(k) To the extent that Bankruptcy Court approval is required, to consider and act on the compromise and settlement of any Claim or Cause of Action by, on behalf of, or against the Estates;

(l) To determine such other matters that may be set forth in the Plan, or the Confirmation Order, or that may arise in connection with the Plan, or the Confirmation Order;

(m) To hear and determine matters concerning state, local, and federal taxes, fines, penalties, or additions to taxes for which the Post-Effective Date Debtors, the Debtors in Possession, or the Plan Administrator may be liable, directly or indirectly, in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(n) To hear and determine all controversies, suits, and disputes that may relate to, impact upon, or arise in connection with any setoff and/or recoupment rights of the Debtors or any Person under the Plan;

(o) To hear and determine all controversies, suits, and disputes that may relate to, impact upon, or arise in connection with Causes of Action of or against the Debtors commenced by the Plan Administrator, the Post-Effective Date Debtors, the Debtors or any third parties, as applicable, before or after the Effective Date;

(p) To enter an order or final decree closing the Chapter 11 Cases or converting any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code;

(q) To issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation, implementation or enforcement of the Plan or the Confirmation Order; and

(r) To hear and determine any other matters related hereto and not inconsistent with chapter 11 of the Bankruptcy Code.

M. Miscellaneous Provisions

(i) **Payment of Statutory Fees.**

All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid by the Debtors on or before the Effective Date.

(ii) **Satisfaction of Claims.**

The rights afforded in the Plan and the treatment of all Claims and Interests herein shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Interests of any nature whatsoever, including any accrued postpetition interest, against the Debtors and the Debtors in Possession, or any of their Estates, Assets, properties, or interests in property. Except as otherwise provided herein, on the Effective Date, all Claims against and Interests in the Debtors and the Debtors in Possession shall be satisfied, discharged, and released in full. The Post-Effective Date Debtors shall not be responsible for any pre-Effective Date obligations of the Debtors or the Debtors in Possession, except those expressly assumed by any Post-Effective Date Debtor(s), as applicable. Except as otherwise provided herein, all Persons and Entities shall be precluded and forever barred from asserting against the Post-Effective Date Debtors, their respective successors or assigns, or their Estates, Assets, properties, or interests in property any event, occurrence, condition, thing, or other or further Claims or Causes of Action based upon any act, omission, transaction, or other activity of any kind or nature that occurred or came into existence prior to the Effective Date, whether or not the facts of or legal bases therefore were known or existed prior to the Effective Date.

(iii) **Notices.**

Any notices, requests, and demands required or permitted to be provided under the Plan, in order to be effective, shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to the Post-Effective Date Debtors:

Dawson International Investments (Kinross) Inc.
Attention: Plan Administrator
[address]

– and –

McGuireWoods LLP
Patrick L. Hayden, Esq.
1345 Avenue of the Americas, 7th Floor
New York, New York 10105
Fax: (212) 548-2171

If to the Plan Administrator:

____
____

– and –

Counsel to the Plan Administrator

____
____

(iv) **Headings.**

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

(v) **Governing Law.**

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules), the laws of the State of New York, without giving effect to the conflicts of laws principles thereof, shall govern the construction of the Plan and any agreements, documents, and instruments executed in connection with the Plan, except as otherwise expressly provided in such instruments, agreements or documents.

(vi) **Expedited Determination.**

The Plan Administrator is hereby authorized to file a request for expedited determination under section 505(b) of the Bankruptcy Code for all tax returns filed with respect to the Debtors.

(vii) **Exemption from Transfer Taxes.**

Each director or officer of each Debtor and Post-Effective Date Debtor will be authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and implement the provisions of the Plan. The Plan Administrator, secretary and any assistant secretary of each Debtor and Post-Effective Date Debtor will be authorized to certify or attest to any of the foregoing actions. Pursuant to section 1146 of the Bankruptcy Code, the issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfer from a Debtor to the Plan Administrator and/or the Post-Effective Date Debtors, or any other person or Entity pursuant to the Plan, including the following, will not be subject to any stamp tax, real estate transfer tax or similar tax, and the Confirmation Order will direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other

documents without the payment of any such tax or governmental assessment: (a) the creation, granting or recording of any mortgage, deed of trust, lien or other security interest; (b) the making or assignment of any lease or sublease; or (c) the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including any (1) merger agreements; (2) agreements of consolidation, restructuring, disposition, liquidation or dissolution; (3) deeds; (4) bills of sale; or (5) assignments executed in connection with the Plan.

