Docket #0697 Date Filed: 7/12/2017

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

In re:	Case No. 17-22045 (GLT)
rue21, inc., *et al.*,[1]	Chapter 11
Debtors.	(Jointly Administered)
rue21, inc., *et al.*,	
Movants,	
v.	
No Respondent.	
Respondent.	

FIRST AMENDED DEBTORS' DISCLOSURE STATEMENT FOR THE DEBTORS' FIRST AMENDED JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN OFFER, ACCEPTANCE, OR A LEGALLY BINDING OBLIGATION OF THE DEBTORS OR ANY OTHER PARTY IN INTEREST. THIS DISCLOSURE STATEMENT AND THE PLAN ARE SUBJECT TO APPROVAL OF THE BANKRUPTCY COURT AND OTHER CUSTOMARY CONDITIONS. THIS DISCLOSURE STATEMENT IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES. YOU SHOULD NOT RELY ON THE INFORMATION CONTAINED IN, OR THE TERMS OF, THIS DISCLOSURE STATEMENT OR THE PLAN FOR ANY PURPOSE (INCLUDING IN CONNECTION WITH THE PURCHASE OR SALE OF THE DEBTORS' SECURITIES) BEFORE THE CONFIRMATION OF THIS PLAN BY THE BANKRUPTCY COURT.

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and Debtors in Possession

Dated as of: July 12, 2017

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: rue21, inc. (1645); Rhodes Holdco, Inc. (6922); r services llc (9425); and rue services corporation (0396). The location of the Debtors' service address is: 800 Commonwealth Drive, Warrendale, Pennsylvania 15086.

1722045170712000000000018

PREAMBLE

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS AND INTERESTS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE DEBTORS' FIRST AMENDED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE VIII HEREOF. EACH DEBTOR MUST SATISFY THE CONFIRMATION REQUIREMENTS SUMMARIZED IN ARTICLE VII HEREOF WITH RESPECT TO THE PLAN. ACCORDINGLY, IT IS POSSIBLE THAT THE BANKRUPTCY COURT CONFIRMS THE PLAN WITH RESPECT TO SOME, BUT NOT ALL, OF THE DEBTORS.

HOLDERS OF CLAIMS OR INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE. THE DEBTORS URGE EACH HOLDER OF A CLAIM OR AN INTEREST TO CONSULT WITH ITS OWN LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVISORS WITH RESPECT TO ANY SUCH MATTERS CONCERNING AND IN REVIEWING THIS DISCLOSURE STATEMENT, THE SOLICITATION OF VOTES TO ACCEPT THE PLAN, THE RESTRUCTURING DOCUMENTS, AND EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S APPROVAL OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.

THE DEADLINE TO VOTE ON THE PLAN IS AUGUST 21, 2017, AT 5:00 P.M., PREVAILING EASTERN TIME (THE "VOTING DEADLINE"). TO BE COUNTED, VOTES TO ACCEPT OR REJECT THE PLAN MUST BE RECEIVED BY THE NOTICE AND CLAIMS AGENT BY THE VOTING DEADLINE.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES AND CERTAIN DOCUMENTS RELATED TO THE PLAN THAT ARE ATTACHED HERETO AND INCORPORATED BY REFERENCE HEREIN. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

THE FINANCIAL PROJECTIONS PROVIDED IN THIS DISCLOSURE STATEMENT HAVE BEEN PREPARED BY THE DEBTORS' MANAGEMENT. WHILE PRESENTED WITH NUMERICAL SPECIFICITY, THE FINANCIAL PROJECTIONS ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS, WHICH, THOUGH CONSIDERED REASONABLE BY THE DEBTORS, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET, AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS OR THE LIKELIHOOD THAT THE DEBTORS WILL ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR,

ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND, THUS, THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THEREFORE, THE FINANCIAL PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

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

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(b) AND IS NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS. THE SECURITIES DESCRIBED HEREIN WILL BE ISSUED TO CREDITORS WITHOUT REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (AS AMENDED, THE "SECURITIES ACT"), OR ANY SIMILAR FEDERAL, STATE, OR LOCAL LAW. THE DEBTORS WILL INSTEAD RELY UPON THE EXEMPTIONS SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE TO THE MAXIMUM EXTENT PERMITTED AND APPLICABLE. THIS DISCLOSURE STATEMENT DOES NOT PROVIDE ANY LEGAL OR TAX ADVICE.

THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES ADMINISTRATOR, AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES ADMINISTRATOR HAS CONFIRMED THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR PASSED UPON THE MERITS OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS ARE BASED PRIMARILY ON THE CURRENT EXPECTATIONS OF THE DEBTORS AND PROJECTIONS ABOUT FUTURE EVENTS AND FINANCIAL TRENDS AFFECTING THE FINANCIAL CONDITION OF THE DEBTORS' AND THE REORGANIZED DEBTORS' BUSINESS AND MAY CONTAIN WORDS SUCH AS "MAY," "WILL," "MIGHT," "EXPECT," "BELIEVE," "ANTICIPATE," "COULD," "WOULD," "ESTIMATE," "CONTINUE," "PURSUE," OR THE NEGATIVE THEREOF OR SIMILAR EXPRESSIONS THAT IDENTIFY THESE FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS ARE INHERENTLY UNCERTAIN AND ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER FROM THOSE EXPRESSED OR IMPLIED IN THIS DISCLOSURE STATEMENT AND THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN. MAKING INVESTMENT DECISIONS BASED ON THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT AND/OR THE PLAN IS, THEREFORE, SPECULATIVE.

IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THEIR BOOKS AND RECORDS OR THAT WAS OTHERWISE MADE AVAILABLE TO THEM AT THE TIME OF SUCH PREPARATION AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESS AND THEIR EXPECTED FUTURE RESULTS AND OPERATIONS. ALTHOUGH THE DEBTORS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THEIR FINANCIAL CONDITION SET FORTH HEREIN AND THAT THE ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR MANAGEMENT'S ASSUMPTIONS REGARDING THE DEBTORS' BUSINESS AND THEIR FUTURE RESULTS AND OPERATIONS. THE DEBTORS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE DEBTORS OR THE REORGANIZED DEBTORS, AS APPLICABLE, MAY SEEK TO INVESTIGATE, FILE, AND/OR

PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN, IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THE DEBTORS ARE MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, NEITHER THE DEBTORS NOR THE REORGANIZED DEBTORS HAVE ANY AFFIRMATIVE DUTY TO DO SO, AND EXPRESSLY DISCLAIM ANY DUTY TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE, UNLESS OTHERWISE REQUIRED BY LAW. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THIS DISCLOSURE STATEMENT WAS FILED. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. THE DEBTORS RESERVE THE RIGHT TO FILE AN AMENDED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN.

CONFIRMATION AND CONSUMMATION OF THE PLAN ARE SUBJECT TO CERTAIN MATERIAL CONDITIONS PRECEDENT DESCRIBED IN ARTICLE IX OF THE PLAN. THERE IS NO ASSURANCE THAT THE PLAN WILL BE CONFIRMED OR, IF CONFIRMED, THAT SUCH MATERIAL CONDITIONS PRECEDENT WILL BE SATISFIED OR WAIVED. YOU ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT IN ITS ENTIRETY, INCLUDING, BUT NOT LIMITED TO, THE PLAN AND ARTICLE VIII HEREOF ENTITLED "RISK FACTORS" BEFORE SUBMITTING YOUR BALLOT TO VOTE TO ACCEPT OR REJECT THE PLAN.

THE DEBTORS HAVE NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT, THE EFFECTIVE DATE OCCURS, AND ALL HOLDERS OF CLAIMS AND/OR INTERESTS (INCLUDING THOSE HOLDERS OF CLAIMS OR INTERESTS THAT DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, OR THAT ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE RESTRUCTURING TRANSACTIONS CONTEMPLATED THEREBY.

THE DEBTORS SUPPORT CONFIRMATION OF THE PLAN AND URGE ALL HOLDERS OF CLAIMS WHOSE VOTES ARE BEING SOLICITED TO ACCEPT THE PLAN.

QUESTIONS AND ADDITIONAL INFORMATION

If you would like to obtain copies of this Disclosure Statement, the Plan, or any of the documents attached hereto or referenced herein, or have questions about the solicitation and voting process or these Chapter 11 Cases generally, please contact Kurtzman Carson Consultants LLC by (a) calling the Debtors' restructuring hotline at (888) 647-1738 or (310) 751-2625 (for international callers); (b) visiting the Debtors' restructuring website at: www.kccllc.net/rue21; and/ or (c) writing to KCC, Attn: rue21, inc. Ballot Processing Center, c/o Kurtzman Carson Consultants 2335 Alaska Avenue, El Segundo, California 90245. You may also obtain copies of any pleadings filed in these chapter 11 cases for a fee via PACER at: http://www.pawb.uscourts.gov.

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EXHIBITS

THE DEBTORS HEREBY ADOPT AND INCORPORATE EACH EXHIBIT ATTACHED TO THIS DISCLOSURE STATEMENT BY REFERENCE AS THOUGH FULLY SET FORTH HEREIN.

ARTICLE I.
INTRODUCTION

This first amended disclosure statement (this "Disclosure Statement") provides information regarding the *Debtors' First Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan"), which the Debtors are seeking to have confirmed by the Bankruptcy Court. A copy of the Plan is attached hereto as **Exhibit A**. All capitalized terms used but not otherwise defined in this Disclosure Statement shall have the meaning ascribed to them in the Plan. The rules of interpretation set forth in Article I.B of the Plan shall govern the interpretation of this Disclosure Statement.

rue21, inc. ("rue21") is a specialty fashion retailer of girls' and guys' apparel and accessories. For over 37 years, rue21 has been famous for offering the latest trends at an affordable price point that does not require the Debtors' customers to sacrifice style for savings. Due to events more fully described below, including, but not limited to, an industry-wide downturn in retail profitability due partly to a decline in brick-and-mortar consumer traffic, the Debtors filed for bankruptcy protection under chapter 11 on May 15, 2017. The Debtors entered chapter 11 to protect their assets and to implement a comprehensive restructuring of their balance sheet and operations.

Subject to confirmation of the Plan, upon the Effective Date, the Debtors will have reduced approximately $700 million in funded debt from the Debtors' balance sheet, providing the Debtors with the capital necessary to fund ongoing operations. Upon exiting these Chapter 11 Cases, the Reorganized Debtors' capital structure will consist of the Exit ABL Facility in the aggregate principal amount of up to $125,000,000 at any time outstanding (with approximately $38.6 million expected to be outstanding on the Effective Date) and the Exit Term Loan Facility in the aggregate principal amount of $50,000,000, plus the amount of any unpaid and accrued interest under the DIP Term Loan Credit Facility as of the Effective Date (which interest shall be capitalized as principal on the Effective Date). The proceeds of the Exit Facilities, together with cash on hand and cash from operations, will be used to pay administrative claims, priority claims, and the DIP ABL Claims (to the extent not converted into Exit ABL Loans) in full, and to make other distributions to Holders of Claims under the terms of the Plan. The Plan eliminates a significant portion of the Debtors' prepetition debt load, and will allow them to continue operations as a going concern. The Debtors respectfully submit that the Plan maximizes recoveries for the Debtors' stakeholders, right-sizes the Debtors' balance sheet, and preserves the Debtors' ongoing operations, including their ongoing relationships with vendors, suppliers, and landlords and continued employment for more than 10,000 of the Debtors' employees.

The Debtors seek Bankruptcy Court approval of the Plan. Before soliciting acceptances of a proposed plan of reorganization, section 1125 of the Bankruptcy Code requires a plan proponent to prepare a disclosure statement containing information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of a chapter 11 plan. This Disclosure Statement is being submitted in accordance with such requirements. This Disclosure Statement includes, without limitation, information about:

- the Debtors' corporate history and corporate structure, business operations, and prepetition capital structure and indebtedness (Article IV hereof);
- events leading to these Chapter 11 Cases, including the Debtors' restructuring negotiations (Article IV hereof);
- significant events in these Chapter 11 Cases (Article V hereof);
- the classification and treatment of Claims and Interests under the Plan, including who is entitled to vote and how to vote on the Plan (Article VI hereof);
- certain important effects of Confirmation of the Plan (Article VI hereof);
- releases contemplated by the Plan that are integral to the financing of the Debtors exit from these Chapter 11 Cases and overall settlement of Claims and Interests pursuant to the Plan (Article VI hereof);
- the statutory requirements for confirming the Plan (Article VII hereof);

- certain risk factors Holders of Claims should consider before voting to accept or reject the Plan and information regarding alternatives to Confirmation of the Plan (Article VIII hereof); and
- certain United States federal income tax consequences of the Plan (Article X hereof).

In light of the foregoing, the Debtors believe this Disclosure Statement contains "adequate information" to enable a hypothetical reasonable investor to make an informed judgment about the Plan and complies with all aspects of section 1125 of the Bankruptcy Code.

The Debtors' boards of directors, board of managers, and managing members (collectively, the "Authorizing Bodies"), as applicable, have approved the Plan and the transactions contemplated therein and believe the Plan is in the best interests of the Debtors, the Debtors' Estates, and the Debtors' creditors. As such, the Authorizing Bodies recommend that all Holders entitled to vote, accept the Plan by returning their Ballots, so as to be *actually received* by the Debtors' Notice and Claims Agent no later than August 21, 2017, at 5:00 p.m. prevailing Eastern Time. Assuming the requisite acceptances to the Plan are obtained, the Debtors will seek the Bankruptcy Court's approval of the Plan at the Confirmation Hearing.

Prior to the Petition Date, the Debtors engaged in extensive, good-faith negotiations with their Prepetition ABL Lenders, a group of their Prepetition Term Loan Lenders, and the Sponsor Entities to develop a comprehensive financing and restructuring plan to be implemented through these Chapter 11 Cases. That agreement was memorialized in the Restructuring Support Agreement attached hereto as **Exhibit E**.

The Plan reflects the agreement reached among the Debtors and the Restructuring Support Parties to reorganize the Debtors as a going-concern business and outlines a consensual deleveraging transaction that will leave the Debtors appropriately capitalized and with access to financing to support their emergence and go-forward business needs. The Debtors and Restructuring Support Parties believe that the compromises and transactions reflected in the Plan, the Disclosure Statement, the Restructuring Support Agreement, the DIP ABL Documents, and the DIP Term Loan Documents will: (a) provide the Debtors with liquidity to achieve the financial restructuring contemplated by the Plan; (b) enable the Debtors to implement their long-term business plan, and (c) provide a positive signal to the market and the Debtors' vendors, suppliers, and employees about the Debtors' post-emergence prospects.

The Debtors and the Restructuring Support Parties have also agreed that a prolonged chapter 11 case would unduly waste estate assets and would not be in the best interest of creditors. Accordingly, the Restructuring Support Agreement, the DIP ABL Documents, and the DIP Term Loan Documents provide for certain milestones designed to ensure the Debtors move expeditiously towards confirmation of the Plan in the current distressed retail environment. Consummation of the Plan and the financial restructurings contemplated thereby will both significantly deleverage the Debtors' capital structure and provide the Debtors with access to new money necessary for ongoing operations. With a sustainable capital structure aligned with the Debtors' revised business plan and adequate operating liquidity, the Reorganized Debtors will be positioned to compete more effectively in the evolving retail industry.

The Plan and all documents to be executed, delivered, assured, and/or performed in connection with the Consummation of the Plan, including the documents to be included in the Plan Supplement, are subject to revision and modification from time to time prior to the Effective Date (subject to the terms of the Plan).

ARTICLE II.
TREATMENT OF CLAIMS AND INTERESTS

As set forth in Article III of the Plan, and in accordance with sections 1122 and 1123(a)(1) of the Bankruptcy Code, all Claims and Interests (other than Administrative Claims, Professional Fee Claims, DIP ABL Claims, DIP New Money Term Loan Claims, DIP Roll-Up Term Loan Claims, and Priority Tax Claims) are classified into Classes for all purposes, including voting, Confirmation, and distributions pursuant hereto. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class. A Claim is also classified in a particular Class for the purpose of receiving distributions

pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

The table below summarizes the treatment of all unclassified Claims under the Plan. The treatment and the projected recoveries of unclassified Claims are described in summary form below for illustrative purposes only. Risk factors addressing the effects of the actual amount of Allowed classified Claims exceeding the Debtors' estimates, and the effect of such variation on creditor recoveries, and other risks related to Confirmation and the Effective Date of the Plan are addressed in Article VIII hereof. To the extent that any inconsistency exists between the summary contained in this Disclosure Statement and the Plan, the terms of the Plan shall govern.

Estimated Allowed Claims identified in this Article II are based on the Debtors' books and records after reasonable inquiry, and are presented assuming a hypothetical Effective Date of September 7, 2017. Actual amounts of Allowed Claims could differ materially from the estimates set forth herein, and actual recoveries could differ materially from such estimates, on account of, among other things, any rejection damages that may occur as a result of the Debtors' rejection of Executory Contracts, including those deemed rejected pursuant to Article V of the Plan. The estimated chapter 7 recovery ranges are set forth in the Debtors' liquidation analysis, attached hereto as **Exhibit C** (the "Liquidation Analysis").

Unclassified Claim	Estimated Allowed Claims	Estimated Range of % Recovery Under the Plan	Estimated Range of % Recovery Under Chapter 7
Administrative Claims		100%	100%
DIP ABL Claims		100%	100%
DIP New Money Term Loan Claims		100%	39% to 56%
DIP Roll-Up Term Loan Claims		100%	39% to 56%
Priority Tax Claims		100%	0%
Professional Fee Claims		100%	0%

The tables below summarize the classification and treatment of all classified Claims and Interests against each Debtor (as applicable) under the Plan. The Plan shall apply as a separate Plan for each of the Debtors, and the classification of Claims and Interests set forth herein shall apply separately to each of the Debtors. All of the potential Classes for the Debtors are set forth herein. Certain of the Debtors may not have Holders of Claims or Interests in a particular Class or Classes, and such Claims or Interests shall be treated as set forth in Article III.B of the Plan. For all purposes under the Plan, each Class will apply for each of the Debtors (*i.e.*, there will be nine (9) Classes for each Debtor).

The classification, treatment, and the projected recoveries of classified Claims are described in summary form below for illustrative purposes only and are subject to material change. In particular, recoveries available to the Holders of General Unsecured Claims are estimates based on information known to the Debtors as of the date hereof and actual recoveries could differ materially based on, among other things, whether the amount of Claims actually Allowed against the applicable Debtor exceed the estimates provided below. In such an instance, the recoveries available to the Holders of General Unsecured Claims could be materially lower when compared to the estimates provided below.[2] To the extent that any inconsistency exists between the summaries contained in this Disclosure Statement and the Plan, the terms of the Plan shall govern.

[2] Additionally, estimated recovery percentages for DIP Roll-Up Term Claims and Claims in Classes 5-6 are based on the valuation of the New Equity set forth in the Debtors' valuation analysis, attached hereto as **Exhibit D** (the "Valuation Analysis").

Illustrative Recoveries					
Class	Type of Claim or Interest	Plan Treatment	Estimated Allowed Claims or Interests	Estimated Range of % Recovery Under Plan	Estimated Range of % Recovery Under Chapter 7
Class 1	Other Secured Claims	Unimpaired	$5.5 million	100%	100%
Class 2	Other Priority Claims	Unimpaired	$0	N/A	N/A
Class 3	Prepetition ABL Claims	Unimpaired	$0	N/A	N/A
Class 4	Prepetition Term Loan Secured Claims	Impaired	$164.2 million to $247.9 million[3]	36% to 54%[4]	0%
Class 5	General Unsecured Claims[5]	Impaired	$408.9 million	2% to 4%[6]	0%
Class 6	Intercompany Claims	Impaired / Unimpaired	$0	0% to 100%	0%
Class 7	Intercompany Interests	Impaired / Unimpaired	N/A	100%	0%
Class 8	Existing Interests	Impaired	N/A	0%	0%
Class 9	Section 510(b) Claims	Impaired	0$	0%	0%

ARTICLE III.
SOLICITATION, VOTING AND CONFIRMATION DEADLINES

A. Solicitation Packages

On June 1, 2017, the Debtors filed a *Motion for Entry of an Order (I) Approving the Disclosure Statement for the Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code, Approving Certain Dates Related to Plan Confirmation, (III) Approving Procedures for Soliciting, Voting, and Tabulating Votes on, and for Filing Objections to, the Plan and Approving the Forms of Ballots and Notices, and (IV) Granting Related Relief* and pursuant to the Debtors' proposed form of Disclosure Statement Order, Holders of Claims who are eligible to vote to accept or reject the Plan will receive appropriate solicitation materials (collectively, the "Solicitation Package"), including:

- the Confirmation Hearing Notice;
- an appropriate Ballot with voting instructions with respect thereto, together with a pre-addressed, postage prepaid return envelope;

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3 This amount represents a portion of the total Allowed Claims arising from the Prepetition Term Loan Documents of $420,998,750.

4 Includes estimated Prepetition Term Loan Deficiency Claims of $184 million to $268 million in calculating the estimated recovery rate for Class 4.

5 Estimated Allowed Class 5 Claims are based on the Debtors' good faith estimate of Allowed General Unsecured Claims and may be subject to change based on Proofs of Claim filed by the Claims Bar Date.

6 Excludes any proceeds of potential recoveries from Reserved Avoidance Actions.

- a cover letter from the Debtors (1) describing the contents of the Solicitation Package, and (2) urging the Holders of Claims in each of the Voting Classes to vote to accept the Plan;

- a cover letter from the Creditors' Committee (1) indicating its support of the Plan and (2) urging Holders of Class 5 General Unsecured Claims to vote to accept the Plan; and

- any supplemental documents the Debtors may file with the Bankruptcy Court or that the Bankruptcy Court orders to be made available.

The Solicitation Package may also be obtained by: (a) calling the Debtors' restructuring hotline at (888) 647-1738 or (310) 751-2625 (for international callers); (b) visiting the Debtors' restructuring website at: www.kccllc.net/rue21; and/ or (c) writing to KCC, Attn: rue21, inc. Ballot Processing Center, c/o Kurtzman Carson Consultants 2335 Alaska Avenue, El Segundo, California 90245.

B. Voting Deadline

The deadline to vote on the Plan is August 21, 2017, at 5:00 p.m., prevailing Eastern Time (the "Voting Deadline"). All votes to accept or reject the Plan must be received by the Notice and Claims Agent by the Voting Deadline.

C. Voting Procedures

The Debtors are distributing this Disclosure Statement, accompanied by a Ballot to be used for voting to accept or reject the Plan, to the Holders of Claims entitled to vote to accept or reject the Plan. If you are a Holder of a Claim in Class 4 (Prepetition Term Loan Secured Claims) or Class 5 (General Unsecured Claims) you may vote to accept or reject the Plan by completing the Ballot and returning it in the envelopes provided.

The Debtors have retained Kurtzman Carson Consultants LLC ("KCC") to serve as the Notice and Claims Agent. The Notice and Claims Agent is available to answer questions concerning the procedures for voting on the Plan, provide additional copies of all materials, oversee the voting process, and process and tabulate Ballots for each class entitled to vote to accept or reject the Plan.

BALLOTS
Ballots must be actually received by the Notice and Claims Agent by the Voting Deadline, which is August 21, 2017, at 5:00 p.m., prevailing Eastern Time, at the following addresses: If sent by first-class mail: rue21, inc. Ballot Processing Center c/o Kurtzman Carson Consultants 2335 Alaska Avenue El Segundo, California 90245 If sent by personal delivery or overnight courier: rue21, inc. Ballot Processing Center c/o Kurtzman Carson Consultants LLC 2335 Alaska Avenue El Segundo, California 90245 If you have any questions on the procedure for voting on the Plan, please call or email the Notice and Claims Agent at: (888) 647-1738 or (310) 751-2625 (for international callers) rue21info@kccllc.com For the avoidance of doubt, Beneficial Holders[7] of Beneficial Ballots must return their Beneficial Ballots to their Nominee(s) in sufficient time so that their Nominee(s) may verify, tabulate, and include such Beneficial Ballots in a Master Ballot and return the Master Ballots so that they are actually received in accordance with the voting instructions by the Voting Deadline. Any failure to follow the voting instructions included with the Ballot, Master Ballot, or Beneficial Ballot may disqualify your Ballot, Master Ballot, or Beneficial Ballot and your vote on the Plan.

More detailed instructions regarding how to vote on the Plan are contained on the Ballots distributed to Holders of Claims that are entitled to vote to accept or reject the Plan. All votes to accept or reject the Plan must be cast by using the appropriate Ballot. All Ballots must be properly executed, completed, and delivered according to their applicable voting instructions by: (a) first class mail, in the return envelope provided with each Ballot; (b) overnight delivery; or (c) personal delivery, so that the Ballots are *actually received* by the Notice and Claims Agent no later than the Voting Deadline at the return address set forth in the applicable Ballot. Any Ballot that is properly executed by the Holder of a Claim entitled to vote that does not clearly indicate an acceptance or rejection of the Plan or that indicates both an acceptance and a rejection of the Plan will not be counted. Ballots received by facsimile or by electronic means will not be counted.

Each Holder of a Claim entitled to vote to accept or reject the Plan may cast only one Ballot for each Claim held by such Holder. By signing and returning a Ballot, each Holder of a Claim entitled to vote will certify to the Bankruptcy Court and the Debtors that no other Ballots with respect to such Claim has been cast or, if any other Ballots have been cast with respect to such Claim, such earlier Ballots are superseded and revoked.

All Ballots will be accompanied by return envelopes. It is important to follow the specific instructions provided on each Ballot, as failing to do so may result in your Ballot not being counted.

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[7] Capitalized terms used but not defined in this paragraph shall have the meaning ascribed to such terms in the Disclosure Statement Order.

D. Plan Objection Deadline

The Bankruptcy Court has established August 21, 2017, at 5:00 p.m., prevailing Eastern Time, as the deadline to object to confirmation of the Plan (the "Plan Objection Deadline"). All such objections must be Filed with the Bankruptcy Court and served on the Debtors and certain other parties in interest, in accordance with the Disclosure Statement Order, so that they are actually received on or before the Plan Objection Deadline. The Debtors believe that the Plan Objection Deadline, as established by the Bankruptcy Court, affords the Bankruptcy Court, the Debtors, and other parties in interest reasonable time to consider the objections to the Plan before the Confirmation Hearing.

E. Confirmation Hearing

Assuming the requisite acceptances are obtained for the Plan, the Debtors intend to seek confirmation of the Plan at the Confirmation Hearing. The Debtors propose a Confirmation Hearing date of August 28, 2017, 2:00 p.m., prevailing Eastern Time, before the Honorable Gregory L. Taddonio, United States Bankruptcy Judge, in Courtroom A of the United States Court for the Western District of Pennsylvania, 5414 U.S. Steel Tower, 600 Grant Street, 54th Floor, Pittsburgh, Pennsylvania 15219. The Confirmation Hearing may be continued from time to time in consultation with the Restructuring Support Parties, without further notice other than an adjournment announced in open court, or a notice of adjournment Filed with the Bankruptcy Court and served on any Entities that have Filed objections to the Plan. The Bankruptcy Court, in its discretion and before the Confirmation Hearing, may put in place additional procedures governing such hearing. The Plan may be modified, if necessary, before, during, or as a result of the Confirmation Hearing without further notice to parties in interest, subject to the terms of the Plan and the consent of the Restructuring Support Parties.

ARTICLE IV.
THE DEBTORS' BACKGROUND

A. The Debtors' Business

1. The Debtors' Business and Corporate History

rue21 is a specialty fashion retailer of girls' and guys' apparel and accessories. For over 37 years, rue21 has been famous for offering the latest trends at an affordable price point that does not require the Debtors' customers to sacrifice style for savings. rue21 is headquartered in Warrendale, Pennsylvania and it has one distribution center located in Weirton, West Virginia (the "Distribution Center"). The Debtors sell their merchandise to customers in the contiguous 48 states through their online store and their 1,179 brick-and-mortar stores located in various strip centers, regional malls, and outlet centers.

The Debtors have several core rue21 brands in girls' apparel (*rue21*), intimate apparel (*true*), girls' accessories (*etc!*), girls' cosmetics (*ruebeauté!*), guys' apparel and accessories (*Carbon*), girls' plus-size apparel (*rue+*), and girls' swimwear (*ruebleu*). These core rue21 brands each focus on the Debtors' guiding principle of "Fashion Meets Value," in order to provide quality, yet affordable, apparel and accessories to the Debtors' target demographic of teenagers and young adults in small and mid-size markets.

The Debtors offer a variety of products such as tops, bottoms, dresses, rompers, shoes, accessories, cosmetics, fragrances, lingerie/intimates, outerwear, and swimwear, which can each be found in any of the Debtors' stores. The Debtors maintain control over their proprietary brands by designing, sourcing, marketing, and selling their own merchandise; they do not license the rue21 brand to any third parties. The Debtors are able to offer their budget-conscious customers outstanding value on fast-fashion clothing and accessories through an extensive nationwide footprint (limited to the contiguous 48 United States), localized assortment, a low-cost business model, and a growing online presence. Through their unique product development strategy, which ensures popular, quality, and fashion-forward merchandise in stores for the right price, rue21 retains its customers' loyalty.

rue21 is a successor entity to Pennsylvania Fashions Inc.,[8] a company that exited chapter 11 proceedings in 2004. Funds that were advised by Saunders Karp & Megrue Partners, LLC ("SKM Funds") held a majority of shares of rue21 at the time of its exit from chapter 11. In 2005, the SKM Funds became associated with Apax Partners, L.P., which thereby became the advisor of the SKM Funds. Shortly thereafter, rue21 moved into its current Warrendale, Pennsylvania headquarters. rue21 became a publicly traded company in November 2009 with an initial public offering on the NASDAQ Global Select Market under the ticker symbol RUE. Following a secondary follow-on offering in February 2010, the SKM Funds held stock constituting approximately 29% of the outstanding shares of RUE. In 2013, however, funds advised by Apax Partners, LLP (the "Apax Funds") agreed to acquire all outstanding shares of rue21 through a "take-private" transaction that involved its merger into Rhodes Merger Sub, Inc., creating the Debtors' current corporate structure (the "Take-Private Transaction").

The Debtors' legal advisors performed a preliminary review of potential legal claims related to the Take-Private Transaction. Based upon this preliminary review, no colorable claims were identified, and in the reasonable exercise of the Debtors' business judgment, the Debtors' Releases provided for in the Restructuring Support Agreement were incorporated in Article VIII.C. of the Plan.

The Debtors' board of directors has now authorized two independent members of the board, Neal Goldman and Amy Hauk, to conduct and oversee an investigation (the "Investigation") of any potential legal claims related to the Take-Private Transaction. Neither Mr. Goldman nor Ms. Hauk was involved in the Take-Private Transaction, and neither served as a director of any Debtor at the time of the Take-Private Transaction or had any other involvement with decision making by the Debtors prior to that transaction. The board also authorized Reed Smith LLP, as counsel to the Debtors in connection with these Cases, to assist with the Investigation. The Investigation is ongoing, and the Debtors reserve all rights, in the reasonable exercise of their business judgment, to pursue, prosecute, settle, release, abandon, or otherwise resolve any potential colorable claims that are identified in connection with the Investigation.

Before learning of the Debtors' investigation by their independent directors that began subsequent to the Petition Date, the Creditors' Committee, pursuant to section 1103 of the Bankruptcy Code, began its own investigation into potential colorable Claims against Apax Partners, L.P., the Apax Funds, and their related affiliates, (collectively, the "Apax Parties"), and the Debtors' directors and officers with respect to the Take-Private Transaction as well as subsequent transactions or distributions between the Debtors and the Apax Parties, if any. The Creditors' Committee reserves all rights to any resolution of Apax Parties-related Claims, if any, including, without limitation, challenging any releases provided for in the Plan related to any such Claims.

(a) Merchandising Strategy

An important aspect of the Debtors' business strategy is to maintain and leverage the customer loyalty generated by their core demographic—teenage girls. To maintain and grow this loyal customer base, the Debtors' merchandising strategy necessitates a wide selection of core products developed in accordance with the latest fashion trends at prices significantly below that of most of their competitors. Competitive pricing is important to rue21 customers, who, on average, earn less than $35,000 of gross annual income. The Debtors' business model is dependent on identifying "on-trend" merchandise through branding and merchandising partners. rue21 is able to keep its products on-trend by using its internal design methods and through its third-party consultants, each of whom monitor marketplace trends and provide input on styles of clothing and accessories.

(b) Supply Chain

Also key to serving the Debtors' customer base well is the Debtors' established global supply chain. The Debtors maintain an integrated supply chain comprised of more than 90 vendors that is designed to ensure the uninterrupted flow of new merchandise to their brick-and-mortar locations and to their e-commerce customers. The Debtors shop styles and designs offered by a variety of vendors and contract with the vendors to source and manufacture their final products (the "Merchandise"). The Debtors do not manufacture the Merchandise, and they

[8] Pennsylvania Fashions did business under the rue21 trade name.

rely entirely upon their vendors, shippers, and warehousemen to ensure a continuous supply of goods to their customers.

All finalized Merchandise that the Debtors order from their vendors is shipped by the vendors to a third-party logistics company, Pacific Logistics Corporation ("PLC"). All Merchandise that will be sold in rue21 stores is shipped by PLC to the Debtors' Distribution Center in West Virginia. From the Distribution Center, the Debtors ship Merchandise directly to their stores using FedEx. All Merchandise sold online through the Debtors' e-commerce platform is currently shipped by PLC to an Ohio warehouse operated by TradeGlobal LLC ("TradeGlobal").[9] TradeGlobal currently fulfills the Debtors' online orders and ships directly to rue21's online customers using United Parcel Service, Inc.

(c) Employee Compensation and Benefits

As of the Petition Date, the Debtors employed approximately 15,800 employees, including approximately 3,500 full-time employees[10] and approximately 12,300 part-time employees (collectively, the "Employees"). The Employees serve in many capacities supporting the Debtors' operations at the corporate office, the Debtors' distribution center, or at the retail store level. In addition to the Employees, the Debtors also retain, from time-to-time, independent contractors (the "Independent Contractors") to complete discrete projects, as well as temporary workers (the "Temporary Staff") to fulfill certain duties, including additional store-level staffing during peak sales seasons. As of the Petition Date, the Debtors retained approximately 35 Independent Contractors and Temporary Staff, although this number fluctuates based on the Debtors' specific needs at any given time. Prior to the Petition Date, the Debtors instituted a "reduction in force" program. This program is designed to reduce the Debtors' total employee headcount (and related costs) to account for the Debtors' decreasing number of stores. Following completion of the reduction in force program, the Debtors' Employee workforce will be reduced to approximately 10,800 active Employees.

(d) Real Estate Obligations

As of the Petition Date, the Debtors had a national store footprint of 1,179 stores in all of the 48 contiguous United States with strong concentrations in Texas, Georgia, Ohio, North Carolina, Florida, and California. The Debtors are leasehold tenants at all of their store locations. The aggregate occupancy cost for the Debtors' stores in fiscal year 2016 was approximately $118 million and in fiscal year 2017 it is anticipated to be approximately $119 million (before the store closings described below). In addition, the Debtors lease approximately 84,000 square feet in Warrendale, Pennsylvania, as their corporate headquarters to house certain of the Debtors' personnel, as well as a photo studio. The Debtors also lease approximately 375,000 square feet in Weirton, West Virginia to house their Distribution Center for distribution of merchandise to brick-and-mortar stores. During the course of these Chapter 11 Cases, the Debtors closed certain leased retail stores in connection with a court-approved "going out of business" sale process. On the Effective Date, the Debtors currently expect to have approximately 780 store locations, although that amount may fluctuate depending upon the results of ongoing negotiations with the Debtors' landlords.

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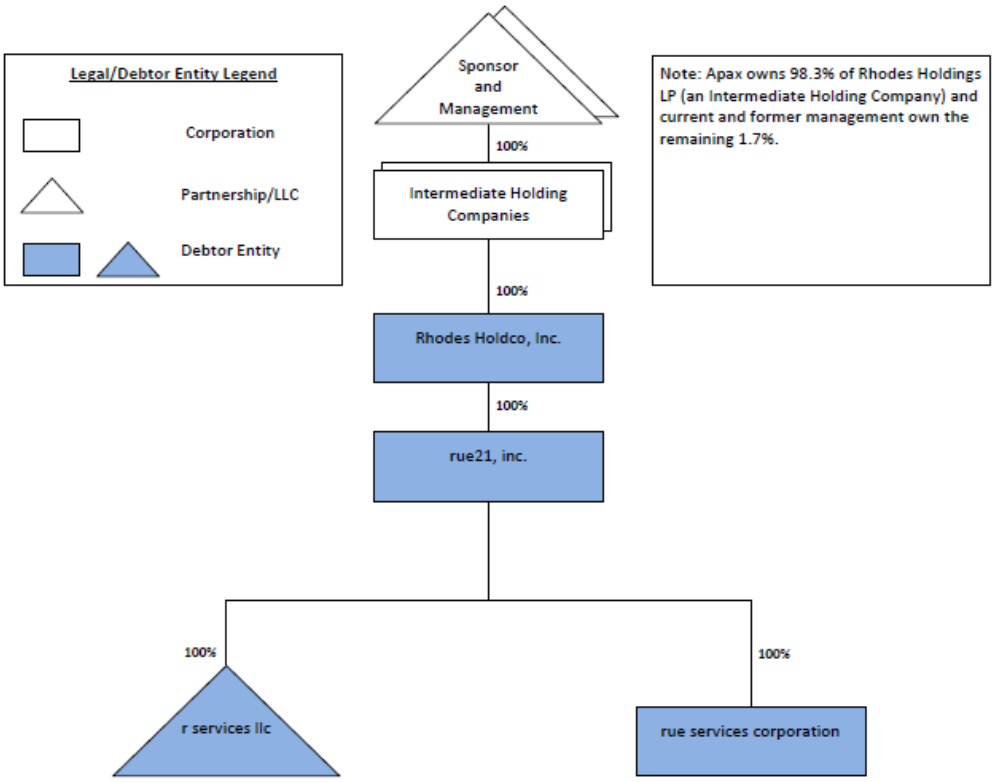
9 The Debtors have entered into a contract to transition e-commerce fulfillment services from TradeGlobal to Radial Inc. ("Radial"). The Debtors currently intend to assume that contract and, beginning in July 2017, it is expected that online order fulfillment will take place in Radial's Walton, Kentucky warehouse.

10 Full-time Employees are generally scheduled to work 40 hours per week.

2. The Debtors' Organizational Structure

A diagram presenting the Debtors' organizational structure as of the Petition Date is presented below:

Structure Chart



B. Summary of Prepetition Capital Structure

As of the Petition Date, the Debtors' capital structure consisted of outstanding funded-debt obligations in the aggregate principal amount of approximately $832 million arising under the Prepetition ABL Facility, the Prepetition Term Loan Facility, and the Unsecured Notes. The following table summarizes the Debtors' outstanding prepetition funded-debt obligations as of the Petition Date. The subsidiaries of rue21, inc. (*i.e.*, r services llc and rue services corporation) are guarantors of the Prepetition ABL Facility, the Prepetition Term Loan Facility, and the Unsecured Notes. Rhodes Holdco, Inc. is a guarantor under the Prepetition ABL Facility and the Prepetition Term Loan Facility only.

	Facility Size	Maturity	Outstanding Principal Amount
Prepetition ABL Facility	$150 million	October 2018	$72 million
Prepetition Term Loan Facility	$538.5 million	October 2020	$521 million
Unsecured Notes	$250 million	October 2021	$239 million
		Total:	$832 million

1. Prepetition ABL Facility

rue21, inc., Bank of America, N.A. as administrative agent (the "Prepetition ABL Agent"), and the lenders from time to time party thereto (the "Prepetition ABL Lenders"), are parties to that certain Credit Agreement, dated as of October 10, 2013 (as amended, amended and restated, supplemented, or otherwise modified, refinanced, or

replaced from time to time prior to the Petition Date, the "Prepetition ABL Credit Agreement"). The Prepetition ABL Credit Agreement provides for a senior secured revolving credit facility in an initial aggregate principal amount of up to $150 million, subject to borrowing base availability, maturing October 2018. Amounts borrowed by rue21, inc. under the Prepetition ABL Credit Agreement are guaranteed by Rhodes Holdco, Inc., r services llc, and rue services corporation, all of which are Debtors in these Chapter 11 Cases.

Obligations under the Prepetition ABL Facility are secured by: (a) a perfected first priority security interest in substantially all personal property of the Debtors, including, but not limited to accounts receivable, credit card receivables, inventory, cash, deposit accounts, securities and commodity accounts, documents and supporting obligations (but excluding intellectual property) (collectively, the "Prepetition ABL Priority Collateral"); and (b) a perfected second priority security interest in the Prepetition Term Loan Priority Collateral (as defined below), including intellectual property (together with the Prepetition ABL Priority Collateral, the "Prepetition ABL Collateral"). As of the Petition Date, approximately $72 million was outstanding under the Prepetition ABL Facility. Immediately upon entry of the Interim DIP Order, all amounts outstanding under the Prepetition ABL Facility were converted into the DIP ABL Obligations. Although the Debtors have certain contingent obligations under the Prepetition ABL Facility, including indemnification obligations, the Debtors believe that immediately prior to the Effective Date, there will be no fixed Claims outstanding under the Prepetition ABL Facility.