(viii) **Retiree Benefits.**

The Debtors provide no retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code); accordingly, the Plan complies with section 1129(a)(13) of the Bankruptcy Code.

(ix) **Notice of Entry of Confirmation Order and Relevant Dates.**

Promptly upon entry of the Confirmation Order, the Debtors shall serve on all known parties in interest and holders of Claims and Interests, notice of the entry of the Confirmation Order and all relevant deadlines and dates under the Plan.

(x) **Interest and Attorneys' Fees.**

(a) Interest accrued after the Petition Date will not accrue or be paid on Claims except as specifically required by the Plan.

(b) Except as set forth in the Plan or as ordered by the Bankruptcy Court, no reimbursement of attorneys' fees or related expenses or disbursements shall be allowed on, or in connection with, any Claim or Interest.

(xi) **Modification of the Plan.**

As provided in section 1127 of the Bankruptcy Code, modification of the Plan may be proposed in writing by the Debtors at any time before confirmation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have complied with section 1125 of the Bankruptcy Code. The Debtors may modify the Plan at any time after confirmation and before substantial consummation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modifications. A holder of a Claim that has accepted the Plan shall be deemed to have accepted such Plan as modified if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim or Interest of such holder.

(xii) **Revocation of Plan.**

(a) The Debtors reserve the right to revoke and withdraw the Plan or to adjourn the Confirmation Hearing with respect to any one or more of the Debtors prior to the occurrence of the Effective Date. If the Debtors revoke or withdraw the Plan with respect to any one or more of the Debtors, or if the Effective Date does not occur as to any Debtor, then, as to

such Debtor, the Plan and all settlements and compromises set forth in the Plan and not otherwise approved by a separate Final Order shall be deemed null and void and nothing contained herein and no acts taken in preparation for consummation of the Plan shall be deemed to constitute a waiver or release of any Claims against or Interests in such Debtor or to prejudice in any manner the rights of any of the Debtors or any other Person in any other further proceedings involving such Debtor.

(b) In the event that the Debtors choose to adjourn the Confirmation Hearing with respect to any one or more of the Debtors, the Debtors reserve the right to proceed with confirmation of the Plan with respect to those Debtors in relation to which the Confirmation Hearing has not been adjourned. With respect to those Debtors with respect to which the Confirmation Hearing has been adjourned, the Debtors reserve the right to amend, modify, revoke or withdraw the Plan and/or submit any new plan of reorganization at such times and in such manner as they consider appropriate, subject to the provisions of the Bankruptcy Code.

(xiii) **Setoff Rights.**

Subject to Sections13.1, 13.2, 13.3 and 13.4 of the Plan, after the Effective Date, in the event that any Debtor or Post-Effective Date Debtor has a Claim of any nature whatsoever against the holder of a Claim against such Debtor or Post-Effective Date Debtor, then such Debtor or Post-Effective Date Debtor, or the Plan Administrator on its behalf, may, but is not required to, set off against the Claim (and any payments or other Plan Distributions to be made in respect of such Claim hereunder) such Debtor's or Post-Effective Date Debtor's Claim against such holder. Neither the failure to set off nor the allowance of any Claim under the Plan shall constitute a waiver or release of any Claims that any Debtor or Post-Effective Date Debtor may have against the holder of any Claim.

(xiv) **Compliance with Tax Requirements.**

In connection with the Plan, the Debtors and the Plan Administrator, as applicable, shall comply with all withholding and reporting requirements imposed by federal, state, local, and foreign taxing authorities and all Plan Distributions hereunder shall be subject to such withholding and reporting requirements. Notwithstanding the above, each holder of an Allowed Claim or Allowed Interest that is to receive a Plan Distribution shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any government unit, including income, withholding and other tax obligations, on account of such Plan Distribution. The Plan Administrator has the right, but not the obligation, to not make a Plan Distribution until such holder has made arrangements satisfactory to the Plan Administrator for payment of any such tax obligations.

(xv) **Rates.**

The Plan does not provide for the change of any rate that is within the jurisdiction of any governmental regulatory commission after the occurrence of the Effective Date.

(xvi) **Binding Effect.**

The Plan shall be binding upon the Post-Effective Date Debtors, the holders of all Claims and Interests, parties in interest, Persons and Entities and their respective successors and assigns. To the extent any provision of the Disclosure Statement or any other solicitation document may be inconsistent with the terms of the Plan, the terms of the Plan shall be binding and conclusive.