2. The Prepetition Term Loan Facility

rue21, inc., Wilmington Savings Fund Society, FSB, as successor term loan agent to JPMorgan Chase Bank, N.A., (the "Prepetition Term Loan Agent") as administrative and collateral agent, and the lenders from time to time party thereto (the "Prepetition Term Loan Lenders"), are parties to that certain Credit Agreement, dated as of October 10, 2013 (as amended, amended and restated, supplemented, or otherwise modified, refinanced, or replaced from time to time prior to the Petition Date, the "Prepetition Term Loan Credit Agreement"). The Prepetition Term Loan Credit Agreement provides for a senior secured term loan facility in an initial aggregate principal amount of $538.5 million maturing in October 2020. Outstanding amounts due under the Prepetition Term Loan Credit Agreement are guaranteed by Rhodes Holdco, Inc., r services llc, and rue services corporation, all of which are Debtors in these Chapter 11 Cases.

Obligations under the Prepetition Term Loan Facility are secured by: (a) a perfected first priority pledge of all the equity interests of rue21 and its subsidiaries; (b) perfected first priority security interests in and mortgages on substantially all tangible and intangible personal property and material fee-owned real property of rue21 and its subsidiaries (but excluding the Prepetition ABL Priority Collateral) (collectively, the "Prepetition Term Loan Priority Collateral"); and (c) a perfected second priority security interest in the Prepetition ABL Priority Collateral (together with the Prepetition Term Loan Priority Collateral, the "Prepetition Term Loan Collateral"). As of the Petition Date, approximately $521 million remained outstanding under the Prepetition Term Loan Facility. Immediately upon entry of the Interim DIP Order, $100 million of the Prepetition Term Loan Facility was "rolled-up" into the DIP Term Loan Facility on May 18, 2017. Upon the Effective Date, each Holder of an Allowed DIP Roll-Up Term Loan Claim will receive a Pro Rata share of 33% of the New Equity, subject to dilution for any New Equity issued under a Management Equity Incentive Plan.

3. The Swap Agreement

As of the Petition Date, rue21, inc. and Bank of America, N.A. were parties to that certain ISDA Master Agreement, dated as of October 23, 2014, and a Confirmation, dated as of October 28, 2014, which provides for an interest rate swap on the Prepetition Term Loan Facility with a notional value of $364.9 million as of the Petition Date, fixing the rate at 2.216% (the "Term Loan Swap"). On May 16, 2017, Bank of America, N.A. terminated the Term Loan Swap, resulting in a settlement obligation of $5,756,761 payable by the Debtors to Bank of America.

4. The Prepetition Intercreditor Agreement

The Debtors' prepetition secured indebtedness is subject to an intercreditor agreement between the Prepetition ABL Agent and the Prepetition Term Loan Agent, dated as of October 10, 2013 (as supplemented by that certain ABL/First Lien Intercreditor Acknowledgment and Agreement dated as of May 18, 2017, and as may be further supplemented, amended, modified, or restated, the "Prepetition Intercreditor Agreement"). The Prepetition

Intercreditor Agreement governs the respective rights, interests, obligations, priority, and positions of the agents and lenders under the Prepetition ABL Facility and the Prepetition Term Loan Facility. On May 18, 2017, the Prepetition ABL Agent and the Prepetition Term Loan Agent entered into an ABL/First Lien Intercreditor Acknowledgment and Agreement.

5. The Unsecured Notes

rue 21, inc., as a successor in interest to Rhodes Merger Sub, Inc. (the entity that merged into rue21, inc. in connection with the Take-Private Transaction), and Wilmington Trust, National Association (as successor to Wells Fargo Bank, National Association) as Indenture Trustee (the "Unsecured Notes Indenture Trustee") are parties to that certain Unsecured Notes Indenture, dated as of October 10, 2013 (as amended, amended and restated, supplemented, or otherwise modified, refinanced, or replaced from time to time prior to the Petition Date, the "Unsecured Notes Indenture"). Pursuant to the Unsecured Notes Indenture, rue21, inc. (or successor in interest to Rhodes Merger Sub. Inc.) issued $250 million of 9.0% senior unsecured notes due October 2021 (the "Unsecured Notes"). The Unsecured Notes are guaranteed by Debtors r services llc and rue services corporation. As of the Petition Date, approximately $239 million of Unsecured Notes remain issued and outstanding.

6. General Unsecured Claims

In the ordinary course of business, the Debtors incur obligations payable to vendors, shippers, utility providers, landlords, and others. As of the Petition Date, the Debtors owe these General Unsecured Creditors (excluding Holders of Claims on account of Unsecured Notes) approximately $132 million.

7. Common Equity Interests

As of the Petition Date, the Apax Funds owned approximately 98.3% of the issued and outstanding common equity interest of Rhodes Holdings LP, a non-debtor limited partnership affiliated with the Apax Funds that owned (directly or indirectly) certain intermediate non-Debtor holding companies and the Debtors. Certain current and former members of management own the remaining 1.7% of Rhodes Holdings LP.

C. The Debtors' Board Members and Executives

As of the date hereof, set forth below are the names and positions of the current board of directors of the Debtors as well as current key executive officers for the Debtors. These individuals oversee the business and affairs of the Debtors.

Debtor	Position
Rhodes Holdco, Inc.	Officers • Melanie B. Cox - President and Chief Executive Officer • Todd M. Lenhart - Vice President and Treasurer • Benjamin R. Gross - Vice President and Secretary Directors • Melanie B. Cox • Todd M. Lenhart • Benjamin R. Gross
rue21, inc.	Officers • Melanie B. Cox - President and Chief Executive Officer • Todd M. Lenhart - Senior Vice President, Treasurer, Chief Financial Officer, and Chief Accounting Officer • Benjamin R. Gross - Senior Vice President, Secretary, General Counsel • Nina Barjesteh - Senior Vice President and Chief Merchandise Manager

	• Dirk A. Armstrong - Senior Vice President and Chief Operations Officer • Elizabeth Hodges - Senior Vice President and Chief Customer Officer • Michael A. Holland - Senior Vice President and Chief Information Officer Directors • Melanie B. Cox • Todd M. Lenhart • Benjamin R. Gross
rue services corporation	Officers • Melanie B. Cox - President and Chief Executive Officer • Todd M. Lenhart - Vice President and Treasurer • Benjamin R. Gross - Vice President and Secretary Directors • Melanie B. Cox • Todd M. Lenhart • Benjamin R. Gross
r services llc	Officers • Melanie B. Cox - President and Chief Executive Officer • Todd M. Lenhart - Vice President and Treasurer • Benjamin R. Gross - Vice President and Secretary Directors • Melanie B. Cox • Todd M. Lenhart • Benjamin R. Gross

D. Events Leading to these Chapter 11 Cases

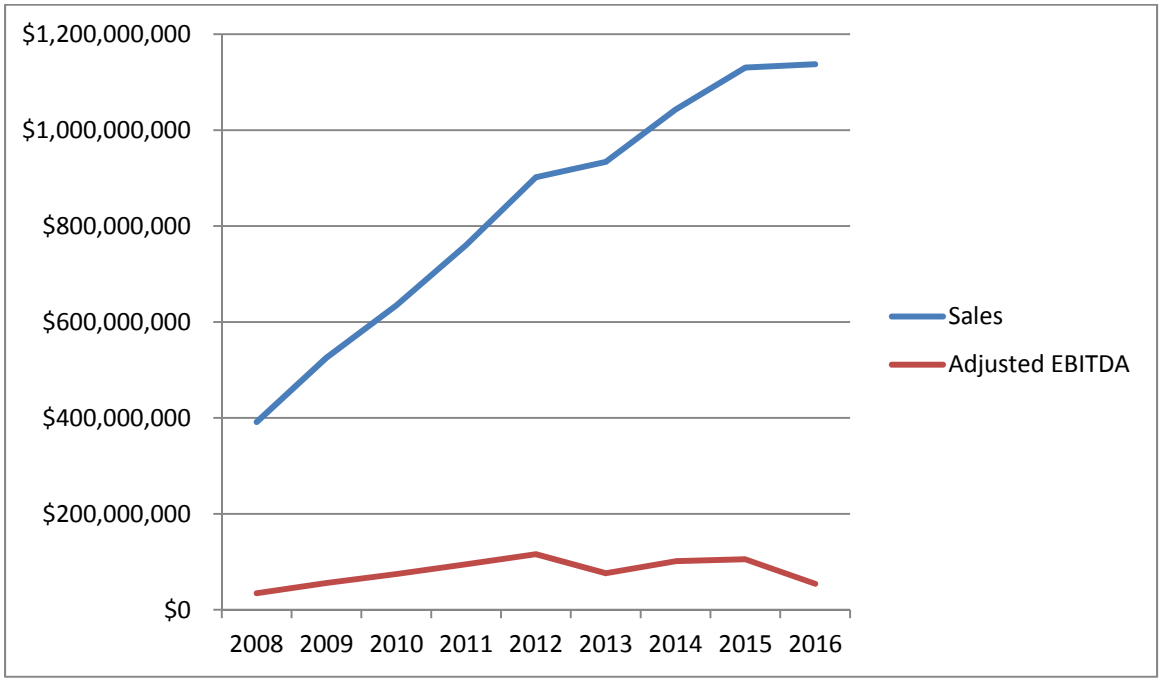
A confluence of factors contributed to the Debtors' need to commence these Chapter 11 Cases. These include the general downturn in the retail industry, decreased sales, and increased operating costs, the shift away from brick-and-mortar retail sales to online channels, and the tightening of trade credit in the months prior to the Petition Date. Other factors include the Debtors' merchandising strategy and issues with e-commerce fulfillment by the Debtors' outgoing third-party outsourcing services provider. All of these factors have impaired the Debtors' liquidity, their ability to continue as a going concern without instituting a comprehensive balance sheet restructuring, and their ability to maintain their existing capital structure.

1. Challenging Retail Environment and Operational Right-Sizing

The Debtors, like many other apparel and retail companies, have faced a challenging commercial environment over the past several years. This environment has been exacerbated by increased competition and a shift of customer preferences away from physical retail stores. Given the Debtors' substantial brick-and-mortar presence, their business has been heavily dependent on physical consumer traffic, which has declined in recent years. In addition to the challenging retail environment, the Debtors were historically slow to adapt to consumer trends. The Debtors' core demographics' interests in fashion are constantly evolving. By hiring a new Chief Merchandising Officer and other new executives to the management team, the Debtors have set into motion a key part of their plan to revitalize their approach to merchandising to focus on higher quality on-trend products and a more appealing in-store customer experience. The Debtors are also taking steps to execute a digitally-focused, fashionable marketing campaign that better appeals to their target audiences.

The Debtors also rely on their online presence and e-commerce platform for sales, which has historically underperformed. The Debtors have a contract for e-commerce services with TradeGlobal, whereby online orders are fulfilled from a warehouse in Cincinnati, Ohio. The Debtors and TradeGlobal have mutually agreed to terminate that relationship. Beginning in July 2017, Radial will provide the Debtors with e-commerce fulfillment services from its Walton, Kentucky warehouse. The Debtors believe that Radial will significantly improve the Debtors' e-commerce fulfillment services and satisfy their customers.

Historically, rue21 experienced strong growth, with sales growing from $296.9 million in fiscal year 2007 to $901.9 million in fiscal year 2012. More recently, the Debtors' gross sales totaled $1.130 billion in fiscal year 2015 with approximately $105 million in adjusted EBITDA.[11] Although sales slightly increased in 2016 to $1.137 billion, the Debtors' adjusted EBITDA decreased by almost half, to $54 million.



After years of success and growth, the Debtors' business performance has come under significant pressure in recent years. While the *Carbon*, *etc!*, and *rue+* brands continue to perform, the results of the Debtors' girls' division have declined, stemming in large part from an evolution of customer tastes. For example, the girls' division accounted for 54% of the Debtors' total gross sales in 2015, while in 2016, it accounted for only 50.2% (with divisional gross sales of $608 million and $568 million, respectively), a material year-over-year drop.

At the same time, the retail industry in general has experienced significant headwinds, requiring traditional brick-and-mortar retailers to adapt to an increasingly digital-focused consumer. In recent years, the Debtors have experienced a decline in store traffic due to online shopping. While the Debtors' online presence is expanding and improving, their historic online presence was not as robust as certain of their competitors.

Notwithstanding their current financial difficulties, rue21 remains a valuable and iconic brand with a large and loyal customer base. In an effort to ensure their longevity, the Debtors, through their senior management, have already undertaken a variety of initiatives to reinvigorate their business. In particular, the Debtors hired Nina Barjesteh as Chief Merchandising Officer on or about October 1, 2016. Ms. Barjesteh was formerly the Vice President, General Merchandise Manager of the Women's Apparel Division of Target Corporation and was employed by Target in various other positions for approximately 20 years. She was hired by the Debtors to

[11] EBITDA has been adjusted for non-recurring items such as stock compensation and store improvement.

transform and reinvigorate the girls' segment by streamlining the Debtors' supply chain and elevating the style and quality of the Debtors' female-focused brands.

In recent months, the Debtors have also been focused on revamping their e-commerce strategy and increasing the number of customers that engage with rue21 on its digital platform. Likewise, senior management has recently focused on improving the in-store experience for customers that visit rue21 stores. Senior management has also been focused on right-sizing the Debtors' existing store footprint, lease portfolio, and capital structure. In order to assist them in that process, the Debtors retained Kirkland & Ellis LLP, Rothschild, Inc., Berkeley Research Group, LLC, A&G Realty Partners, LLC, and Gordon Brothers Retail Partners, LLC.

2. Supply Chain Challenges

Many of the vendors that the Debtors rely on to manufacture merchandise use factoring companies to maintain their own liquidity while extending trade terms to customers including the Debtors. In exchange, these factors take an assignment of the vendors' future claims against the Debtors at a discount. As the Debtors' liquidity tightened and rumors of a potential restructuring leaked prior to the Petition Date, certain vendors and the factoring community decreased their willingness to extend customary trade credit to the Debtors (or, in the case of factors, to the Debtors' vendors). This reduction in credit has required the Debtors to pay for the merchandise on shorter payment terms, including cash in advance and cash on delivery, which has significantly diminished the Debtors' liquidity. In some cases, vendors have refused to ship inventory until the Debtors pay for the Merchandise.

3. Exploration of Strategic Alternatives

In anticipation of a liquidity crunch and recognizing the need to explore certain strategic and comprehensive alternatives, the Debtors board of directors (the "Board") authorized the Debtors to retain Rothschild as investment banker in mid-November 2016, K&E as legal advisor in mid-February 2017, and BRG as financial advisor in mid-February 2017. In the months prior to the Petition Date, the Debtors, with the approval of the Board, explored various refinancing options with their restructuring advisors, including a potential raise of new liquidity outside of a court process. Based on those efforts, it became clear to the Board and management that the Debtors would be unable to obtain long-term capital without a formal restructuring process.

As a result, the Debtors and their advisors commenced discussions with members of their existing capital structure as well as certain third party strategic and financial investors regarding the terms of potential postpetition financing and plans of reorganization and/or going-concern sales. As a result of these discussions the Debtors reached an agreement with the overwhelming majority of their Prepetition Term Loan Lenders, their Prepetition ABL Lenders, approximately 60% of the Holders of their Unsecured Notes, and the Sponsor Entities. Prior to the Petition Date, the Term Loan Lenders agreed to provide senior secured postpetition financing on a superpriority basis, consisting of a senior secured term loan credit facility in the aggregate principal amount of up to $150 million including $50 million of new money and $100 million of "roll up" loans, pursuant to the terms and conditions of the DIP Term Loan Credit Agreement. The ABL Lenders also agreed to provide senior secured postpetition financing on a superpriority basis consisting of a senior secured superpriority revolving credit facility in the aggregate principal amount of up to $125 million, including (a) a $25,000,000 sublimit for the issuance of letters of credit, (b) a $15,000,000 sublimit for swingline loans, and (c) a roll-up of all of the loans outstanding under the Prepetition ABL Facility, pursuant to the terms and conditions of the DIP ABL Credit Agreement.

4. Real Estate Right-Sizing Initiatives

Prior to the Petition Date, the Debtors and their advisors engaged in an intense review of their store footprint to identify profitable stores that the Debtors would like to continue leasing, unprofitable stores that the Debtors would like to exit, and stores that the Debtors may wish to exit but will consider continuing to lease if certain rent concessions are agreed to by applicable landlords. Thereafter, the Board authorized the Debtors to commence store closing sales in certain stores, and the Debtors entered into that certain Consulting Agreement, dated as of April 7, 2017, between rue21, inc. and Gordon Brothers, LLC (the "Gordon Brothers Consulting Agreement"). On May 18, 2017, the Debtors assumed the Gordon Brothers Consulting Agreement in accordance with the terms of the *Final Order (I) Authorizing the Debtors to Assume the Consulting Agreement, (II) Approving Procedures for Store Closing Sales, and (III) Granting Related Relief* [Docket No. 507]. Pursuant to the Gordon

Brothers Consulting Agreement, Gordon Brothers began assisting the Debtors with store closing sales in 396 stores in time for the April 14 Easter weekend. The terms of the Gordon Brothers Consulting Agreement allow the Debtors to identify additional stores to hold liquidation themed sales with the assistance of Gordon Brothers.

As of the date hereof, Gordon Brothers has assisted the Debtors with the store closing process in 396 brick-and-mortar locations,[12] all of which will close no later than mid-July 2017. This number may change during the course of these cases, subject to the results of negotiations with certain landlords to be led by the Debtors with the assistance of A&G. On March 15, 2017, the Debtors entered into that certain Real Estate Services Agreement with A&G to assist the Debtors with, among other things, the renegotiation of certain unfavorable lease terms. The Debtors intend to file a retention application to retain A&G for real estate consulting services. The Debtors expect that those negotiations will lead to the assumption of a substantial number of leases based on modified economic terms, which leases the Debtors would otherwise reject.

5. The Forbearance Agreements

As a result of deteriorating liquidity, on March 31, 2017 the Debtors failed to make a required payment of principal and interest under the Prepetition Term Loan Credit Agreement. On the same day, the Debtors, the Prepetition Term Loan Agent, and certain lenders under the Prepetition Term Loan Credit Agreement entered into a Forbearance Agreement (the "Term Loan Forbearance Agreement"), and on April 4, 2017, the Debtors, the Prepetition ABL Agent and certain of the lenders under the Prepetition ABL Credit Agreement also entered into a Forbearance Agreement (the "ABL Forbearance Agreement" and together with the Term Loan Forbearance Agreement, the "Forbearance Agreements").

Under the terms of the Forbearance Agreements, the Prepetition Term Loan Lenders and the Prepetition ABL Lenders agreed, among other things, to forbear from exercising any rights or remedies arising under the Prepetition Term Loan Credit Agreement or the Prepetition ABL Credit Agreement, as applicable, arising as a result of the Debtors' March 31 payment default. The Forbearance Agreements contained certain milestones and other forbearance termination events that required the Debtors generally to prepare for these Chapter 11 Cases in an orderly and expeditious manner. On April 10, 2017, April 12, 2017, April, 30, 2017, and May 8, 2017, the Forbearance Agreements were amended to extend certain of those milestones to afford the Debtors the time that they required to finalize their business plan, negotiate postpetition financing, and prepare for a smooth transition in the bankruptcy. In addition to missing payments owed under the Prepetition Term Loan Credit Agreement, the Debtors also elected to enter into the 30-day grace period provided under the Unsecured Notes Indenture and forego a coupon payment that was due on April 17, 2017.

6. The DIP Financing and Chapter 11 Plan

To fund the administration of these Chapter 11 Cases, the Prepetition ABL Lenders and a subset of the Prepetition Term Loan Lenders each agreed to provide the Debtors with debtor-in-possession financing, consisting of a postpetition ABL facility and a postpetition term loan facility, respectively (collectively, "DIP Facilities").

The Prepetition ABL Lenders agreed to continue to provide a $125 million postpetition DIP ABL Credit Facility on terms similar to those provided under the Debtors' existing asset-based lending facility (the "DIP ABL Credit Facility"). Pursuant to the terms of the DIP ABL Documents, immediately upon the entry of the Interim DIP Order on May 18, 2017, all prepetition amounts outstanding under the Prepetition ABL Facility were converted to amounts outstanding under the DIP ABL Credit Facility.

In early May 2017, a subset of Prepetition Term Loan Lenders committed to backstop a $150 million financing, required to support the Debtors' estates during these cases (the "DIP Term Loan Facility") on the basis of a financing and restructuring term sheet agreed upon by the Debtors and such lenders, which provided for a commitment for up to $50 million in new money loans and the conversion of up to $100 million of Prepetition Term Loans into postpetition DIP Term Loans (the "DIP Roll-Up Term Loans") upon entry of the Interim DIP Order.

[12] The Debtors also closed seven stores on or about April 15, 2017 without using the services of Gordon Brothers.

Both the DIP Term Loan Facility and the DIP ABL Facility are critical to the Debtors' ability to operate postpetition, including by providing sufficient liquidity to fund the administrative costs of these Chapter 11 Cases and, importantly, payments to vendors and other participants in the Debtors' supply chain to ensure the free flow of inventory to the Debtors' stores and customers. The Final DIP Order was entered on June 13, 2017 [Docket No. 529].

The Debtors arrived in chapter 11 with a transaction structure and process that they believe has preserved and capitalized on the value inherent in their business and brand. That transaction structure, as set forth in the Plan, provides for the following distributions: (a) the DIP ABL Facility will be repaid in full or, with the DIP ABL Lenders' consent, converted into an Exit ABL Facility; (b) the $50 million new-money DIP Term Loan Facility will be converted into a $50 million exit facility on the effective date of a chapter 11 plan; (c) the $100 million "roll-up" DIP Term Loan Facility will be converted into 33% of the equity interests in reorganized rue21, inc.; (d) the Prepetition Term Loan Lenders' Claims will be converted into 63% of the equity interests in reorganized rue21, inc.; and (e) General Unsecured Creditors will receive 4% of the New Equity of the Reorganized Debtors and interests in the proceeds of certain avoidance actions.

ARTICLE V.
EVENTS OF THESE CHAPTER 11 CASES

A. First Day Pleadings and Administrative Matters

1. First and Second Day Pleadings

To facilitate the administration of these Chapter 11 Cases and minimize disruption to the Debtors' operations, the Debtors Filed certain motions and applications with the Bankruptcy Court on the Petition Date or immediately thereafter. The relief sought in the "first day" and "second day" pleadings facilitated the Debtors' seamless transition into chapter 11 and aided in the preservation of the Debtors' going-concern value. The Debtors sought and obtained orders authorizing them to (among other things):

- obtain postpetition financing, use cash collateral, provide superpriority administrative expense status, grant adequate protection to the prepetition lenders, and modify the automatic stay;
- maintain and administer customer programs and honor their obligations arising under or relating to those customer programs;
- pay prepetition wages, salaries and other compensation, reimbursable employee expenses and employee medical and similar benefits;
- determine adequate assurance for future utility service and establish procedures for utility providers to object to such assurance;
- pay insurance obligations and brokerage fees, continue insurance coverage, and renew, supplement, modify, or purchase insurance coverage in the ordinary course;
- establish certain procedures for certain transfers and declarations of worthlessness with respect to common stock;
- continue the orderly liquidation of approximately 396 stores and set forth procedures for ongoing store-closing efforts;
- pay certain prepetition claims of lien claimants and claims entitled to administrative priority under section 503(b)(9) of the Bankruptcy Code in the ordinary course of business;
- maintain their existing cash management systems; and

- remit and pay certain taxes and fees.

2. Procedural and Administrative Motions

To facilitate the efficient administration of these Chapter 11 Cases and to reduce the administrative burden associated therewith, the Debtors also Filed and received authorization to implement several procedural and administrative motions:

- authorizing the joint administration of these Chapter 11 Cases;
- scheduling an expedited first day hearing;
- designating these Chapter 11 Cases as complex Chapter 11 Cases;
- extending the time during which the Debtors may file certain schedules of assets and liabilities;
- allowing the Debtors to prepare a list of creditors in lieu of submitting a formatted mailing matrix and to file a consolidated list of the Debtors' 50 largest creditors; and
- allowing the Debtors to retain and compensate certain Professionals utilized in the ordinary course of business.

3. Retention of Chapter 11 Professionals

The Debtors also Filed several applications to obtain authority to retain various professionals to assist the Debtors in carrying out their duties under the Bankruptcy Code during these Chapter 11 Cases. These professionals include: (a) Kirkland & Ellis LLP, as counsel to the Debtors; (b) Reed Smith LLP, as local counsel to the Debtors; (c) Rothschild, Inc., as investment banker to the Debtors; (e) Berkeley Research Group, LLC, as financial advisor to the Debtors; (d) KCC, as Notice and Claims Agent to the Debtors; and (e) A&G Realty Partners, LLC as a real estate consultant and advisor.

4. Appointment of the Statutory Committee of Unsecured Creditors

On May 23, 2017, the U.S. Trustee appointed an official committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code (the "Creditors' Committee"), consisting of: (a) Wilmington Trust, National Association; (b) Wells Fargo Capital Finance; (c) The CIT Group/Commercial Services, Inc.; (d) Mark Edwards Apparel, Inc.; (e) Grand Horizon Limited; (f) GGP Limited Partnership; and (g) Simon Property Group.

The Creditors' Committee has retained Cooley LLP as lead counsel, Fox Rothschild LLP as local counsel, and FTI Consulting Inc. as financial advisor.

B. Statements, Schedules, and Claims Bar Date

On June 20, 2017, the Debtors Filed their schedules of assets and liabilities and statements of financial affairs with the Bankruptcy Court pursuant to section 521 of the Bankruptcy Code (collectively, the "Schedules and Statements").[13] The Bankruptcy Code allows a bankruptcy court to fix the time within which Proofs of Claim must be Filed in a chapter 11 case. Any creditor whose Claim is not scheduled in the Schedules and Statements or whose Claim is scheduled as disputed, contingent, or unliquidated must file a Proofs of Claim.

On June 2, 2017, the Debtors Filed a motion requesting entry of an order approving certain deadlines to file Claims, procedures for filing Proofs of Claim; and the form and manner of notice of the applicable bar dates (the

[13] The Schedules and Statements for each respective Debtor are located on the following dockets: *In re rue21, inc.*, Case No. 17-22045 [Docket Nos. 567-568]; *In re Rhodes Holdco, Inc.*, Case No. 17-22046 [Docket Nos. 15-16]; *In re r services llc*, Case No. 17-22047 [Docket Nos. 16-17]; *In re rue services corporation*, Case No. 17-22048 [Docket Nos. 13-14]. The Schedules and Statements are also available on the Notice and Claims Agent website at http://www.kccllc.net/rue21 or the Bankruptcy Court's website at https://www.pacer.gov/.

"Bar Date Order") [Docket No. 359]. On June 28, 2017, the Court entered the *Modified Default Order (I) Setting Bar Dates for Submitting Proofs of Claim, (II) Approving Procedures for Submitting Proofs of Claim, (III) Approving Notice Thereof, and (IV) Granting Related Relief* [Docket No. 623]. The Bar Date Order provides for an August 8, 2017 bar date for general unsecured creditors (including claims arising under section 503(b)(9) of the Bankruptcy Code) and an August 8, 2017 bar date for governmental units [Docket No. 624]. The Debtors will review and analyze Claims Filed in response to the Bar Date Order, and will file objections to Claims with the Bankruptcy Court as necessary and appropriate in compliance with the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and the terms of the Debtors' proposed Plan. Because the resolution process for the Claims is currently ongoing, the Claims figures identified in this Disclosure Statement represent *estimates* only and, in particular, the estimated recoveries set forth in this Disclosure Statement for Holders of General Unsecured Claims could be materially lower if the actual Allowed General Unsecured Claims are higher than the current estimates.

C. Pending Litigation Proceedings and Claims

In the ordinary course of business, the Debtors are party to various lawsuits, legal proceedings, and claims arising out of the operations of their business. The Debtors cannot predict with certainty the outcome or disposition of these lawsuits, legal proceedings, and claims, although the Debtors do not believe the outcome of any currently existing proceeding, even if determined adversely, would have a material adverse effect on their business, financial condition, or results of operations.

With certain exceptions, the filing of these Chapter 11 Cases operates as a stay with respect to the commencement or continuation of litigation against the Debtors that was or could have been commenced before the commencement of these Chapter 11 Cases. The Debtors' liability with respect to litigation stayed by the commencement of the Chapter 11 Cases is subject to discharge, settlement, and release upon confirmation of the Plan. Therefore, certain litigation claims against the Debtors may be subject to discharge in connection with these Chapter 11 Cases. This may reduce the Debtors' exposure to losses in connection with the adverse determination of such litigation.

D. The Debtors' Plan Process

The Debtors Filed their initial plan of reorganization on June 1, 2017 [Docket No. 316] with the support of the Restructuring Support Parties. The Debtors believe that the Plan represents the best available path for the Debtors to reorganize and maximize value for their stakeholders' benefit. The Debtors therefore seek Confirmation of the value-maximizing Restructuring Transactions encompassed in the Plan and described herein.

ARTICLE VI.
SUMMARY OF THE PLAN

This section provides a summary of the structure and means for implementation of the Plan and the classification and treatment of Claims and Interests under the Plan, and is qualified in its entirety by reference to the Plan (as well as the exhibits thereto and definitions therein).

The statements contained in this Disclosure Statement include summaries of the provisions contained in the Plan and in the documents referred to therein. The statements contained in this Disclosure Statement do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred to therein, and reference is made to the Plan and to such documents for the full and complete statement of such terms and provisions of the Plan or documents referred to therein.

The Plan controls the actual treatment of Claims against, and Interests in, the Debtors under the Plan and will, upon the occurrence of the Effective Date, be binding upon all Holders of Claims against and Interests in the Debtors, the Debtors' Estates, the Reorganized Debtors, all parties receiving property under the Plan, and other parties in interest. In the event of any conflict between this Disclosure Statement and the Plan or any other operative document, the terms of the Plan and/or such other operative document shall control.

A. Administrative Claims and Professional Fee Claims

1. Administrative Claims and Professional Fee Claims

Other than with respect to the DIP Facility Claims, and unless otherwise agreed to by the Holder of an Allowed Administrative Claim or an Allowed Professional Fee Claim, and the Debtors or the Reorganized Debtors, as applicable, to the extent an Allowed Administrative Claim or an Allowed Professional Fee Claim has not already been paid in full or otherwise satisfied during the Chapter 11 Cases, each Holder of an Allowed Administrative Claim and/or an Allowed Professional Fee Claim will receive, in full and final satisfaction of its Allowed Administrative Claim and/or Allowed Professional Fee Claim, Cash equal to the amount of the unpaid portion of such Allowed Administrative Claim and/or Allowed Professional Fee Claim either: (a) if such Administrative Claim and/or Allowed Professional Fee Claim is Allowed as of the Effective Date, on the Effective Date; (b) if the Administrative Claim and/or Professional Fee Claim is not Allowed as of the Effective Date, (i) no later than thirty (30) days after the date on which an order of the Bankruptcy Court Allowing such Administrative Claim and/or Professional Fee Claim becomes a Final Order, or as soon thereafter as reasonably practicable, (ii) at such time and upon such terms as set forth in the order of the Bankruptcy Court, or (iii) with respect to an Administrative Claim that is Allowed after the Effective Date, at such time and upon such terms as may be agreed upon by such Holder and the Debtors or the Reorganized Debtors, as applicable; or (c) if the Allowed Administrative Claim and/or Allowed Professional Fee Claim is based on liabilities incurred by the Debtors' Estates in the ordinary course of their business after the Petition Date, pursuant to the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim and/or Allowed Professional Fee Claim, without any further action by the Holder of such Allowed Administrative Claim and/or Allowed Professional Fee Claim.

Except as otherwise provided by a Final Order previously entered by the Bankruptcy Court (including the OCP Order) or as provided by Article II.B or Article II.C of the Plan, unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Debtors no later than the Administrative Claims Bar Date; *provided that* the Administrative Claims Bar Date shall not apply to claims entitled to administrative priority that arise on or after the Petition Date in the ordinary course of the Debtors' business. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims that do not file and serve such a request by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors or their property, and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to Administrative Claims and 503(b)(9) Claims requests must be Filed and served on the requesting party by the Administrative Claims Objection Bar Date or the 503(b)(9) Claims Objection Bar Date, as applicable. Neither the Debtors, their Estates, nor the Reorganized Debtors may seek to extend, for any reason, the 503(b)(9) Claims Objection Bar Date except with the consent of the applicable Holder of a 503(b)(9) Claim.

2. Professional Compensation

(a) Final Fee Applications

All final requests for payment of Professional Fee Claims must be Filed with the Bankruptcy Court and served on the Debtors (or the Reorganized Debtors) no later than the first Business Day that is forty-five (45) days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and any prior orders of the Bankruptcy Court in the Chapter 11 Cases, the Allowed amounts of such Professional Fee Claims shall be determined by the Bankruptcy Court.

(b) Professional Fee Escrow

If the Professional Fee Claims Estimate is greater than zero, as soon as reasonably practicable after the Confirmation Date and no later than the Effective Date, the Debtors shall establish and fund the Professional Fee Escrow. The Debtors shall fund the Professional Fee Escrow with Cash equal to the Professional Fee Claims Estimate. Funds held in the Professional Fee Escrow shall not be considered property of the Debtors' Estates or property of the Reorganized Debtors, but shall revert to the Reorganized Debtors only after all Professional Fee Claims Allowed by the Bankruptcy Court have been irrevocably paid in full. The Professional Fee Escrow shall be held in trust for Professionals retained by the Debtors and the Creditors' Committee and for no other parties until all

Professional Fee Claims Allowed by the Bankruptcy Court have been paid in full. Professional Fees owing to the applicable Professionals shall be paid in Cash to such Professionals from funds held in the Professional Fee Escrow when such Claims are Allowed by an order of the Bankruptcy Court; *provided that* obligations with respect to Professional Fee Claims shall not be limited nor deemed limited to the balance of funds held in the Professional Fee Escrow. No Liens, claims, or interests shall encumber the Professional Fee Escrow in any way.

For the avoidance of doubt, the Restructuring Expenses incurred, or estimated to be incurred, through the Effective Date shall be paid in full in Cash on the Effective Date without the requirement to file retention or fee applications and without any requirement for notice to or action, order, or approval of the Bankruptcy Court.

To the extent that the Professional Fee Escrow contains insufficient funds to pay all Professional Fee Claims Allowed by the Bankruptcy Court, the Reorganized Debtors shall pay such Allowed Professional Fee Claims.

(c) Post-Effective Date Fees and Expenses

Except as otherwise specifically provided in the Plan, on and after the Effective Date, the Debtors or the Reorganized Debtors, as applicable, shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional, or other fees and expenses related to implementation of the Plan and Consummation incurred by the Debtors or the Reorganized Debtors, as applicable. Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331, 363, and 1103 of the Bankruptcy Code or the Interim Compensation Order in seeking retention for services rendered after such date shall terminate, and the Debtors or the Reorganized Debtors, as applicable, may employ any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

(d) Substantial Contribution Compensation and Expenses

Except as otherwise specifically provided in the Plan, any Entity that requests compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code must file an application and serve such application on counsel for the Debtors or Reorganized Debtors, as applicable, and as otherwise required by the Bankruptcy Court, the Bankruptcy Code, and the Bankruptcy Rules on or before the Administrative Claims Bar Date.

3. DIP ABL Claims

On the Effective Date, or as soon as reasonably practicable thereafter, except to the extent that a Holder of a DIP ABL Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed DIP ABL Claim, each such Allowed DIP ABL Claim shall either (a) be paid in full in Cash or (b) to the extent agreed to by such Holder, converted into a like amount of Exit ABL Loans; *provided, however*, that the DIP Liens (as defined in the Final DIP Order) shall not be released until (y) the indefeasible payment in full in cash (or conversion into the Exit ABL Loans, as applicable) of each Allowed DIP ABL Claim and (z) receipt by the DIP ABL Agent (as defined in the Final DIP Order) of a payoff letter in form and substance satisfactory to the DIP ABL Agent.

4. DIP New Money Term Loan Claims

On the Effective Date, or as soon as reasonably practicable thereafter, except to the extent that a Holder of a DIP New Money Term Loan Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed DIP New Money Term Loan Claim, each such Holder of an Allowed DIP New Money Term Loan Claim shall receive, on a dollar-for-dollar basis, its Pro Rata share of the Exit Term Loan Credit Facility.

5. DIP Roll-Up Term Loan Claims

On the Effective Date, or as soon as reasonably practicable thereafter, except to the extent that a Holder of an Allowed DIP Roll-Up Term Loan Claim agrees to a less favorable treatment in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed DIP Roll-Up Term Loan Claim, each Holder of an Allowed DIP Roll-Up Term Loan Claim shall receive its Pro Rata share of 33% of the New Equity, in the form of Class A Shares, subject to dilution for any New Equity issued under a Management Equity Incentive Plan.

6. DIP Payments

Subject to the DIP Documents and the DIP Orders, on the Effective Date, the DIP Payments shall be (a) deemed to be Allowed in the full amount due and owing under the DIP Facilities as of the Effective Date and (b) paid in full in Cash.

7. Priority Tax Claims

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

8. United States Trustee Statutory Fees

All fees due and payable pursuant to section 1930 of Title 28 of the U.S. Code prior to the Effective Date shall be paid by the Debtors. On and after the Effective Date, the Reorganized Debtors shall pay any and all such fees when due and payable, and shall File with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the U.S. Trustee. Each Debtor shall remain obligated to pay quarterly fees to the U.S. Trustee until the earliest of that particular Debtor's case being closed, dismissed, or converted to a case under Chapter 7 of the Bankruptcy Code.

B. Classification and Treatment of Claims and Interests

1. Classification of Claims and Interests

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Fee Claims, DIP ABL Claims, DIP New Money Term Loan Claims, DIP Roll-Up Term Loan Claims, and Priority Tax Claims have not been classified and are thus excluded from the Classes of Claims and Interests set forth in Article III of the Plan. All Claims and Interests, other than Administrative Claims, Professional Fee Claims, DIP ABL Claims, DIP New Money Term Loan Claims, DIP Roll-Up Term Loan Claims, and Priority Tax Claims, are classified in the Classes set forth in Article III of the Plan for all purposes, including voting, Confirmation, and distributions pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is classified in a particular Class only to the extent that such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of such Claim or Interest qualifies within the description of such other Classes. A Claim also is classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

(a) Class Identification

The classification of Claims and Interests against each Debtor (as applicable) pursuant to the Plan is as set forth below. The Plan shall constitute a separate Plan for each of the Debtors within the meaning of section 1121 of the Bankruptcy Code, and the classification of Claims and Interests set forth herein shall apply separately to each of the Debtors. All of the potential Classes for the Debtors are set forth herein. Certain of the Debtors may not have

Holders of Claims or Interests in a particular Class or Classes, and such Claims shall be treated as set forth in Article III.D of the Plan. For all purposes under the Plan, each Class will contain sub-Classes for each of the Debtors.

Class	Claims and Interests	Status	Voting Rights
Class 1	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 2	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 3	Prepetition ABL Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 4	Prepetition Term Loan Secured Claims	Impaired	Entitled to Vote
Class 5	General Unsecured Claims	Impaired	Entitled to Vote
Class 6	Intercompany Claims	Impaired / Unimpaired	Not Entitled to Vote (Deemed to Accept or Reject)
Class 7	Intercompany Interests	Impaired / Unimpaired	Not Entitled to Vote (Deemed to Accept or Reject)
Class 8	Existing Interests	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 9	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)

(b) Treatment of Claims and Interests

(i) Class 1 - Other Secured Claims

(A) *Classification*: Class 1 consists of all Allowed Other Secured Claims.

(B) *Treatment*: Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment of its Allowed Other Secured Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Secured Claim, each such Holder thereof shall receive, at the option of the Reorganized Debtors, either:

(I) payment in full in Cash of such Holder's Allowed Other Secured Claim;

(II) Reinstatement of such Holder's Allowed Other Secured Claim;

(III) the Debtors' interest in the collateral securing such Allowed Other Secured Claim; or

(IV) such other treatment rendering such Holder's Allowed Other Secured Claim Unimpaired.

(C) *Voting*: Class 1 is Unimpaired under the Plan. Holders of Other Secured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to

vote to accept or reject the Plan.

(ii) Class 2 - Other Priority Claims

(A) *Classification*: Class 2 consists of all Allowed Other Priority Claims.

(B) *Treatment*: Except to the extent that a Holder of an Allowed Other Priority Claim agrees to a less favorable treatment of its Allowed Other Priority Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Priority Claim, each such Holder thereof shall receive, at the option of the Reorganized Debtors, either:

(I) payment in full in Cash of such Holder's Allowed Other Priority Claim; or

(II) such other treatment rendering such Holder's Allowed Other Priority Claim Unimpaired.

(C) *Voting*: Class 2 is Unimpaired under the Plan. Holders of Other Priority Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(iii) Class 3 - Prepetition ABL Claims

(A) *Classification*: Class 3 consists of all Prepetition ABL Claims for all applicable Debtors.

(B) *Allowance*: Upon entry of the Interim DIP Order, all loans under the Prepetition ABL Credit Facility and all accrued and unpaid interest thereon and outstanding fees and expenses were fully-rolled into the DIP ABL Credit Facility.

(C) *Treatment:* Solely to the extent of any outstanding Allowed Prepetition ABL Claims that were not rolled-up into the DIP ABL Credit Facility including, for the avoidance of doubt, any contingent Claims for indemnification arising from the Prepetition ABL Loan Documents prior to the Petition Date, except to the extent that a Holder of an Allowed Prepetition ABL Claim agrees to a less favorable treatment of its Allowed Prepetition ABL Claim in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Prepetition ABL Claim, each such Holder thereof shall receive payment in full in Cash of such Holder's Allowed Prepetition ABL Claims; *provided, however*, that any contingent Claims for indemnification arising from the Prepetition ABL Loan Documents shall be released and discharged solely to the extent that: (1) the Challenge Deadline (as defined in the Final DIP Order) has passed without the timely and proper commencement of a Challenge (as defined in the Final DIP Order); (2) a Final Order is

entered, denying a Challenge (as defined in the Final DIP Order); or (3) the receipt by the Prepetition ABL Parties (as defined in the Final DIP Order) of a binding agreement in writing (in a form satisfactory to the Prepetition ABL Agent) stating that (x) the Committee and its counsel have completed their review of the Prepetition ABL Documents, the Prepetition ABL Obligations (as defined in the Final DIP Order) and the Prepetition Liens (as defined in the Final DIP Order) granted to the Prepetition ABL Agent, (y) the Committee will not initiate or commence a Challenge with respect thereto, and (z) as between the Committee and each Prepetition ABL Party, the Challenge Deadline is deemed to have occurred.

(D) *Voting:* Class 3 is Unimpaired under the Plan. Holders of Prepetition ABL Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(iv) Class 4 - Prepetition Term Loan Secured Claims

(A) *Classification*: Class 4 consists of all Prepetition Term Loan Secured Claims for all applicable Debtors.

(B) *Allowance*: The Prepetition Term Loan Secured Claims are Allowed in the aggregate principal amount of not less than $249,700,000,[14] plus any accrued but unpaid interest thereon payable as of the Petition Date at the applicable interest rate and any accrued but unpaid fees and expenses payable in accordance with the Prepetition Term Loan Documents. The Prepetition Term Loan Secured Claims shall not be subject to avoidance, subordination, setoff, deduction, objection, challenge, recharacterization, surcharge under 506(c) of the Bankruptcy Code or any other claim or defense.

(C) *Treatment:* Except to the extent that a Holder of an Allowed Prepetition Term Loan Secured Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Prepetition Term Loan Secured Claim, each Holder thereof that votes in favor of the Plan shall be entitled to either a Pro Rata share of 63% of the New Equity, in the form of Class A Shares, subject to the Term Loan Adjustment and dilution for any New Equity issued under a Management Equity Incentive Plan; *provided, however*, that any contingent Claims for indemnification arising from the Prepetition Term Loan Documents shall be released and discharged solely to the extent that: (i) the Challenge Deadline (as defined in the Final DIP Order) has passed without the timely and proper

[14] This amount represents a portion of the total Allowed Claims arising from the Prepetition Term Loan Documents of $420,998,750.

commencement of a Challenge (as defined in the Final DIP Order); (ii) a Final Order is entered, denying a Challenge (as defined in the Final DIP Order); or (iii) the receipt by the Prepetition Term Loan Parties (as defined in the Final DIP Order) of a binding agreement in writing (in a form satisfactory to the Prepetition Term Loan Agent) stating that (A) the Committee and its counsel have completed their review of the Prepetition Term Loan Documents, the Prepetition Term Loan Obligations (as defined in the Final DIP Order) and the Prepetition Liens (as defined in the Final DIP Order) granted to the Prepetition Term Loan Agent, (B) the Committee will not initiate or commence a Challenge with respect thereto, and (C) as between the Committee and each Prepetition Term Loan Party, the Challenge Deadline is deemed to have occurred.

(D) *Voting:* Class 4 is Impaired under the Plan. Holders of Allowed Prepetition Term Loan Secured Claims are entitled to vote to accept or reject the Plan.

(v) Class 5 - General Unsecured Claims

(A) *Classification*: Class 5 consists of all Allowed General Unsecured Claims (including, for the avoidance of doubt, Unsecured Notes Claims).

(B) *Treatment*: Except to the extent that a Holder of an Allowed General Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed General Unsecured Claim, if Class 5 votes to accept the Plan, then the Debtors shall be deemed to automatically waive and release all Preference Actions. Notwithstanding whether Class 5 votes to accept the Plan, each Holder of an Allowed General Unsecured Claim shall be entitled to receive a Pro Rata share of: (x) 4% of the New Equity, in the form of Class B Shares unless the Holder of an Allowed General Unsecured Claim elects to receive New Equity in the form of Class A Shares, subject to dilution for any New Equity issued under a Management Equity Incentive Plan; and (y) 100% of the proceeds of Reserved Avoidance Actions (net of any expense, including any taxes relating thereto); *provided*, *however*, if Class 5 votes to reject the Plan, then the Debtors shall not be deemed to waive or release any Preference Actions, except those actions against Excluded Parties.

(C) *Voting*: Class 5 is Impaired under the Plan. Holders of Allowed General Unsecured Claims are entitled to vote to accept or reject the Plan.

(vi) Class 6 - Intercompany Claims

(A) *Classification*: Class 6 consists of all Allowed Intercompany Claims.

(B) *Treatment*: Subject to the Restructuring Transactions and the Restructuring Support Agreement, Intercompany Claims shall be, at the option of the Reorganized Debtors, either: (x) Reinstated as of the Effective Date; or (y) cancelled without any distribution on account of such Claims.

(C) *Voting*: Class 6 is either Unimpaired or Impaired under the Plan. Holders of Intercompany Claims are conclusively presumed to accept or reject the Plan, respectively, pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(vii) Class 7 - Intercompany Interests.

(A) *Classification*: Class 7 consists of all Allowed Intercompany Interests.

(B) *Treatment*: Subject to the Restructuring Transactions and the Restructuring Support Agreement, Intercompany Interests shall be, at the option of the Reorganized Debtors, either: (x) Reinstated as of the Effective Date; or (y) cancelled without any distribution on account of such Interests.

(C) *Voting*: Class 7 is either Unimpaired or Impaired under the Plan. Holders of Intercompany Interests are conclusively presumed to accept or reject the Plan, respectively, pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(viii) Class 8 - Existing Interests.

(A) *Classification*: Class 8 consists of all Allowed Existing Interests.

(B) *Treatment*: On the Effective Date, all Allowed Existing Interests shall be cancelled without any distribution on account of such Interests.

(C) *Voting:* Class 8 is Impaired under the Plan. Holders of Allowed Existing Interests are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(ix) Class 9 - Section 510(b) Claims.

(A) *Classification*: Class 9 consists of all Section 510(b) Claims against the Debtors.

(B) *Allowance:* Notwithstanding anything to the contrary herein, a Section 510(b) Claim, if any such Claim exists, may only become Allowed by Final Order of the Bankruptcy Court. The Debtors are not aware of any valid Section 510(b) Claim and believe that no such Section 510(b) Claim exists.

(C) *Treatment*: Allowed Section 510(b) Claims, if any, shall be discharged, canceled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and holders of Allowed Section 510(b) Claims will not receive any distribution on account of such Allowed Section 510(b) Claims

(D) *Voting:* Class 9 is Impaired under the Plan. Holders (if any) of Section 510(b) Claims are conclusively deemed to have rejected the Plan under section 1126(g) of the Bankruptcy Code. Therefore, such holders (if any) are not entitled to vote to accept or reject the Plan.

(c) Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

(d) Elimination of Vacant Classes

Any Class of Claims that does not have a Holder eligible to vote as of the Voting Deadline shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

(e) Voting Classes; Presumed Acceptance by Non-Voting Classes

If a Class contains Holders of Claims eligible to vote and no Holders of Claims eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed accepted by the Holders of such Claims in such Class.

(f) Intercompany Interests, Intercompany Claims, and Existing Interests

To the extent Reinstated under the Plan, distributions on account of Intercompany Interests or Intercompany Claims are not being received by holders of such Intercompany Interests or Intercompany Claims on account of their Intercompany Interests or Intercompany Claims but for the purpose of administrative convenience. For the avoidance of doubt, to the extent Reinstated pursuant to the Plan, on and after the Effective Date, the Intercompany Interests in a particular Reorganized Debtor shall continue to be owned by the same Reorganized Debtor that corresponds with the Debtor that owned such Intercompany Interests prior to the Effective Date.

(g) Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by at least one Impaired Class of Claims. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims. The Debtors reserve the right to modify the Plan in accordance with Article X of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a Class of Claims to render such Class of Claims Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules.

C. Means for Implementation of the Plan

1. General Settlement of Claims

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, Distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims, equity interests, Causes of Action, and controversies released, settled, compromised, discharged, or otherwise resolved pursuant to the Plan. The Plan shall be deemed a motion to approve the good-faith compromise and settlement of all such Claims, Interests, Causes of Action, and controversies pursuant to Bankruptcy Rule 9019, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such compromise and settlement under section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, as well as a finding by the Bankruptcy Court that such settlement and compromise is fair, equitable, reasonable, and in the best interests of the Debtors and their Estates. Distributions made to Holders of Allowed Claims in any Class shall be final.

Critical components of such settlement include the Debtor Releases and Third Party Releases incorporated into the Plan, treatment of and distributions to creditors under the Plan, post-emergence governance rights incentive programs, conditions precedent to Plan confirmation, the treatment of avoidance actions, debtor-in-possession financing, milestones, and covenants. The components of the Plan reflect and implement the concessions and compromises contained in the Restructuring Support Agreement and otherwise agreed to by the Debtors and their stakeholders. The parties to the Restructuring Support Agreement and the parties to be released under the Plan afforded value to the Debtors and aided in the reorganization process by playing a role in the formulation of the Plan and have expended time and resources analyzing and negotiating the complex issues presented by the Debtors' capital structure. The release provisions in the Plan were a component of the Debtors' ability to achieve consensus on the Restructuring Support Agreement and a prearranged plan of reorganization that maximizes recoveries to the Debtors' creditors and affords the Reorganized Debtors the opportunity to restructure their business to compete effectively post-emergence. Absent the prearranged bankruptcy filing and expeditious implementation of the Plan (which preserves trade relationships and, therefore, enterprise value), the Debtors could face a longer, costlier, and uncertain chapter 11 process mired with contentious litigation or a near-term liquidation, which could materially delay and reduce distributions to creditors.

2. No Substantive Consolidation

The Plan is being proposed as a joint plan of reorganization of the Debtors for administrative purposes only and constitutes a separate chapter 11 plan of reorganization for each Debtor. The Plan is not premised upon the substantive consolidation of the Debtors with respect to the Classes of Claims or Interests set forth in the Plan.

3. Restructuring Transactions

On or after the Confirmation Date or as soon as reasonably practicable thereafter, the Debtors or the Reorganized Debtors, in each case, with the consent of the Term Loan Lender Group, may take all actions as may be necessary or appropriate to effectuate any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan (collectively, the "Restructuring Transactions"), including: (1) the execution, filing, and delivery of appropriate agreements or other documents of merger, sale, disposition, transfer, consolidation, reorganization, restructuring, liquidation, dissolution, or equity issuance, certificates of incorporation, certificates of conversion, certificates of formation, operating agreements, bylaws, or other documents containing terms that are consistent with or reasonably necessary to implement the terms of the Plan and that satisfy the requirements of applicable law; (2) the execution and delivery of appropriate instruments of sale, equity issuance, transfer, assignment, assumption, or delegation of any property, right, liability, duty, or obligation on terms consistent with the terms of the Plan; (3) the issuance of the New Equity, (4) the execution of the New Organizational Documents, (5) the vesting of the Debtors' assets in the Reorganized Debtors, in each case in accordance with the Plan; (6) such other transactions that are necessary or appropriate to implement the Plan in the most tax efficient manner, including any mergers, sales, dispositions, transfers, consolidations, restructurings, conversions, formations, organizations, dissolutions or liquidations; and (7) all other transactions or actions that either (x) the Debtors or (y) the Reorganized Debtors, as applicable, determine are necessary or appropriate to implement the Plan. The Restructuring Transactions may include a taxable transfer of substantially all or a part of the Debtors' assets or entities to a newly-formed entity (or

an affiliate or subsidiary of such entity) formed and controlled by certain holders of Claims against the Debtors and, in such case, some or all of the New Equity (and/or other interests) issued to holders of Claims pursuant to the Plan may comprise stock (and/or other interests) of such new entity (or an affiliate or subsidiary of such entity).

4. Sources of Consideration

All Cash necessary for the Reorganized Debtors to make payments required pursuant to the Plan will be funded with proceeds from the DIP Facilities and Cash on hand as of the Effective Date and proceeds, if any, from the Reserved Avoidance Actions. Additionally, on or after the Effective Date, the Debtors may draw available proceeds under the Exit ABL Credit Facility (subject to and in accordance with the terms thereof). The Debtors will rely on the Cash proceeds of the Exit ABL Credit Facility and Cash on hand to fund other payments required on or after the Effective Date.

In making such Cash payments, the Debtors and the Reorganized Debtors will be entitled to transfer funds between and among themselves as they determine to be necessary or appropriate to enable the Reorganized Debtors to satisfy their obligations under the Plan. Except as set forth in the Plan, any changes in intercompany account balances resulting from such transfers will be accounted for and settled in accordance with the Debtors' historical intercompany account settlement practices and will not violate the terms of the Plan.

5. Issuance of New Equity

Upon the Effective Date, all equity interests of Rhodes Holdco, Inc. shall be cancelled and the New Equity shall be issued as set forth under the Plan. The New Equity shall be freely tradable and eligible for the book-entry, delivery, depository and settlement services of DTC. On the Effective Date, the Reorganized Debtors shall issue all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Plan.

On the Effective Date, Holders of New Equity shall be parties to certain New Organizational Documents, which shall be subject to the RSA Definitive Document Requirements. On the Effective Date, the Reorganized Debtors and the Holders of New Equity (to the extent applicable) shall enter into and deliver the New Organizational Documents to each Entity that is intended to be a party thereto and such New Organizational Documents shall be deemed to be valid, binding, and enforceable in accordance with their terms, and each Holder of New Equity shall be bound thereby, in each case, without the need for execution by any party thereto other than the Reorganized Debtors.

6. Delivery of Distributions of Claims on Account of Unsecured Notes Claims

The Unsecured Notes Claims are Allowed in the aggregate principal amount of not less than $239,200,000, plus any accrued but unpaid interest payable thereon as of the Petition Date at the applicable interest rate and any accrued but unpaid fees and expenses payable in accordance with the Unsecured Notes Indenture. The Unsecured Notes Claims shall not be subject to avoidance, subordination, setoff, deduction, objection, challenge, recharacterization, surcharge under 506(c) of the Bankruptcy Code or any other claim or defense.

Except as otherwise reasonably requested by the Unsecured Notes Indenture Trustee, all distributions to Holders of Allowed Unsecured Notes Claims shall be deemed completed when made to the Unsecured Notes Indenture Trustee. The Unsecured Notes Indenture Trustee shall hold or direct such distributions for the benefit of the Holders of Unsecured Notes Claims. As soon as practicable in accordance with the requirements set forth in this Article IV, the Unsecured Notes Indenture Trustee shall arrange to deliver such distributions to or on behalf of its Holders, subject to the Unsecured Notes Indenture Trustee's charging lien. If the Unsecured Notes Indenture Trustee is unable to make, or consents to the Reorganized Debtors making, such distributions, the Reorganized Debtors, with the Unsecured Notes Indenture Trustee's cooperation, shall make such distributions to the extent practicable to do so (provided that until such distributions are made, the Unsecured Notes Indenture Trustee's charging lien shall attach to the property to be distributed in the same manner as if such distributions were made through the Unsecured Notes Indenture Trustee). The Unsecured Notes Indenture Trustee shall have no duties or responsibility relating to any form of distribution that is not DTC eligible and the Debtors or the Reorganized Debtors, as applicable, shall seek the cooperation of DTC so that any distribution on account of an Allowed

Unsecured Notes Claim that is held in the name of, or by a nominee of, DTC, shall be made through the facilities of DTC on the Effective Date or as soon as practicable thereafter.

7. Exit Credit Facilities

On the Effective Date, the Reorganized Debtors shall enter into the Exit Credit Facilities, the terms of which will be set forth in the Exit Credit Facilities Documents, as applicable. Confirmation of the Plan shall be deemed approval of the Exit Credit Facilities and the Exit Credit Facilities Documents, as applicable, and all transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized Debtors in connection therewith, including the payment of all fees, indemnities, and expenses provided for therein, and authorization of the Reorganized Debtors to enter into and execute the Exit Credit Facilities Documents and such other documents as may be required to effectuate the treatment afforded by the Exit Credit Facilities. Subject to (a) the indefeasible payment in full in cash of each Allowed DIP ABL Claim and (b) receipt by the DIP ABL Agent (as defined in the Final DIP Order) of a payoff letter in form and substance satisfactory to the DIP ABL Agent, on the Effective Date, all of the Liens and security interests to be granted in accordance with the Exit Credit Facilities Documents (i) shall be deemed to be granted, (ii) shall be legal, binding, and enforceable Liens on, and security interests in, the collateral granted thereunder in accordance with the terms of the Exit Credit Facilities Documents, (iii) shall be deemed perfected on the Effective Date, subject only to such Liens and security interests as may be permitted under the Exit Credit Facilities Documents, and (iv) shall not be subject to recharacterization or equitable subordination for any purposes whatsoever and shall not constitute preferential transfers or fraudulent conveyances under the Bankruptcy Code or any applicable non-bankruptcy law. The Reorganized Debtors and the persons and entities granted such Liens and security interests shall be authorized to make all filings and recordings, and to obtain all governmental approvals and consents necessary to establish and perfect such Liens and security interests under the provisions of the applicable state, federal, or other law that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfection shall occur automatically by virtue of the entry of the Confirmation Order and any such filings, recordings, approvals, and consents shall not be required), and will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens and security interests to third parties.

8. Continued Corporate Existence

The Reorganized Debtors shall adopt the New Organizational Documents on the Effective Date. The Reorganized Debtors shall be authorized to adopt any other agreements, documents, and instruments and to take any other actions contemplated under the Plan as necessary or appropriate to consummate the Plan.

9. Vesting of Assets in the Reorganized Debtors

Except as otherwise provided in the Plan (including the Restructuring Transactions) or any agreement, instrument, or other document incorporated in the Plan, on the Effective Date, all property in each Estate, all Causes of Action and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the Reorganized Debtors may operate their business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code, or the Bankruptcy Rules. Notwithstanding the foregoing, Causes of Action (including any Avoidance Actions) against any Excluded Party shall be released and discharged as of the Effective Date, except that any Reserved Avoidance Action against any Entity that was at any point a Continuing Trade Party and becomes a Non-Continuing Trade Party shall be restored and revested in the Reorganized Debtors.

10. New Organizational Documents

Each of the Reorganized Debtors will file its applicable New Organizational Documents, including the certificate of formation for each of the Reorganized Debtors, with the applicable Secretaries of State and/or other

applicable authorities in its respective state of incorporation or formation in accordance with the corporate laws of the respective state of incorporation. Pursuant to section 1123(a)(6) of the Bankruptcy Code, the New Organizational Documents will prohibit the issuance of nonvoting equity securities. After the Effective Date, the Reorganized Debtors may amend and restate their respective New Organizational Documents and other constituent documents as permitted by the laws of their respective state of incorporation and their respective New Organizational Document.

11. Directors, Managers, and Officers of the Reorganized Debtors

As of the Effective Date, the officers and members of the New Board shall be appointed in accordance with the Restructuring Support Agreement and the respective New Organizational Documents. The New Board shall consist of seven (7) members selected by the Backstop DIP Term Lenders, and any entitlements to individual board designation rights shall be determined by the Backstop DIP Term Lenders. Voya Investment Management shall also retain non-voting board observer rights for 18 months following the Effective Date (the "New Board Observer"). To the extent any such director, manager, or officer of the Reorganized Debtors is an "insider" of the Debtors (as that term is defined in the Bankruptcy Code), the Debtors also will disclose the nature of any compensation to be paid to such director or officer in the Plan Supplement. Each such director, manager, and officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and other constituent documents of the Reorganized Debtors.

The New Board Observer shall be given notice of, and opportunity to attend, all New Board meetings and receive in advance all materials distributed to members of the New Board in connection with such meetings; *provided that*, for this purpose, such meetings shall not include committee meetings other than special or transaction committees formed to discuss or evaluate a potential change of control transaction. The New Board Observer shall receive customary D&O indemnification and insurance from the Reorganized Debtors.

12. Registration Exemptions

Subject to the below, pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and distribution of the New Equity, as contemplated by the Plan shall be exempt from, among other things, the registration requirements of Section 5 of the Securities Act, and any other applicable United States, state, or local law requiring registration prior to the offering, issuance, distribution, or sale of securities. Such Section 1145 Securities will not be "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act) and will be freely tradable and transferable by any initial recipient thereof that (x) is not an "affiliate" of the Reorganized Debtors (as defined in Rule 144(a)(1) under the Securities Act), (y) has not been such an "affiliate" within 90 days of such transfer, and (z) is not an entity that is an "underwriter" as defined in section 1145(b) of the Bankruptcy Code.

Because the ownership of the New Equity distributed under the Plan will be reflected through the facilities of DTC, the Reorganized Debtors need not provide any further evidence other than the Plan or the Confirmation Order with respect to the treatment of such New Equity under applicable securities laws. If applicable, DTC shall be required to accept and conclusively rely upon the Plan and Confirmation Order in lieu of a legal opinion regarding whether such New Equity is exempt from registration and/or eligible for DTC's book-entry delivery, settlement, and depository services. Notwithstanding anything to the contrary in the Plan, no Entity (including, for the avoidance of doubt, DTC) may require a legal opinion regarding the validity of any transaction contemplated by the Plan, including, for the avoidance of doubt, whether such New Equity is exempt from registration and/or eligible for DTC's book-entry delivery, settlement, and depository services.

13. Subordination

The allowance, classification, and treatment of satisfying all Claims and Interests under the Plan takes into consideration any and all subordination rights, whether arising by contract or under general principles of equitable subordination, section 510(b) or 510(c) of the Bankruptcy Code, or otherwise. On the Effective Date, any and all subordination rights or obligations that a holder of a Claim or Interest may have with respect to any distribution to be made under the Plan will be discharged and terminated, and all actions related to the enforcement of such subordination rights will be enjoined permanently. Accordingly, distributions under the Plan to holders of Allowed

Claims will not be subject to turnover or payment to a beneficiary of such terminated subordination rights, or to levy, garnishment, attachment or other legal process by a beneficiary of such terminated subordination rights.

14. Intercompany Account Settlement

The Reorganized Debtors will be entitled to transfer funds between and among themselves as they determine to be necessary to enable the Reorganized Debtors to satisfy their obligations under the Plan. Except as set forth herein, any changes in intercompany account balances resulting from such transfers will be accounted for and settled in accordance with the Debtors' historical intercompany account settlement practices and will not violate the terms of the Plan.

15. Cancellation of Existing Securities and Agreements

On the later of (a) the Effective Date or (b) the indefeasible payment in full in cash of the Prepetition ABL Obligations and DIP ABL Obligations, except to the extent otherwise provided in the Plan, the DIP ABL Documents, the DIP Term Loan Documents, the Prepetition ABL Documents, the Prepetition Term Loan Documents, the Unsecured Notes Indenture and all notes, instruments, certificates, agreements, indentures, and other documents evidencing Claims or Interests and the Unsecured Notes shall be deemed cancelled, surrendered, and discharged without any need for further action or approval of the Bankruptcy Court or any Holder or other person and the obligations of the Debtors thereunder or in any way related thereto shall be deemed satisfied in full and discharged, and the DIP Term Loan Agent, the DIP ABL Agent, the Prepetition Agents and the Unsecured Notes Indenture Trustee shall have no further obligations or duties thereunder; *provided*, *however*, that notwithstanding Confirmation or Consummation, any such indenture or agreement that governs the rights of the Holder of a Claim shall continue in effect solely for purposes of (i) allowing Holders to receive distributions under the Plan; (ii) allowing Holders of Claims to retain their respective rights and obligations vis-à-vis other Holders of Claims pursuant to any applicable loan or other documents; (iii) allowing the Servicers to enforce their rights, claims, and interests vis-à-vis any party other than the Debtors; (iv) allowing the Prepetition Agents, DIP Agents and the Unsecured Notes Indenture Trustee to make the distributions in accordance with the Plan (if any), as applicable; (v) preserving any rights of the Unsecured Notes Indenture Trustee to payment of fees, expenses, and indemnification obligations as against any money or property distributable to the Holders under the Unsecured Notes Indenture, including any rights to priority of payment and/or to exercise charging liens; (vi) allowing the Servicers to enforce any obligations owed to them under the Plan; (vii) allowing the Servicers to exercise rights and obligations relating to the interests of the Holders under the Prepetition Loan Documents, the DIP Documents and the Unsecured Notes Indenture, as applicable; (viii) allowing the Servicers to appear in the Chapter 11 Cases or in any proceeding in the Bankruptcy Court or any other court; and (ix) permitting the Servicers to perform any functions that are necessary to effectuate the foregoing; *provided*, *further*, *however*, that except as provided below, the preceding proviso shall not affect the discharge of Claims pursuant to the Bankruptcy Code, the Confirmation Order, or the Plan or affect any of the release, third-party release, Exculpation or injunction provisions contained in Article VIII of the Plan, or result in any expense or liability to the Reorganized Debtors, as applicable; *provided*, *further*, that the foregoing shall not affect the issuance of New Equity issued pursuant to the Restructuring Transactions nor the treatment of Intercompany Interests pursuant to Article III of the of the Plan; *provided*, *further*, that only such matters which by their express terms survive the termination of the DIP ABL Documents, DIP Term Loan Documents, Prepetition Loan Documents, and Unsecured Notes Indenture shall survive the occurrence of the Effective Date, including the rights of the DIP Agents, the Prepetition Agents and the Unsecured Notes Indenture Trustee to expense reimbursement and similar amounts.

16. Unsecured Notes Indenture Trustee Fees

On the Effective Date, the Debtors or Reorganized Debtors, as applicable, shall pay in Cash all Unsecured Notes Indenture Trustee Fees that are required to be paid under the Unsecured Notes Indenture, without the need for the Unsecured Notes Indenture Trustee to file a fee application with the Bankruptcy Court. From and after the Effective Date, the Reorganized Debtors shall pay in Cash all Unsecured Notes Indenture Trustee Fees, including, without limitation, all Unsecured Notes Indenture Trustee Fees incurred in connection with distributions made pursuant to the Plan or the cancellation and discharge of the Unsecured Notes Indenture; *provided, however*, that all Unsecured Notes Indenture Trustee Fees shall be limited to those due and owing as of the Effective Date except for those Unsecured Notes Indenture Trustee Fees limited to distributions to Holders.

Nothing in this section shall in any way affect or diminish the right of the Unsecured Notes Indenture Trustee to exercise any charging lien against distributions to Holders of Unsecured Notes Claims with respect to any unpaid Unsecured Notes Indenture Trustee Fees, as applicable.

17. Corporate Action

Upon the Effective Date, all actions contemplated under the Plan shall be deemed authorized and approved in all respects, and, to the extent taken prior to the Effective Date, ratified without any requirement for further action by Holders of Claims or Interests, directors, managers, or officers of the Debtors, or any other Entity or Person, including, without limitation: (1) adoption or assumption, as applicable, of the agreements with existing management; (2) rejection or assumption, as applicable, of Executory Contracts and Unexpired Leases; (3) selection of the managers and officers for the Debtors; (4) the distribution of the New Equity as provided herein; (5) implementation of the Restructuring Transactions, including the adoption or assumption, as applicable, of any documents or agreements with respect thereto; and (6) all other acts or actions contemplated, or reasonably necessary or appropriate to properly consummate the transactions contemplated by the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the corporate structure of the Debtors, and any corporate action required by the Debtors in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders, directors, managers, authorized persons, or officers of the Debtors.

On or (as applicable) prior to the Effective Date, the appropriate officers, managers, or authorized persons of the Debtors (including any president, vice-president, chief executive officer, treasurer, general counsel, or chief financial officer thereof), shall be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, certificates of formation, bylaws, operating agreements, and instruments contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Debtors, including with respect to the issuance of the New Equity and any other Restructuring Transactions, and any and all other agreements, documents, securities, and instruments relating to the foregoing. The authorizations and approvals contemplated by Article IV.O of the Plan shall be effective notwithstanding any requirements under non-bankruptcy law.

18. Effectuating Documents; Further Transactions

On and after the Effective Date, each of the Reorganized Debtors and the managers, officers, authorized persons, and members of the boards of managers thereof is authorized to and may issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, the New Organizational Documents, the New Equity and any other securities issued pursuant to the Plan in the name of and on behalf of the Reorganized Debtors, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

19. Section 1146 Exemption

Pursuant to, and to the fullest extent permitted by, section 1146 of the Bankruptcy Code, any transfers of property pursuant hereto or pursuant to the Plan shall not be subject to any document recording tax, stamp tax,

conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, sales and use tax, mortgage recording tax, or other similar tax or governmental assessment, and the Confirmation Order shall direct and shall be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any instruments or other documents pursuant to such transfers of property without the payment of any such tax, recordation fee, or governmental assessment.

20. Employee Arrangements of the Reorganized Debtors

As of the Effective Date, the Reorganized Debtors shall be authorized to: (a) maintain, amend, or revise employment, indemnification, and other arrangements with their directors, officers, and employees, that were employed by, or serving on the board of directors of, any of the Debtors as of the Petition Date that have not been rejected before or as of the Effective Date, subject to the terms and conditions of any such agreement; and (b) enter into new employment, indemnification, and other arrangements with directors, officers, and employees, in the case of this clause (b), as determined by the New Board.

21. Management Equity Incentive Plan

Promptly on or as soon as practicable after the Effective Date, the New Board will adopt and implement the Management Equity Incentive Plan of the Reorganized Debtors, pursuant to which up to 10% of the New Equity (or restricted stock units, options, phantom stock or units, stock appreciation rights, or other instruments) (on a fully diluted basis) shall be reserved for awards to continuing employees of the Debtors and members of the New Board with timing and amount of awards, pricing, vesting, and exercise terms to be determined by the New Board. All issuances of New Equity pursuant to the terms of the Plan shall be subject to dilution by instruments issued pursuant to the Management Equity Incentive Plan.

22. Director and Officer Liability Insurance

Notwithstanding anything contained in the Plan to the contrary, the D&O Liability Insurance Policies, in effect on the Effective Date, shall be continued, subject to such D&O Liability Insurance Policies being reasonably satisfactory to the Backstop DIP Lenders. To the extent that the D&O Liability Insurance Policies are deemed to be Executory Contracts, then, notwithstanding anything in the Plan to the contrary, the Debtors shall be deemed to have assumed all of the Debtors' unexpired D&O Liability Insurance Policies pursuant to sections 365(a) and 1123 of the Bankruptcy Code effective as of the Effective Date. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the unexpired D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, Confirmation shall not discharge, impair, or otherwise modify any indemnity or other obligations of the insurers under any of the D&O Liability Insurance Policies.

In addition, after the Effective Date, none of the Debtors shall terminate or otherwise reduce the coverage under any D&O Liability Insurance Policies (including any "tail policy") in effect on the Petition Date, with respect to conduct occurring prior thereto, and all directors and officers of the Debtors who served in such capacity at any time prior to the Effective Date shall be entitled to the full benefits of any such policy for the full term of such policy regardless of whether such directors and officers remain in such positions after the Effective Date

23. Preservation of Causes of Action

In accordance with section 1123(b) of the Bankruptcy Code, and except where such Causes of Action have been expressly released (including pursuant to the Debtor Release and the Third-Party Release and including Causes of Action against Excluded Parties), the Debtors and the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and the Debtors' and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date.

No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against such Entity as any indication that the Debtors and the Reorganized Debtors will not pursue any and all available Causes of Action against such Entity. The Debtors and the Reorganized Debtors expressly reserve all rights to prosecute any and all Causes of Action, including with respect to rejected Executory Contracts and Unexpired Leases, against any Entity, except as otherwise expressly provided in the Plan (including with respect to Reserved Avoidance Actions). Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court Final Order, the Debtors and the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

24. Avoidance Actions

The Debtors or the Estates will retain all rights with respect to the Reserved Avoidance Actions. Each Holder of an Allowed General Unsecured Claim shall receive, *inter alia*, a Pro Rata share of 100% of any proceeds of the Reserved Avoidance Actions (net of any expense, including any taxes relating thereto). In such event, the Reserved Avoidance Actions shall be preserved for the Debtors' Estates for the exclusive benefit of the Holders of Allowed General Unsecured Claims and pursued, settled, abandoned or otherwise treated in a manner that is cost-neutral to the Debtors' Estates and otherwise in accordance with procedures to be established by the Debtors and the Creditors' Committee.

Notwithstanding the Debtors' or the Estates' retention of Reserved Avoidance Actions pursuant to Article IV.X of the Plan or the preservation of Causes of Action pursuant to Article IV.W of the Plan, should Class 5 vote to accept the Plan, all Preference Actions shall be waived pursuant to Article VIII.C of the Plan, and the Debtors, their Estates, and the Reorganized Debtors, each on behalf of itself and its predecessors, successors, assigns, subsidiaries, affiliates, current and former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals, shall be enjoined from pursuing Preference Actions against any parties in interest in these Chapter 11 Cases pursuant to Article VIII.F of the Plan.

D. Treatment of Executory Contracts and Unexpired Leases

1. Assumption and Rejection of Executory Contracts and Unexpired Leases

On the Effective Date, except as otherwise provided herein, all Executory Contracts or Unexpired Leases will be deemed rejected as of the Effective Date, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than those Executory Contracts or Unexpired Leases that: (1) previously were assumed or rejected by the Debtors; (2) are identified on the Assumed Executory Contract and Unexpired Lease Schedule; or (3) are the subject of a notice of assumption or motion to assume such Executory Contracts or Unexpired Leases, as applicable, that is pending on the Effective Date, regardless of whether the requested effective date of such assumption is on or after the Effective Date; *provided, however*, that no notices of assumption or motions to assume Unexpired Leases of non-residential real property shall be pending on the Effective Date absent counterparty consent. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejections and the assumption of the Executory Contracts or Unexpired Leases listed on the Assumed Executory Contract and Unexpired Lease Schedule pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Any motions or notices to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order; *provided, however*, that no notices of assumption or motions to assume Unexpired Leases of non-residential real property shall be pending on the Effective Date absent counterparty consent. Each Executory Contract and Unexpired Lease assumed pursuant to Article V.A of the Plan or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revest in and be fully enforceable by the Debtors in accordance with such Executory Contract and/or Unexpired Lease's terms, except as such terms are modified by agreement of the counterparty to the Executory Contract or Unexpired Lease or any order of the Bankruptcy Court authorizing and

providing for its assumption under applicable federal law. To the maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such Executory Contract or Unexpired Lease (including, without limitation, any "change of control" provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-Debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto. Notwithstanding anything to the contrary in the Plan, the Debtors or the Reorganized Debtors, as applicable, reserve the right to alter, amend, modify, or supplement the Assumed Executory Contract and Unexpired Lease Schedule, at any time through and including forty-five (45) days after the Effective Date, *provided, however*, that the Debtors shall not amend, modify, or supplement the Assumed Executory Contract and Unexpired Lease Schedule to remove any unexpired leases of non-residential real property from such schedule after five (5) business days prior to the Voting Deadline absent counterparty consent.

The Disclosure Statement, including the exhibits to the Disclosure Statement, contain information intended to provide counterparties to Assumed Contracts and Unexpired Leases with adequate assurance of future performance subject to counterparties' ability to object and request additional information in the context of plan confirmation, notices of assumption, or motions to assume.

Notwithstanding anything in the Plan to the contrary, the Debtors shall not assume and assign (but may, for the avoidance of doubt, assume) unexpired leases of non-residential real property pursuant to the Plan or Confirmation Order. Such relief shall only be approved following the filing of a separate motion and entry of an appropriate order of the Court.

The Debtors shall provide initial notice of the treatment of each Unexpired Lease of non-residential real property by filing and serving their initial "Assumed Executory Contract and Unexpired Lease Schedule" no later than August 7, 2017 (under the proposed Plan, all Unexpired Leases not listed on the final Assumed Executory Contract and Unexpired Lease Schedule (and not previously assumed or rejected by the Debtors, or subject to a pending assumption notice or motion) will be automatically rejected on the Effective Date). Absent consent from a counterparty to an Unexpired Lease of non-residential real property, the Debtors shall not: (1) alter the Assumed Executory Contract and Unexpired Lease Schedule to remove any Unexpired Lease of non-residential real property from such schedule after five (5) business days prior to the Voting Deadline; (2) alter the Assumed Executory Contract and Unexpired Lease Schedule to add any Unexpired Lease of non-residential real property to such schedule after the date of entry of the Confirmation Order; or (3) alter the Assumed Executory Contract and Unexpired Lease Schedule to add any Unexpired Lease of non-residential real property to such schedule after the Debtors have relinquished control of such leased location to the applicable counterparty. The Debtors shall file and serve upon the counterparties (and their counsel, if known, by electronic mail) an amended and restated Assumed Executory Contract and Unexpired Lease Schedule indicating any modifications to the initial Assumed Executory Contract and Unexpired Lease Schedule no later than five (5) business days prior to the Voting Deadline.

2. Claims Based on Rejection of Executory Contracts or Unexpired Leases

Unless otherwise provided by a Final Order of the Bankruptcy Court approving rejection of Executory Contracts or Unexpired Leases, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Notice and Claims Agent on or before the later of the date that is thirty (30) days after (i) notice of the Effective Date; or (ii) the date on which the Reorganized Debtors remove an Executory Contract or Unexpired Lease from the Assumed Executory Contract and Unexpired Lease Schedule on or after the Effective Date pursuant to Article V.A of the Plan, as applicable (the "Rejection Date"); *provided, however*, that the Rejection Date with respect to any Unexpired Lease of non-residential real property shall not occur until the date the Debtors relinquish control of the premises by notifying the affected landlord in writing of the Debtors' surrender of the premises and (y) turning over keys, key codes, and security codes, if any, to the affected landlord, or (z) notifying the affected landlord in writing that the keys, key codes, and security codes, if any, are not available, but the landlord may rekey the leased premises.

Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not Filed with the Bankruptcy Court within such applicable time period will be automatically disallowed, forever barred

from assertion, and shall not be enforceable against the Debtors, the Estates, or their property, without the need for any objection by the Debtors or further notice to, action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, and be subject to the permanent injunction set forth in Article V.III.F of the Plan, notwithstanding anything in the Schedules and Statements or a Proof of Claim to the contrary. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases, other than Administrative Claims, shall be classified as General Unsecured Claims, and shall be treated in accordance with Article III.B of the Plan. Allowed Administrative Claims shall be treated in accordance with Article II.A. of the Plan

3. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding: (1) the amount of any payments to cure such a default; (2) the ability of the Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed; or (3) any other matter pertaining to assumption, the cure amount required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption; *provided that* the Reorganized Debtors may settle any dispute regarding the amount of any such cure amount without any further notice to any other party or any action, order, or approval of the Bankruptcy Court; *provided further that* notwithstanding anything to the contrary herein, prior to the entry of a Final Order resolving any dispute and approving the assumption and assignment of such Executory Contract or Unexpired Lease, the Debtors or the Reorganized Debtors, as applicable, reserve the right to reject any Executory Contract or Unexpired Lease which is subject to dispute, whether by amending the Assumed Executory Contract and Unexpired Lease Schedule in accordance with Article V.A hereof or otherwise. Except as otherwise agreed upon by an applicable counterparty, the Debtors shall make all cure payments substantially contemporaneously with assumption of Executory Contracts and Unexpired Leases on the Effective Date.

As soon as reasonably practicable, the Debtors shall provide for notices of proposed assumption and proposed cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court; *provided that* the Debtors reserve all rights with respect to any such proposed assumption and proposed cure amount in the event of an objection or dispute. The Debtors shall file and serve upon counterparties (and their counsel, if known, by electronic mail) an Assumed Executory Contract and Unexpired Lease Schedule no later than August 7th, 2017. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be Filed, served, and actually received by the Debtors no later than thirty (30) days after service of the notice providing for such assumption and related cure amount. Any counterparty to an Executory Contract or Unexpired Lease that fails to timely object to the proposed assumption or cure amount will be deemed to have assented to such assumption or cure amount.

Notwithstanding anything to the contrary in the Plan, with respect to any assumed Unexpired Lease of non-residential real property, the Debtors and Reorganized Debtors shall remain liable for: (a) amounts owed under the assumed Unexpired Lease of non-residential real property that are unbilled or not yet due as of the Confirmation Hearing, regardless of when such amounts accrued, such as common area maintenance, insurance, taxes, and similar charges; (b) any regular or periodic adjustment or reconciliation of charges under the assumed Unexpired Lease of non-residential real property which are not due or have not been determined as of the date of the Confirmation Hearing; (c) any percentage rent that may come due under the assumed Unexpired Lease of non-residential real property; (d) other obligations, including indemnification obligations, if any, as of the date of the Confirmation Hearing; and (e) any unpaid cure amounts or post-assumption obligations under the assumed Unexpired Lease of non-residential real property. All rights of the parties under any assumed Unexpired Lease of non-residential real property or applicable law for setoff, recoupment or subrogation, shall survive, notwithstanding any term or condition of the Plan to the contrary. Other than with respect to cure amounts fixed in connection with this Plan, all rights of the parties to any assumed Unexpired Lease of non-residential real property to dispute amounts due thereunder are preserved.