(xvii) **Severability.**

In the event the Bankruptcy Court determines that any provision of the Plan is unenforceable either on its face or as applied to any Claim or Interest or transaction, the Debtors may modify the Plan in accordance with section 16.11 of the Plan so that such provision shall not be applicable to the holder of any such Claim or Interest or transaction. Such a determination of unenforceability shall not (a) limit or affect the enforceability and operative effect of any other provision of the Plan or (b) require the resolicitation of any acceptance or rejection of the Plan.

(xviii) **Document Storage.**

The Plan Administrator may, in its discretion, destroy or otherwise dispose of, any and all documents and records of the Debtors.

(xix) **No Admissions.**

As to contested matters, adversary proceedings and other Causes of Action or threatened Causes of Actions, the Plan and Disclosure Statement shall not constitute or be construed as an admission, or judicial admission, of any fact, issue or liability, stipulation, or waiver, but rather as a statement made in settlement negotiations. The Plan and Disclosure Statement shall not be admissible in any non-bankruptcy proceeding nor shall either of them be construed to be conclusive advice on the tax, securities, and other legal effects of the Plan as to holders of Claims against, and Interests in, the Debtors or their affiliates, as Debtors and Debtors in possession in these Chapter 11 Cases.

XI.

RISK FACTORS

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS AGAINST OR EQUITY INTERESTS IN THE DEBTORS SHOULD READ AND CAREFULLY CONSIDER THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT, AND THE DOCUMENTS DELIVERED TOGETHER WITH THIS DISCLOSURE STATEMENT. THE RISK FACTORS SET FORTH BELOW SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

A. Parties-in-Interest may Object to Debtors' Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a Claim or Interest in a particular class only if such Claim or Equity Interest is substantially similar to the other Claims or Interests in such class. The Debtors believe that the classification of Claims under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created four classes of Claims, each encompassing Claims that are substantially similar to the other Claims in each such class and two Classes of Interests. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

B. The Risk of Non-Confirmation of the Plan

In order for the Plan to become effective the Debtors, like any other chapter 11 debtors, must obtain confirmation of the Plan through the Bankruptcy Court, and then successfully implement the Plan. The foregoing process requires the Debtors to (a) meet certain statutory requirements with respect to the adequacy of this Disclosure Statement; (b) solicit and obtain certain creditor acceptances of the Plan; and (c) fulfill other statutory conditions with respect to the confirmation of the Plan. The Debtors may or may not receive the requisite acceptances to confirm the Plan. If the requisite acceptances of the Plan are received, the Debtors will seek confirmation of the Plan by the Bankruptcy Court. If the requisite acceptances are not received, the Debtors will nevertheless seek confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code as long as at least one impaired Class has accepted the Plan (determined without including the acceptance of any "insider" in such impaired Class). Even if the requisite acceptances of the Plan are received, or the Debtors are able to seek a "cramdown" confirmation, the Bankruptcy Court may not confirm the Plan as proposed. A holder of a Claim could challenge the balloting procedures and results as not being in compliance with the Bankruptcy Code. Even if the Bankruptcy Court determined that the balloting procedures and results were appropriate, the Bankruptcy Court could decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met. Specifically, section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, a finding by the Bankruptcy Court that: (a) confirmation of the Debtors' Plan is not likely to be followed by a liquidation or a need for further financial reorganization of the Debtors (unless such liquidation is proposed in the Plan); (b) the value of distributions to holders of Claims within an impaired Class will not be less than the value such holders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code; and (c) in the event of a "cramdown" confirmation, the Plan "does not unfairly discriminate" and is "fair and equitable" with respect to non-accepting Classes. The Bankruptcy Court may determine that the Plan does not satisfy one or more of these applicable requirements, in which case the Plan could not be confirmed by the Bankruptcy Court.

C. Risk of Non-Occurrence of Effective Date

Although the Debtors anticipate that the Effective Date will occur soon after the Confirmation Date, there can be no assurance that it will. Each of the conditions precedent to the Plan becoming effective must be satisfied or duly waived in order for the Effective Date to occur. For example, and without limitation, Section 14.2(c) of the Plan contains a condition precedent to the occurrence of the Effective Date that the Debtors' estimates of the aggregate

amount of Allowed Administrative Expense Claims, Allowed Priority Non-Tax Claims, Allowed Priority Tax Claims and Cure Costs shall not exceed a certain amount. If the Debtors' estimates of such items exceeds such amount, and if such condition precedent is not waived by the Debtors, then the Effective Date will not occur, in which event the Plan would be deemed null and void.