Assumption and cure of any default pursuant to section 365 of the Bankruptcy Code under any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall constitute and be deemed to constitute the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. **Any Proofs of Claim Filed with respect to an Executory Contract or Unexpired Lease that has been assumed and for which any defaults have been cured pursuant to section 365 of the Bankruptcy Code shall be deemed disallowed and expunged, without further notice to, action, order, or approval of the Bankruptcy Court**

No Restructuring Transaction shall violate the terms of any assumed Unexpired Lease of non-residential real property.

4. Preexisting Obligations to the Debtors under Executory Contracts and Unexpired Leases

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors under such Executory Contract or Unexpired Lease.

5. Indemnification Obligations

The Debtors and the Reorganized Debtors shall honor any indemnification obligations in place immediately prior to the Effective Date (whether in by-laws, board resolutions, corporate charters, indemnification agreements, or employment contracts) solely for the Covered Persons and solely to the extent that the D&O Liability Insurance Policies provide coverage for such obligations; *provided*, *however*, that any such Covered Persons shall solely have recourse on account of any such obligations to the D&O Liability Insurance Policies and shall have no recourse to the Reorganized Debtors on account of any such obligations.

6. Modifications, Amendments, Supplements, Restatements, or Other Agreements

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements have been previously rejected or repudiated or are rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

7. Reservation of Rights

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Assumed Executory Contract and Unexpired Lease Schedule, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any of the Debtors has any liability thereunder. In the event of a *bona fide* dispute between the Debtors and the applicable counterparty regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors shall have ninety (90) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease, including by rejecting such contract or lease *nunc pro tunc* to the Confirmation Date.

8. Nonoccurrence of Effective Date

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code, unless such deadline(s) have expired.

9. Contracts and Leases Entered Into After the Petition Date

Contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the applicable Debtor liable thereunder in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

E. Provisions Governing Distributions

1. Timing and Calculation of Amounts to Be Distributed

On the Initial Distribution Date or as soon as reasonably practicable thereafter (or if a Claim is not an Allowed Claim on the Initial Distribution Date or as soon as reasonably practicable thereafter, on the date that such Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), and except as otherwise set forth herein, each Holder of an Allowed Claim shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class from the Disbursing Agent. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII of the Plan. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Initial Distribution Date.

The New Equity shall be deemed to be issued as of the Effective Date to the Holders of Claims entitled to receive the New Equity hereunder without the need for further action by the Disbursing Agent, the Debtors, the Reorganized Debtors, or any other Debtor or Reorganized Debtor, including, without limitation, the issuance and/or delivery of any certificate evidencing any such units, units, or interests, as applicable.

2. Distributions Generally; Disbursing Agent

Except as otherwise provided herein, all distributions made under the Plan, on or after the Effective Date, shall be made by the Disbursing Agent.

3. Rights and Powers of Disbursing Agent

(a) Powers of the Disbursing Agent

The Disbursing Agent shall be empowered to: (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (ii) make all distributions contemplated under the Plan; (iii) employ professionals to represent it with respect to its responsibilities; and (iv) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

(b) Expenses Incurred On or After the Effective Date

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable, actual, and documented fees and expenses incurred by any Disbursing Agent on or after the Effective Date (including taxes) and

any reasonable compensation and expense reimbursement claims (including reasonable, actual, and documented attorney fees and expenses) made by such Disbursing Agent shall be paid in Cash by the Reorganized Debtors.

4. Distributions on Account of Claims Allowed After the Effective Date

(a) Payments and Distributions on Account of Disputed Claims

Distributions made after the Effective Date to Holders of Disputed Claims that are not Allowed Claims as of the Effective Date, but which later become Allowed Claims, shall be made no later than the next applicable Quarterly Distribution Date, unless the Reorganized Debtors and the applicable Holder of such Claim agree otherwise.

(b) Special Rules for Distributions to Holders of Disputed Claims

Notwithstanding any provision otherwise in the Plan and except as may be agreed to by the Reorganized Debtors, on the one hand, and the Holder of a Disputed Claim, on the other hand, no partial payments and no partial distributions shall be made with respect to any Disputed Claim until the Disputed Claim has become an Allowed Claim or has otherwise been resolved by settlement or Final Order; *provided that* if the Debtors do not dispute a portion of an amount asserted pursuant to an otherwise Disputed Claim, the Holder of such Disputed Claim shall be entitled to a distribution on account of that portion of such Claim, if any, that is not disputed at the time and in the manner that the Disbursing Agent makes distributions to similarly-situated Holders of Allowed Claims pursuant to the Plan.

5. Delivery of Distributions and Undeliverable or Unclaimed Distributions

(a) Record Date for Distribution

On the Distribution Record Date, the Claims Register shall be closed and any party responsible for making distributions shall instead be authorized and entitled to recognize only those record Holders listed on the Claims Register as of the close of business on the Distribution Record Date.

(b) Delivery of Distributions in General

(i) Initial Distribution Date

Except as otherwise provided herein, and subject to Article VII.D of the Plan, on the Initial Distribution Date, the Disbursing Agent shall make distributions to Holders of Allowed Claims as of the Distribution Record Date at the address for each such Holder as indicated on the Debtors' books and records as of the date of any such distribution; *provided that* the manner of such distributions shall be determined at the discretion of the Disbursing Agent; *provided further that* the address for each Holder of an Allowed Claim shall be deemed to be the address set forth in any Proof of Claim Filed by that Holder, or, if no Proof of Claim has been Filed, the address set forth in the Schedules and Statements. If a Holder holds more than one Claim in any one Class, all Claims of the Holder will be aggregated into one Claim and one distribution will be made with respect to the aggregated Claim.

(ii) Quarterly Distribution Date

Subject to Article VII.D of the Plan, each Quarterly Distribution Date or as soon thereafter as is reasonably practicable but in any event no later than thirty (30) days after each Quarterly Distribution Date, the Disbursing Agent shall make the distributions required to be made on account of Allowed Claims under the Plan on such date. Any distribution that is not made on the Initial Distribution Date or on any other date specified herein because the Claim that would have been entitled to receive that distribution is not an Allowed Claim on such date, shall be distributed on the first Quarterly Distribution Date after such Claim is Allowed. No interest shall accrue or be paid on the unpaid amount of any distribution paid on a Quarterly Distribution Date in accordance with Article VI.A of the Plan.

(c) *De Minimis* Distributions; Minimum Distributions

No fractional units of New Equity shall be distributed and no Cash shall be distributed in lieu of such fractional amounts. When any distribution pursuant to the Plan on account of an Allowed Claim would otherwise result in the issuance of a number of units of New Equity that is not a whole number, the actual distribution of units of New Equity shall be rounded as follows: (a) fractions of one-half (½) or greater shall be rounded to the next higher whole number; and (b) fractions of less than one-half (½) shall be rounded to the next lower whole number with no further payment thereto. The total number of authorized units of New Equity to be distributed to holders of Allowed Claims shall be adjusted as necessary to account for the foregoing rounding to provide that no party entitled to a distribution of New Equity shall receive less than one unit of either Class A Shares or Class B Shares.

No Cash payment or New Equity valued at less than $100.00, in the reasonable discretion of the Disbursing Agent, shall be made to a Holder of an Allowed Claim on account of such Allowed Claim.

(d) Undeliverable Distributions and Unclaimed Property

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Disbursing Agent has determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; *provided* such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of six (6) months after the applicable distribution is returned as undeliverable After such date, all unclaimed property or interests in property shall revert to the Reorganized Debtors automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial, or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any Holder to such property or interest in property shall be discharged and forever barred.

6. Manner of Payment

At the option of the Disbursing Agent, any Cash payment to be made hereunder may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

7. Compliance with Tax Requirements

In connection with the Plan, to the extent applicable, the Disbursing Agent shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Disbursing Agent shall be authorized to take all actions necessary to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanism it believes is reasonable and appropriate. The Disbursing Agent reserves the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

8. No Postpetition Interest on Claims

Unless otherwise specifically provided for in the Plan or the Confirmation Order, postpetition interest shall not accrue or be paid on any Claims against the Debtors, and no Holder of a Claim against the Debtors shall be entitled to interest accruing on or after the Petition Date on any such Claim.

9. Claims Paid by Third Parties

(a) Claims Paid by Third Parties

To the extent that the Holder of a Claim receives any payment on account of such Claim from a party that is not a Debtor or a Reorganized Debtor, such Claims shall be deemed reduced in the amount of such payment and the portion of such Claim equal to such payment shall be disallowed without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court. To the extent a Holder of a Claim receives a distribution from the Debtors on account of such Claim and also receives payment from a party that is not a Debtor on account of such Claim, such Holder of the Claim shall, within fourteen (14) days of receipt thereof, repay or return the distribution to the applicable Debtor, to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the total amount of such Claim as of the date of any such distribution under the Plan. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the applicable Debtor annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the fourteen (14)-day grace period specified above until the amount is repaid.

(b) Claims Payable by Third Parties

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' Insurance Contracts until the Holder of such Allowed Claim has exhausted all remedies with respect to such Insurance Contract. To the extent that one or more of the Debtors' Insurers agrees to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such Insurers' agreement, the applicable portion of such Claim may be expunged without a Claim objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

(c) Applicability of Insurance Contracts

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable Insurance Contract(s). Notwithstanding anything to the contrary (including, without limitation, Article VIII of the Plan), nothing shall constitute or be deemed a release, settlement, satisfaction, compromise, or waiver of any Cause of Action that the Debtors or any other Entity may hold against any Insurer under any Insurance Contracts, nor shall anything contained herein constitute or be deemed a waiver by such Insurers of any rights or defenses, including coverage defenses, held by such Insurers under the Insurance Contracts.

10. Allocation

Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

F. Procedures for Resolving Contingent, Unliquidated, and Disputed Claims

1. Allowance of Claims

On or after the Effective Date, each of the Debtors or the Reorganized Debtors, as applicable, shall have and shall retain any and all rights and defenses such Debtor had with respect to any Claim immediately prior to the Effective Date.

2. Claims Objections, Settlements, Claims Allowance

The Reorganized Debtors shall have the authority to: (1) File objections to Claims, settle, compromise, withdraw, or litigate to judgment objections to any and all Claims, regardless of whether such Claims are in a Class or otherwise; (2) settle, liquidate, allow, or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court; and (3) administer and adjust the Claims Register to reflect any such

settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court. The Reorganized Debtors shall use commercially reasonable efforts to object to any Claim (1) that is asserted in an amount that exceeds the amount owed to the Holder of the Claim according to the Debtors' books and records or (2) as to which no liability appears in the Debtors' books and records.

The Reorganized Debtors shall further use commercially reasonable efforts to file one or more Allowed Claims Notices with respect to non-contingent, liquidated Proofs of Claim that are not Allowed as of the Effective Date and as to which the Reorganized Debtors have determined not to file an objection.

3. Claims Estimation

On or after the Effective Date, the Reorganized Debtors may (but are not required to), at any time, request that the Bankruptcy Court estimate any Claim pursuant to applicable law, including, without limitation, pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ § 157 and 1334 to estimate any such Claim, including during the litigation of any objection to any Claim or during the pendency of any appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of distributions and discharge) and may be used as evidence in any supplemental proceedings, and the Debtors may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such Holder has Filed a motion requesting the right to seek such reconsideration on or before seven (7) days after the date on which such Claim is estimated. Each of the foregoing Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

4. Disputed Claims Reserve

On or prior to the Effective Date, the Reorganized Debtors or the Disbursing Agent shall be authorized, but not directed, to establish one or more Disputed Claims Reserves, which Disputed Claims Reserves shall be administered by the Reorganized Debtors or the Disbursing Agent, as applicable.

The Reorganized Debtors or the Disbursing Agent may, in their sole discretion, hold New Equity and/or Cash in the Disputed Claims Reserves in trust for the benefit of the Holders of Claims ultimately determined to be Allowed after the Effective Date. The Reorganized Debtors shall distribute such amounts (net of any expenses, including any taxes relating thereto), as provided herein, as such Disputed Claims are Allowed pursuant to a Final Order or a settlement, and such amounts will be distributable on account of such Disputed Claims that are subsequently Allowed as such amounts would have been distributable had such Disputed Claims been Allowed Claims as of the Effective Date. Any New Equity or Cash remaining in the Disputed Claims Reserves after the resolution of all Disputed Claims shall automatically vest in, and be returned to, the Reorganized Debtors.

The Reorganized Debtors or the Disbursing Agent, as applicable, will treat the Disputed Claims Reserves as "grantor trusts" of which Reorganized Holdings is the owner and grantor for U.S. federal income tax purposes. Reorganized Holdings shall file tax returns for the Disputed Claims Reserve in accordance with such treatment pursuant to Treasury Regulation section 1.671-4(a).

5. Adjustment to Claims Without Objection

Any Claim that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Debtors to the maximum extent provided by applicable law

without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

6. Time to File Objections to Claims

Any objections to Claims shall be Filed no later than the Claims Objection Bar Date and the 503(b)(9) Claims Objection Bar Date, as applicable.

7. Disallowance of Late Claims

EXCEPT AS OTHERWISE PROVIDED HEREIN OR AS AGREED TO BY THE REORGANIZED DEBTORS, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE CLAIMS BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM HAS BEEN DEEMED TIMELY FILED BY A FINAL ORDER.

8. Amendments to Claims

Except for the Filing of Proofs of Claim on account of Claims arising from the rejection of Executory Contracts or Unexpired Leases pursuant to the Plan, on or after the Effective Date, a Proof of Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court or the Reorganized Debtors, and any such new or amended Proofs of Claim Filed shall be deemed disallowed in full and expunged without any further notice to or action, order, or approval of the Bankruptcy Court to the maximum extent provided by applicable law.

9. No Distributions Pending Allowance

If an objection to a Claim or portion thereof is Filed, no payment or distribution provided under the Plan shall be made on account of such Claim or portion thereof unless and until such Disputed Claim becomes an Allowed Claim, unless otherwise agreed to by the Reorganized Debtors.

10. Distributions After Allowance

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the Holder of such Claim the distribution (if any) to which such Holder is entitled under the Plan as of the Effective Date, less any previous distribution (if any) that was made on account of the undisputed portion of such Claim, without any interest, dividends, or accruals to be paid on account of such Claim unless required under applicable bankruptcy law.

G. Settlement, Release, Injunction, and Related Provisions

1. Discharge of Claims and Termination of Interests

To the maximum extent provided by section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before

the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim or Proof of Interest based upon such debt, right, or Interest is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the Holder of such a Claim or Interest has accepted the Plan. Any default by the Debtors with respect to any Claim or Interest that existed immediately prior to or on account of the filing of the Chapter 11 Cases shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Interests, and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors may compromise and settle Claims against the Debtors and their Estates and Causes of Action against other Entities.

2. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, except for any Secured Claims that the Debtors elect to Reinstate in accordance with Article III.B of the Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the applicable Debtor and its successors and assigns.

3. Debtor Release

Pursuant to section 1123(b) of the Bankruptcy Code on and after and subject to the occurrence of the Effective Date, the Debtors and their Estates shall release each Released Party, and each Released Party is deemed released, acquitted and discharged by the Debtors, the Estates, and the Reorganized Debtors, each on behalf of itself and its predecessors, successors, assigns, subsidiaries, affiliates, current and former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals, from any and all claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever (including any derivative claims, asserted or assertable on behalf of any of the Debtors, their Estates or the Reorganized Debtors, as applicable) whether known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, matured or unmatured, determined or determinable, disputed or undisputed, liquidated or unliquidated, or due or to become due, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Estates, the Reorganized Debtors, or such other releasing party would have been legally entitled to assert in their own right (whether individually or collectively), or on behalf of the Holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the DIP Facilities, the DIP ABL Documents, the DIP Term Loan Documents, the Exit Credit Facilities Documents, the Restructuring Documents, the Restructuring Transactions, the Restructuring Support Agreement, the Chapter 11 Cases, the purchase, sale, transfer, or rescission of the purchase, sale, or transfer of any security, asset, right, or interest of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions

or events giving rise to, any Claim or Interest that is affected by or classified in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, preparation of, or distribution of property under, the Plan, the Disclosure Statement, the Restructuring Documents or related agreements, instruments, or other documents, or any other act or omission, transaction, agreement, event, or other occurrence taking place on and before the Effective Date related or relating to any of the foregoing. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release (a) any post-Effective Date obligations of any party or Entity under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan or (b) any individual from any claim related to an act or omission that is determined in a Final Order by a court of competent jurisdiction to have constituted actual fraud, gross negligence or willful misconduct. For the avoidance of doubt, Causes of Action against Excluded Parties are released as set forth in Article VIII.C of the Plan.

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration upon Class 5 voting to accept this Plan, and subject to the occurrence of the Effective Date, the Debtors and their Estates shall release any and all parties in interest in these Chapter 11 Cases, and each party in interest in these Chapter 11 Cases is deemed released, acquitted and discharged by the Debtors, the Estates, and the Reorganized Debtors each on behalf of itself and its predecessors, successors, assigns, subsidiaries, affiliates, current and former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals, from any and all Preference Actions (including any derivative claims, asserted or assertable on behalf of any of the Debtors, their Estates or the Reorganized Debtors, as applicable) whether known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, matured or unmatured, determined or determinable, disputed or undisputed, liquidated or unliquidated, or due or to become due, in law, equity, or otherwise, that the Debtors, the Estates, the Reorganized Debtors, or such other releasing party would have been legally entitled to assert in their own right (whether individually or collectively), or on behalf of the Holder of any Claim or Interest or other Entity.

4. Third-Party Release

On and after and subject to the occurrence of the Effective Date as to each of the Releasing Parties, the Releasing Parties shall release each Released Party, and each of the Debtors, their Estates, and the Released Parties shall be deemed released from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever (including any derivative claims, asserted or assertable on behalf of any of the Debtors, their Estates, or the Reorganized Debtors, as applicable) whether known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, matured or unmatured, determined or determinable, disputed or undisputed, liquidated or unliquidated, or due or to become due, existing or hereinafter arising, in law, equity, or otherwise, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the DIP Facilities, the DIP ABL Documents, the DIP Term Loan Documents, the Exit Credit Facilities Documents, the Restructuring Documents, the Restructuring Transactions, the Restructuring Support Agreement, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors, the DIP Facility, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, preparation of, or distribution of property under, the Plan, the Disclosure Statement, the Restructuring Documents or related agreements, instruments, or other documents, or any other act or omission, transaction, agreement, event or other occurrence taking place on and before the Effective Date related or relating to any of the foregoing. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release (a) any post-Effective Date obligations of any party or Entity under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan or (b) any Entity from any claim related to an act or omission that is determined in a Final Order by a court of competent jurisdiction to have constituted actual fraud, gross negligence or willful

misconduct. Notwithstanding anything to the contrary in the foregoing, the Third-Party Release shall not release any obligations of any party under the Plan or any other document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the Third-Party Release, which includes by reference each of the related provisions and definitions contained herein, and, further, shall constitute the Bankruptcy Court's finding that the Third-Party Release is: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims released by the Third-Party Release; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Releasing Parties asserting any Claim or Cause of Action released pursuant to the Third-Party Release.

5. Exculpation

On and after and subject to the occurrence of the Effective Date, except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur any liability to any Entity for any postpetition act taken or omitted to be taken in connection with, or related to formulating, negotiating, soliciting, preparing, disseminating, confirming, or implementing the Plan, or consummating the Plan, the Disclosure Statement, the New Organizational Documents, the DIP Facilities, the DIP ABL Documents, the DIP Term Loan Documents, the Exit Credit Facilities Documents, the Restructuring Documents, the Restructuring Transactions, the Restructuring Support Agreement, the issuance, distribution, and/or sale of any units of the New Equity or any other security offered, issued, or distributed in connection with the Plan, the Chapter 11 Cases, or any contract, instrument, release or other agreement, or document created or entered into in connection with the Plan or any other postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors; *provided* that each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her, or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement; *provided further that* the foregoing Exculpation shall have no effect on (1) the liability of any Entity that results from any claim related to an act or omission that is determined in a Final Order by a court of competent jurisdiction to have constituted actual fraud, gross negligence or willful misconduct or (2) any contractual liability for any breach of the Plan or any other document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

6. Injunction

Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan (including the New Equity, and documents and instruments related thereto), or the Confirmation Order, all Entities that have held, hold, or may hold Claims, Interests, or Liens that have been discharged pursuant to Article VIII.A of the Plan, released pursuant to Article VIII.B, Article VIII.C, or Article VIII.D of the Plan, or are subject to exculpation pursuant to Article VIII.E of the Plan are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, or the Released Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such Entity has timely asserted such setoff right prior to the Effective Date in a document filed with the Bankruptcy Court explicitly preserving such setoff, and notwithstanding an indication of a Claim or Interest or otherwise that such Entity asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

7. Debtor Injunction

Except as otherwise expressly provided in the Plan the Debtors, the Reorganized Debtors, the Debtors' Estates, and the Creditors' Committee are enjoined, from and after the Effective Date, from taking any of the following actions against any Excluded Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any Reserved Avoidance Action; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such entities on account of or in connection with or with respect to any Reserved Avoidance Action; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the Estates of such Entities on account of or in connection with or with respect to any Reserved Avoidance Action; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any Reserved Avoidance Action; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any Reserved Avoidance Action. Notwithstanding anything in this Article VIII.F to the contrary, should Class 5 vote to accept this Plan, the Debtors, their Estates, and the Reorganized Debtors, each on behalf of itself and its predecessors, successors, assigns, subsidiaries, affiliates, current and former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals, shall be enjoined from and after the Effective Date from taking any action to pursue Preference Actions against any and all parties in interest in these Chapter 11 Cases.

8. No Release of Any Claims Held by the United States

Nothing in the Confirmation Order or the Plan shall effect a release of any Claim by the United States Government or any of its agencies or any state and local authority whatsoever, including, without limitation, any Claim arising under the Internal Revenue Code, the environmental laws, or any criminal laws of the United States or any state and local authority against the Released Parties, nor shall anything in the Confirmation Order or the Plan enjoin the United States or any state or local authority from bringing any Claim, suit, action, or other proceedings against the Released Parties for any liability whatever, including, without limitation, any Claim, suit, or action arising under the Internal Revenue Code, the environmental laws, or any criminal laws of the United States or any state or local authority, nor shall anything in the Confirmation Order or the Plan exculpate any party from any liability to the United States Government or any of its agencies or any state and local authority whatsoever, including any liabilities arising under the Internal Revenue Code, the environmental laws, or any criminal laws of the United States or any state and local authority against the Released Parties.

9. Protections Against Discriminatory Treatment

To the maximum extent provided by section 525 of the Bankruptcy Code, the Supremacy Clause of the United States Constitution, all Entities, including Governmental Units, shall not discriminate against the Debtors or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Debtors, or another Entity with whom the Debtors have been associated, solely because each Debtor has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

10. Setoffs & Recoupment

Except as expressly provided in this Plan, each Reorganized Debtor may, pursuant to section 553 of the Bankruptcy Code, set off and/or recoup against any Plan distributions to be made on account of any Allowed Claim, any and all claims, rights, and Causes of Action that such Reorganized Debtor may hold against the Holder of such Allowed Claim to the extent such setoff or recoupment is either (1) agreed in amount among the relevant Reorganized Debtors and Holder of Allowed Claim or (2) otherwise adjudicated by the Bankruptcy Court or another court of competent jurisdiction; *provided*, *however*, that neither the failure to effectuate a setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver or release by a Reorganized Debtor or its successor

of any and all claims, rights, and Causes of Action that such Reorganized Debtor or its successor may possess against the applicable Holder. In no event shall any Holder of Claims against, or Interests in, the Debtors be entitled to recoup any such Claim or Interest against any claim, right, or Cause of Action of the Debtors or the Reorganized Debtors, as applicable, unless such Holder actually has performed such recoupment and provided notice thereof in writing to the Debtors in accordance with Article XII.F of the Plan on or before the Effective Date, notwithstanding any indication in any Proof of Claim or otherwise that such Holder asserts, has, or intends to preserve any right of recoupment.

11. Subordination Rights

The classification and treatment of all Claims under the Plan shall conform to and with the respective contractual, legal, and equitable subordination rights of such Claims, and any such rights shall be settled, compromised, and released pursuant to the Plan.

12. Document Retention

On and after the Effective Date, the Debtors (or the Reorganized Debtors, as the case may be) may maintain documents in accordance with their standard document retention policy, as may be altered, amended, modified, or supplemented by the Debtors (or the Reorganized Debtors, as the case may be).

13. Reimbursement or Contribution

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of allowance or disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Confirmation Date: (1) such Claim has been adjudicated as non-contingent; or (2) the relevant Holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered prior to the Confirmation Date determining such Claim as no longer contingent.

H. Conditions Precedent to Confirmation and Consummation of the Plan

1. Conditions Precedent to Confirmation

It shall be a condition to Confirmation of the Plan that the following provisions, terms and conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C of the Plan:

(a) The Plan shall have satisfied the RSA Definitive Document Requirements.

(b) The Confirmation Order shall have satisfied the RSA Definitive Document Requirements and have been entered by the Bankruptcy Court.

(c) The Disclosure Statement Order shall have (i) satisfied the RSA Definitive Document Requirements, (i) been entered by the Bankruptcy Court and (iii) have become a Final Order that has not been stayed or modified or vacated.

2. Conditions Precedent to the Effective Date

It shall be a condition to the occurrence of the Effective Date of the Plan that the following provisions, terms and conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C of the Plan:

(a) The Confirmation Order shall have (i) satisfied the RSA Definitive Document Requirements, (ii) been entered by the Bankruptcy Court and (iii) become a Final Order that has not been stayed or modified or vacated.

(b) All actions, documents, Certificates, and agreements necessary to implement the Plan and the Restructuring Transactions, including documents contained in the Plan Supplement, the Definitive Documents and the Restructuring Documents, shall have (i) satisfied the RSA Definitive Document Requirements, (ii) been effected or executed and delivered, as the case may be, to the required parties and (iii) to the extent required, Filed with the applicable Governmental Units in accordance with applicable laws.

(c) The Professional Fee Escrow shall have been established and funded in accordance with Article II.B of the Plan.

(d) All authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan and the transactions contemplated thereunder shall have been received, not be subject to unfulfilled conditions, and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent, or otherwise impose materially adverse conditions on such transactions.

(e) The DIP Orders shall be in full force and effect, and the Debtors shall not be in default under any of the DIP Facilities or any of the DIP Orders (or, to the extent that the Debtors are in default on the proposed Effective Date, such default shall have been waived by the applicable DIP Lenders or cured by the Debtors in a manner consistent with the applicable DIP Facility and the applicable DIP Order).

(f) The Exit Credit Facilities Documents (which includes the definitive documents evidencing a senior secured asset-backed revolving credit facility in the aggregate principal amount of up to $125 million, which may be the Exit ABL Facility) shall have been executed and delivered by all of the Entities that are parties thereto (subject to the satisfaction of the RSA Definitive Document Requirements), and all conditions precedent (other than any conditions related to the occurrence of the Effective Date) to the consummation of the Exit Credit Facilities (which includes a senior secured asset-backed revolving credit facility in the aggregate principal amount of up to $125 million, which may be the Exit ABL Facility) shall have been waived or satisfied in accordance with the terms thereof, and the closing of the Exit Credit Facilities shall be deemed to occur concurrently with the occurrence of the Effective Date.

(g) All conditions precedent to the issuance of the New Equity (and the automatic issuance of the New Equity on the Effective Date), other than any conditions related to the occurrence of the Effective Date, shall have occurred.

(h) To the extent required under applicable non-bankruptcy law, the New Organizational Documents shall have been duly filed with the applicable authorities in the relevant jurisdictions.

(i) The Restructuring Support Agreement shall not have terminated as to all parties thereto and shall be in full force and effect and the Debtors and the applicable Restructuring Support Parties then party thereto shall be in compliance therewith.

(j) All fees and expenses payable by the Debtors pursuant to Article II.A and Article II.B of the Plan, section 16 of the Restructuring Support Agreement, and the DIP Orders have been paid in full in Cash.

(k) With respect to all documents and agreements necessary to implement the Plan: (1) all conditions precedent to such documents and agreements (other than any conditions precedent related to the occurrence of the Effective Date) shall have been satisfied or waived pursuant to the terms of such documents or agreements; (2) such documents and

agreements shall have been tendered for delivery to the required parties and been approved by any required parties and, to the extent required, filed with and approved by any applicable Governmental Units in accordance with applicable laws; and (3) such documents and agreements shall have been effected or executed.

3. Waiver of Conditions

The conditions to Confirmation and Consummation set forth in Article IX of the Plan may be waived by the Debtors, subject to the consent of the Required Consenting Term Loan Lenders and, only to the extent the proposed waiver implicates the consent rights afforded any other the Restructuring Support Parties pursuant to Section 3 of the Restructuring Support Agreement, such other Restructuring Support Parties, and may be waived without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

4. Effect of Non-Occurrence of Conditions to the Effective Date

If the Effective Date does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan or the Disclosure Statement shall: (a) constitute a waiver or release of any claims held by the Debtors, Claims, or Interests; (b) prejudice in any manner the rights of the Debtors or any other Person or Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Person or Entity.

5. Substantial Consummation

"Substantial Consummation" of the Plan, as defined in 11 U.S.C. § 1101(2), shall be deemed to occur on the Effective Date.

I. Modification, Revocation, or Withdrawal of the Plan

1. Modification Amendments

Except as otherwise specifically provided in the Plan and subject to the terms of the Restructuring Support Agreement, the Debtors reserve the right (subject to the Restructuring Support Agreement and the RSA Definitive Document Requirements) to modify the Plan, whether such modification is material or immaterial, and, seek Confirmation consistent with the Bankruptcy Code and, as appropriate and unless otherwise ordered by the Bankruptcy Court, not resolicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan and the Restructuring Support Agreement, the Debtors expressly reserve their rights to alter, amend, or modify the Plan with respect to the Debtors, one or more times, after Confirmation, and, to the extent necessary may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with Article X of the Plan.

2. Effect of Confirmation on Modifications

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

3. Revocation or Withdrawal of Plan

The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to file subsequent plans of reorganization subject to the terms of the Restructuring Support Agreement. If the Debtors revoke or withdraw the Plan, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan or Disclosure Statement shall: (a) constitute a waiver or release of any claims held by the Debtor, Claims, Interests, or Causes of Action; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Entity.

J. Retention of Jurisdiction

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, to the extent legally permissible, the Bankruptcy Court shall retain exclusive jurisdiction over the Chapter 11 Cases and all matters arising out of, or related to, the Chapter 11 Cases and the Plan, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or Unsecured status, or amount of any Claim, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the Secured or Unsecured status, priority, amount, or Allowance of Claims;

2. decide and resolve all matters related to the granting and denying, in whole or in part, of any applications for Allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including cure amounts pursuant to section 365 of the Bankruptcy Code, or any other matter related to such Executory Contract or Unexpired Lease; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) the Reorganized Debtors amending, modifying, or supplementing, after the Effective Date, pursuant to Article V of the Plan, the Assumed Executory Contract and Unexpired Lease Schedule; *provided, however*, that the Debtors shall not amend, modify, or supplement the Assumed Executory Contract and Unexpired Lease Scheduleto remove any unexpired leases of non-residential real property from such schedule after five (5) business days prior to the Voting Deadline absent counterparty consent; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

5. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. adjudicate, decide, or resolve any and all matters related to Causes of Action;

7. adjudicate, decide, or resolve any and all matters related to sections 502(c), 502(j), or 1141 of the Bankruptcy Code;

8. enter and implement such orders as may be necessary to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents

created in connection with this Disclosure Statement or the Plan including, for the avoidance of doubt, the Restructuring Support Agreement;

9. enter and enforce any order for the sale of property pursuant to sections 363, or 1123 of the Bankruptcy Code;

10. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

11. issue injunctions, enter and implement other orders, or take such other actions as may be necessary to restrain interference by any Entity with Consummation or enforcement of the Plan;

12. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, releases, injunctions, Exculpations, and other provisions contained in Article VIII of the Plan and enter such orders as may be necessary to implement such releases, injunctions, Exculpations, and other provisions;

13. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim for amounts not timely repaid pursuant to Article VI.I.1 of the Plan;

14. enter and implement such orders as are necessary if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

15. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or this Disclosure Statement;

16. adjudicate any and all disputes arising from or relating to distributions under the Plan or any transactions contemplated therein;

17. consider any modifications of the Plan to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

18. determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;

19. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

20. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

21. hear and determine all disputes involving the existence, nature, scope, or enforcement of any exculpations, discharges, injunctions, and releases granted in the Plan, including under Article VIII of the Plan and including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

22. except as otherwise limited in the Plan, recover all assets of the Debtors and property of the Estates, wherever located;

23. hear and determine all applications for allowance and payment of Professional Fee Claims;

24. enforce the injunction, release, and exculpation provisions set forth in Article VIII of the Plan;

25. enter an order or Final Decree concluding or closing the Chapter 11 Cases;

26. enforce all orders previously entered by the Bankruptcy Court; and

27. hear any other matter not inconsistent with the Bankruptcy Code.

provided, however, that the Bankruptcy Court shall not retain exclusive jurisdiction over the Exit Credit Facilities and all matters related thereto.

K. Miscellaneous Provisions

1. Immediate Binding Effect

Notwithstanding Bankruptcy Rules 3020(e), 6004(h) or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors and any and all Holders of Claims or Interests (irrespective of whether such Claims or Interests are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, the Confirmation Order, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors. All Claims and debts shall be as fixed, adjusted, or compromised, as applicable, pursuant to the Plan regardless of whether any Holder of a Claim or debt has voted on the Plan.

2. Additional Documents

On or before the Effective Date, the Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary to effectuate and further evidence the terms and conditions of the Plan, which agreements or other documents shall be subject to the RSA Definitive Document Requirements and the Restructuring Support Agreement, as applicable. The Reorganized Debtors and all Holders of Claims receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents (subject to the Restructuring Support Agreement and the RSA Definitive Document Requirements) and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

3. Payment of Statutory Fees

All fees due and payable pursuant to section 1930(a) of the Judicial Code prior to the Effective Date shall be paid by the Debtors. On and after the Effective Date, the Reorganized Debtors shall pay any and all such fees when due and payable, and shall file with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the U.S. Trustee and the Reorganized Debtors.

4. Reservation of Rights

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Neither the Plan, filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, the Confirmation Order, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the Holders of Claims prior to the Effective Date.

5. Successors and Assigns

Unless otherwise provided in the Plan, the rights, benefits, and obligations of any Entity named or referred to in the Plan or the Confirmation Order shall be binding on, and shall inure to the benefit of any heir, executor,

administrator, successor or assign, Affiliate, and former or current officer, director, agent, representative, attorney, advisor, beneficiaries, or guardian, if any, of each Entity.

6. Notices

All notices, requests, pleadings, and demands to or upon the Debtors to be effective shall be in writing (including by facsimile transmission) 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:

The Debtors
rue21, inc.
800 Commonwealth Drive
Warrendale, Pennsylvania 15086
Attn: Benjamin R. Gross
Email: bgross@rue21.com

with copies to:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
Attn: Jonathan S. Henes, P.C., and Robert A. Britton
Email: jhenes@kirkland.com
robert.britton@kirkland.com

Creditors' Committee
Cooley LLP
1114 Avenue of the Americas
New York, New York 10036
Attn: Jay Indyke, Cathy Hershcopf, and Michael Klein
Email: jindyke@cooley.com
chershcopf@cooley.com
mklein@cooley.com

The Backstop DIP Term Lenders, the DIP Term Loan Agent, the Prepetition Term Loan Agent and the Term Loan Lender Group
Jones Day
250 Vesey Street
New York, New York 10281
Attn: Scott J. Greenberg, Michael J. Cohen
Email: sgreenberg@jonesday.com
mcohen@jonesday.com

DIP ABL Agent and the Prepetition ABL Agent
Morgan Lewis & Bockius LLP
One Federal Street
Boston, Massachusetts 02110
Attn: Julia Frost-Davies, Amelia C. Joiner
Email: julia.frost-davies@morganlewis.com
amelia.joiner@morganlewis.com

The Sponsor Entities
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Attn: Elisha Graff, Jonathan Endean
Email: egraff@stblaw.com
jon.endean@stblaw.com

7. Term of Injunctions or Stays

Unless otherwise provided in the Plan or in the Confirmation Order all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

8. Entire Agreement

Except as otherwise indicated, the Plan and the Plan Supplement supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan on the Effective Date.

9. Plan Supplement

After any of such documents included in the Plan Supplement are Filed, copies of such documents shall be made available upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from the Notice and Claims Agent website at http://www.kccllc.net/rue21 or the Bankruptcy Court's website at https://www.pacer.gov/.

10. Exhibits

All exhibits and documents attached to the Plan or included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan.

11. Nonseverability of Plan Provisions

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Debtors' and the Restructuring Support Parties' consent; and (3) nonseverable and mutually dependent.

12. Votes Solicited in Good Faith

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors, each of the Restructuring Support Parties and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of Securities offered and sold under the Plan and any previous plan, and, therefore, neither any of such parties or individuals or the Reorganized Debtors will have any liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of the Securities offered and sold under the Plan and any previous plan.

13. Closing of Chapter 11 Cases

The Debtors shall, promptly after the full administration of the Chapter 11 Cases, file with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

14. Waiver or Estoppel

Each Holder of a Claim shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court prior to the Confirmation Date.

15. Dissolution of the Creditors' Committee

On the Effective Date, the Creditors' Committee shall be dissolved and their respective members shall be deemed released of all their duties, responsibilities, and obligations in connection with the Chapter 11 Cases or this Plan and its implementation, and the retention of the Creditors' Committee's Professionals shall be terminated as of the Effective Date, except that the Professionals for the Creditors' Committee shall be authorized to file and seek allowance of their final fee applications and reimbursement of their respective Committee member expenses. Prior to its dissolution, the Creditors' Committee may appoint a representative to consult with the Debtors regarding the adjudication of all Reserved Avoidance Actions, provided that such representative shall be entitled to be paid its reasonable fees and out of pocket expenses solely from the proceeds of Reserved Avoidance Actions (net of any expense, including any taxes relating thereto) prior to their distribution to Holders of Class 5 General Unsecured Claims.

16. Conflicts

Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, the Plan Supplement, or any other order (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control in all respects.

ARTICLE VII.
STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

The following is a brief summary of the Confirmation process of the Plan. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and to consult their own advisors with respect to the summary provided in this Disclosure Statement.

A. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires a bankruptcy court, after notice, to conduct a hearing to consider confirmation of a chapter 11 plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan. The Debtors propose that the Confirmation Hearing occur on August 28, 2017, at 2:00 p.m., prevailing Eastern Time. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or the filing of a notice of such adjournment served in accordance with the order approving the Disclosure Statement and Solicitation Procedures. Any objection to the Plan must: (1) be in writing; (2) conform to the Bankruptcy Rules and the Local Rules for the United States Bankruptcy Court for the Western District of Pennsylvania; (3) state the name, address, phone number, and e-mail address of the objecting party and the amount and nature of the Claim or Interest of such entity, if any; (4) state with particularity the basis and nature of any objection to the Plan and, if practicable, a proposed modification to the Plan that would resolve such objection; and (5) be Filed, contemporaneously with a proof of service, with the Bankruptcy Court and served so

that it is actually received by the following notice parties set forth below no later than the Plan Objection Deadline. Unless an objection to the Plan is timely served and Filed, it may not be considered by the Bankruptcy Court.