D. Risk of Unsecured Creditors Fund Being Less than Estimated

Although the Debtors anticipate that the amount of the Unsecured Creditors Fund will be approximately as estimated above, there can be no assurance as to the amount of the Unsecured Creditors Fund that will be available the holders of Allowed Claims in Class 3B. If the aggregate of the amounts to be paid under the Plan before the holders of Allowed Claims in Class 3B receive a distribution from the Unsecured Creditors Fund is higher than estimated, then the amount of the Unsecured Creditors Fund available to Allowed Claims in Class 3B may be lower than estimated or even zero.

E. Risk that Claims Will Be Higher than Estimated

The projected distributions and recoveries set forth in this Disclosure Statement are based on the Debtors' initial estimate of Allowed Claims, without yet having undertaken a substantive review of all filed Claims. The actual amount at which such Claims are ultimately Allowed may differ from these estimates. The Debtors project that the Claims asserted against them will be resolved in and reduced to an amount that approximates their estimates contained in this Disclosure Statement. There can be no assurance, however, that the Debtors' estimates will prove accurate. Should these estimates prove wrong, the recoveries on Claims may be reduced.

F. Risk that Deemed Consolidation Will Not Be Approved by the Court

Integral to the Plan is the deemed consolidation of the Debtors' estates and Chapter 11 cases, subject to and after giving effect to the Pension Resolution and the Ilion Property Disposition. Consolidation of multiple debtors under a plan is expressly permitted by section 1123(a)(5)(C) of the Bankruptcy Code. The Debtors have engaged in analysis of the Debtors' assets and liabilities, and the facts underlying the decision whether to consolidate. Based on this analysis the Debtors have determined that under the facts and circumstances of these cases, deemed consolidation is appropriate and practical, however, the Court may determine that the facts and circumstances do not support consolidation. If so, the Plan will not be able to be confirmed in its present form.

XII.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain U.S. federal income tax consequences expected to result from the implementation of the Plan. This discussion is based on the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), as in effect on the date of this Disclosure Statement and on U.S. Treasury Regulations in effect (or in certain

cases, proposed) on the date of this Disclosure Statement, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below. There can be no assurance that the Internal Revenue Service (the "IRS") will not take a contrary view with respect to one or more of the issues discussed below, and no ruling from the IRS has been or is expected to be sought with respect to any issues which may arise under the Plan.

The following summary is for general information only and discusses certain U.S. federal income tax consequences of the Plan to the Debtors, and to "U.S. Holders" of Allowed Claims or Interests (sometimes referred to as "Stock") by virtue of their treatment under the Plan. For purposes of this summary, a "U.S. Holder" is a beneficial owner of Stock or indebtedness that, for U.S. federal income tax purposes, is: (a) a citizen or resident of the United States; (b) a partnership or corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia); (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (d) a trust if such trust validly elects to be treated as a United States person for U.S. federal income tax purposes, or if (I) a court within the United States is able to exercise primary supervision over its administration and (II) one or more United States persons have the authority to control all of the substantial decisions of such trust. This summary does not purport to address all of the U.S. federal income tax consequences that may be applicable to any particular holder. The tax treatment of a U.S. Holder of Allowed Claims or Interests as the case may be, may vary depending upon such holder's particular situation. The following discussion does not address state, local or foreign tax considerations that may be applicable to the Debtors and the U.S. Holders of Allowed Claims or Interests or any foreign holders of Allowed Claims or Interests. This summary does not address tax considerations applicable to holders that may be subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, dealers or traders in securities or currencies, tax-exempt entities, persons that hold an equity interest or a security in a Debtor as a position in a "straddle" or as part of a "hedging," "conversion" or "integrated" transaction for U.S. federal income tax purposes, persons that have a "functional currency" other than the U.S. dollar, persons who acquired an equity interest or a security in a Debtor in connection with the performance of services and persons who are not United States persons (as defined in the Internal Revenue Code).

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Allowed Claims, Interests, Stock or indebtedness, the tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Any such partner should consult its tax advisor as to its tax consequences.

EACH HOLDER OF AN ALLOWED CLAIM OR INTEREST IS URGED TO CONSULT ITS OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE IMPLEMENTATION OF THE PLAN.