Jonathan S. Henes, P.C. Robert A. Britton George Klidonas Kirkland & Ellis LLP Kirkland & Ellis International LLP 601 Lexington Avenue New York, New York 10022 Telephone: (212) 446-4800 Facsimile: (212) 446-4900 Email: jhenes@kirkland.com Email: robert.britton@kirkland.com Email: george.klidonas@kirkland.com Counsel to Debtors and Debtors-in-Possession	Eric A. Schaffer Jared S. Roach Reed Smith LLP 225 Fifth Avenue, Suite 1200 Pittsburgh, Pennsylvania 15222 Telephone: (412) 288-3131 Facsimile: (412) 288-3063 Email: eschaffer@reedsmith.com Email: jroach@reedsmith.com Local Counsel to Debtors and Debtors-in-Possession
Julia Frost-Davies Amelia C. Joiner Morgan Lewis & Bockius LLP One Federal Street Boston, Massachusetts 02110 Telephone: (617) 341-7700 Facsimile: (617) 341-7701 Email: julia.frost-davies@morganlewis.com Email: amelia.joiner@morganlewis.com Counsel to the ABL Agent and the DIP ABL Agent	James D. Newell Timothy Palmer Buchanan Ingersoll & Rooney PC One Oxford Centre 301 Grant Street, 20th Floor Pittsburgh, PA 15219-1410 Telephone: (412) 562-1041 Facsimile: (412) 562-1041 Email: james.newell@bipc.com Email: timothy.palmer@bipc.com Counsel to the ABL Agent and the DIP ABL Agent
Scott J. Greenberg Michael J. Cohen Jones Day 250 Vesey Street New York, New York 10281 Telephone: (212) 326-3939 Facsimile: (212) 755-7306 Email: sgreenberg@jonesday.com Email: mcohen@jonesday.com Counsel to the Backstop DIP Term Lenders, the Term Loan Lender Group, DIP Term Loan Agent and the DIP Term Loan Agent	Gerard Uzzi Eric K. Stodola Matthew R. Koch Milbank, Tweed, Hadley & McCloy LLP 28 Liberty Street New York, New York 10005 Telephone: (212) 530-5000 Facsimile: (212) 530-5219 Email: guzzi@milbank.com Email: estodola@milbank.com Email: mkoch@milbank.com Counsel to the Ad Hoc Cross-Holder Group
Jay Indyke Cathy Hershcopf Michael Klein Cooley LLP 1114 Sixth Avenue New York, New York 10036 Telephone: (212) 479-6000 Facsimile: (212) 479-6275 Email: jindyke@cooley.com Email: chershcopf@cooley.com Email: mklein@cooley.com Proposed Counsel to the Creditors' Committee	John R. Gotaskie, Jr. Fox Rothschild LLP Bank of New York Mellon Center 500 Grant Street #2500 Pittsburgh, Pennsylvania 15219 Telephone: (412) 391-1334 Facsimile: (412) 391-6984 Email: jgotaskie@foxrothschild.com Proposed Counsel to the Creditors' Committee

Elisha D. Graff Jonathan E. Endean Simpson Thacher & Bartlett LLP 425 Lexington Avenue New York, New York 10017 Telephone: (212) 455-2000 Facsimile: (212) 455-2502 Email: egraff@stblaw.com Email: jon.endean@stblaw.com Counsel to the Sponsor Entities	

B. Confirmation Standards

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code with respect to each of the Debtors. Because each of the Debtors must satisfy these requirements, it is possible that the Bankruptcy Court will enter a Confirmation Order with respect to certain Debtors and not others.[15] The Debtors believe that the Plan satisfies or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code and that they have complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code. Specifically, the Debtors believe that the Plan satisfies or will satisfy the applicable confirmation requirements of section 1129 of the Bankruptcy Code, including those set forth below.

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors, as the Plan proponents, have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or to be made under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been or will be disclosed to the Bankruptcy Court, and any such payment: (1) made before the confirmation of the Plan is reasonable; or (2) is subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after confirmation of the Plan.
- With respect to each Class of Claims, each Holder of an Impaired Claim has accepted the Plan or will receive or retain under the Plan on account of such Claim property of a value as of the Effective Date of the Plan that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code. With respect to each Class of Interests, each Holder of an Impaired Interest has accepted the Plan or will receive or retain under the Plan on account of such Interest property of a value as of the Effective Date of the Plan that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code.
- Each Class of Claims that is entitled to vote on the Plan has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of such voting Class of Claims pursuant to section 1129(b) of the Bankruptcy Code.
- Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that: (1) Holders of Claims specified in sections 507(a)(2) and 507(a)(3) will receive, under different circumstances, Cash equal to the amount of such Claim either on the

[15] For example, the Bankruptcy Court may deny Confirmation for one or more of the Debtors if such Debtor fails to obtain the requisite acceptance of the Plan from its Classes, while still confirming the Plan with respect to the other Debtors.

Effective Date (or as soon as practicable thereafter), no later than thirty (30) days after the Claim becomes Allowed, or pursuant to the terms and conditions of the transaction giving rise to the Claim; (2) Holders of Claims specified in sections 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of the Bankruptcy Code will receive on account of such Claims Cash equal to the Allowed amount of such Claim on the Effective Date of the Plan (or as soon thereafter as is reasonably practicable) or Cash payable over no more than six (6) months after the Petition Date; and (3) Holders of Claims specified in section 507(a)(8) of the Bankruptcy Code will receive on account of such Claim regular installment payments of Cash of a total value, as of the Effective Date of the Plan, equal to the Allowed amount of such Claim over a period ending not later than five years after the Petition Date.

- At least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any "insider," as that term is defined by section 101(31) of the Bankruptcy Code, holding a Claim in that Class.

- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successors thereto under the Plan, unless the Plan contemplates such liquidation or reorganization.

- The Debtors have paid or the Plan provides for the payment of the required filing fees pursuant to 28 U.S.C. § 1930 to the clerk of the Bankruptcy Court.

1. The Debtor Release, Third-Party Release, Exculpation, and Injunction Provisions

Article VIII.C of the Plan provides for releases of certain claims and Causes of Action the Debtors may hold against the Released Parties. The Released Parties are, in each case solely in their capacity as such: (a) each Debtor and Reorganized Debtor; (b) the Creditors' Committee and each member thereto; (c) each of the Debtors' officers and directors employed or serving, as applicable, as of the Petition Date; (d) the DIP Lenders; (e) the DIP Agents; (f) the Prepetition Term Loan Agent; (g) the Prepetition ABL Agent; (h) the Prepetition ABL Lenders; (i) members of the Term Loan Lender Group; (j) members of the Ad Hoc Cross-Holder Group; (k) the Restructuring Support Parties; (l) the Sponsor Entities (m) the Prepetition ABL Agent; (n) the Prepetition Term Loan Agent; (o) the Unsecured Notes Indenture Trustee; (p) solely with respect to the Entities identified in sections (a) through (o), each of such Entities' respective predecessors, successors and assigns, and respective current and former shareholders, subsidiaries, principals, employees, agents, officers, directors, managers, trustees, partners, members, professionals, representatives, advisors, attorneys, financial advisors, accountants, investment bankers, consultants, and Affiliates; *provided, however*, that Prepetition Term Loan Lenders that do not participate in the DIP Term Loan Credit Facility shall not constitute Released Parties.

Article VIII.D of the Plan provides for releases of certain claims and Causes of Action against the Released Parties in exchange for the good and valuable consideration and the valuable compromises made by the Released Parties (the "Third-Party Release"). The Holders of Claims and Interests that are releasing certain claims and Causes of Action against non-Debtors under the Third-Party Release include: (a) all Holders of Claims that are deemed to accept the Plan; (b) each Debtor and Reorganized Debtor; (c) the Debtors' current and former officers, directors, and managers; (d) the DIP Lenders; (e) the DIP Agents; (f) the Prepetition ABL Agent; (g) Prepetition ABL Lenders; (h) the Prepetition Term Loan Agent; (i) the Creditors' Committee and each member thereto; (j) the Restructuring Support Parties; (k) the Sponsor Entities; and (l) all other Holders of Claims who receive Ballots and do not opt out of the releases provided by the Plan pursuant to a duly completed Ballot submitted prior to the Voting Deadline.

Article VIII.E of the Plan provides for the exculpation of each Exculpated Party for certain acts or omissions taken in connection with the Chapter 11 Cases. The Exculpated Parties are, in each case solely in their capacity as such: "*Exculpated Party*" means each of the following, solely in their capacity as such: (i)(a) the Debtors; (b) the Reorganized Debtors, and (c) with respect to each of the forgoing parties in clauses (i)(a) and (i)(b), each of such Entity and its current and former Affiliates, and such Entities' and their current and former Affiliates' current and former directors, managers, officers, equity holders (regardless of whether such interests are held

directly or indirectly), predecessors, successors, and assigns, subsidiaries, principals, members, employees, agents, managed accounts or funds, management companies, fund advisors, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals; and (ii)(a) the Creditors' Committee and each member thereof; (b) each of the Debtors' officers and directors employed or serving, as applicable, as of the Petition Date; (c) the DIP Lenders; (d) the DIP Agents; (e) the Restructuring Support Parties; (f) the Sponsor Entities; (g) the Prepetition ABL Agent; (h) the Prepetition Term Loan Agent; (i) the Unsecured Notes Indenture Trustee; (j) the Ad Hoc Cross-Holder Group and each member thereof and; and (k) with respect to each of the foregoing parties in clauses (ii)(a) through (ii)(j), each of such Entity's current and former Affiliates, and each such Entity's and its current and former Affiliates' current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, and assigns, subsidiaries, principals, members, employees, agents, managed accounts or funds, management companies, investment vehicles, fund advisors, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals. The released and exculpated claims are limited to those claims or Causes of Action that may have arisen in connection with, related to, or arising out of the Plan, this Disclosure Statement, or the Chapter 11 Cases.

Article VIII.F of the Plan permanently enjoins Entities who have held, hold, or may hold claims, interests, or Liens that have been discharged or released pursuant to the Plan, or are subject to exculpation pursuant to the Plan, from asserting such claims, interests, or Liens against each Debtor, the Reorganized Debtors, and the Released Parties. Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan (including the New Equity, and documents and instruments related thereto), or the Confirmation Order, all Entities that have held, hold, or may hold Claims, Interests, or Liens that have been discharged or subject to exculpation pursuant to the Plan are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, or the Released Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (c) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such Entity has timely asserted such setoff right prior to the Effective Date in a document filed with the Bankruptcy Court explicitly preserving such setoff, and notwithstanding an indication of a Claim or Interest or otherwise that such Entity asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

Article VIII.G of the Plan permanently enjoins the Debtors, the Reorganized Debtors, the Debtors' Estates, and the Creditors' Committee from taking certain actions against the Exculpated Parties. Except as otherwise expressly provided in the Plan, the Debtors, the Reorganized Debtors, the Debtors' Estates, and the Creditors' Committee are enjoined, from and after the Effective Date, from taking any of the following actions against any Exculpated Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any Reserved Avoidance Action; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such entities on account of or in connection with or with respect to any Reserved Avoidance Action; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the Estates of such Entities on account of or in connection with or with respect to any Reserved Avoidance Action; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any Reserved Avoidance Action; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any Reserved Avoidance Action; provided that with respect to any Reserved Avoidance Action Party that is a vendor or factoring party, the Debtor Injunction set forth in the Plan shall be deemed to automatically terminate on the date that such vendor ceases to accept orders from the Reorganized Debtors or that such factoring party ceases to provide financing support to the Debtors' vendors, in each case, on terms substantially similar to those provided by such vendor or factoring party on the later of (x) one year prior to the Petition Date and (y) the date that

such vendor began accepting orders from the Debtors or that such factoring party began providing financing support to the Debtors' vendors, as applicable.

The Plan provides that all Holders of Claims that are entitled to vote on the Plan that vote to accept the Plan and who do not expressly so indicate on the Ballot they execute will be granting a release of any claims or rights they have or may have as against many individuals and Entities. The release that these Holders of Claims will be giving is broad and it includes any and all claims that such Holders may have against the Released Parties, which in any way relate to the Debtors, their operations either before or after the Chapter 11 Cases began, any securities of the Debtors, whether purchased or sold, including sales or purchases which have been rescinded, and any transaction that these Released Parties had with the Debtors. Various Holders of Claims that are entitled to vote on the Plan may have Claims against a Released Party and the Debtors express no opinion on whether a Holder has a Claim or the value of the Claim nor do the Debtors take a position as to whether a Holder should consent to grant this release.

Holders of Claims may vote to accept the Plan and receive a distribution under the Plan without granting a release of any Claims against the Released Parties. If a Holder does not want to grant a release, the Holder must execute the section of the Ballot it receives which states: "I do not agree to grant a third party release."

Under applicable law, a debtor's release of certain parties, such as the Debtors' release of the Released Parties, is appropriate where: (a) there is an identity of interest between the debtor and the third party, such that a suit against the released non-debtor party is, at core, a suit against the debtor or will deplete assets of the estate; (b) there is a substantial contribution by the non-debtor of assets to the reorganization; (c) the injunction is essential to the reorganization; (d) there is overwhelming creditor support for the injunction; and (e) the chapter 11 plan will pay all or substantially all of the claims affected by the injunction. *See, e.g., In re South Canaan Cellular Investments, Inc.*, 427 B.R. 44, 72 (Bankr. E.D. Pa. 2010); *In re Indianapolis Downs, LLC*, 486 B.R. 286, 303 (Bankr. D. Del. 2013) (citation omitted). Importantly, these factors are "neither exclusive nor are they a list of conjunctive requirements," but "[i]nstead, they are helpful in weighing the equities of the particular case after a fact-specific review." *Indianapolis Downs, LLC*, 486 B.R. at 303. (citations omitted). Further, a chapter 11 plan may provide for a release of third party claims against non-debtors, such as the Third-Party Release, where such releases are consensual. *Id.* at 304–06. In addition, exculpation is appropriate where it applies to estate fiduciaries. *Id.* at 306. Finally, an injunction is appropriate where it is necessary to the reorganization and fair pursuant to section 105(a) of the Bankruptcy Code. *In re Global Indus. Techs., Inc.*, 645 F.3d 201, 206 (3d Cir. 2011).

The Debtors believe that the releases, exculpations, and injunctions set forth in the Plan are appropriate because, among other things, the releases are narrowly tailored to the Debtors' restructuring proceedings, and each of the Released Parties has afforded value to the Debtors and aided in the reorganization process, which facilitated the Debtors' ability to propose and pursue confirmation of the Plan.

In early May 2017, the DIP Term Loan Lenders committed to provide the Debtors with a $150 million DIP Term Loan Facility on the basis of a financing and restructuring term sheet agreed to by the Debtors and such lenders, which among other things, provides the necessary liquidity that will fund the Debtors' business during these Chapter 11 Cases and the process that will allow Debtors to emerge from these Chapter 11 Cases no later than September 2017. The commitments of the DIP Term Loan Lenders under the DIP Term Loan Facility help to ensure a swift restructuring process that will allow the Debtors to (a) continue operating as a going concern, (b) fund the administrative costs of these chapter 11 cases, including, importantly, payments to vendors and other participants in the Debtors' supply chain to ensure the free flow of inventory to the Debtors' stores and customers, and (c) preserve jobs for over 10,000 employees, all of which results in the most value-maximizing outcome available to the Debtors' Estates. Without the DIP Term Loan Facility and the restructuring process made possible thereunder, it is likely that the Debtors would have had no alternative other than to liquidate their business or to run a "fire-sale" going concern sale process, with all stakeholders receiving lesser recoveries than they otherwise would under the Plan, and, in the case of General Unsecured Creditors, no recoveries at all. Had the Debtors been unable to obtain the financing provided by the DIP Facilities, including the DIP Term Loan Facility, substantial and irreparable harm would have likely resulted to their businesses, their vendors (through loss of future orders), landlords (through loss of a stable tenant), and thousands of employees (through loss of their employer).

The Debtors believe that each of the Released Parties has played an integral role in formulating the Plan and has expended significant time and resources analyzing and negotiating the issues presented by the Debtors'

prepetition capital structure. The Debtors further believe that such releases, exculpations, and injunctions are a necessary part of the Plan. In addition, the Debtors believe the Third-Party Release is entirely consensual under the established case law in this circuit. *See, e.g.*, *Indianapolis Downs*, 486 B.R. at 304–06; *In re Washington Mut. Inc.*, 442 B.R. 314, 352 (Bankr. D. Del. 2011). The Debtors will be prepared to meet their burden to establish the basis for the releases, exculpations, and injunctions for each Released Party and Exculpated Party as part of Confirmation of the Plan.

2. Best Interests of Creditors Test—Liquidation Analysis

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each class, that each holder of a claim or an interest in such class either (a) has accepted the plan, or (b) will receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtors liquidated under chapter 7 of the Bankruptcy Code.

3. Creditor Recoveries

The Plan provides recoveries to, among others, the Holders of Claims in Class 1, Class 2, Class 3, Class 4, and Class 5. As shown in the Liquidation Analysis attached hereto as Exhibit C, and as further discussed in Article II above, the Holders of General Unsecured Claims may not be entitled to any recovery if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

The recoveries described in this Disclosure Statement that are available to the Holders of Claims are estimates and actual recoveries could differ materially based on, among other things, whether the amount of Claims actually Allowed against the applicable Debtor exceeds the estimates provided herein. The Debtors reserve, as applicable, the Debtors' or the Reorganized Debtors' right to recalibrate, as applicable, the recoveries based on, as applicable, the Debtors' or Reorganized Debtors' reasonable business judgment to account for, among other things, the Claims asserted against the Debtors' Estates after the occurrence of the Claims Bar Date.

The Debtors believe that the treatment of Claims in Classes 4-9 complies with the established case law in the United States Bankruptcy Court for the Western District of Pennsylvania because the Debtors do not believe the Holders of such Claims would be entitled to a recovery in a liquidation scenario, as shown in the Liquidation Analysis, attached hereto as Exhibit C.

4. Valuation

THE VALUATION INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT WITH REGARD TO THE REORGANIZED DEBTORS IS NOT A PREDICTION OR GUARANTEE OF THE ACTUAL MARKET VALUE THAT MAY BE REALIZED THROUGH THE SALE OF ANY SECURITIES TO BE ISSUED PURSUANT TO THE PLAN.

The Debtors' advisors have undertaken the Valuation Analysis, attached hereto as Exhibit D, to determine the value available for distribution to Holders of Allowed Claims pursuant to the Plan, and to analyze and estimate the recoveries to such Holders thereunder. Additionally, the estimated valuation of the New Equity in this Disclosure Statement is based on the Valuation Analysis, and is used to estimate range of recovery percentages under the Plan for Holders of Secured Notes Claims and Claims on account of Unsecured Notes. Accordingly, if the actual enterprise value of the Reorganized Debtors differs from the estimated enterprise value in the Valuation Analysis, the actual value of the New Equity and actual distributions to the Term Loan Lenders may be materially different than the estimations set forth herein.

5. Financial Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that the Bankruptcy Court find that Confirmation is not likely to be followed by the liquidation of the Reorganized Debtors or the need for further financial reorganization, unless the Plan contemplates such liquidation or reorganization. For purposes of determining

whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their obligations under the Plan and following the Effective Date. As part of this analysis, the Debtors have prepared certain financial projections, which projections and the assumptions upon which they are based are attached hereto as Exhibit B (the "Financial Projections"). Based on these Financial Projections, the Debtors believe the deleveraging contemplated by the Plan meets the financial feasibility requirement. Moreover, the Debtors believe that sufficient funds will exist to make all payments required by the Plan. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

C. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims or interests that is impaired under a plan, accept the plan. A class that is not impaired under a plan is presumed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. Pursuant to section 1124 of the Bankruptcy Code, a class is impaired unless the plan: (1) leaves unaltered the legal, equitable, and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; (2) cures any default, reinstates the original terms of such obligation, and compensates the applicable party in question; or (3) provides that, on the consummation date, the holder of such claim or equity interest receives cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled to any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired creditors as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class, but for that purpose counts only those that actually vote to accept or to reject a plan. Thus, a Class of Claims will have voted to accept the Plan only if two-thirds in amount and more than one-half in number actually voting cast their Ballots in favor of acceptance of the Plan, subject to Article III of the Plan. Section 1126(d) of the Bankruptcy Code similarly defines acceptance of a plan by a class of impaired interests, however, Holders of Interests are not entitled to vote on the Plan on account of such Interests.

Article III.E of the Plan provides in full: "If a Class contains Holders of Claims eligible to vote and no Holders of Claims eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed accepted by the Holders of such Claims in such Class." Such "deemed acceptance" by an impaired class in which no class members submit ballots satisfies section 1129(a)(10) of the Bankruptcy Code. *In re Tribune Co.*, 464 B.R. 126, 183 (Bankr. D. Del. 2011) ("Would 'deemed acceptance' by a non-voting impaired class, in the absence of objection, constitute the necessary 'consent' to a proposed 'per plan' scheme? I conclude that it may." (footnote omitted)); *see also In re Adelphia Commc'ns Corp.*, 368 B.R. 140, 259–63 (Bankr. S.D.N.Y. 2007).

D. Confirmation without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if impaired classes entitled to vote on the plan have not accepted it or if an impaired class is deemed to reject the plan; *provided*, *however*, the plan is accepted by at least one impaired class (without regard to the votes of insiders). Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, such plan will be confirmed, at the plan proponent's request, in a procedure commonly known as "cram down," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.

1. No Unfair Discrimination

The "unfair discrimination" test applies to classes of claims or interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (*e.g.*, classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. A plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

2. Fair and Equitable Test

The fair and equitable test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the amount of the allowed claims in such class. As to each non-accepting class, the test sets different standards depending on the type of claims or interests in such class. As set forth below, the Debtors believe that the Plan satisfies the "fair and equitable" requirement, notwithstanding the fact that certain Classes are deemed to reject the Plan. There is no Class receiving more than a 100% recovery and no junior Class is receiving a distribution under the Plan until all senior Classes have received a 100% recovery.

(a) Secured Claims

The condition that a plan be "fair and equitable" to a non-accepting class of secured claims may be satisfied, among other things, if a debtor demonstrates that: (i) (x) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan, and (y) each holder of a secured claim in the class receives deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens; or (ii) the holders of such secured claims realize the indubitable equivalent of such claims. 11 U.S.C. § 1129(b)(2)(A).

(b) Unsecured Claims

The condition that a plan be "fair and equitable" to a non-accepting class of unsecured claims includes the requirement that either: (i) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) the holder of any claim or any interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or junior interest any property. 11 U.S.C. § 1129(b)(2)(B).

(c) Interests

The condition that a plan be "fair and equitable" to a non-accepting class of interests includes the requirements that either: (i) the plan provides that each holder of an interest in that class receives or retains under the plan on account of that interest property of a value, as of the effective date of the plan, equal to the greater of (x) the allowed amount of any fixed liquidation preference to which such holder is entitled, and (y) any fixed redemption price to which such holder is entitled; (ii) the value of such interest; or (iii) if the class does not receive the amount as required under clause (i) above, no class of interests junior to the non-accepting class may receive a distribution under the plan. 11 U.S.C. § 1129(b)(2)(C).

ARTICLE VIII.
CERTAIN RISK FACTORS TO BE CONSIDERED BEFORE VOTING

Holders of Claims entitled to vote should read and consider carefully the risk factors set forth below, as well as the other information set forth in this Disclosure Statement, the Plan, the Plan Supplement, and the documents delivered together with this Disclosure Statement, referred to or incorporated by reference in this Disclosure Statement, before voting to accept or reject the Plan. These factors should not be regarded as constituting the only risks present in connection with the Debtors' business or the Plan and its implementation.

A. Risk Factors that May Affect Recovery Available to Holders of Allowed Claims Under the Plan

1. The Debtors May Not Be Able to Secure Plan Confirmation Within the Milestones Currently Required by the DIP ABL Credit Agreement and the DIP Term Loan Credit Agreement

The Debtors may not be able to secure confirmation of the Plan within the milestones currently contemplated by the DIP Credit Agreements, which require, among other things, for the Bankruptcy Court to enter

an order confirming the Plan by August 28, 2017, unless extended. The Debtors cannot guarantee that the DIP Lenders would agree to amend the DIP Credit Agreements to extend the confirmation milestones beyond August 28, 2017. To the extent that the terms or conditions of the DIP Credit Agreements are not satisfied, or to the extent any other events giving rise to termination of the DIP Credit Agreements occur, the DIP Credit Agreements may terminate prior to the Confirmation of the Plan, which could result in the loss of financing and/or support for the Plan by important creditor constituents. Any such loss of financing and/or support could adversely affect the Debtors' ability to reorganize and confirm and consummate the Plan.

2. Actual Amounts of Allowed Claims May Differ from Estimated Amounts of Allowed Claims, Thereby Adversely Affecting the Recovery of Some Holders of Allowed Claims

The estimate of Allowed Claims and recoveries for Holders of Allowed Claims set forth in this Disclosure Statement are based on various assumptions. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary significantly from the estimated Claims contained in this Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time, the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the recoveries to Holders of Allowed Claims under the Plan and the Reorganized Debtors' ability to meet their Financial Projections.

3. The Value of New Equity Can Not Be Stated With Certainty

On the Effective Date, 100% of the New Equity will be issued to the DIP Roll-Up Term Loan Lenders, Prepetition Term Loan Lenders, and certain General Unsecured Creditors (if they vote in favor of the plan), but will be subject to dilution by the New Equity that will be reserved for issuance in connection with the Management Equity Incentive Plan to be granted at the discretion of the New Board. Despite the Debtors' best efforts to value the New Equity, various uncertainties and contingencies, including market conditions, the Debtors' potential inability to implement their business plan or lack of a market for the New Equity may cause fluctuations or variations in value of the New Equity not fully accounted for herein. All of these factors are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets and other factors that generally influence the prices of securities. Actual market prices of such securities also may be affected by other factors not possible to predict.

4. The Reorganized Debtors May Not Be Able to Meet the Projected Financial Results

The Reorganized Debtors may not be able to meet their current projected financial results or achieve projected revenues and cash flows that they have assumed in projecting future business prospects. To the extent the Reorganized Debtors do not meet their projected financial results, the Reorganized Debtors may lack sufficient liquidity to continue operating as planned, may be unable to service their debt obligations, and may not be able to meet their working capital and operational needs.

5. The Debtors May Not Be Able to Consummate the Transactions Contemplated by the Restructuring Support Agreement

The occurrence of the Effective Date is predicated on, among other things, the approval and consummation of the transactions contemplated by the Restructuring Support Agreement. Failure to consummate the transactions contemplated by the Restructuring Support Agreement may result in the inability of the Debtors to effectuate the transactions scheduled for consummation on the Effective Date.

B. Risk Factors that Could Negatively Affect the Debtors' Business

The Debtors are subject to a number of risks, including (1) bankruptcy-related risk factors, and (2) general business and financial risk factors. Any or all such factors, which are enumerated below, may have a materially adverse effect on the business, financial condition, or results of operations of the Debtors.

1. Certain Bankruptcy Law Considerations

The occurrence or non-occurrence of any or all of the following contingencies, and any others, may affect distributions available to Holders of Allowed Claims under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of Holders of Claims in such Impaired Classes.

(a) Parties in Interest May Object to the Plan's Classification of Claims and Interests

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

(b) Failure to Satisfy Voting Requirements

In the event that votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. There can be no assurance that the Debtors will receive the requisite votes from Holders of Claims in the requisite Classes to constitute acceptance of the Plan by such Classes, because Holders of at least two-thirds in dollar amount and more than one-half in number of Claims in such Classes must vote to accept the Plan. In the event that sufficient votes are not received, the Debtors may seek to confirm an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan.

(c) The Debtors May Not Be Able to Secure Confirmation of the Plan

The Debtors will need to satisfy section 1129 of the Bankruptcy Code, which sets forth the requirements for confirmation of a chapter 11 plan and requires, among other things, a finding by a bankruptcy court that: (i) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (ii) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (iii) the value of distributions to non-accepting holders of claims and interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim or an Allowed Interest might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the Solicitation Procedures, and the voting results are appropriate, the Bankruptcy Court can still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation have not been met, including the requirement that the terms of the Plan do not "unfairly discriminate" and are "fair and equitable" to non-accepting Classes. If the Plan is not confirmed, it is unclear whether a restructuring of the Debtors could be implemented and what distributions, if any, Holders of Allowed Claims would receive with respect to their Allowed Claims.

The Debtors, subject to the terms and conditions of the Plan and the Restructuring Support Agreement, reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications may result in a less favorable treatment of any Class than the treatment currently provided in the Plan. Such a less favorable treatment may include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan.

(d) Remaining in Chapter 11 May Create an Operational Strain on the Debtors' Business

As a result of potentially failing to secure confirmation of the Plan, the Debtors may have difficulty exiting from chapter 11. Thus these Chapter 11 Cases, especially if they continue for a prolonged period of time, may adversely affect the Debtors' business prospects and their ability to operate. The Chapter 11 Cases and the attendant difficulties of operating the Debtors' business while attempting to reorganize the business in bankruptcy may make it more difficult to maintain and promote the Debtors' services and attract customers to their business. The Chapter 11 Cases will cause the Debtors to incur substantial costs for fees and other expenses associated with the Chapter 11 Cases.

In addition, the uncertainty regarding the eventual outcome of the Debtors' restructuring, and the effect of other unknown adverse factors could threaten the Debtors' existence as a going-concern. Continuing on a going-concern basis of the Debtors' business is dependent upon, among other things, obtaining Bankruptcy Court approval of a chapter 11 plan, maintaining the support of key vendors and customers, and retaining key personnel, along with financial, business, and other factors, many of which are beyond the Debtors' control. Under the priority scheme established by the Bankruptcy Code, unless creditors agree otherwise in accordance with the Bankruptcy Code, distributions from the estate for prepetition liabilities and postpetition liabilities must comply with section 1129 of the Bankruptcy Code. The ultimate recovery to Holders of Claims will not be determined until Confirmation of the Plan or an alternative chapter 11 plan. No assurance can be given as to what values, if any, will be ascribed in the Chapter 11 Cases to each of these constituencies or what types or amounts of distributions, if any, they will receive.

(e) Inability to Secured Financing or Credit

Among other things, the Bankruptcy Code and the DIP Credit Agreements limit the Debtors' ability to incur additional indebtedness, make investments, sell assets, consolidate, merge or sell, or otherwise dispose of assets or grant liens. These restrictions may place the Debtors at a significant competitive disadvantage. Transactions by the Debtors outside the ordinary course of business are subject to the prior approval of the Bankruptcy Court, which may limit their ability to respond timely to certain events or take advantage of certain opportunities. The Debtors may not be able to obtain Bankruptcy Court approval or such approval may be delayed with respect to actions they seek to undertake during the pendency of the Chapter 11 Cases. There can be no assurance as to the Debtors' ability to maintain sufficient financing sources to fund their business and meet future obligations. The Debtors intend to finance their operations during their reorganization using funds from operations, the DIP Term Loan Facility, and the DIP ABL Facility. There can be no assurance that the Debtors will be able to operate pursuant to the terms of the DIP Term Loan Facility and the DIP ABL Facility, including the financial covenants and restrictions contained therein, or to negotiate and obtain necessary approvals, amendments, waivers, or other types of modifications, and to otherwise fund and execute the Debtors' business plans throughout the duration of these Chapter 11 Cases.

(f) Key Personnel May be Difficult to Retain

The Debtors may be unable to retain and motivate key executives and employees through the process of reorganization, and the Debtors may have difficulty attracting new employees. In addition, so long as the Chapter 11 Cases continue, the Debtors' senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations.

(g) Parties in Interest May Object to the Releases Provided by the Plan

Certain creditors may assert that the Debtors cannot demonstrate that they meet the standards for approval of releases from third parties established by the United States Court of Appeals for the Third Circuit, despite the consensual and voluntary nature of such releases.

(h) Nonconsensual Confirmation

In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class has accepted the plan

(with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the Bankruptcy Court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting classes. The Debtors believe that the Plan satisfies these requirements and the Debtors may request such nonconsensual Confirmation in accordance with section 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation of the Plan may result in, among other things, increased expenses and the expiration of any commitment to provide support for the Plan, financially or otherwise.

(i) The Debtors May Object to the Amount or Classification of a Claim

Except as provided in the Plan, the Debtors reserve the right, under the Plan, to object to the amount or classification of any Claim. The estimates set forth in this Disclosure Statement cannot be relied upon by any Holder of a Claim where such Claim is or may be subject to an objection. Any Holder of a Claim that is or may be subject to an objection, thus, may not receive its expected share of the estimated distributions described in this Disclosure Statement.

(j) Risk of Non-Occurrence of the Effective Date

Although the Debtors believe that the Effective Date will occur promptly after the Confirmation Date, there can be no assurance as to such timing or as to whether such an Effective Date will, in fact, occur.

(k) Failure to Obtain Exit ABL Financing or Exit Term Loan Financing

The Debtors will not be able to operate as contemplated under the Plan without the Exit ABL Financing or Exit Term Loan Financing and, therefore, may be unable to meet the feasibility requirement for confirmation of the Plan.

(l) The Restructuring Support Agreement May Terminate

The parties to the Restructuring Support Agreement have agreed to support the Plan provided certain conditions are met. To the extent that the terms or conditions of the Restructuring Support Agreement are not satisfied, or to the extent events of termination arise under the Restructuring Support Agreement, the Restructuring Support Agreement may terminate prior to the Confirmation or Consummation of the Plan, which could result in the loss of support for the Plan by important creditor constituents. Any such loss of support could adversely affect the Debtors' ability to Confirm and Consummate the Plan.

(m) Release, Injunction, and Exculpation Provisions May Not Be Approved

Article VIII of the Plan provides for certain releases, injunctions, and exculpations. All of the releases, injunctions, and exculpations provided in the Plan are subject to objection by parties in interest and may not be approved. If they are not approved, the Plan likely cannot be confirmed and likely cannot go effective.

(n) Contingencies May Affect Votes of Impaired Classes to Accept or Reject the Plan

To the extent that the Debtors are unable to satisfy the conditions precedent to consummation of the Plan, the Debtors may be unable to consummate the Plan and the DIP Lenders may terminate their support for the Plan prior to the Confirmation or Consummation of the Plan. This loss would result in the loss of support for the Plan by important creditor constituents. Any such loss of support could adversely affect the Debtors' ability to confirm and consummate the Plan.

(o) Litigation and Potential Avoidance Actions

A prolonged period of time in Bankruptcy Court may expose the Debtors and their stakeholders to litigation. For instance, third parties may seek and obtain Bankruptcy Court approval to terminate or shorten the

exclusivity period for the Debtors to propose and confirm the Plan, to appoint a chapter 11 trustee, or to convert the cases to chapter 7 cases. Moreover, certain payments received by stakeholders prior to the bankruptcy filing could be challenged under bankruptcy laws as either a "fraudulent conveyance" or a "preferential transfer." If any transfer were challenged in the Bankruptcy Court and found to have occurred with regard to any of the Debtors' material transactions, the Bankruptcy Court could order the recovery of all amounts received by the recipient of the transfer.

2. Proceeds of Avoidance Actions

The Plan provides that Class 5 General Unsecured Claims shall receive the proceeds of certain avoidance actions that may be brought by the Debtors under chapter 5 of the Bankruptcy Code and/or state law equivalents, net of any expenses related to bringing such claims, if such class votes to accept the Plan. There can be no assurance that the Debtors or their estates will bring any such claims, that such claims will result in a material recovery, or any recovery, or that the amount of any recovery with respect to such claims will exceed the costs associated with bringing such claims.

3. General Business and Financial Risk Factors

(a) The Debtors Are Subject to Restrictive Covenants That Impair Their Business Operations

The DIP Facilities and Restructuring Support Agreement include financial covenants that, among other things, require the Debtors to perform within a budget and meet certain milestones. If the Debtors are unable to achieve the results that are contemplated in their business plan, they may fail to comply with these covenants. Furthermore, the DIP Facilities and Restructuring Support Agreement contain limitations on the Debtors' ability, among other things, to incur additional indebtedness, make capital expenditures, pay dividends, make investments (including acquisitions) or sell assets. If the Debtors fail to comply with the covenants in the DIP Facilities and Restructuring Support Agreement and are unable to obtain a waiver or amendment of such covenants, an event of default will occur thereunder. The DIP Facilities and Restructuring Support Agreement contain other events of defaults customary for debtor-in-possession financings.

(b) The Debtors May Fail in Their Real-Estate Right-sizing Initiatives

The Debtors efforts to renegotiate leases and close stores during the Chapter 11 Cases is an effort to cut costs and maintain profitability. The Debtors forward-looking financial projections are based on a certain amount of savings and number of operating stores, which amounts anticipates substantial concessions from various landlords. If the Debtors are unable to reach satisfactory terms with the quantity of landlords they anticipate, the Debtors may be forced to close additional stores, decreasing revenue. Further, the actual savings may be substantially less than the projected savings ranges.

(c) Implementation of Business Plan

The Debtors may not achieve their business plan and financial restructuring strategy. In such event, the Reorganized Debtors may be unable to restructure their funded debt or be forced to sell all or parts of their business, develop and implement further restructuring plans not contemplated in this Disclosure Statement, or become subject to further insolvency proceedings.

(d) Supplier Relationships

The Debtors rely significantly on their suppliers. Adverse changes in any of the relationships with their suppliers, or the inability to enter into new relationships with suppliers, could negatively impact the Debtors' operations and performance. The Debtors' current arrangements with suppliers may not remain in effect on current or similar terms, and the impact of changes to those arrangements may adversely impact the Debtors' revenue.

(e) Employee Relations Issues

Moreover, the Reorganized Debtors' success will depend, in part, on the efforts of their executive officers and other key employees, none of whom are covered by key person insurance policies. These individuals possess sales, marketing, manufacturing, financial, and administrative skills that are critical to the operation of the Debtors' business. If the Reorganized Debtors lose or suffer an extended interruption in the services of one or more of their executive officers or other key employees, the Reorganized Debtors' business, operational results, and financial condition may be negatively impacted.

(f) Pending and Future Litigation

There is, or may be in the future, certain litigation that could result in a material judgment against the Debtors or the Reorganized Debtors. Such litigation and any judgment in connection therewith could have a material negative effect on the Debtors or the Reorganized Debtors.

C. Risks Related to the New Equity

1. The Estimated Value of the New Equity in Connection with the Plan May Differ from the Actual Value of the New Equity

The estimated value of the New Equity for purposes of estimating recovery percentages under the Plan is based on the Valuation Analysis, attached hereto as Exhibit D, which represents a hypothetical valuation of the Reorganized Debtors and assumes that, among other things, such Reorganized Debtors continue as an operating business. The Valuation Analysis does not purport to constitute an appraisal of the Reorganized Debtors or necessarily reflect the actual market value that might be realized through a sale or liquidation of the Reorganized Debtors or their assets, which may be materially different than the estimate set forth in the Valuation Analysis. Furthermore, a liquid trading market for the New Equity may not develop or, if if develops, continue. In addition, the New Equity will not be listed on any securities exchange and the Reorganized Debtors will not be obligated to cause the New Equity to be listed on any securities exchange or over-the-counter market. Accordingly, the estimated value of the New Equity does not necessarily reflect the actual market value of the New Equity that might be realized after Confirmation and Consummation of the Plan, which may be materially lower than the estimated valuation of the New Equity as set forth in this Disclosure Statement and the exhibits hereto. Accordingly, such estimated value is not necessarily indicative of the prices at which the New Equity may trade after giving effect to the transactions set forth in the Plan.

2. An Active Trading Market May Not Develop for the New Equity

The New Equity is a new issue of private securities and, accordingly, there is currently no established public trading market for the New Equity. The Debtors do not currently intend to apply to list the New Equity on any national securities exchange and, as such, there can be no assurance that an active trading market for the New Equity will develop. If there is no active trading market in the New Equity, the market price and liquidity of the New Equity may be adversely affected. If a trading market does not develop or is not maintained, holders of New Equity may experience difficulty in reselling such securities at an acceptable price or may be unable to sell them at all. Even if a trading market were to exist, such market could have limited liquidity and the New Equity could trade at prices higher or lower than the value attributed to such securities in connection with their distribution under the Plan, depending upon many factors, including, without limitation, markets for similar securities, industry conditions, financial performance, prevailing interest rates, conditions in financial markets, or prospects and investor expectations thereof. As a result, there may be limited liquidity in any trading market that does develop for the New Equity. Finally, the New Organizational Documents may also contain restrictions or other prohibits on the transferability of the New Equity (such as rights of first refusal/offer, tag-along rights, call rights, and/or drag-along rights, among others), which may adversely affect the liquidity in the trading market for the New Equity.

3. A Small Number of Holders or Voting Blocks May Control the Reorganized Debtors

Consummation of the Plan may result in a small number of holders owning a significant percentage of the New Equity in the Reorganized Debtors. These holders may, among other things, exercise a controlling influence over the business and affairs of the Reorganized Debtors and have the power to elect directors, control the appointment of a majority of the board of directors and approve significant mergers and other material corporate transactions.

4. The Issuance of New Equity under the Management Equity Incentive Plan will Dilute the New Equity

On the Effective Date, a percentage of the New Equity will be reserved for issuance as grants pursuant to the Management Equity Incentive Plan. If the Reorganized Debtors distribute such equity-based awards pursuant to the Management Equity Incentive Plan, it is contemplated that such distributions will dilute the New Equity issued on account of Claims under the Plan and the ownership percentage represented by the New Equity distributed under the Plan. In the future, similar to all companies, additional equity financings or other share issuances by any of the Reorganized Debtors could adversely affect the value of the New Equity and the amount and dilutive effect could be material.

5. The New Equity is an Equity Interest and Therefore Subordinated to the Indebtedness of the Reorganized Debtors

In any liquidation, dissolution, or winding up of the Reorganized Debtors, the New Equity would rank junior to all debt claims and other liabilities against the Reorganized Debtors. As a result, holders of New Equity will not be entitled to receive any payment or other distribution of assets upon the liquidation, dissolution, or winding up of the Reorganized Debtors until after all of their obligations to their debt holders have been satisfied.

D. Liquidity Risks

1. Continuing Leverage

The Reorganized Debtors' ability to carry out capital spending that is important to their growth and productivity will depend on a number of factors, including future operating performance and ability to achieve the business plan. These factors will be affected by general economic, financial, competitive, regulatory, business, and other factors that are beyond the Reorganized Debtors' control.

E. Risks Associated with Forward Looking Statements

1. The financial information contained in this Disclosure Statement has not been audited

In preparing this Disclosure Statement, the Debtors relied on financial data derived from their books and records that was available at the time of such preparation. Although the Debtors have used their reasonable business judgment to ensure the accuracy of the financial information provided in this Disclosure Statement, and while the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to represent or warrant that the financial information contained in this Disclosure Statement and attached hereto is without inaccuracies.