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE

PURSUANT TO INTERNAL REVENUE SERVICE CIRCULAR 230, WE HEREBY INFORM YOU THAT THE DESCRIPTION SET FORTH HEREIN WITH RESPECT TO U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DESCRIPTION CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE U.S. INTERNAL REVENUE CODE. THIS DESCRIPTION WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE PLAN BY THE DEBTORS. THIS DESCRIPTION IS LIMITED TO THE U.S. FEDERAL TAX ISSUES DESCRIBED HEREIN. IT IS POSSIBLE THAT ADDITIONAL ISSUES MAY EXIST THAT COULD AFFECT THE U.S. FEDERAL TAX TREATMENT OF THE MATTER THAT IS THE SUBJECT OF THE DESCRIPTION NOTED HEREIN, AND THIS DESCRIPTION DOES NOT CONSIDER OR PROVIDE ANY CONCLUSIONS WITH RESPECT TO ANY SUCH ADDITIONAL ISSUES. TAXPAYERS SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

(i) **Consequences to Holders of General Unsecured Claims**

Pursuant to the Plan, holders of General Unsecured Claims against the Debtors will be surrendered for Cash. This will be treated as a taxable exchange under Section 1001 of the Internal Revenue Code. Accordingly, holders of the Unsecured Claims should recognize gain or loss equal to the difference between: (i) the amount of any Cash received in exchange for the Unsecured Claims; and (ii) the holder's adjusted basis, if any, in the Unsecured Claims. Such gain or loss should be capital in nature so long as the Unsecured Claims are held as capital assets and should be long-term capital gain or loss if the Unsecured Claims were held for more than one year. To the extent that a portion of the Cash received in exchange for the Unsecured Claims is allocable to accrued but untaxed interest, the holder may recognize ordinary income.

(ii) **Treatment of Accrued Interest**

To the extent that any amount received under the Plan by a U.S. Holder is attributable to accrued but unpaid interest with respect to such U.S. Holder's Claim, such amount should be taxable to the U.S. Holder as ordinary interest income, if such accrued interest has not been previously included in the U.S. Holder's gross income for U.S. federal income tax purposes. Conversely, a U.S. Holder may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for bad debts) to the extent that any accrued interest was previously included in the U.S. Holder's gross income but is not paid in full by the Debtors.

The extent to which amounts received by a holder will be attributable to accrued but unpaid interest is unclear. Under the Plan, the aggregate consideration to be distributed to holders of Allowed Claims in each Class will be treated as first satisfying an amount equal to the stated principal amount of the Allowed Claim for such holders and any remaining consideration as satisfying accrued, but unpaid, interest, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a bankruptcy plan is binding for U.S. federal income tax purposes. However, the IRS could take the position that the

consideration received by a holder should be allocated in some way other than as provided in the Plan. Holders of Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

(iii) **Consequences to Holders of Interests**

Holders of Interests that are cancelled pursuant to the Plan should be allowed a worthless stock deduction (unless such holder had previously claimed a worthless stock deduction with respect to any Interests and assuming that the taxable year that includes the Plan is the same taxable year in which such stock first became worthless) in an amount equal to the holder's adjusted basis in the Interests. A worthless stock deduction is a deduction allowed to a holder of a corporation's stock for the taxable year in which such stock becomes worthless. If the holder held Interests as a capital asset, the loss will be treated as a loss from the sale or exchange of such capital asset.

(iv) **Information Reporting and Backup Withholding**

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

The Debtors will withhold all amounts required by law to be withheld from payments of interest and dividends. Debtor will comply with all applicable reporting requirements of the Internal Revenue Code.

THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE RESTRUCTURING, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

(v) **Certain U.S. Federal Income Tax Consequences To Debtors**

The Debtors anticipate that any net gain resulting from any transfer of assets will be offset by the tax attributes available to the Debtors, primarily a carry-forward net operating loss of approximately $4,000,000.

This conclusion is based on, among other things, the Debtors' assumptions concerning the fair market value of their assets and the nature and magnitude of the Debtors'

respective tax attributes. Although the Debtors believe such assumptions are correct and appropriate, the IRS may challenge one or more of those assumptions, and if the IRS were to prevail in any such challenge, the Debtors' Estates could be subject to a tax liability that might be allowed as an Administrative Claim. Such an Allowed Administrative Claim would reduce the funds available to creditors.

THE ABOVE SUMMARY HAS BEEN PROVIDED FOR INFORMATIONAL, PURPOSES ONLY. ALL HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE U.S. FEDERAL, STATE, LOCAL OR FOREIGN TAX CONSEQUENCES OF THE IMPLEMENTATION OF THE PLAN.

XIII.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors have evaluated numerous alternatives to the Plan, including, without limitation, state-law dissolution and the liquidation of the Debtors through Chapter 7 of the Bankruptcy Code. After studying these alternatives, the Debtors have concluded that the Plan is the best alternative and will maximize recoveries to holders of all Claims to the extent possible. The following discussion provides a summary of the analysis supporting the conclusion that conversion to a Chapter 7 liquidation of the Debtors or an alternative plan of liquidation for the Debtors will not provide higher value to holders of Claims and Interests.

A. Liquidation Under Chapter 7 of the Bankruptcy Code

If no plan of liquidation can be confirmed, the Chapter 11 Cases of the Debtors may be converted to cases under chapter 7, in which event a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution to their creditors in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in smaller distributions being made to creditors than those provided for under the Plan because of (1) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee for bankruptcy and professional advisors to such trustee; (2) the increases in claims which would have to be satisfied on a priority basis or on parity with creditors in the Chapter 11 Cases; and (3) the lack of consolidation and the lack of the Pension Resolution may result in all, or essentially all, funds in the estates being expended in regard to the Pension Plan. Accordingly, the Debtors have determined that confirmation of the Plan will provide each holder of a Claim or Interest with at least as much as it would receive pursuant to liquidation of the Debtors under chapter 7.

Section 1129(a)(7) of the Bankruptcy Code provides that with respect to impaired classes, each holder of a claim or interest of such class must receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount such holder would so receive or retain if the debtor liquidated under chapter 7 of this title on such date. As the Plan provides each holder of a Claim or Equity Interest with at least as much as it would receive pursuant to liquidation of the Debtors under chapter 7, the Plan satisfies section 1129(a)(7).

B. Alternative Plans of Liquidation

If the Plan is not confirmed, the Debtors or other parties in interest may be able to formulate a different plan of liquidation. A plan of reorganization, conversely, would not be feasible as the Debtors have no current operations.

The Debtors have examined various other alternatives in connection with the process involved in the formulation and development of the Plan. The Debtors believe that the Plan, as described herein, enables holders of Claims and Interests to realize the best recoveries under the present circumstances.

An alternative plan of liquidation might not consolidate the Debtors' assets and liabilities or may not eliminate Inter-Debtor Claims and Subsidiary Equity Interests. As described in greater detail above, the Debtors believe that consolidation will greatly reduce the cost of administering these Chapter 11 cases, while the recovery by Creditors will, at best, be maximized, and at worst, be largely unaffected by consolidation.

XIV.

CONCLUSION

The Debtors believe that the Plan is in the best interest of all holders of Claims and Interests, and urge all holders of impaired Claims and Interests in the Debtors to vote to accept the Plan and to evidence such acceptance by returning their Ballots in accordance with the instructions accompanying the Disclosure Statement.

Dated: December 11, 2017

Respectfully submitted,

DAWSON INTERNATIONAL INVESTMENTS (KINROSS) INC.

By: /s/ David G. Cooper
Name: David G. Cooper
Title: President

DAWSON INTERNATIONAL PROPERTIES INC.

By: /s/ David G. Cooper
Name: David G. Cooper
Title: Sole Director

ILION PROPERTIES, INC.

By: /s/ David G. Cooper
Name: David G. Cooper
Title: Sole Director

DCC USA, INC.

By: /s/ David G. Cooper
Name: David G. Cooper
Title: Sole Director

DAWSON LUXURY GARMENTS, LLC

By: /s/ David G. Cooper
Name: David G. Cooper
Title: Manager

SCHEDULE 1

LIST OF DEBTORS

ENTITY	**CASE NO.**	**LAST FOUR DIGITS OF TAX ID NUMBERS**
Dawson International Investments (Kinross) Inc.	16-11551	7624
Dawson International Properties, Inc.	16-11552	1323
Ilion Properties, Inc.	16-11550	5838
DCC USA Inc.	16-11553	8757
Dawson Luxury Garments LLC	16-11554	7882

SCHEDULE 2

SCHEDULE OF ASSUMED EXECUTORY

CONTRACTS AND UNEXPIRED LEASES

[To Be Provided]

SCHEDULE 3

SCHEDULE OF CURE COSTS

[To Be Provided]

EXHIBIT A

JOINT CHAPTER 11 PLAN

[See Doc. No. 152]

EXHIBIT B

DISCLOSURE STATEMENT ORDER

[To Be Provided]

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