F. Disclosure Statement Disclaimer

1. Information Contained in this Disclosure Statement Is for Soliciting Votes

The information contained in this Disclosure Statement is for the purposes of soliciting acceptances of the Plan and may not be relied upon for any other purpose

2. This Disclosure Statement Has Not Been Approved by the United States Securities and Exchange Commission

This Disclosure Statement has not and will not be Filed with the United States Securities and Exchange Commission or any state regulatory authority. Neither the United States Securities and Exchange Commission nor any state regulatory authority has approved or disapproved of the Securities described in this Disclosure Statement or has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained in this Disclosure Statement

3. No Legal, Business, Accounting, or Tax Advice Is Provided to You by this Disclosure Statement; This Disclosure Statement is not advice to you

The contents of this Disclosure Statement should not be construed as legal, business, accounting, or tax advice. Each Holder of a Claim or an Interest should consult such Holder's own legal counsel, accountant, or other applicable advisor with regard to any legal, business, accounting, tax, and other matters concerning his or her Claim or Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

4. No Admissions Made

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by any entity (including, without limitation, the Debtors), nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, the Reorganized Debtors, the DIP Lenders, Holders of Allowed Claims, or any other parties in interest.

5. Failure to Identify Litigation Claims or Projected Objections

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement. The Debtors or Reorganized Debtors, as applicable, may seek to investigate, file, and prosecute Claims and Interests and may object to Claims or Interests after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or Interests or objections to such Claims or Interests.

6. No Waiver of Right to Object or Right to Recover Transfers and Assets

The vote by a Holder of a Claim for or against the Plan does not constitute a waiver or release of any claims, causes of action, or rights of the Debtors (or any entity, as the case may be) to object to that Holder's Claim, or recover any preferential, fraudulent, or other voidable transfer of assets, regardless of whether any claims or causes of action of the Debtors or their respective Estates or the Reorganized Debtors are specifically or generally identified in this Disclosure Statement.

7. Information Was Provided by the Debtors and Was Relied Upon by the Debtors' Advisors

The Debtors' advisors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although the Debtors' advisors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not verified independently the information contained in this Disclosure Statement.

8. Potential Exists for Inaccuracies, and the Debtors Have No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtors as of the date of this Disclosure Statement, unless otherwise specified in this Disclosure Statement, and the delivery of this Disclosure Statement after the date of this Disclosure Statement does not imply that there has not been a change in the information set forth in this Disclosure Statement since that date. While the Debtors have used their reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the

Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

9. No Representations Outside this Disclosure Statement Are Authorized

No representations concerning or relating to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement, should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to counsel to the Debtors and the U.S. Trustee.

G. Liquidation Under Chapter 7

If no plan can be confirmed, the Debtors' Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effects that a chapter 7 liquidation would have on the recoveries of Holders of Claims and the Debtors' Liquidation Analysis is set forth in Article VII of this Disclosure Statement, "*Statutory Requirements for Confirmation of the Plan*," and the Liquidation Analysis attached hereto as Exhibit C.

ARTICLE IX.
SECURITIES LAW MATTERS

Under the Plan, the Debtors will offer, issue and distribute New Equity to certain Holders of Allowed Claims. The Debtors believe that the New Equity will be "securities," as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code and any applicable state securities law.

A. Section 1145 of the Bankruptcy Code

The Debtors will rely on section 1145 of the Bankruptcy Code to exempt from the registration requirements of the Securities Act the offer, issuance, and distribution of the Section 1145 Securities, including the issuance of New Equity to the Term Loan Lenders. Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under section 5 of the Securities Act and state laws when the recipients of the securities hold a claim against the debtor and such securities are to be exchanged for claims or principally in exchange for claims and partly for cash. Similarly, under section 1145(a)(2) of the Bankruptcy Code, the offer of a security through any warrant that was sold in the manner specified in section 1145(a)(1) and the sale of any security upon exercise of a warrant are exempt from registration under section 5 of the Securities Act and state laws. The New Equity to be issued will satisfy the requirements of sections 1145(a)(1) and (a)(2) of the Bankruptcy Code.

In general, securities issued under section 1145 may be resold without registration unless the recipient is an "underwriter" with respect to those securities. Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as any person who:

- purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if that purchase is with a view to distributing any security received in exchange for such a claim or interest;
- offers to sell securities offered under a plan of reorganization for the holders of those securities;
- offers to buy those securities from the holders of the securities, if the offer to buy is (A) with a view to distributing those securities, and (B) under an agreement made in connection with the plan

of reorganization, the completion of the plan of reorganization, or with the offer or sale of securities under the plan of reorganization; or

- is an issuer with respect to the securities, as the term "issuer" is defined in section 2(a)(11) of the Securities Act.

To the extent that Holders of Claims that receive Section 1145 Securities are deemed to be "underwriters," resales by those Holders would not be exempted from registration under the Securities Act or other applicable law by section 1145 of the Bankruptcy Code. Those Holders would, however, be permitted to sell Section 1145 Securities without registration if they are able to comply with the provisions of Rule 144 under the Securities Act, as described further below.

You should confer with your own legal advisors to help determine whether or not you are an "underwriter."

Under certain circumstances, holders of Section 1145 Securities deemed to be "underwriters" may be entitled to resell their securities pursuant to the limited safe harbor resale provisions of Rule 144 of the Securities Act, to the extent available, and in compliance with applicable state securities laws. Generally, Rule 144 of the Securities Act provides that persons who are affiliates of an issuer who resell securities will not be deemed to be underwriters if certain conditions are met. These conditions include the requirement that current public information with respect to the issuer be available, a limitation as to the amount of securities that may be sold, the requirement that the securities be sold in a "brokers transaction" or in a transaction directly with a "market maker," a requirement that the securities are held for a certain period of time before being sold and that notice of resale be filed with the Securities and Exchange Commission. The Debtors do not intend to make publicly available the requisite information regarding the Reorganized Debtors, and, as a result, after the applicable holding period, Rule 144 will not be available for resales of the New Equity by Persons deemed to be underwriters or otherwise.

ARTICLE X.
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes certain United States ("U.S.") federal income tax consequences of the implementation of the Plan to the Debtors, the Reorganized Debtors, and Holder of Claims entitled to vote on the Plan, *i.e.* Holders of Allowed Prepetition Term Loan Secured Claims and Allowed General Unsecured Claims. It does not address the U.S. federal income tax consequences to Holder of Claims not entitled to vote on the Plan or to Holders of Interests. This summary is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), the U.S. Treasury Regulations promulgated thereunder (the "Treasury Regulations"), judicial decisions, and published administrative rules and pronouncements of the Internal Revenue Service (the "IRS"), all as in effect on the date hereof (collectively, "Applicable Tax Law"). Changes in the rules or new interpretations of the rules may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below. The Debtors have not requested, and will not request, any ruling or determination from the IRS or any other taxing authority with respect to the tax consequences discussed herein, and the discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein.

This summary does not address non-U.S., state, local or non-income tax consequences of the Plan (including such consequences with respect to the Debtors or the Reorganized Debtors), nor does it purport to address all aspects of U.S. federal income taxation that may be relevant to a Holder in light of its individual circumstances or to a Holder that may be subject to special tax rules (such as Persons who are related to the Debtors within the meaning of the Tax Code, persons liable for alternative minimum tax, U.S. Holders whose functional currency is not the U.S. dollar, U.S. expatriates, certain former citizens or long-term residents of the United States, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax exempt organizations, controlled foreign corporations, passive foreign investment companies, partnerships (or other entities treated as partnerships or other pass-through entities), beneficial owners of partnerships (or other entities treated as partnerships or other pass-through entities), subchapter S corporations, persons who hold Claims or who will hold the New Equity as part of a straddle, hedge, conversion transaction, or other integrated investment, persons using a mark-to-market method of accounting, and Holders of Claims who are

themselves in bankruptcy). Furthermore, this summary assumes that a Holder of a Claim holds only Claims in a single Class and holds a Claim only as a "capital asset" (within the meaning of section 1221 of the Tax Code). This summary also assumes that the various debt and other arrangements to which any of the Debtors are a party will be respected for U.S. federal income tax purposes in accordance with their form. The U.S. federal income tax consequences of the implementation of the Plan to the Debtors, the Reorganized Debtors, and Holders of Allowed Prepetition Term Loan Secured Claims and Allowed General Unsecured Claims described below also may vary depending on the nature of any Restructuring Transactions that the Debtors and/or Reorganized Debtors engage in (*e.g.*, if any portion of the Restructuring Transactions is structured as a tax-free transfer of property pursuant to section 351 of the Tax Code).

This summary does not address the receipt, if any, of property by Holders of Claims other than in their capacity as such (*e.g.*, this summary does not discuss the treatment of any commitment fee or similar arrangement), and the treatment of the receipt of any such property may vary significantly from the treatment described herein.

For purposes of this discussion, a "U.S. Holder" is a Holder of a Claim that is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (A) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons (within the meaning of section 7701(a)(30) of the Tax Code) have authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person. For purposes of this discussion, a "Non-U.S. Holder" is any Holder of a Claim that is neither a U.S. Holder nor a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes) is a Holder of a Claim, the tax treatment of a partner (or other beneficial owner) generally will depend upon the status of the partner (or other beneficial owner) and the activities of the entity. Partners (or other beneficial owners) of partnerships (or other entities treated as partnerships or other pass-through entities) that are Holders of Claims should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE, LOCAL, NON-U.S., NON-INCOME, AND OTHER TAX CONSEQUENCES OF THE PLAN.

A. Certain U.S. Federal Income Tax Consequences to the Debtors and the Reorganized Debtors

1. Characterization of Restructuring Transactions

The U.S. federal income tax consequences of the implementation of the Plan to the Debtors will depend on, among other things, whether the Restructuring Transactions are structured in whole or in part as a taxable sale of the Debtors' assets and/or equity (such structure, a "Taxable Transaction"). The Debtors expect that they generally will be able to structure the Restructuring Transactions as a Taxable Transaction in whole or in part, if desired. For example, the Debtors may structure the Restructuring Transactions as a transfer of substantially all or some of the Debtors' assets (including equity in subsidiaries) in a Taxable Transaction to a newly formed entity (or an affiliate or subsidiary of such entity) formed and controlled by certain holders of Claims against the Debtors, and in such case, some or all of the New Equity (and/or other interests) issued to holders of Claims pursuant to the Plan may be comprised of the stock (and/or other interests) of such new entity (or an affiliate or subsidiary of such entity) and such new entity (or an affiliate or subsidiary of such entity) shall be a Reorganized Debtor.

If the transactions undertaken pursuant to the Plan are structured in whole or in part as a Taxable Transaction with respect to the assets of any Debtor, the Debtors would recognize taxable gain or loss upon the transfer in an amount equal to the difference between (a) the sum of any cash and the fair market value of any

property received by the Debtors plus the amount of any of the Debtors' liabilities assumed by the acquiror in exchange for the assets treated as sold in the Taxable Transaction (which amount should equal the fair market value of the assets treated as sold in the Taxable Transaction), and (b) the applicable Debtor's adjusted tax basis in such assets. It is possible the Debtors will recognize a substantial amount of taxable income or gain in connection with a Taxable Transaction and may not have sufficient net operating loss carryforwards or other tax attributes to apply to fully offset the amount of gain recognized, in which case the Debtors will be required to pay cash federal income taxes with respect to the net amount of taxable income (and the Debtors' ability to apply net operating losses ("NOLs") to reduce any such taxable income is also subject to "Alternative Minimum Tax" discussed below).

If a Reorganized Debtor purchases assets or equity of any Debtor pursuant to a Taxable Transaction, it will take a fair market value basis in the transferred assets or equity. However, if a Taxable Transaction involves a purchase of equity of a Debtor treated as a corporation for income tax purposes, the Debtor whose equity is transferred would retain its basis in its assets (unless the seller of such equity and the Reorganized Debtor purchasing such equity, in the case of an election under section 338(h)(10) of the Tax Code) is a corporation for U.S. federal income tax purposes and the seller and/or purchaser, as applicable, make an election under section 338(h)(10) or 336(e) of the Tax Code to treat the transaction as a taxable sale of the underlying assets), subject to reduction due to COD Income (as defined herein).

If the Debtors do not structure the Restructuring Transactions as a Taxable Transaction, the Debtors may, in whole or in part, cause the New Equity that will be received by the Holders of Claims entitled to New Equity in exchange for their Claims pursuant to the Plan to first be issued and contributed by Reorganized Holdings to Reorganized Debtor rue21, inc., and then exchanged (in addition to the other consideration, if applicable) by Reorganized Debtor rue 21, inc. with such Holders pursuant to the Plan in satisfaction of such Holders' Claims, and to treat such transactions as occurring in the same order (issuance, contribution, and exchange) for U.S. federal income tax purposes. The remainder of this discussion assumes that all New Equity will be issued to the Holders of Claims entitled to New Equity in accordance with this treatment. The Debtors believe, and intend to take the position that, this treatment applies for U.S. federal income tax purposes, and the remainder of the discussion assumes this to be the case. The tax consequences to the Debtors, the Reorganized Debtors, and Holders of Claims described herein could be materially different in the event this characterization was not respected for U.S. federal income tax purposes.

2. Cancellation of Debt Income and Reduction of Tax Attributes

In general, absent an exception, a debtor will realize and recognize cancellation of debt income ("COD Income"), for U.S. federal income tax purposes, upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of (i) the amount of Cash paid, (ii) the issue price of any new indebtedness of the debtor issued, and (iii) the fair market value of any other consideration (including stock of the debtor or another entity) given in satisfaction of such indebtedness at the time of the exchange.

Under section 108 of the Tax Code, a debtor is not required to include COD Income in gross income if the debtor is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that proceeding. Instead, as a consequence of such exclusion, a debtor must reduce its tax attributes by the amount of COD Income that it excluded from gross income pursuant to the rule discussed in the preceding sentence. In general, tax attributes will be reduced in the following order: (a) NOLs and NOL carryforwards; (b) general business credit carryovers; (c) minimum tax credit carryovers; (d) capital loss carryovers; (e) tax basis in assets (but not in an amount greater than the excess of the aggregate tax bases of the property held by the debtor immediately after the discharge over the aggregate amount of the debtor's liabilities immediately after the discharge); (f) passive activity loss and credit carryovers; and (g) foreign tax credit carryovers. Alternatively, a debtor with COD Income may elect first to reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the Tax Code. The reduction in tax attributes occurs only after the tax for the year of the debt discharge has been determined. Any excess COD Income over the amount of available tax attributes is not subject to U.S. federal income tax and generally has no other U.S. federal income tax impact.

The Treasury Regulations address the method and order for applying tax attribute reduction to an affiliated group of corporations. Under these Treasury Regulations, the tax attributes of the group member, the debt of which is being discharged, is first subject to reduction. To the extent a debtor member's tax basis in stock of a lower-tier member of the affiliated group is reduced, a "look through rule" requires that a corresponding reduction be made to the tax attributes of the lower-tier member. If a debtor member's excluded COD Income exceeds its tax attributes, the excess COD Income is applied to reduce certain remaining consolidated tax attributes of the affiliated group.

As a result of the Restructuring Transactions, the Debtors expect to realize significant COD Income. The amount of the tax attributes required to be reduced by COD Income will depend in part on whether the Restructuring Transactions are structured in whole or in part as a Taxable Transaction. However, regardless of whether the Restructuring Transactions are structured as a Taxable Transaction, the Debtors expect that there will be material reductions in NOLs, NOL carryforwards, tax basis in assets, and other tax attributes.

3. Limitation on NOL Carryforward and Other Tax Attributes

The Debtors estimate that as of the end of the tax year ended January 28, 2017 the Debtors had approximately $80 million of NOLs and approximately $4 million of general business tax credits. To the extent the Restructuring Transactions include a Taxable Transaction, any gain recognized as a result thereof would reduce the Debtors' NOLs and general business tax credits. In addition, any NOL carryovers, tax credit carryovers, and certain other tax attributes that are not utilized to offset gain from a Taxable Transaction could be eliminated if the applicable Debtor is liquidated following the Taxable Transaction. The Debtors anticipate that substantially all of the Debtors' NOLs and tax credit carryovers will be eliminated in connection with the consummation of the Plan regardless of whether the Restructuring Transactions include a Taxable Transaction. However, if any NOL carryovers, tax credit carryovers, and certain other tax attributes (potentially including losses and deductions that have accrued economically but are unrecognized as of the date of the ownership change) of the Debtors survive after the consummation of the Plan, such tax attributes that are allocable to periods before the Effective Date (collectively, the "Pre-Change Losses") may be subject to limitation under sections 382 and 383 of the Tax Code as a result of an "ownership change" of the Reorganized Debtors by reason of the transactions consummated pursuant to the Plan.

Under sections 382 and 383 of the Tax Code, if a corporation undergoes an "ownership change," the amount of its Pre-Change Losses that may be utilized to offset future taxable income generally is subject to an annual limitation. The rules of section 382 of the Tax Code are complicated, but as a general matter, the Debtors anticipate that the distribution of the New Equity pursuant to the Plan will result in an "ownership change" of the Reorganized Debtors for these purposes, and that the Reorganized Debtors' use of their Pre-Change Losses, if any, will be subject to limitation unless an exception to the general rules of section 382 of the Tax Code applies.

In general, the amount of the annual limitation to which a corporation that undergoes an "ownership change" would be subject is equal to the product of (a) the fair market value of the equity of the corporation immediately before the "ownership change" (with certain adjustments) multiplied by (b) the "long-term tax-exempt rate" (which is the highest of the adjusted federal long-term rates in effect for any month in the 3-calendar-month period ending with the calendar month in which the "ownership change" occurs: 2.09% for ownership changes occurring in June 2017).

If a corporation (or affiliated group) has a net unrealized built-in gain at the time of an ownership change (taking into account most assets and items of "built-in" income and deductions), then the section 382 limitation may be increased to the extent that the debtors recognize certain built-in gains in their assets during the five-year period following the ownership change, or are treated as recognizing built-in gains pursuant to the safe harbors provided in IRS Notice 2003-65. If a corporation (or affiliated group) has a net unrealized built-in loss at the time of an ownership change (taking into account most assets and items of "built-in" income and deductions), then generally built-in losses (including amortization or depreciation deductions attributable to such built-in losses) recognized during the following five years (up to the amount of the original net unrealized built-in loss) will be treated as Pre-Change Losses and similarly will be subject to the annual limitation. In general, a corporation's (or affiliated group's) net unrealized built-in gain or net unrealized built-in loss will be deemed to be zero unless it is greater than the lesser of (a) $10,000,000 or (b) 15% of the fair market value of its assets (with certain adjustments) before the ownership change.

Section 383 of the Tax Code applies a similar limitation to capital loss carryforwards and tax credits. Any unused limitation may be carried forward, thereby increasing the annual limitation in the subsequent taxable year.

Notwithstanding the rules described above, if post-ownership change, a debtor corporation and its subsidiaries do not continue the debtor corporation's historic business or use a significant portion of its historic business assets in a new business for two years after the ownership change (the "Business Continuity Requirement"), the annual limitation resulting from the ownership change is zero.

Special rules may apply in the case of a corporation that experiences an ownership change as the result of a bankruptcy proceeding that, if applicable, could increase the Reorganized Debtors' ability to utilize the Pre-Change Losses after the Effective Date. One such exception to the general annual limitation rules applies when shareholders and so-called "qualified creditors" of a debtor corporation in chapter 11 receive, in respect of their Claims, at least 50% of the vote and value of the stock of the reorganized debtor (or a controlling corporation if also in chapter 11) pursuant to a confirmed chapter 11 plan (the "382(l)(5) Exception"). Under the 382(l)(5) Exception, a debtor's Pre-Change Losses are not limited on an annual basis, but instead, NOL carryforwards will be reduced by the amount of any interest deductions claimed during the three taxable years preceding the effective date of the plan of reorganization, and during the part of the taxable year prior to and including the effective date of the plan of reorganization, in respect of all debt converted into stock in the reorganization.

Where the 382(l)(5) Exception is not applicable to a corporation in bankruptcy, a second special rule will generally apply (the "382(l)(6) Exception"), under which the annual limitation is calculated by reference to the lesser of the value of the debtor corporation's new stock (with certain adjustments) immediately after the ownership change or the value of such debtor corporation's assets (determined without regard to liabilities) immediately before the ownership change.

The Debtors have not determined whether the Restructuring Transactions would qualify for the 382(l)(5) Exception. Regardless of whether or not either of these special rules could apply to the Reorganized Debtors and/or enhance their ability to utilize Pre-Change Losses, the Debtors currently expect substantially all of their Pre-Change Losses to be eliminated pursuant to the rules discussed above in "—Cancellation of Debt Income and Reduction of Tax Attributes."

4. Alternative Minimum Tax

In general, an alternative minimum tax ("AMT") is imposed on a corporation's alternative minimum taxable income ("AMTI") at a 20% rate to the extent such tax exceeds the corporation's regular U.S. federal income tax for the year. AMTI is generally equal to regular taxable income with certain adjustments. For purposes of computing AMTI, certain tax deductions and other beneficial allowances are modified or eliminated. For example, except for alternative tax NOLs generated in certain years, which can offset 100% of a corporation's AMTI, only 90% of a corporation's AMTI may be offset by available alternative tax NOL carryforwards. The effect of this rule could cause the Debtors or the Reorganized Debtors to owe some U.S. federal income tax on taxable income in the current year or future years even if NOL carryforwards are available to offset that taxable income. Additionally, under section 56(g)(4)(G) of the Tax Code, an ownership change (as discussed above) that occurs with respect to a corporation having a net unrealized built-in loss in its assets will cause, for AMT purposes, the adjusted basis of each asset of the corporation immediately after the ownership change to be equal to its proportionate share (determined on the basis of respective fair market values) of the fair market value of the assets of the corporation, as determined under section 382(h) of the Tax Code, immediately before the ownership change, the effect of which may increase the amount of AMT owed by the Reorganized Debtors.

B. Certain U.S. Federal Income Tax Consequences to U.S. Holders of Allowed Claims

1. Certain U.S. Federal Income Tax Consequences to U.S. Holders of Allowed Prepetition Term Loan Secured Claims

Pursuant to the Plan, except to the extent that a U.S. Holder of a Prepetition Term Loan Secured Claim agrees to a less favorable treatment in exchange for full and final satisfaction, settlement, release, and discharge of

its Prepetition Term Loan Secured Claim, such U.S. Holder shall receive a Pro Rata share of the New Equity that the Holders of Prepetition Term Loan Secured Claims are entitled to receive pursuant to the Plan. Whether or not the Restructuring Transactions include a Taxable Transaction, such U.S. Holder will be treated as exchanging such Claim in a taxable exchange under section 1001 of the Tax Code. Accordingly, if the Debtors do not structure the Restructuring Transactions as a Taxable Transaction, each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (1) the fair market value of New Equity received in exchange for the Claim; and (2) such U.S. Holder's adjusted basis, if any, in such Claim.

The character of any recognized gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Holder, the nature of the Claim in such U.S. Holder's hands (including whether the Claim constitutes a capital asset), whether the Claim was purchased at a discount, whether and to what extent the U.S. Holder has previously claimed a bad debt deduction with respect to its Claim, and whether any part of the U.S. Holder's recovery is treated as being on account of accrued but unpaid interest (or original issue discount ("OID")). The deductibility of capital losses is subject to certain limitations as discussed below. Accrued interest and market discount are discussed below. If the Debtors do not structure the Restructuring Transactions as a Taxable Transaction, then a U.S. Holder's tax basis in any New Equity received should equal the fair market value of such New Equity (less any portion of such New Equity treated as received in satisfaction of accrued but untaxed interest) as of the date such New Equity is distributed to the U.S. Holder. A. U.S. Holder's holding period for the New Equity received should begin on the day following the Effective Date.

If the Debtors structure the Restructuring Transactions, in whole or in part, as a Taxable Transaction, then the determination of gain or loss and a U.S. Holder's tax basis in any New Equity will depend on the particular nature of the Restructuring Transactions. U.S. Holders of Allowed Prepetition Term Loan Secured Claims should consult their own tax advisors regarding the determination of such consequences to them in the event of a Taxable Transaction.

2. Certain U.S. Federal Income Tax Consequences to U.S. Holders of Allowed General Unsecured Claims

Pursuant to the Plan, except to the extent that a U.S. Holder of a Prepetition Term Loan Secured Claim agrees to a less favorable treatment in exchange for full and final satisfaction, settlement, release, and discharge of its Prepetition Term Loan Secured Claim, such U.S. Holder shall receive a Pro Rata share of the New Equity that the Holders of General Unsecured Claims are entitled to receive pursuant to the Plan and 100% of the proceeds of Reserved Avoidance Actions (net of any expense, including any taxes related thereto). Whether or not the Restructuring Transactions include a Taxable Transaction, such U.S. Holder will be treated as exchanging such Claim in a taxable exchange under section 1001 of the Tax Code. Accordingly, if the Debtors do not structure the Restructuring Transactions as a Taxable Transaction, each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (1) the sum of (a) cash and (b) the fair market value of the New Equity and any other property received in exchange for the Claim and (2) such U.S. Holder's adjusted basis, if any, in such Claim.

The character of any recognized gain or loss will be determined by a number of factors as described above in "—Certain U.S. Federal Income Tax Consequences to U.S. Holders of Allowed Prepetition Term Loan Secured Claims." If the Debtors do not structure the Restructuring Transactions as a Taxable Transaction, then a U.S. Holder's tax basis in any New Equity received should equal the fair market value of such New Equity (less any portion of such New Equity treated as received in satisfaction of accrued but untaxed interest) as of the date such New Equity is distributed to the U.S. Holder. A U.S. Holder's holding period for the New Equity received should begin on the day following the Effective Date.

If the Debtors structure the Restructuring Transactions, in whole or in part, as a Taxable Transaction, then the determination of gain or loss and a U.S. Holder's tax basis in any New Equity will depend on the particular nature of the Restructuring Transactions. U.S. Holders of Allowed General Unsecured Claims should consult their own tax advisors regarding the determination of such consequences to them in the event of a Taxable Transaction.

3. Accrued Interest

To the extent that any amount received by a U.S. Holder of a surrendered Allowed Claim under the Plan is attributable to accrued but unpaid interest on the debt instruments constituting such surrendered Claim and such amount has not previously been included in the U.S. Holder's gross income, such amount should be taxable to the U.S. Holder as ordinary interest income. Conversely, a U.S. Holder of a surrendered Allowed Claim may be able to recognize a deductible loss to the extent that any accrued interest (or OID) on the debt instruments constituting such Claim was previously included in the U.S. Holder's gross income, but was not paid in full by the Debtors.

The extent to which the consideration received by a U.S. Holder of a surrendered Allowed Claim will be attributable to accrued interest (or OID) on the debt instruments constituting the surrendered Allowed Claim is unclear. The Plan provides that distributions in respect of Allowed Claims will first be allocated to the principal amount of such Claims, and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest. Holders of Claims with accrued interest should consult with their tax advisors regarding the allocation of the consideration.

4. Market Discount

Under the "market discount" provisions of sections 1276 through 1278 of the Tax Code, some or all of any gain realized by a U.S. Holder exchanging the debt instruments constituting its Allowed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of accrued "market discount" on the debt instrument constituting the surrendered Allowed Claim.

In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than on original issue and if the U.S. Holder's initial tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest," or (b) in the case of a debt instruments issued with OID, its adjusted issue price, by at least a *de minimis* amount (equal to 0.25% of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a U.S. Holder on the taxable disposition (determined as described above) of debt instruments that it acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such debt instruments were considered to be held by the U.S. Holder (unless the U.S. Holder elected to include market discount in income as it accrued). U.S. Holders should consult their own tax advisors concerning the application of the market discount rules to their Claims.

5. Limitation on Use of Capital Losses

A U.S. Holder of a Claim who recognizes capital losses as a result of the distributions under the Plan will be subject to limits on the use of such capital losses. For a non-corporate U.S. Holder, capital losses may be used to offset any capital gains (without regard to holding periods), and also ordinary income to the extent of the lesser of (a) $3,000 ($1,500 for married individuals filing separate returns), and (b) the excess of the capital losses over the capital gains. A non-corporate U.S. Holder may carry over unused capital losses and apply them against future capital gains and a portion of their ordinary income for an unlimited number of years. For corporate U.S. Holders, capital losses may only be used to offset capital gains. A corporate U.S. Holder that has more capital losses than may be used in a tax year may carry back unused capital losses to the three years preceding the capital loss year or may carry over unused capital losses for the five years following the capital loss year.

6. Ownership and Disposition of New Equity

Any distributions made on account of the New Equity will constitute dividends for U.S. federal income tax purposes to the extent of the current or accumulated earnings and profits of Reorganized Holdings as determined under U.S. federal income tax principles. To the extent that a U.S. Holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing the U.S.

Holder's basis in its shares. Any such distributions in excess of the U.S. Holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain.

Dividends generally will be eligible (i) for the dividends-received deduction if paid to U.S. Holders that are corporations and (ii) for the reduced tax rates that apply to "qualified dividend income" if paid to non-corporate U.S. Holders. However, the dividends-received deduction and reduced tax rates that apply to qualified dividend income are only available if certain holding period requirements are satisfied. The length of time that a shareholder has held its stock is reduced for any period during which the shareholder's risk of loss with respect to the stock is diminished by reason of the existence of certain options, contracts to sell, short sales, or similar transactions. In addition, to the extent that a corporation incurs indebtedness that is directly attributable to an investment in the stock on which the dividend is paid, all or a portion of the dividends received deduction may be disallowed.

U.S. Holders generally will recognize capital gain or loss upon the sale, redemption, or other taxable disposition of New Equity. Such capital gain will be long-term capital gain if at the time of the sale, redemption, or other taxable disposition, the U.S. Holder held the New Equity for more than one year. Long-term capital gains of an individual taxpayer generally are taxed at preferential rates, and the ability to utilize capital losses may be limited.

Certain U.S. Holders that are individuals, estates, or trusts whose income exceeds certain thresholds are required to pay an additional 3.8% tax on, among other things, dividends and gains from the sale or other disposition of capital assets. U.S. Holders that are individuals, estates, or trusts should consult their tax advisors regarding the effect, if any, of this tax provision on their ownership and disposition of New Equity.

C. Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders of Claims

The following discussion includes only certain U.S. federal income tax consequences of the Restructuring Transactions to Non-U.S. Holders. The discussion does not include any non-U.S. tax considerations. The rules governing the U.S. federal income tax consequences to Non-U.S. Holders are complex. Each Non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, state, and local and the foreign tax consequences of the consummation of the Plan to such Non-U.S. Holder and the ownership and disposition of the New Equity, as applicable.

Whether a Non-U.S. Holder realizes gain or loss on the exchange of Claims pursuant to the Plan, or upon a subsequent disposition of New Equity, and the amount of such gain or loss is determined in the same manner as set forth above in connection with U.S. Holders.

1. Gain Recognition

Any gain realized by a Non-U.S. Holder on the exchange of its Claim generally will not be subject to U.S. federal income taxation unless (i) the Non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year in which the Restructuring Transactions occur and certain other conditions are met or (ii) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States).

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain in the same manner as a U.S. Holder. In addition, if such a Non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

2. Accrued Interest

Payments to a Non-U.S. Holder that are attributable to accrued but untaxed interest (or OID) generally will not be subject to U.S. federal income or withholding tax, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN or W-8BEN-E) establishing that the Non-U.S. Holder is not a U.S. person, unless:

(a) the Non-U.S. Holder actually or constructively owns 10% or more of the total combined voting power of all classes of Debtor rue21, inc.'s stock entitled to vote;

(b) the Non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to Debtor rue21, inc. (each, within the meaning of the Tax Code);

(c) the Non-U.S. Holder is not a bank receiving interest described in section 881(c)(3)(A) of the Tax Code; or

(d) such interest (or OID) is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (in which case, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, the Non-U.S. Holder (x) generally will not be subject to withholding tax, but (y) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the accrued but untaxed interest (or OID) at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty)).

A Non-U.S. Holder that does not qualify for exemption from withholding tax with respect to accrued but untaxed interest (or OID) that is not effectively connected income generally will be subject to withholding of U.S. federal income tax at a 30% rate (or at a reduced rate or exemption from tax under an applicable income tax treaty, provided certification requirements (as discussed below under "—Ownership and Disposition of New Equity") are satisfied) on payments that are attributable to accrued but untaxed interest (or OID). For purposes of providing a properly executed IRS Form W-8BEN or W-BEN-E, special procedures are provided under applicable Treasury Regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

3. Ownership and Disposition of New Equity

Any distributions made with respect to New Equity will constitute dividends for U.S. federal income tax purposes to the extent of Reorganized Holdings' current or accumulated earnings and profits as determined under U.S. federal income tax principles. To the extent that a Non-U.S. Holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as non-taxable returns of capital reducing the holder's basis in its shares. Any such distributions in excess of a Non-U.S. Holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain from a sale or exchange (and the respective excess distributions as proceeds from a sale or exchange). Except as described below, dividends paid with respect to New Equity held by a Non-U.S. Holder that are not effectively connected with such Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, are not attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States) will be subject to U.S. federal withholding tax at a rate of 30% (or lower treaty rate or exemption from tax, if applicable). A Non-U.S. Holder generally will be required to satisfy certain IRS certification requirements in order to claim a reduction of or exemption from withholding under a tax treaty by filing IRS Form W-8BEN or W-BEN-E (or a successor form) upon which the Non-U.S. Holder certifies, under penalties of perjury, its status as a non-U.S. person and its entitlement to the lower treaty rate or exemption from tax with respect to such payments. Dividends paid with respect to New Equity held by a Non-U.S. Holder that are effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, are attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States) generally will not be subject to

withholding tax, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent. However, such dividends generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the dividends at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

A Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on the sale or other taxable disposition (including a cash redemption) of New Equity unless:

(a) such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met; or

(b) such gain is effectively connected with such Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States); or

(c) Reorganized Holdings is or has been during a specified testing period a "U.S. real property holding corporation" for U.S. federal income tax purposes.

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition of New Equity. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gain at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty). None of the Debtors is currently, and the Debtors consider it unlikely that any of the Reorganized Debtors will become in the future, a "U.S. real property holding corporation".

4. FATCA

Under the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S.-source payments of fixed or determinable, annual or periodical income (including OID and dividends, if any, on shares of New Equity), and, beginning January 1, 2019, gross proceeds from the sale of any property of a type which can produce U.S. source interest or dividends (which would include New Equity). FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding tax.

Each Non-U.S. Holder should consult its own tax advisor regarding the possible impact of these rules on such Non-U.S. Holder's ownership of New Equity.

D. Information Reporting and Backup Withholding

The Debtors, the Reorganized Debtors and any other withholding agent will generally withhold all amounts required by law to be withheld from payments of interest (or OID) or dividends. The Debtors, the Reorganized Debtors, any other withholding agent will also generally comply with all applicable reporting requirements of the Tax Code. In general, information reporting requirements may apply to distributions or payments made to a Holder of a Claim. Additionally, backup withholding, currently at a rate of 28%, will generally apply to such payments unless, in the case of a U.S. Holder, such U.S. Holder provides a properly executed IRS Form W-9 or, in the case of Non-U.S. Holder, such Non-U.S. Holder provides a properly executed applicable IRS Form W-8 (or otherwise establishes such Non-U.S. Holder's eligibility for an exemption). Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against such Holder's federal

income tax liability and may entitle such Holder to a refund from the IRS; *provided that* the required information is provided to the IRS.

In addition, from an information reporting perspective, U.S. Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holders' tax returns.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A CLAIM IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM UNDER THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, NON-U.S., OR OTHER TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

ARTICLE XI.
RECOMMENDATION OF THE DEBTORS

In the opinion of the Debtors, the Plan is preferable to the alternatives described in this Disclosure Statement because it provides for a larger distribution to the Holders of Allowed Claims than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. In addition, any alternative other than Confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in smaller distributions to Holders of Allowed Claims than proposed under the Plan and may result in the complete liquidation of the Debtors' Estates. Accordingly, the Debtors recommend that Holders of Claims entitled to vote on the Plan support Confirmation of the Plan and vote to accept the Plan.

Dated as of: July 12, 2017

rue21, inc., Rhodes Holdco, Inc., rue services corporation, and r services llc

By: */s/ Todd M. Lenhart*
Name: Todd M. Lenhart
Title: Acting Chief Financial Officer and Senior Vice President of Accounting

Prepared by:

Dated: July 12, 2017

/s/ Eric A. Schaffer

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Local Counsel to the Debtors and Debtors in Possession

EXHIBIT A

Debtors' First Amended Joint Plan of Reorganization of
Pursuant to Chapter 11 of the Bankruptcy Code

EXHIBIT B

Financial Projections

EXHIBIT C

Liquidation Analysis

EXHIBIT D

Valuation Analysis

EXHIBIT E

Restructuring Support Agreement

EXHIBIT A

Debtors' First Amended Joint Plan of Reorganization of
Pursuant to Chapter 11 of the Bankruptcy Code

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

In re:	
rue21, inc., *et al.*,[1]	Case No. 17-22045 (GLT)
Debtors.	Chapter 11 (Jointly Administered)
rue21, inc., *et al.*,	
Movants,	
v.	
No Respondent.	
Respondent.	

DEBTORS' FIRST AMENDED JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN OFFER, ACCEPTANCE, OR A LEGALLY BINDING OBLIGATION OF THE DEBTORS OR ANY OTHER PARTY IN INTEREST. THIS PLAN IS SUBJECT TO APPROVAL OF THE BANKRUPTCY COURT AND OTHER CUSTOMARY CONDITIONS. THIS PLAN IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES. YOU SHOULD NOT RELY ON THE INFORMATION CONTAINED IN, OR THE TERMS OF, THIS PLAN FOR ANY PURPOSE (INCLUDING IN CONNECTION WITH THE PURCHASE OR SALE OF THE DEBTORS' SECURITIES) BEFORE THE CONFIRMATION OF THIS PLAN BY THE BANKRUPTCY COURT.

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Dated as of: July 12, 2017

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: rue21, inc. (1645); Rhodes Holdco, Inc. (6922); r services llc (9425); and rue services corporation (0396). The location of the Debtors' service address is: 800 Commonwealth Drive, Warrendale, Pennsylvania 15086.

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INTRODUCTION

rue21, inc. and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (each, a "Debtor" and, collectively, the "Debtors"), propose this first amended joint plan of reorganization for the resolution of all outstanding claims against and interests in the Debtors pursuant to chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "Bankruptcy Code"). Holders of Claims may refer to the Disclosure Statement for a discussion of the Debtors' history, business, assets, operations, historical financial information, accomplishments during the Chapter 11 Cases, projections of future operations, and a summary and description of the Plan and certain related matters. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

ALL HOLDERS OF CLAIMS ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THIS PLAN.

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

A. Defined Terms

As used in this Plan, capitalized terms have the meanings set forth below.

1. "*503(b)(9) Claims*" means Administrative Claims pursuant to section 503(b)(9) of the Bankruptcy Code.

2. "*503(b)(9) Claim Objection Bar Date*" means the deadline for filing objections to requests for payment of 503(b)(9) Claims, which shall be the later of (a) August 29, 2017 or (b) the Effective Date.

3. "*Ad Hoc Cross-Holder Group*" means the ad hoc committee of certain holders of Claims represented by Milbank, Tweed, Hadley & McCloy LLP.

4. "*Adjusted EBITDA*" means, with respect to the Reorganized Debtors on a consolidated basis, as of the time of measurement, earnings before interest, taxes, depreciation and amortization, excluding non-recurring items, as further defined in the New Organizational Documents.

5. "*Administrative Claim*" means a Claim for the costs and expenses of administration of the Estates pursuant to sections 503(b) and 507(a)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Estates and operating the business of the Debtors; (b) all fees and charges assessed against the Estates pursuant to chapter 123 of the Judicial Code, including, but not limited to, the U.S. Trustee Fees; (c) Professional Fee Claims; and (d) all requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code. For the avoidance of doubt, (x) a Claim asserting priority pursuant to section 503(b)(9) of the Bankruptcy Code is included in the definition of Administrative Claim and (y) in no instance shall an Intercompany Claim be an Administrative Claim.

6. "*Administrative Claims Bar Date*" means either (a) the date that is the deadline for filing requests for payment of Administrative Claims (other than Professional Fee Claims) established by the Bankruptcy Court pursuant to a claims bar date order or, (b) with respect to Administrative Claims (other than Professional Fee Claims) arising after such date, the first Business Day that is thirty (30) days following the Effective Date; *provided, that*, the Administrative Claims Bar Date shall not apply to claims entitled to administrative priority that arise on or after the Petition Date in the ordinary course of the Debtors' business.

7. "*Administrative Claims Objection Bar Date*" means the deadline for filing objections to requests for payment of Administrative Claims (other than requests for payment of Professional Fee Claims), which shall be the first Business Day that is 180 days following the Effective Date; *provided, that*, the Administrative Claims Objection Bar Date may be extended by the Bankruptcy Court at the Reorganized Debtors' request after notice and a hearing.

8. "*Affiliate*" shall have the meaning set forth in section 101(2) of the Bankruptcy Code.

9. "*Allowed*" means with respect to Claims: (a) any Claim, other than an Administrative Claim, that is evidenced by a Proof of Claim which is or has been timely Filed by the applicable Claims Bar Date or that is not required to be evidenced by a Filed Proof of Claim under the Bankruptcy Code or a Final Order; (b) any Claim that is listed in the Schedules and Statements as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim has been timely Filed; (c) any General Unsecured Claim that is listed in the Schedules and Statements as not contingent, not unliquidated, and not disputed, and for which a Proof of Claim has been timely Filed against the applicable Debtor in an amount less than or equal to the amount listed in such Debtor's Schedules and Statements, which shall be Allowed in the amount set forth on the Proof of Claim; (d) timely Filed 503(b)(9) Claim of which there is no timely objection Filed by the 503(b)(9) Claims Objection Bar Date; or (e) any Claim Allowed pursuant to (i) the Plan, (ii) any contract, instrument, indenture, or other agreement entered into or assumed in connection with the Plan, (iii) a Final Order of the Bankruptcy Court, or (iv) an Allowed Claims Notice; *provided, that*, with respect to any Claim described in clause (a) above, such Claim shall be considered Allowed only if and to the extent that with respect to such Claim no objection to the allowance thereof has been interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or such an objection is so interposed and the Claim shall have been Allowed for voting purposes only by a Final Order. Except as otherwise specified in the Plan or any Final Order, the amount of an Allowed Claim shall not include interest on such Claim from and after the Petition Date. For purposes of determining the amount of an Allowed Claim, there shall be deducted therefrom an amount equal to the amount of any Claim that the Debtors may hold against the Holder thereof, to the extent such Claim may be offset, recouped, or otherwise reduced under applicable law. Any Claim that has been or is hereafter listed in the Schedules and Statements as contingent, unliquidated, or disputed, and for which no Proof of Claim is or has been timely Filed by the applicable Claims Bar Date, is not considered Allowed and shall be expunged without further action by the Debtors and without further notice to any party or action, approval, or order of the Bankruptcy Court.

10. "*Allowed Claims Notice*" means a notice Filed with the Bankruptcy Court by the Debtors (prior to the Effective Date) or Reorganized Debtors (on or after the Effective Date) identifying one or more Claims as Allowed.

11. "*Assumed Executory Contract and Unexpired Lease Schedule*" means the schedule (as may be amended in accordance with the terms set forth in Article V hereof) of Executory Contracts and Unexpired Leases (including any amendments or modifications thereto) that will be assumed by the Debtors pursuant to the provisions of Article V hereof, as determined by the Debtors. The Assumed Executory Contract and Unexpired Lease Schedule shall include the Debtors' proposed cure amounts for each of the Executory Contracts and Unexpired Leases, and specify the deadlines for objecting to such proposed cure amounts, and the procedures for having those objections resolved by the Bankruptcy Court (if necessary).

12. "*Avoidance Actions*" means any and all avoidance, recovery, subordination, or similar remedies that may be brought by or on behalf of the Debtors or the Estates, including causes of action or defenses arising under chapter 5 of the Bankruptcy Code or applicable non-bankruptcy law.

13. "*Backstop DIP Term Lenders"* means Bayside Capital, LLC; Benefit Street Partners, LLC; Bennett Management Corporation; Citadel Advisors LLC; JPMorgan Chase Bank, N.A. (with respect to only its Credit Trading group); Octagon Credit Investors LLC; Stonehill Capital Management LLC; and Voya Investment Management.

14. "*Ballots"* means the forms of ballot disseminated to Holders of Impaired Claims to vote to accept or reject the Plan approved pursuant to the Disclosure Statement Order.

15. "*Bankruptcy Court*" means the United States Bankruptcy Court for the Western District of Pennsylvania having jurisdiction over the Chapter 11 Cases and, to the extent of the withdrawal of any reference under 28 U.S.C. § 157 and/or the General Order of the United States District Court for the Western District of Pennsylvania pursuant to section 151 of title 28 of the United States Code, the United States District Court for the Western District of Pennsylvania.

16. "*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure, as applicable to the Chapter 11 Cases, promulgated under section 2075 of the Judicial Code and the general, local, and chambers rules of the Bankruptcy Court.

17. "*Business Day*" means any day, other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

18. "*Cash*" means cash and cash equivalents, including bank deposits, checks, and other similar items in legal tender of the United States of America.

19. "*Causes of Action*" means any claim, cause of action (including Avoidance Actions or rights arising under section 506(c) of the Bankruptcy Code), controversy, right of setoff, cross claim, counterclaim, or recoupment and any claim on contracts or for breaches of duties imposed by law or in equity, demand, right, action, Lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, power, privilege, license, and franchise of any kind or character whatsoever, known, unknown, fixed or contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity, or pursuant to any other theory of law. For the avoidance of doubt, Causes of Action include: (a) all rights of setoff, counterclaim, cross-claim, or recoupment, and claims on contracts or for breaches of duties imposed by law; (b) the right to object to or otherwise contest Claims; (c) claims pursuant to sections 362, 510, 542, 543, 544 through 550, or 553 of the Bankruptcy Code; and (d) such claims and defenses as fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code.

20. "*Chapter 11 Cases*" means the jointly administered chapter 11 cases commenced by the Debtors and styled *In re rue21, inc., et al.*, Chapter 11 Case No. 17-22045 (GLT), which are currently pending before the Bankruptcy Court.

21. "*Claim*" means any claim against the Debtors, as defined in section 101(5) of the Bankruptcy Code, including: (a) any right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (b) any right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

22. "*Claims Bar Date*" means the date established by the Bankruptcy Court by which Proofs of Claim must have been Filed with respect to such Claims, pursuant to: (a) a claims bar date order; (b) a Final Order of the Bankruptcy Court; or (c) the Plan.

23. "*Claims Objection Bar Date*" means the later of: (a) the first Business Day following 180 days after the Effective Date; and (b) such later date as may be fixed by the Bankruptcy Court, after notice and a hearing, upon a motion by the Reorganized Debtors Filed before the day that is 180 days after the Effective Date.

24. "*Claims Register*" means the official register of Claims maintained by the Notice and Claims Agent.

25. "*Class*" means a category of Holders of Claims or Interests as set forth in Article III.B hereof pursuant to section 1122(a) of the Bankruptcy Code.

26. "*Class A Shares*" means shares of New Equity in Class A, which shall not have the Put/Call Option.

27. "*Class B Shares*" means shares of New Equity in Class B, which shall have the Put/Call Option.

28. "*CM/ECF*" means the Bankruptcy Court's Case Management and Electronic Case Filing system.

29. "*Confirmation*" means the entry of the Confirmation Order on the docket of the Chapter 11 Cases.

30. "*Confirmation Date*" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

31. "*Confirmation Hearing*" means the hearing held by the Bankruptcy Court to consider Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be continued from time to time.

32. "*Confirmation Objection Deadline*" means the date for objecting to Confirmation, as set forth in the Disclosure Statement Order.

33. "*Confirmation Order*" means the order of the Bankruptcy Court, confirming the Plan pursuant to section 1129 of the Bankruptcy Code, in form and substance acceptable to Requisite Consenting Term Loan Lenders and subject to the RSA Definitive Document Requirements.

34. "*Consenting Sponsor*" means the Sponsor and the affiliates of the Sponsor (as defined in the Prepetition Term Loan Credit Agreement), solely in its capacity as holder of direct and/or indirect existing Interests in the Debtors.

35. "*Consenting Sponsor Lenders*" means, collectively, the Affiliated Debt Funds and Non-Debt Fund Affiliates (each as defined in the Prepetition Term Loan Credit Agreement) that are holders of Prepetition Term Loan Claims, are parties to the Restructuring Support Agreement and each of which is a "Consenting Sponsor Lender" thereunder.

36. "*Consummation*" means "substantial consummation" as defined in section 1101(2) of the Bankruptcy Code.

37. "*Continuing Trade Parties*" means, on any date of determination from and after the Effective Date, (a) trade vendors that are doing business with the Reorganized Debtors (on terms that are reasonably acceptable), and any factoring Entities that are financing such trade vendors (on terms that are reasonably acceptable to the Reorganized Debtors), or (b) trade vendors that offer to do business with the Reorganized Debtors (on terms that are reasonably acceptable) but the Reorganized Debtors decline such offer, and any factoring Entities that offer financing such trade vendors (on terms that are reasonably acceptable to the Reorganized Debtors) but the Reorganized Debtors decline such offer.

38. "*Converted DIP Term Loans*" means the outstanding DIP New Money Term Loans that shall be converted into Exit Term Loans on the Effective Date.

39. "*Covered Persons*" means all current and former directors, officers and managers of the Debtors, whenever serving, but solely to the extent covered by the D&O Liability Insurance Policies.

40. "*Creditors' Committee*" means the Official Committee of Unsecured Creditors appointed by the U.S. Trustee pursuant to the *Notice of Appointment of Committee of Unsecured Creditors* [Docket No. 203] entered by the Bankruptcy Court on May 23, 2017.

41. "*D&O Liability Insurance Policies*" means all insurance policies for directors, members, trustees, officers, and managers' liability issued to or maintained by the Debtors' Estates as of the Effective Date including any "tail" coverages to such policies.

42. "*Debtor Release*" means the release given on behalf of the Debtors and their Estates to the Released Parties as set forth in Article VIII.C hereof.

43. "*Definitive Documents*" means (a) the Plan, (b) the Plan Supplement (and each document therein and exhibit thereof), (c) the Confirmation Order, (d) the Disclosure Statement, (e) the Disclosure Statement Order, (f) the Interim DIP Order, (g) the Final DIP Order, (h) the DIP ABL Documents, (i) the DIP Term Loan Documents, (j) the Exit ABL Credit Facility Documents, (k) the Exit Term Loan Credit Facility Documents, (l) the New Organizational Documents, and (m) documents that are Definitive Documentation (as defined in the Restructuring Support Agreement), with respect to each of the foregoing, subject to the RSA Definitive Requirements.

44. "*Description of Transaction Steps*" means the description of the Restructuring Transactions as set forth in the Plan Supplement.

45. "*DIP ABL Agent*" means Bank of America, N.A. as administrative agent and collateral agent to the DIP ABL Credit Agreement.

46. "*DIP ABL Credit Agreement*" means that certain Senior Secured Postpetition Debtor-In-Possession Credit Agreement, by and among rue21, inc. as borrower, its Debtor affiliates as guarantors, and the DIP ABL Agent, for and on behalf of itself and the other DIP ABL Lenders, as the same may be amended, restated, supplemented, or otherwise modified from time to time.

47. "*DIP ABL Claims*" means any Claim arising under or related to the DIP ABL Documents, which Claims shall be deemed Allowed Claims.

48. "*DIP ABL Credit Facility*" means that certain senior secured postpetition financing on a superpriority basis consisting of a senior secured superpriority revolving credit facility in the aggregate principal amount of up to $125,000,000, including (a) a $25,000,000 sublimit for the issuance of letters of credit and (b) a $15,000,000 sublimit for swingline loans, pursuant to the terms and conditions of the DIP ABL Credit Agreement.

49. "*DIP ABL Documents*" means the DIP ABL Credit Agreement and any other agreements and documents related thereto.

50. "*DIP ABL Lenders*" means those lenders from time to time party to the DIP ABL Documents including the DIP ABL Agent.

51. "*DIP ABL Loans*" means the amounts loaned by the DIP ABL Lenders pursuant to the DIP ABL Credit Documents.

52. "*DIP ABL Obligations*" means the DIP ABL Credit Facility and all obligations owing thereunder and under the DIP ABL Documents to the DIP ABL Agent and DIP ABL Lenders.

53. "*DIP Agents*" means the DIP ABL Agent and the DIP Term Loan Agent.

54. "*DIP Credit Agreements*" means the DIP ABL Credit Agreement and the DIP Term Loan Credit Agreement.

55. "*DIP Documents*" means, collectively, the DIP ABL Documents and the DIP Term Loan Documents.

56. "*DIP Facilities*" means, collectively, the DIP ABL Credit Facility and the DIP Term Loan Credit Facility.

57. "*DIP Facility Claim*" means any Claim arising under or related to the DIP ABL Credit Facility or the DIP Term Loan Credit Facility.

58. "*DIP Lenders*" means, collectively, the DIP ABL Lenders and the DIP Term Loan Lenders.

59. "*DIP Loans*" means, collectively, the DIP ABL Loans and the DIP Term Loans.

60. "*DIP New Money Term Loans*" shall have the meaning ascribed to the term "New-Money Loans" in the DIP Term Loan Credit Agreement.

61. "*DIP New Money Term Loan Claim*" means any claim arising under or related to the DIP New Money Loans.

62. "*DIP Orders*" means, collectively, the Interim DIP Order and the Final DIP Order.

63. "*DIP Payments*" means any and all Claims held by any of the DIP Lenders or the DIP Agents arising under or related to the DIP Documents and/or the DIP Orders comprising any fees, expenses, and other payments (other than payments due for principal of, or interest on, the DIP Loans) payable thereunder.

64. "*DIP Roll-Up Term Loan Claims*" means any Claim arising under or related to the DIP Roll-Up Term Loans, which Claims shall be deemed Allowed Claims.

65. "*DIP Roll-Up Term Loans*" shall have the meaning ascribed to the term "Exchange Term Loans" in the DIP Term Loan Credit Agreement.

66. "*DIP Term Loans*" means, collectively, the DIP New Money Term Loans and the DIP Roll-Up Term Loans.

67. "*DIP Term Loan Agent*" means Wilmington Savings Fund Society, FSB as administrative agent and collateral agent under the DIP Term Loan Credit Agreement.

68. "*DIP Term Loan Credit Agreement*" means that certain Senior Secured Superpriority Debtor-In-Possession Credit Agreement dated May 18, 2017, by and among rue21, inc. as borrower, its Debtor affiliates as guarantors, the DIP Term Loan Agent for and on behalf of itself and the DIP Term Loan Lenders party thereto (as the same may be amended, restated, supplemented, or otherwise modified from time to time).

69. "*DIP Term Loan Claims*" means any Claim arising under or related to the DIP Term Loan Documents, which Claims shall be deemed Allowed Claims.

70. "*DIP Term Loan Documents*" means the DIP Term Loan Credit Agreement and any other agreements or documents related thereto.

71. "*DIP Term Loan Credit Facility*" means that certain senior secured postpetition financing on a superpriority basis evidenced by the DIP Term Loan Documents.

72. "*DIP Term Loan Lenders*" means those lenders from time to time party to the DIP Term Loan Documents.

73. "*Disbursing Agent*" means, on the Effective Date, the Debtors, their agent, or any Entity or Entities designated by the Debtors or the Reorganized Debtors to make or facilitate distributions that are to be made on or after the Initial Distribution Date pursuant to the Plan.

74. "*Disclosure Statement*" means the *Debtors' First Amended Disclosure Statement for the Debtors' First Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code*, dated as of June 1, 2017, and attached as **Schedule 1** to the Disclosure Statement Order, as may be further amended, supplemented, or modified from time to time in accordance with its terms, including all exhibits and schedules thereto and references therein that relate to the Plan, that is prepared and distributed in accordance with the Bankruptcy Code, the Bankruptcy Rules, and any other applicable law and approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code, and in form and substance materially consistent with this Plan.

75. "*Disclosure Statement Order*" means the *Order Approving the Debtors' Disclosure Statement and Granting Related Relief* [Docket No. [●]] entered by the Bankruptcy Court on [●], 2017, in form and substance materially consistent with this Plan.

76. "*Disputed*" means, with regard to any Claim, a Claim that is not an Allowed Claim.

77. "*Disputed Claims Reserve*" means one or more reserves that may be funded on or after the Effective Date pursuant to Article VII.D hereof.

78. "*Distribution Record Date*" means the date for determining which Holders of Allowed Claims are eligible to receive distributions hereunder, which shall be the Effective Date or such other date as designated in a Bankruptcy Court order.

79. *"DTC"* means The Depository Trust Company.

80. "*Effective Date*" means with respect to the Plan, the date that is a Business Day on which: (a) no stay of the Confirmation Order is in effect; (b) all conditions precedent specified in Article IX of the Plan have been satisfied or waived (in accordance with Article IX.C of the Plan); (c) the Plan is declared effective by the Debtors; and (d) the Debtors shall have Filed notice of the Effective Date with the Bankruptcy Court.

81. "*Entity*" shall have the meaning set forth in section 101(15) of the Bankruptcy Code.

82. "*Estate*" means, as to each Debtor, the estate created for the Debtor on the Petition Date in its Chapter 11 Case pursuant to sections 301 and 541 of the Bankruptcy Code.

83. "*Exchange Act*" means the Securities Exchange Act of 1934, 15 U.S.C. § 78a, *et seq*, as amended.

84. *"Excluded Parties"* means collectively, (a) the Continuing Trade Parties; (b) any of the Restructuring Support Parties, the Sponsor Entities, the DIP Lenders, the DIP Agents, the Prepetition Agents, the Prepetition ABL Lenders, and Prepetition Term Loan Lenders that provided DIP Roll-Up Term Loans, in each case, in their capacities as such; and (c) any Professional of the Debtors, DIP Agents, Restructuring Support Parties, or Sponsor Entities including but not limited to Kirkland & Ellis LLP, Reed Smith LLP, Berkeley Research Group, LLC, Rothschild, Inc., Jones Day, PJT Partners, LP, Appel Associates LLC, Morgan, Lewis & Bockius LLP, Milbank, Tweed, Hadley & McCloy LLP, Buchanan Ingersoll & Rooney PC, Simpson Thacher & Bartlett LLP, and any local counsel to the foregoing law firms in these Chapter 11 Cases.

85. "*Exculpated Party*" means each of the following, solely in their capacity as such: (i)(a) the Debtors; (b) the Reorganized Debtors, and (c) with respect to each of the forgoing parties in clauses (i)(a) and (i)(b), each of such Entity and its current and former Affiliates, and such Entities' and their current and former Affiliates' current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, and assigns, subsidiaries, principals, members, employees, agents, managed accounts or funds, management companies, fund advisors, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals; and (ii)(a) the Creditors' Committee and each member thereof; (b) each of the Debtors' officers and directors employed or serving, as applicable, as of the Petition Date; (c) the DIP Lenders; (d) the DIP Agents; (e) the Restructuring Support Parties; (f) the Sponsor Entities; (g) the Prepetition ABL Agent; (h) the Prepetition Term Loan Agent; (i) the Unsecured Notes Indenture Trustee; (j) the Prepetition ABL Lenders; (k) Term Loan Lender Group and each member thereof; (l) the Ad Hoc Cross-Holder Group and each member thereof; and (l) with respect to each of the foregoing parties in clauses (ii)(a) through (ii)(l), each of such Entity's current and former affiliates, and each such Entity's and its current and former affiliates' current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, and assigns, subsidiaries, principals, members, employees, agents, managed accounts or funds, management companies, investment vehicles, fund advisors, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals.

86. "*Exculpation*" means the exculpation provision set forth in Article VIII.E hereof.

87. "*Executory Contract*" means a contract or lease to which one or more of the Debtors is a party and that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

88. "*Existing Interests*" means (a) all equity interests in a Debtor that are not held by another Debtor; and (b) any claim against the Debtors subject to subordination pursuant to section 510(b) of the Bankruptcy Code arising from or related to any of the foregoing.

89. "*Exit ABL Credit Agreement*" means the credit agreement evidencing the Exit ABL Credit Facility.

90. *"Exit ABL Credit Facility"* means that certain senior secured revolving credit facility in the aggregate principal amount of up to $125,000,000 to be entered into by the Reorganized Debtors on the Effective Date.

91. "*Exit ABL Loans*" means, to the extent applicable, the loans that shall be deemed on the Effective Date to be outstanding under the Exit ABL Credit Agreement.

92. *"Exit Credit Agreements"* means, collectively, the Exit ABL Credit Agreement and the Exit Term Loan Credit Agreement.

93. *"Exit Credit Facilities"* means, collectively, the Exit ABL Credit Facility and the Exit Term Loan Credit Facility.

94. *"Exit Credit Facilities Documents"* means the agreements and related documents governing the Exit Credit Facilities.

95. *"Exit ABL Credit Facility Documents"* means the agreements and related documents governing the Exit ABL Credit Facility.

96. *"Exit Term Loan Credit Agreement"* means the credit agreement evidencing the Exit Term Loan Credit Facility.

97. *"Exit Term Loan Credit Facility"* means that certain senior secured term loan credit facility in the aggregate principal amount of $50,000,000, including the Converted DIP Term Loans, plus the amount of any unpaid and accrued interest on the Converted DIP Term Loans as of the Effective Date, to be entered into by the Reorganized Debtors on the Effective Date.

98. *"Exit Term Loan Credit Facility Documents"* means the agreements and related documents governing the Exit Term Loan Credit Facility.

99. "*Exit Term Loans*" means the loans that shall be deemed on the Effective Date to be outstanding under the Exit Term Loan Credit Agreement.

100. "*Federal Judgment Rate*" means the federal judgment rate in effect as of the Petition Date.

101. "*File*," "*Filed*," or "*Filing*" means file, filed, or filing in the Chapter 11 Cases with the Bankruptcy Court or, with respect to the filing of a Proof of Claim, the Notice and Claims Agent.

102. "*Final DIP Order*" means that certain *Final Order (I) Authorizing the Debtors to Obtain Postpetition Financing (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Lenders, (V) Modifying the Automatic Stay, and (VI) Granting Related Relief* [Docket No. 529] entered by the Bankruptcy Court on June 13, 2017.

103. "*Final Order*" means an order or judgment, the operation or effect of which has not been reversed, stayed, modified, or amended, is in full force and effect, and as to which order or judgment (or any reversal, stay, modification, or amendment thereof) (a) the time to appeal, seek leave to appeal, seek certiorari, or request reargument or further review or rehearing has expired and no appeal, motion for leave to appeal or petition for certiorari, or request for reargument or further review or rehearing has been timely Filed, or (b) any appeal that has been or may be taken, motion for leave to appeal, or any petition for certiorari or request for reargument or further review or rehearing that has been or may be Filed has been resolved by the highest court to which the order or judgment was appealed, from which leave was sought or from which certiorari was sought, or to which the request was made, and no further appeal or petition for certiorari or request for reargument or further review or rehearing has been or can be taken or granted; *provided*, *however*, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be Filed relating to such order shall not prevent such order from being a Final Order.

104. "*General Unsecured Claim*" means any Unsecured Claim other than: (a) Intercompany Claims; (b) Administrative Claims; (c) Professional Fee Claims; (d) Priority Tax Claims; (e) Other Priority Claims; (f) Section 510(b) Claims; (g) Prepetition Term Loan Deficiency Claims; and (h) Existing Interests.

105. "*Governmental Unit*" shall have the meaning set forth in section 101(27) of the Bankruptcy Code.

106. "*Holder*" means an Entity holding a Claim or an Interest, as applicable.

107. "*Impaired*" means, with respect to a Claim, or Class of Claims, "impaired" within the meaning of section 1124 of the Bankruptcy Code.

108. "*Initial Distribution Date*" means the date on which the Disbursing Agent shall make initial distributions to Holders of Allowed Claims pursuant to the Plan, which shall be a date no later than the Effective Date for Holders of Allowed Claims entitled to distributions of securities under the Plan, or as soon as reasonably practicable thereafter, and no later than forty-five (45) days after the Effective Date for Holders of all other Claims including Allowed General Unsecured Claims, or as soon as reasonably practicable thereafter but in any event no later than sixty (60) days after the Effective Date.

109. "*Insurance Contract*" means all insurance policies that have been issued at any time to or that provide coverage to any of the Debtors and all agreements, documents, or instruments relating thereto.

110. "*Insurer*" means any company or other entity that issued an Insurance Contract, any third party administrator, and any respective predecessors and/or affiliates thereof.

111. "*Intercompany Claim*" means any Claim held by a Debtor against any Debtor, including, for the avoidance of doubt, all prepetition and postpetition Claims.

112. "*Intercompany Interest*" means any Interest held by a Debtor in a Debtor.

113. "*Interest*" means any common stock, limited liability company interest, equity security (as defined in section 101(16) of the Bankruptcy Code), equity, ownership, profit interests, unit, or share in the Debtors (including all options, warrants, rights, or other securities or agreements to obtain such an interest or share in such Debtor), whether or not arising under or in connection with any employment agreement and whether or not certificated, transferable, preferred, common, voting, or denominated "stock" or a similar security, including any claims against the Debtors subject to subordination pursuant to section 510(b) of the Bankruptcy Code arising from or related to any of the foregoing.

114. "*Interim Compensation Order*" means that certain *Modified Default Order (I) Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and (II) Granting Related Relief* [Docket No. 632] entered by the Bankruptcy Court on June 28, 2017.

115. "*Interim DIP Order"* means that certain *Interim Order (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Lenders, (V) Modifying Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* [Docket No. 141], entered by the Bankruptcy Court on May 18, 2017.

116. "*Judicial Code*" means title 28 of the United States Code, 28 U.S.C. §§ 1–4001.

117. "*Lien*" shall have the meaning set forth in section 101(37) of the Bankruptcy Code.

118. "*Local Bankruptcy Rules*" means the local rules for the United States Bankruptcy Court for the Western District of Pennsylvania.

119. "*Management Equity Incentive Plan"* means that certain post-Effective Date director and employee compensation program to be approved and implemented by the New Board.

120. "*New Board*" means the initial board of directors of Reorganized Holdings as of the Effective Date.

121. "*New Board Observer*" shall have the meaning set forth in Article IV.K of the Plan.

122. "*New Equity*" means the equity interests of Reorganized Holdings.

123. "*New Organizational Documents"* means such certificates or articles of incorporation, certificates of formation, certificates of conversion, by-laws, limited liability company agreements, stockholders' agreements, registration rights agreements, or such other applicable formation and governance documents of some or all of the Reorganized Debtors, forms of which shall be included in the Plan Supplement and which shall include in the relevant document(s) certain minority shareholder protections to be agreed to by the Backstop DIP Term Lenders and the Creditors' Committee.

124. "*Non-Continuing Trade Parties"* means, on any date of determination from and after the Effective Date, any trade vendors that refuse to do business with the Reorganized Debtors and any factoring Entities that refuse to finance any trade vendors doing business with the Reorganized Debtors.

125. "*Notice and Claims Agent*" means Kurtzman Carson Consultants LLC, in its capacity as notice and claims agent and administrative advisor for the Debtors' Estates.

126. "*OCP Order*" means that certain *Modified Default Order (I) Authorizing the Debtors to Retain and Compensate Professionals Utilized in the Ordinary Course of Business, and (II) Granting Related Relief* [Docket No. 622] entered by the Bankruptcy Court on June 28, 2017.

127. "*Other Priority Claim*" means a Claim asserting a priority described in section 507(a) of the Bankruptcy Code that is not: (a) an Administrative Claim; (b) a DIP Facility Claim; (c) a Professional Fee Claim; or (d) a Priority Tax Claim.

128. "*Other Secured Claim*" means a Secured Claim that is not: (a) a DIP Facility Claim; (b) a Prepetition ABL Claim; (c) a Prepetition Term Loan Secured Claim; or (d) a Priority Tax Claim (to the extent such Priority Tax Claim is a secured claim).

129. "*Person*" shall have the meaning set forth in section 101(41) of the Bankruptcy Code.

130. "*Petition Date*" means May 15, 2017.

131. "*Plan*" means this *Debtors' First Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code*, including any appendices, exhibits, schedules and supplements to the Plan that are contained in the Plan Supplement, as may be further amended, supplemented, or otherwise modified from time to time in accordance with the terms hereof and the Restructuring Support Agreement, subject to the RSA Definitive Document Requirements.

132. "*Plan Supplement*" means the compilation of documents and forms of documents, schedules, and exhibits to the Plan, which the Debtors shall File not later than ten (10) days prior to the earlier of the Confirmation Objection Deadline and the Voting Deadline, or as soon as reasonably practical, and any additional documents, Filed with the Bankruptcy Court prior to the Effective Date as amendments to the Plan Supplement, as may be amended, supplemented, or modified from time to time in accordance with the terms hereof, the Bankruptcy Code, the Bankruptcy Rules, and the Restructuring Support Agreement, and which is comprised of, among other documents, the following: (a) New Organizational Documents; (b) a schedule of retained Causes of Action; (c) the identity of the New Board for the Reorganized Debtors; (d) the Exit ABL Credit Agreement or term sheet thereof; (e) the Exit Term Loan Credit Agreement or term sheet thereof; and (f) the Description of Transaction Steps. Any reference to the Plan Supplement in the Plan shall include each of the documents identified above as (a) through (g). The Debtors shall have the right to amend the documents contained in the Plan Supplement through and including the Effective Date in accordance with Article IX hereof, subject to the RSA Definitive Documents Requirements.

133. "*Plan Value*" means $307.6 million.

134. "*Preference Actions*" means Avoidance Actions brought pursuant to section 547 of the Bankruptcy Code.

135. "*Prepetition ABL Agent"* means Bank of America, N.A. as administrative agent, collateral agent, letter of credit issuer, and swing line lender for the Prepetition ABL Credit Facility.

136. "*Prepetition ABL Claims*" means all Claims against the Debtors arising under the Prepetition ABL Loan Documents, which Claims shall be deemed Allowed Claims.

137. "*Prepetition ABL Credit Agreement*" means that certain Credit Agreement, dated as of October 10, 2013 among the Debtors, the Prepetition ABL Agent, and the Prepetition ABL Lenders.

138. "*Prepetition ABL Credit Facility*" means the prepetition senior secured revolving financing in the aggregate principal amount of up to $150,000,000 at any time outstanding provided by the Prepetition ABL Lenders.

139. "*Prepetition ABL Lenders*" means the lenders that are a party to the Prepetition ABL Credit Agreement, in their capacities as such.

140. "*Prepetition ABL Loan Documents*" means, collectively, the Prepetition ABL Credit Agreement, the Prepetition Intercreditor Agreement and any other collateral and ancillary documents, including all applicable forbearance agreements, executed in connection with the Prepetition ABL Credit Agreement.

141. "*Prepetition Agents*" means, collectively, the Prepetition ABL Agent and the Prepetition Term Loan Agent.

142. "*Prepetition Intercreditor Agreement*" means that certain Intercreditor Agreement, dated as of October 10, 2013 (as supplemented by that certain ABL/First Lien Intercreditor Acknowledgment and Agreement, dated as of May 18, 2017), by and among the Prepetition ABL Agent and the Prepetition Term Loan Agent, and acknowledged and agreed to by the Debtors. The Prepetition Intercreditor Agreement shall be construed to be part of the Prepetition ABL Loan Documents and the Prepetition Term Loan Documents.

143. "*Prepetition Loan Documents*" means, collectively, the Prepetition ABL Loan Documents and the Prepetition Term Loan Documents.

144. "*Prepetition Secured Parties*" means, collectively, the Prepetition ABL Agent, the Prepetition ABL Lenders, the Prepetition Term Loan Agent, and the Prepetition Term Loan Lenders.

145. "*Prepetition Term Loan Agent"* means Wilmington Savings Fund Society, FSB, as successor to JPMorgan Chase Bank, N.A., or any successor thereto, as administrative agent and collateral agent under the Prepetition Term Loan Credit Agreement, in its capacity as such.

146. "*Prepetition Term Loan Claims*" means all Claims against the Debtors arising under the Prepetition Term Loan Documents, which Claims shall be deemed Allowed Claims.

147. "*Prepetition Term Loan Credit Agreement*" means that certain Credit Agreement, dated as of October 10, 2013, among Rhodes Holdco, Inc., rue21, inc., the Prepetition Term Loan Agent, and the Prepetition Term Loan Lenders.

148. "*Prepetition Term Loan Credit Facility*" means the $538,500,000 prepetition senior secured term loan credit facility evidenced by the Prepetition Term Loan Documents.

149. "*Prepetition Term Loan Deficiency Claim"* means the portion of the Prepetition Term Loan Claims constituting unsecured Claims under section 506(a) of the Bankruptcy Code, which Claims shall be deemed forfeited or otherwise not Allowed Claims.

150."*Prepetition Term Loan Documents*" means, collectively, the Prepetition Term Loan Credit Agreement, including the Prepetition Intercreditor Agreement, and any other collateral and ancillary documents, including any applicable forbearance agreement, executed in connection with the Prepetition Term Loan Credit Agreement.

151."*Prepetition Term Loan Lenders*" means the lenders party to the Prepetition Term Loan Credit Agreement, in their capacities as such.

152."*Prepetition Term Loan Secured Claims*" means the portion of the Prepetition Term Loan Claims constituting Secured Claims, which Claims shall be deemed Allowed Claims.

153."*Priority Tax Claim*" means any Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

154."*Pro Rata*" means the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in that Class, or the proportion that Allowed Claims in a particular Class bear to the aggregate amount of Allowed Claims in a particular Class and other Classes (or sub-Classes, as the case may be) entitled to share in the same recovery as such Allowed Claim under the Plan; *provided*, *that*, solely for purposes of this definition of Pro Rata as used in Article II.C hereof, the term Class shall also include a category for Holders of DIP Facility Claims.

155."*Professional*" means any Entity: (a) retained in the Chapter 11 Cases pursuant to and in accordance with sections 327, 363, or 1103 of the Bankruptcy Code and to be compensated for services rendered and expenses incurred pursuant to sections 327, 328, 329, 330, 331, or 363 of the Bankruptcy Code; or (b) awarded compensation and reimbursement by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

156."*Professional Fee Claims*" means a Claim by a Professional seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under sections 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code.

157."*Professional Fee Claims Estimate*" means the amount of Professional Fee Claims that are estimated by each Professional retained by the Debtors and the Creditors' Committee in good faith to be accrued but unpaid as of the Effective Date.

158."*Professional Fee Escrow*" means an interest bearing escrow account to be funded on the Effective Date with Cash on hand in an amount equal to the Professional Fee Claims Estimate.

159."*Proof of Claim*" means a proof of Claim Filed against any of the Debtors in the Chapter 11 Cases.

160."*Put/Call Option*" means (a) the right of holders of Class B Shares to sell each Class B Share to Reorganized Holdings at the Put/Call Price and (b) the right of Reorganized Holdings to purchase each Class B Share at the Put/Call Price, in each case, which shall be exercisable during the [15]-day period following the Reorganized Debtors' delivery of their most recent financial statements, which financial statements reflect the satisfaction of the following conditions : (x) beginning with end of fiscal year 2019, the Reorganized Debtors shall have generated $180 million or more of Adjusted EBITDA during the immediately preceding 24-month period, (y) the Reorganized Debtors' Adjusted EBITDA for the latter 12 months of such 24-month period shall have been equal to or greater than the first 12 months of such 24-month period, and (z) at the time of measurement and after giving pro forma effect to the exercise of the Put/Call Option, the Reorganized Debtors shall have Cash as reflected in their books and records plus availability under the Exit ABL Facility of at least $125 million, which amount may be reduced to no less than $50 million to account for any dividends or distributions to holders of New Equity, voluntary prepayments of indebtedness (excluding refinancings) and acquisitions (including capital expenditures for new stores) in excess of $10 million.

161."*Put/Call Price*" means a price per share of Class B Shares equal to the result of (x) Plan Value less the amount of any expenditures by the Reorganized Debtors for share repurchases and distributions and dividends to holders of New Equity through the date of exercise of the Put/Call Option divided by (y) the aggregate number of all outstanding shares of New Equity as of the most recent quarter ended before the date of exercise of the Put-Call

Option, subject to customary adjustment from time to time for stock dividends, splits, and combinations and offerings of New Equity; provided that the Reorganized Debtors shall not be obligated to pay more than $12.5 million in Cash in respect of the Put/Call Option.

162. "*Quarterly Distribution Date*" means the first Business Day after the end of each quarterly calendar period (*i.e.*, March 31, June 30, September 30, and December 31 of each calendar year) occurring after the Effective Date.

163. "*Reinstated*" or "*Reinstatement*" means: (a) leaving unaltered the legal, equitable, and contractual rights to which a Claim entitles the Holder of such Claim so as to leave such Claim Unimpaired; or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of a Claim to demand or receive accelerated payment of such Claim after the occurrence of a default: (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) expressly does not require to be cured; (ii) reinstating the maturity (to the extent such maturity has not otherwise accrued by the passage of time) of such Claim as such maturity existed before such default; (iii) compensating the Holder of such Claim for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; (iv) if such Claim arises from a failure to perform a nonmonetary obligation other than a default arising from failure to operate a non-residential real property lease subject to section 365(b)(1)(A), compensating the Holder of such Claim (other than a Debtor or an insider (as defined in section 101(31) of the Bankruptcy Code)) for any actual pecuniary loss incurred by such Holder as a result of such failure; and (v) not otherwise altering the legal, equitable, or contractual rights to which such Claim entitles the Holder.

164. "*Released Party*" means, collectively, in each case solely in their capacity as such: (a) each Debtor and Reorganized Debtor; (b) the Creditors' Committee and each member thereto; (c) each of the Debtors' officers and directors employed or serving, as applicable, as of the Petition Date; (d) the DIP Lenders; (e) the DIP Agents; (f) the Prepetition Term Loan Agent; (g) the Prepetition ABL Agent; (h) the Prepetition ABL Lenders; (i) each member of the Term Loan Lender Group; (j) each member of the Ad Hoc Cross-Holder Group; (k) the Restructuring Support Parties; (l) the Sponsor Entities; (m) the Unsecured Notes Indenture Trustee; (n) solely with respect to the Entities identified in sections (a) through (m), each of such Entity's current and former affiliates, and each such Entity's and its current and former affiliates' current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, assigns, subsidiaries, principals, members, employees, agents, managed accounts or funds, management companies, investment vehicles, fund advisors, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals; *provided, however*, that Prepetition Term Loan Lenders that do not participate in the DIP Term Loan Credit Facility shall not constitute Released Parties.

165. "*Releasing Parties*" means each of the following in its capacity as such: (a) all Holders of Claims that are deemed to accept the Plan; (b) each Debtor and Reorganized Debtor; (c) the Debtors' current and former officers, directors, and managers; (d) the DIP Lenders; (e) the DIP Agents; (f) the Prepetition ABL Agent; (g) Prepetition ABL Lenders; (h) the Prepetition Term Loan Agent; (i) the Creditors' Committee and each member thereto; (j) the Restructuring Support Parties; (k) the Sponsor Entities; (l) the Ad Hoc Cross-Holder Group; (m) the Term Loan Lender Group; and (n) all other Holders of Claims that receive Ballots and do not opt out of the releases provided by the Plan pursuant to a duly completed Ballot submitted prior to the Voting Deadline.

166. "*Reorganized Debtors*" means each of the Debtors, as reorganized pursuant to and under the Plan, including any transferee or successor thereto by merger, consolidation, transfer or otherwise, on or after the Effective Date.

167. "*Reorganized Holdings*" means Rhodes Holdco Inc., as reorganized pursuant to and under the Plan, including any transferee or successor thereto by merger, consolidation, transfer or otherwise, on or after the Effective Date.

168. "*Reserved Avoidance Actions"* means all Avoidance Actions of the Debtors' Estates as of the Effective Date, other than any actions against any of the Excluded Parties.

169. "*Restructuring Documents*" means the Restructuring Support Agreement, the Plan, the Disclosure Statement, the Plan Supplement, and the various agreements and other documentation formalizing or implementing the Plan and the transactions contemplated thereunder, each subject to the RSA Definitive Document Requirements.

170. "*Restructuring Expenses*" means the reasonable and documented fees and expenses of (a) the Term Loan Advisors, (b) the Sponsor Advisor, and (c) the Cross-Holder Advisors (each of the foregoing capitalized terms as defined in the Restructuring Support Agreement).

171. "*Restructuring Support Agreement"* means that certain Restructuring Support Agreement, dated as of May 15, 2017, by and among all of the Restructuring Support Parties attached as Exhibit E to the *Declaration of Todd M. Lenhart, Acting Chief Financial Officer and Senior Vice President of Accounting of rue21, inc., in Support of Chapter 11 Petitions and First Day Motions* [Docket No. 8].

172. "*Restructuring Support Parties"* shall have the meaning ascribed to such term in the Restructuring Support Agreement.

173. "*Restructuring Transactions*" has the meaning set forth in Article IV.C.

174. "*RSA Definitive Document Requirements*" means that the Definitive Documents shall be subject to the respective consent rights of the Debtors and the applicable Restructuring Support Parties as set forth in the Restructuring Support Agreement.

175. "*Schedules and Statements*" means the schedules of assets and liabilities, schedules of Executory Contracts or Unexpired Leases, and statements of financial affairs, that were Filed by the Debtors on June 20, 2017 pursuant to section 521 of the Bankruptcy Code and in substantial accordance with the Official Bankruptcy Forms, and the Bankruptcy Rules, as they may be or may have been amended, modified, or supplemented from time to time.[1]

176. "*Section 510(b) Claim*" means any Claim against any Debtor: (a) arising from the rescission of a purchase or sale of a security of any Debtor or an affiliate of any Debtor; (b) for damages arising from the purchase or sale of such a security; or (c) for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a claim; *provided that* a Section 510(b) Claim shall not include any claims subject to subordination under section 510(b) of the Bankruptcy Code arising from or related to Existing Interests.

177. "*Secured*" means when referring to a Claim: (a) secured by a Lien on property in which the applicable Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in such Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code; or (b) Allowed pursuant to the Plan as a Secured Claim.

178. "*Securities Act*" means the Securities Act of 1933, 15 U.S.C. §§ 77a–77aa, together with the rules and regulations promulgated thereunder.

179. "*Security*" means a security as defined in section 2(a)(1) of the Securities Act.

180. "*Servicers"* means the Prepetition ABL Agent, the Prepetition Term Loan Agent, the DIP Agents and the Unsecured Notes Indenture Trustee.

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[1] The Schedules and Statements for each respective Debtor are located on the following dockets: *In re rue21, inc.*, Case No. 17-22045 [Docket Nos. 567-568]; *In re Rhodes Holdco, Inc.*, Case No. 17-22046 [Docket Nos. 15-16]; *In re r services llc*, Case No. 17-22047 [Docket Nos. 16-17]; *In re rue services corporation*, Case No. 17-22048 [Docket Nos. 13-14]. The Schedules and Statements are also available on the Notice and Claims Agent website at http://www.kccllc.net/rue21 or the Bankruptcy Court's website at https://www.pacer.gov/.

181. "*Sponsor Entities"* means, collectively, the Consenting Sponsor and Consenting Sponsor Lenders.

182. "*Term Loan Adjustment"* means an adjustment to the amount of New Equity (which adjustment shall be (x) negative in the event the product of the immediately succeeding clauses (A) and (B) is negative or (y) positive in the event the product of the immediately succeeding clauses (A) and (B) is positive) to be received by Holders of Allowed Prepetition Term Loan Secured Claims equal to the product of (A) the result of (i) the ratio, expressed as a percentage, of the amount of such Holder's Allowed DIP Roll-Up Term Loan Claims to the amount of all Allowed DIP Roll-Up Term Loan Claims less (ii) the ratio, expressed as a percentage, of the amount of such Holder's Allowed Prepetition Term Loan Claims to the amount of all Allowed Prepetition Term Loan Claims multiplied by (B) 44%.

183. "*Term Loan Lender Group"* means that group of Prepetition Term Loan Lenders represented by Jones Day.

184. "*Third-Party Release*" means the release provision set forth in Article VIII.D hereof.

185. "*Unexpired Lease*" means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

186. "*Unimpaired*" means, with respect to a Class of Claims, a Class of Claims that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

187. "*Unsecured Notes*" means those certain 9.00% senior notes due October 2021, issued by Rhodes Merger Sub, Inc. (as predecessor to rue21, inc.), in the original aggregate principal amount of $250,000,000 pursuant to the Unsecured Notes Indenture.

188. "*Unsecured Notes Claim"* means any Claim arising under or related to the Unsecured Notes or the Unsecured Notes Indenture, including fees, costs, expenses, indemnities, and other charges under the Unsecured Notes or the Unsecured Notes Indenture.

189. "*Unsecured Notes Indenture*" means that certain Indenture, dated as of October 10, 2013, by and among Rhodes Merger Sub, Inc. (as predecessor to rue21, inc.), as issuer, the subsidiary guarantors party thereto, and the Unsecured Notes Indenture Trustee, as successor to Wells Fargo Bank, National Association, as amended, supplemented, or otherwise modified from time to time in accordance with its terms.

190. "*Unsecured Notes Indenture Trustee*" shall mean Wilmington Trust, National Association, solely in its capacity as successor indenture trustee under the Unsecured Notes Indenture, and any successors in such capacity.

191. "*Unsecured Notes Indenture Trustee Fees*" means the reasonable and documented compensation, fees, expenses, disbursements and indemnity claims of the Unsecured Notes Indenture Trustee, including without limitation, any reasonable and documented fees, expenses and disbursements of attorneys, advisors or agents retained or utilized by the Unsecured Notes Indenture Trustee, whether prior to or after the Petition Date and whether prior to or after the Effective Date.

192. "*Unsecured*" means, with respect to any Claim, any Claim that is not a Secured Claim.

193. "*U.S. Trustee*" means the United States Trustee for the Western District of Pennsylvania.

194. "*U.S. Trustee Fees*" means fees arising under 28 U.S.C. § 1930(a)(6) and, to the extent applicable, accrued interest thereon arising under 31 U.S.C. § 3717.

195. "*Voting Deadline*" means August 21, 2017, at 4:00 p.m. (prevailing Eastern time), as such date may be extended in accordance with the solicitation procedures approved pursuant to the Disclosure Statement Order.

196. "*Voting Record Date*" means July 10, 2017.

B. Rules of Interpretation

For purposes of the Plan: (1) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (2) any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (3) any reference herein to an existing document, schedule, or exhibit, whether or not Filed, having been Filed, or to be Filed shall mean that document, schedule, or exhibit, as it may thereafter be amended, modified, or supplemented in accordance with its respective terms and the terms hereof; (4) any reference to an Entity as a Holder of a Claim includes that Entity's successors and assigns; (5) unless otherwise specified, all references herein to "Articles" are references to Articles hereof or hereto; (6) unless otherwise specified, the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (7) subject to the provisions of any contract, certificate of incorporation, by-law, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising pursuant to the Plan shall be governed by, and construed and enforced in accordance with applicable federal law, including the Bankruptcy Code and Bankruptcy Rules; (8) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (9) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (10) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be; (11) all references to docket numbers of documents Filed in the Chapter 11 Cases are references to the docket numbers under the Bankruptcy Court's CM/ECF system; (12) all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time, and as applicable to the Chapter 11 Cases, unless otherwise stated; (13) references to "Proofs of Claim," "Holders of Claims," "Disputed Claims," and the like shall include "Proofs of Interest," "Holders of Interests," "Disputed Interests," and the like as applicable; and (14) any effectuating provisions may be interpreted by the Reorganized Debtors in such a manner that is consistent with the overall purpose and intent of the Plan all without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

C. Computation of Time

The provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein. If the date on which a transaction may occur pursuant to the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

D. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of New York, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, and any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control).

E. Reference to Monetary Figures

All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

F. Reference to the Debtors or the Reorganized Debtors

Except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the Debtors or to the Reorganized Debtors mean the Debtors and the Reorganized Debtors, as applicable, to the extent the context requires.

G. Controlling Document

In the event of an inconsistency between the Plan and the Restructuring Support Agreement or the Disclosure Statement, the terms of the Plan shall control. In the event of an inconsistency between the Plan and any Definitive Documents or other documents, schedules or exhibits contained in the Plan Supplement, subject to the RSA Definitive Document Requirements, such Definitive Document or other document, schedule or exhibit shall control. In the event of an inconsistency between the Plan or any Definitive Documents or other documents, schedules or exhibits contained in the Plan Supplement, on the one hand, and the Confirmation Order, on the other hand, the Confirmation Order shall control.

ARTICLE II.
ADMINISTRATIVE CLAIMS, PRIORITY TAX CLAIMS, DIP ABL CLAIMS, DIP NEW MONEY TERM LOAN CLAIMS, DIP ROLL-UP TERM LOAN CLAIMS AND UNITED STATES TRUSTEE STATUTORY FEES

A. Administrative Claims and Professional Fee Claims

Other than with respect to the DIP Facility Claims, and unless otherwise agreed to by the Holder of an Allowed Administrative Claim or an Allowed Professional Fee Claim, and the Debtors or the Reorganized Debtors, as applicable, to the extent an Allowed Administrative Claim or an Allowed Professional Fee Claim has not already been paid in full or otherwise satisfied during the Chapter 11 Cases, each Holder of an Allowed Administrative Claim and/or an Allowed Professional Fee Claim will receive, in full and final satisfaction of its Allowed Administrative Claim and/or Allowed Professional Fee Claim, Cash equal to the amount of the unpaid portion of such Allowed Administrative Claim and/or Allowed Professional Fee Claim either: (1) if such Administrative Claim and/or Allowed Professional Fee Claim is Allowed as of the Effective Date, on the Effective Date; (2) if the Administrative Claim and/or Professional Fee Claim is not Allowed as of the Effective Date, (a) no later than thirty (30) days after the date on which an order of the Bankruptcy Court Allowing such Administrative Claim and/or Professional Fee Claim becomes a Final Order, or as soon thereafter as reasonably practicable, (b) at such time and upon such terms as set forth in the order of the Bankruptcy Court, or (c) with respect to an Administrative Claim that is Allowed after the Effective Date, at such time and upon such terms as may be agreed upon by such Holder and the Debtors or the Reorganized Debtors, as applicable; or (3) if the Allowed Administrative Claim and/or Allowed Professional Fee Claim is based on liabilities incurred by the Debtors' Estates in the ordinary course of their business after the Petition Date, pursuant to the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim and/or Allowed Professional Fee Claim, without any further action by the Holder of such Allowed Administrative Claim and/or Allowed Professional Fee Claim.

Except as otherwise provided by a Final Order previously entered by the Bankruptcy Court (including the OCP Order) or as provided by Article II.B or Article II.C hereof, unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Debtors no later than the Administrative Claims Bar Date; *provided that* the Administrative Claims Bar Date shall not apply to claims entitled to administrative priority that arise on or after the Petition Date in the ordinary course of the Debtors' business. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims that do not file and serve such a request by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors or their property, and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to Administrative Claims and 503(b)(9) Claims requests must be Filed and served on the requesting party by the Administrative Claims Objection Bar Date or the 503(b)(9) Claims Objection Bar Date, as applicable. Neither the Debtors, their Estates, nor the Reorganized Debtors may seek to extend, for any reason, the 503(b)(9) Claims Objection Bar Date except with the consent of the applicable Holder of a 503(b)(9) Claim.

B. Professional Compensation

1. Final Fee Applications

All final requests for payment of Professional Fee Claims must be Filed with the Bankruptcy Court and served on the Debtors (or the Reorganized Debtors) no later than the first Business Day that is forty-five (45) days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy

Code and any prior orders of the Bankruptcy Court in the Chapter 11 Cases, the Allowed amounts of such Professional Fee Claims shall be determined by the Bankruptcy Court.

2. Professional Fee Escrow

If the Professional Fee Claims Estimate is greater than zero, as soon as reasonably practicable after the Confirmation Date and no later than the Effective Date, the Debtors shall establish and fund the Professional Fee Escrow. The Debtors shall fund the Professional Fee Escrow with Cash equal to the Professional Fee Claims Estimate. Funds held in the Professional Fee Escrow shall not be considered property of the Debtors' Estates or property of the Reorganized Debtors, but shall revert to the Reorganized Debtors only after all Professional Fee Claims Allowed by the Bankruptcy Court have been irrevocably paid in full. The Professional Fee Escrow shall be held in trust for Professionals retained by the Debtors and the Creditors' Committee and for no other parties until all Professional Fee Claims Allowed by the Bankruptcy Court have been paid in full. Professional Fees owing to the applicable Professionals shall be paid in Cash to such Professionals from funds held in the Professional Fee Escrow when such Claims are Allowed by an order of the Bankruptcy Court; *provided, that* obligations with respect to Professional Fee Claims shall not be limited nor deemed limited to the balance of funds held in the Professional Fee Escrow. No Liens, Claims, or Interests shall encumber the Professional Fee Escrow in any way.

For the avoidance of doubt, the Restructuring Expenses incurred, or estimated to be incurred, through the Effective Date shall be paid in full in Cash on the Effective Date without the requirement to file retention or fee applications and without any requirement for notice to or action, order, or approval of the Bankruptcy Court.

To the extent that the Professional Fee Escrow contains insufficient funds to pay all Professional Fee Claims Allowed by the Bankruptcy Court, the Reorganized Debtors shall pay such Allowed Professional Fee Claims.

3. Post-Effective Date Fees and Expenses

Except as otherwise specifically provided in the Plan, on and after the Effective Date, the Reorganized Debtors, as applicable, shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional, or other fees and expenses related to implementation of the Plan and Consummation incurred by the Debtors or the Reorganized Debtors, as applicable. From and after the Effective Date, any requirement that Professionals comply with sections 327 through 331, 363, and 1103 of the Bankruptcy Code or the Interim Compensation Order in seeking retention for services rendered after such date shall terminate, and the Reorganized Debtors may employ any professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

4. Substantial Contribution Compensation and Expenses

Except as otherwise specifically provided in the Plan, any Entity that requests compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code must file an application and serve such application on counsel for the Debtors or Reorganized Debtors, as applicable, and as otherwise required by the Bankruptcy Court, the Bankruptcy Code, and the Bankruptcy Rules on or before the Administrative Claims Bar Date.

C. DIP ABL Claims

On the Effective Date, or as soon as reasonably practicable thereafter, except to the extent that a Holder of a DIP ABL Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed DIP ABL Claim, each such Allowed DIP ABL Claim shall either (a) be paid in full in Cash or (b) to the extent agreed to by such Holder, converted into a like amount of Exit ABL Loans; *provided, however*, that the DIP Liens (as defined in the Final DIP Order) shall not be released until (y) the indefeasible payment in full in cash (or conversion into the Exit ABL Loans, as applicable) of each Allowed DIP ABL Claim and (z) receipt by the DIP ABL Agent (as defined in the Final DIP Order) of a payoff letter in form and substance satisfactory to the DIP ABL Agent.

D. DIP New Money Term Loan Claims

On the Effective Date, or as soon as reasonably practicable thereafter, except to the extent that a Holder of a DIP New Money Term Loan Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed DIP New Money Term Loan Claim, each such Holder of an Allowed DIP New Money Term Loan Claim shall receive, on a dollar-for-dollar basis, its Pro Rata share of the Exit Term Loan Credit Facility.

E. DIP Roll-Up Term Loan Claims

On the Effective Date, or as soon as reasonably practicable thereafter, except to the extent that a Holder of an Allowed DIP Roll-Up Term Loan Claim agrees to a less favorable treatment in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed DIP Roll-Up Term Loan Claim, each Holder of an Allowed DIP Roll-Up Term Loan Claim shall receive its Pro Rata share of 33% of the New Equity, I in the form of Class A Shares, subject to dilution for any New Equity issued under a Management Equity Incentive Plan.

F. DIP Payments

Subject to the DIP Documents and the DIP Orders, on the Effective Date, the DIP Payments shall be (i) deemed to be Allowed in the full amount due and owing under the DIP Facilities as of the Effective Date and (ii) paid in full in Cash.

G. Priority Tax Claims

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

H. United States Trustee Statutory Fees

All fees due and payable pursuant to section 1930 of Title 28 of the U.S. Code prior to the Effective Date shall be paid by the Debtors. On and after the Effective Date, the Reorganized Debtors shall pay any and all such fees when due and payable, and shall File with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the U.S. Trustee. Each Debtor shall remain obligated to pay quarterly fees to the U.S. Trustee until the earliest of that particular Debtor's case being closed, dismissed, or converted to a case under Chapter 7 of the Bankruptcy Code.

ARTICLE III.
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. Classification of Claims and Interests

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Fee Claims, DIP ABL Claims, DIP New Money Term Loan Claims, DIP Roll-Up Term Loan Claims, and Priority Tax Claims have not been classified and are thus excluded from the Classes of Claims and Interests set forth in this Article III. All Claims and Interests, other than Administrative Claims, Professional Fee Claims, DIP ABL Claims, DIP New Money Term Loan Claims, DIP Roll-Up Term Loan Claims, and Priority Tax Claims, are classified in the Classes set forth in this Article III for all purposes, including voting, Confirmation, and distributions pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is classified in a particular Class only to the extent that such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of such Claim or Interest qualifies within the description of such other Classes. A Claim also is classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

1. Class Identification

The classification of Claims and Interests against each Debtor (as applicable) pursuant to the Plan is as set forth below. The Plan shall constitute a separate Plan for each of the Debtors within the meaning of section 1121 of the Bankruptcy Code, and the classification of Claims and Interests set forth herein shall apply separately to each of the Debtors. All of the potential Classes for the Debtors are set forth herein. Certain of the Debtors may not have Holders of Claims or Interests in a particular Class or Classes, and such Claims shall be treated as set forth in Article III.D hereof. For all purposes under the Plan, each Class will contain sub-Classes for each of the Debtors.

Class	Claims and Interests	Status	Voting Rights
Class 1	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 2	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 3	Prepetition ABL Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 4	Prepetition Term Loan Secured Claims	Impaired	Entitled to Vote
Class 5	General Unsecured Claims	Impaired	Entitled to Vote
Class 6	Intercompany Claims	Impaired / Unimpaired	Not Entitled to Vote (Deemed to Accept or Reject)
Class 7	Intercompany Interests	Impaired / Unimpaired	Not Entitled to Vote (Deemed to Accept or Reject)
Class 8	Existing Interests	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 9	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)

B. Treatment of Claims and Interests

1. Class 1 - Other Secured Claims

(a) *Classification*: Class 1 consists of all Allowed Other Secured Claims.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment of its Allowed Other Secured Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Secured Claim, each such Holder thereof shall receive, at the option of the Reorganized Debtors, either:

(i) payment in full in Cash of such Holder's Allowed Other Secured Claim;

(ii) Reinstatement of such Holder's Allowed Other Secured Claim;

(iii) the Debtors' interest in the collateral securing such Allowed Other Secured Claim; or

(iv) such other treatment rendering such Holder's Allowed Other Secured Claim Unimpaired.

(c) *Voting:* Class 1 is Unimpaired under the Plan. Holders of Other Secured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

2. Class 2 - Other Priority Claims

(a) *Classification*: Class 2 consists of all Allowed Other Priority Claims.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Other Priority Claim agrees to a less favorable treatment of its Allowed Other Priority Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Priority Claim, each such Holder thereof shall receive, at the option of the Reorganized Debtors, either:

(i) payment in full in Cash of such Holder's Allowed Other Priority Claim; or

(ii) such other treatment rendering such Holder's Allowed Other Priority Claim Unimpaired.

(c) *Voting*: Class 2 is Unimpaired under the Plan. Holders of Other Priority Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

3. Class 3 - Prepetition ABL Claims

(a) *Classification:* Class 3 consists of all Prepetition ABL Claims for all applicable Debtors.

(b) *Allowance*: Upon entry of the Interim DIP Order, all loans under the Prepetition ABL Credit Facility and all accrued and unpaid interest thereon and outstanding fees and expenses were fully-rolled into the DIP ABL Credit Facility.

(c) *Treatment:* Solely to the extent of any outstanding Allowed Prepetition ABL Claims that were not rolled-up into the DIP ABL Credit Facility including, for the avoidance of doubt, any contingent Claims for indemnification arising from the Prepetition ABL Loan Documents prior to the Petition Date, except to the extent that a Holder of an Allowed Prepetition ABL Claim agrees to a less favorable treatment of its Allowed Prepetition ABL Claim in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Prepetition ABL Claim, each such Holder thereof shall receive payment in full in Cash of such Holder's Allowed Prepetition ABL Claims; *provided, however*, that any contingent Claims for indemnification arising from the Prepetition ABL Loan Documents shall be released and discharged solely to the extent that: (i) the Challenge Deadline (as defined in the Final DIP Order) has passed without the timely and proper commencement of a Challenge (as defined in the Final DIP Order); (ii) a Final Order is entered, denying a Challenge (as defined in the Final DIP Order); (iii) the receipt by the Prepetition ABL Parties (as defined in the Final DIP Order) of a binding agreement in writing (in a form satisfactory to the Prepetition ABL Agent) stating that (A) the Committee and its counsel have completed their review of the Prepetition ABL Documents, the Prepetition ABL Obligations (as defined in the Final DIP Order) and the Prepetition Liens (as defined in the Final DIP Order) granted to the Prepetition ABL Agent, (B) the Committee will not initiate or commence a Challenge with respect thereto, and (C) as between the Committee and each Prepetition ABL Party, the Challenge Deadline is deemed to have occurred.

(d) *Voting:* Class 3 is Unimpaired under the Plan. Holders of Prepetition ABL Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

4. Class 4 - Prepetition Term Loan Secured Claims

(a) *Classification:* Class 4 consists of all Prepetition Term Loan Secured Claims for all applicable Debtors.

(b) *Allowance*: The Prepetition Term Loan Secured Claims are Allowed in the aggregate principal amount of not less than $249,700,000,[2] plus any accrued but unpaid interest thereon payable as of the Petition Date at the applicable interest rate and any accrued but unpaid fees and expenses payable in accordance with the Prepetition Term Loan Documents. The Prepetition Term Loan Secured Claims shall not be subject to avoidance, subordination, setoff, deduction, objection, challenge, recharacterization, surcharge under 506(c) of the Bankruptcy Code or any other claim or defense.

(c) *Treatment:* Except to the extent that a Holder of an Allowed Prepetition Term Loan Secured Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Prepetition Term Loan Secured Claim, each Holder thereof that votes in favor of the Plan shall be entitled to either a Pro Rata share of 63% of the New Equity, in the form of Class A Shares, subject to the Term Loan Adjustment and dilution for any New Equity issued under a Management Equity Incentive Plan; *provided, however*, that any contingent Claims for indemnification arising from the Prepetition Term Loan Documents shall be released and discharged solely to the extent that: (i) the Challenge Deadline (as defined in the Final DIP Order) has passed without the timely and proper commencement of a Challenge (as defined in the Final DIP Order); (ii) a Final Order is entered, denying a Challenge (as defined in the Final DIP Order); (iii) the receipt by the Prepetition Term Loan Parties (as defined in the Final DIP Order) of a binding agreement in writing (in a form satisfactory to the Prepetition Term Loan Agent) stating that (A) the Committee and its counsel have completed their review of the Prepetition Term Loan Documents, the Prepetition Term Loan Obligations (as defined in the Final DIP Order) and the Prepetition Liens (as defined in the Final DIP Order) granted to the Prepetition Term Loan Agent, (B) the Committee will not initiate or commence a Challenge with respect thereto, and (C) as between the Committee and each Prepetition Term Loan Party, the Challenge Deadline is deemed to have occurred.

(d) *Voting:* Class 4 is Impaired under the Plan. Holders of Allowed Prepetition Term Loan Secured Claims are entitled to vote to accept or reject the Plan.

5. Class 5 - General Unsecured Claims

(a) *Classification*: Class 5 consists of all Allowed General Unsecured Claims (including, for the avoidance of doubt, Unsecured Notes Claims).

(b) *Treatment*: Except to the extent that a Holder of an Allowed General Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed General Unsecured Claim, if Class 5 votes to accept the Plan, then the Debtors shall be deemed to automatically waive and release all Preference Actions. Notwithstanding whether Class 5 votes to accept the Plan, each Holder of an Allowed General Unsecured Claim shall be entitled to receive a Pro Rata share of:

(i) 4% of the New Equity, in the form of Class B Shares unless the Holder of an Allowed General Unsecured Claim elects to receive New Equity in the form of Class A Shares, subject to dilution for any New Equity issued under a

[2] This amount represents a portion of the total Allowed Claims arising from the Prepetition Term Loan Documents of $420,998,750.

Management Equity Incentive Plan; and

(ii) 100% of the proceeds of Reserved Avoidance Actions (net of any expense, including any taxes relating thereto).

provided, *however*, if Class 5 does not vote to accept the Plan, then the Debtors shall not be deemed to waive or release any Preference Actions, except those actions against Excluded Parties.

(c) *Voting*: Class 5 is Impaired under the Plan. Holders of Allowed General Unsecured Claims are entitled to vote to accept or reject the Plan.

6. Class 6 - Intercompany Claims

(a) *Classification*: Class 6 consists of all Allowed Intercompany Claims.

(b) *Treatment*: Subject to the Restructuring Transactions and the Restructuring Support Agreement, Intercompany Claims shall be, at the option of the Reorganized Debtors, either:

(i) Reinstated as of the Effective Date; or

(ii) cancelled without any distribution on account of such Claims.

(c) *Voting*: Class 6 is either Unimpaired or Impaired under the Plan. Holders of Intercompany Claims are conclusively presumed to accept or reject the Plan, respectively, pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

7. Class 7 - Intercompany Interests

(a) *Classification:* Class 7 consists of all Allowed Intercompany Interests.

(b) *Treatment*: Subject to the Restructuring Transactions and the Restructuring Support Agreement, Intercompany Interests shall be, at the option of the Reorganized Debtors, either:

(i) Reinstated as of the Effective Date; or

(ii) cancelled without any distribution on account of such Interests.

(c) *Voting*: Class 7 is either Unimpaired or Impaired under the Plan. Holders of Intercompany Interests are conclusively presumed to have accepted or rejected the Plan, respectively, pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

8. Class 8 - Existing Interests

(a) *Classification:* Class 8 consists of all Allowed Existing Interests.

(b) *Treatment*: On the Effective Date, all Allowed Existing Interests shall be cancelled without any distribution on account of such Interests.

(c) *Voting:* Class 8 is Impaired under the Plan. Holders of Allowed Existing Interests are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the

Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

9. Class 9 -Section 510(b) Claims

(a) *Classification:* Class 9 consists of all Section 510(b) Claims against the Debtors.

(b) *Allowance:* Notwithstanding anything to the contrary herein, a Section 510(b) Claim, if any such Claim exists, may only become Allowed by Final Order of the Bankruptcy Court. The Debtors are not aware of any valid Section 510(b) Claim and believe that no such Section 510(b) Claim exists.

(c) *Treatment*: Allowed Section 510(b) Claims, if any, shall be discharged, canceled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and holders of Allowed Section 510(b) Claims will not receive any distribution on account of such Allowed Section 510(b) Claims

(d) *Voting:* Class 9 is Impaired under the Plan. Holders (if any) of Section 510(b) Claims are conclusively deemed to have rejected the Plan under section 1126(g) of the Bankruptcy Code. Therefore, such holders (if any) are not entitled to vote to accept or reject the Plan.

C. Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

D. Elimination of Vacant Classes

Any Class of Claims that does not have a Holder eligible to vote as of the Voting Deadline shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

E. Voting Classes; Presumed Acceptance by Non-Voting Classes

If a Class contains Holders of Claims eligible to vote and no Holders of Claims eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed accepted by the Holders of such Claims in such Class.

F. Intercompany Interests, Intercompany Claims, and Existing Interests

To the extent Reinstated under the Plan, distributions on account of Intercompany Interests or Intercompany Claims are not being received by holders of such Intercompany Interests or Intercompany Claims on account of their Intercompany Interests or Intercompany Claims but for the purpose of administrative convenience. For the avoidance of doubt, to the extent Reinstated pursuant to the Plan, on and after the Effective Date, the Intercompany Interests in a particular Reorganized Debtor shall continue to be owned by the same Reorganized Debtor that corresponds with the Debtor that owned such Intercompany Interests prior to the Effective Date.

G. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by at least one Impaired Class of Claims. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims. The Debtors reserve the right to modify the Plan in accordance with Article X hereof to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a Class

of Claims to render such Class of Claims Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules.

ARTICLE IV.
MEANS FOR IMPLEMENTATION OF THE PLAN

A. General Settlement of Claims

As discussed further in the Disclosure Statement and as otherwise provided herein, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims, Existing Interests, Causes of Action, and controversies released, settled, compromised, discharged, or otherwise resolved pursuant to the Plan. The Plan shall be deemed a motion to approve the good-faith compromise and settlement of all such Claims, Interests, Causes of Action, and controversies pursuant to Bankruptcy Rule 9019, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such compromise and settlement under section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, as well as a finding by the Bankruptcy Court that such settlement and compromise is fair, equitable, reasonable, and in the best interests of the Debtors and their Estates. Distributions made to Holders of Allowed Claims in any Class shall be final.

B. No Substantive Consolidation

The Plan is being proposed as a joint plan of reorganization of the Debtors for administrative purposes only and constitutes a separate chapter 11 plan of reorganization for each Debtor. The Plan is not premised upon the substantive consolidation of the Debtors with respect to the Classes of Claims or Interests set forth in the Plan.

C. Restructuring Transactions

On or after the Confirmation Date or as soon as reasonably practicable thereafter, the Debtors or the Reorganized Debtors, in each case, with the consent of the Term Loan Lender Group, may take all actions as may be necessary or appropriate to effectuate any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan (collectively, the "Restructuring Transactions"), including: (1) the execution, filing, and delivery of appropriate agreements or other documents of merger, sale, disposition, transfer, consolidation, reorganization, restructuring, liquidation, dissolution, or equity issuance, certificates of incorporation, certificates of conversion, certificates of formation, operating agreements, bylaws, or other documents containing terms that are consistent with or reasonably necessary to implement the terms of the Plan and that satisfy the requirements of applicable law; (2) the execution and delivery of appropriate instruments of sale, equity issuance, transfer, assignment, assumption, or delegation of any property, right, liability, duty, or obligation on terms consistent with the terms of the Plan; (3) the issuance of the New Equity, (4) the execution of the New Organizational Documents, (5) the vesting of the Debtors' assets in the Reorganized Debtors, in each case in accordance with the Plan; (6) such other transactions that are necessary or appropriate to implement the Plan in the most tax efficient manner, including any mergers, sales, dispositions, transfers, consolidations, restructurings, conversions, formations, organizations, dissolutions or liquidations; and (7) all other transactions or actions that either (x) the Debtors or (y) the Reorganized Debtors, as applicable, determine are necessary or appropriate to implement the Plan. The Restructuring Transactions may include a taxable transfer of substantially all or a part of the Debtors' assets or entities to a newly-formed entity (or an affiliate or subsidiary of such entity) formed and controlled by certain holders of Claims against the Debtors and, in such case, some or all of the New Equity (and/or other interests) issued to holders of Claims pursuant to the Plan may comprise stock (and/or other interests) of such new entity (or an affiliate or subsidiary of such entity).

D. Sources of Consideration

All Cash necessary for the Reorganized Debtors to make payments required pursuant to the Plan will be funded with proceeds from the DIP Facilities and Cash on hand as of the Effective Date and proceeds, if any, from the Reserved Avoidance Actions. Additionally, on or after the Effective Date, the Debtors may draw available proceeds under the Exit ABL Credit Facility (subject to and in accordance with the terms thereof). The Debtors will rely on the Cash proceeds of the Exit ABL Credit Facility and Cash on hand to fund other payments required on or after the Effective Date.

In making such Cash payments, the Debtors and the Reorganized Debtors will be entitled to transfer funds between and among themselves as they determine to be necessary or appropriate to enable the Reorganized Debtors to satisfy their obligations under the Plan. Except as set forth in the Plan, any changes in intercompany account balances resulting from such transfers will be accounted for and settled in accordance with the Debtors' historical intercompany account settlement practices and will not violate the terms of the Plan.

E. Issuance of New Equity

Upon the Effective Date, all equity interests of Rhodes Holdco, Inc. shall be cancelled and the New Equity shall be issued as set forth under the Plan. The New Equity shall be freely tradable and eligible for the book-entry, delivery, depository and settlement services of DTC. On the Effective Date, the Reorganized Debtors shall issue all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Plan.

On the Effective Date, Holders of New Equity shall be parties to certain New Organizational Documents, which shall be subject to the RSA Definitive Document Requirements. On the Effective Date, the Reorganized Debtors and the Holders of New Equity (to the extent applicable) shall enter into and deliver the New Organizational Documents to each Entity that is intended to be a party thereto and such New Organizational Documents shall be deemed to be valid, binding, and enforceable in accordance with their terms, and each Holder of New Equity shall be bound thereby, in each case, without the need for execution by any party thereto other than the Reorganized Debtors.

F. Delivery of Distributions on Account of Unsecured Notes Claims

The Unsecured Notes Claims are Allowed in the aggregate principal amount of not less than $239,200,000, plus any accrued but unpaid interest payable thereon as of the Petition Date at the applicable interest rate and any accrued but unpaid fees and expenses payable in accordance with the Unsecured Notes Indenture. The Unsecured Notes Claims shall not be subject to avoidance, subordination, setoff, deduction, objection, challenge, recharacterization, surcharge under 506(c) of the Bankruptcy Code or any other claim or defense.

Except as otherwise reasonably requested by the Unsecured Notes Indenture Trustee, all distributions to Holders of Allowed Unsecured Notes Claims shall be deemed completed when made to the Unsecured Notes Indenture Trustee. The Unsecured Notes Indenture Trustee shall hold or direct such distributions for the benefit of the Holders of Allowed Unsecured Notes Claims. As soon as practicable in accordance with the requirements set forth in this Article IV, the Unsecured Notes Indenture Trustee shall arrange to deliver such distributions to or on behalf of its Holders, subject to the Unsecured Notes Indenture Trustee's charging lien. If the Unsecured Notes Indenture Trustee is unable to make, or consents to the Reorganized Debtors making, such distributions, the Reorganized Debtors, with the Unsecured Notes Indenture Trustee's cooperation, shall make such distributions to the extent practicable to do so (provided that until such distributions are made, the Unsecured Notes Indenture Trustee's charging lien shall attach to the property to be distributed in the same manner as if such distributions were made through the Unsecured Notes Indenture Trustee). The Unsecured Notes Indenture Trustee shall have no duties or responsibility relating to any form of distribution that is not DTC eligible and the Debtors or the Reorganized Debtors, as applicable, shall seek the cooperation of DTC so that any distribution on account of an Allowed Unsecured Notes Claim that is held in the name of, or by a nominee of, DTC, shall be made through the facilities of DTC on the Effective Date or as soon as practicable thereafter.

G. Exit Credit Facilities

On the Effective Date, the Reorganized Debtors shall enter into the Exit Credit Facilities, the terms of which will be set forth in the Exit Credit Facilities Documents, as applicable. Confirmation of the Plan shall be deemed approval of the Exit Credit Facilities and the Exit Credit Facilities Documents, as applicable, and all transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized Debtors in connection therewith, including the payment of all fees, indemnities, and expenses provided for therein, and authorization of the Reorganized Debtors to enter into and execute the Exit Credit Facilities Documents and such other documents as may be required to effectuate the treatment afforded by the Exit Credit Facilities. Subject to (1) the indefeasible payment in full in cash of each Allowed DIP ABL Claim and (2) receipt by the DIP ABL Agent (as defined in the Final DIP Order) of a payoff letter in form and substance satisfactory to the DIP ABL Agent, on the Effective Date, all of the Liens and security interests to be granted in

accordance with the Exit Credit Facilities Documents (a) shall be deemed to be granted, (b) shall be legal, binding, and enforceable Liens on, and security interests in, the collateral granted thereunder in accordance with the terms of the Exit Credit Facilities Documents, (c) shall be deemed perfected on the Effective Date, subject only to such Liens and security interests as may be permitted under the Exit Credit Facilities Documents, and (d) shall not be subject to recharacterization or equitable subordination for any purposes whatsoever and shall not constitute preferential transfers or fraudulent conveyances under the Bankruptcy Code or any applicable non-bankruptcy law. The Reorganized Debtors and the persons and entities granted such Liens and security interests shall be authorized to make all filings and recordings, and to obtain all governmental approvals and consents necessary to establish and perfect such Liens and security interests under the provisions of the applicable state, federal, or other law that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfection shall occur automatically by virtue of the entry of the Confirmation Order and any such filings, recordings, approvals, and consents shall not be required), and will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens and security interests to third parties.

H. Continued Corporate Existence

The Reorganized Debtors shall adopt the New Organizational Documents on the Effective Date. The Reorganized Debtors shall be authorized to adopt any other agreements, documents, and instruments and to take any other actions contemplated under the Plan as necessary or appropriate to consummate the Plan.

I. Vesting of Assets in the Reorganized Debtors

Except as otherwise provided in the Plan (including the Restructuring Transactions) or any agreement, instrument, or other document incorporated in the Plan, on the Effective Date, all property in each Estate, all Causes of Action and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the Reorganized Debtors may operate their business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code, or the Bankruptcy Rules. Notwithstanding the foregoing, Causes of Action (including any Avoidance Actions) against any Excluded Parties shall be released and discharged as of the Effective Date, except that any Reserved Avoidance Action against any Entity that was at any point a Continuing Trade Party and becomes a Non-Continuing Trade Party shall be restored and revested in the Reorganized Debtors.

J. New Organizational Documents

Each of the Reorganized Debtors will file its applicable New Organizational Documents, including the certificate of formation for each of the Reorganized Debtors, with the applicable Secretaries of State and/or other applicable authorities in its respective state of incorporation or formation in accordance with the corporate laws of the respective state of incorporation. Pursuant to section 1123(a)(6) of the Bankruptcy Code, the New Organizational Documents will prohibit the issuance of nonvoting equity securities. After the Effective Date, the Reorganized Debtors may amend and restate their respective New Organizational Documents and other constituent documents as permitted by the laws of their respective state of incorporation and their respective New Organizational Documents.

K. Directors, Managers, and Officers of the Reorganized Debtors

As of the Effective Date, the officers and members of the New Board shall be appointed in accordance with the Restructuring Support Agreement and the respective New Organizational Documents. The New Board shall consist of seven (7) members selected by the Backstop DIP Term Lenders, and any entitlements to individual board designation rights shall be determined by the Backstop DIP Term Lenders. Voya Investment Management shall also retain non-voting board observer rights for 18 months following the Effective Date (the "New Board Observer"). To the extent any such director, manager, or officer of the Reorganized Debtors is an "insider" of the Debtors (as that term is defined in the Bankruptcy Code), the Debtors also will disclose the nature of any compensation to be paid to such director or officer in the Plan Supplement. Each such director, manager, and officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and other constituent documents of the Reorganized Debtors.

The New Board Observer shall be given notice of, and opportunity to attend, all New Board meetings and receive in advance all materials distributed to members of the New Board in connection with such meetings; *provided that*, for this purpose, such meetings shall not include committee meetings other than special or transaction committees formed to discuss or evaluate a potential change of control transaction. The New Board Observer shall receive customary D&O indemnification and insurance from the Reorganized Debtors.

L. Registration Exemptions

Subject to the below, pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and distribution of the New Equity, as contemplated by the Plan shall be exempt from, among other things, the registration requirements of Section 5 of the Securities Act, and any other applicable United States, state, or local law requiring registration prior to the offering, issuance, distribution, or sale of securities. Such Section 1145 Securities will not be "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act) and will be freely tradable and transferable by any initial recipient thereof that (x) is not an "affiliate" of the Reorganized Debtors (as defined in Rule 144(a)(1) under the Securities Act), (y) has not been such an "affiliate" within 90 days of such transfer, and (z) is not an entity that is an "underwriter" as defined in section 1145(b) of the Bankruptcy Code.

Because the ownership of the New Equity distributed under the Plan will be reflected through the facilities of DTC, the Reorganized Debtors need not provide any further evidence other than the Plan or the Confirmation Order with respect to the treatment of such New Equity under applicable securities laws. If applicable, DTC shall be required to accept and conclusively rely upon the Plan and Confirmation Order in lieu of a legal opinion regarding whether such New Equity is exempt from registration and/or eligible for DTC's book-entry delivery, settlement, and depository services. Notwithstanding anything to the contrary in the Plan, no Entity (including, for the avoidance of doubt, DTC) may require a legal opinion regarding the validity of any transaction contemplated by the Plan, including, for the avoidance of doubt, whether such New Equity is exempt from registration and/or eligible for DTC's book-entry delivery, settlement, and depository services.

M. Subordination

The allowance, classification, and treatment of satisfying all Claims and Interests under the Plan takes into consideration any and all subordination rights, whether arising by contract or under general principles of equitable subordination, section 510(b) or 510(c) of the Bankruptcy Code, or otherwise. On the Effective Date, any and all subordination rights or obligations that a holder of a Claim or Interest may have with respect to any distribution to be made under the Plan will be discharged and terminated, and all actions related to the enforcement of such subordination rights will be enjoined permanently. Accordingly, distributions under the Plan to holders of Allowed Claims will not be subject to turnover or payment to a beneficiary of such terminated subordination rights, or to levy, garnishment, attachment or other legal process by a beneficiary of such terminated subordination rights.

N. Intercompany Account Settlement

The Reorganized Debtors will be entitled to transfer funds between and among themselves as they determine to be necessary to enable the Reorganized Debtors to satisfy their obligations under the Plan. Except as set forth herein, any changes in intercompany account balances resulting from such transfers will be accounted for and settled in accordance with the Debtors' historical intercompany account settlement practices and will not violate the terms of the Plan.

O. Cancellation of Existing Securities and Agreements

On the later of (1) the Effective Date or (2) the indefeasible payment in full in cash of the Prepetition ABL Obligations and DIP ABL Obligations, except to the extent otherwise provided in the Plan, the DIP ABL Documents, the DIP Term Loan Documents, the Prepetition ABL Documents, the Prepetition Term Loan Documents, the Unsecured Notes Indenture and all notes, instruments, certificates, agreements, indentures, and other documents evidencing Claims or Interests and the Unsecured Notes shall be deemed cancelled, surrendered, and discharged without any need for further action or approval of the Bankruptcy Court or any Holder or other person and the obligations of the Debtors thereunder or in any way related thereto shall be deemed satisfied in full and discharged, and the DIP Term Loan Agent, the DIP ABL Agent, the Prepetition Agents and the Unsecured Notes Indenture Trustee shall have no further obligations or duties thereunder; *provided*, *however*, that notwithstanding

Confirmation or Consummation, any such indenture or agreement that governs the rights of the Holder of a Claim shall continue in effect solely for purposes of (a) allowing Holders to receive distributions under the Plan; (b) allowing Holders of Claims to retain their respective rights and obligations vis-à-vis other Holders of Claims pursuant to any applicable loan or other documents; (c) allowing the Servicers to enforce their rights, claims, and interests vis-à-vis any party other than the Debtors; (d) allowing the Prepetition Agents, DIP Agents and the Unsecured Notes Indenture Trustee to make the distributions in accordance with the Plan (if any), as applicable; (e) preserving any rights of the Unsecured Notes Indenture Trustee to payment of fees, expenses, and indemnification obligations as against any money or property distributable to the Holders under the Unsecured Notes Indenture, including any rights to priority of payment and/or to exercise charging liens; (f) allowing the Servicers to enforce any obligations owed to them under the Plan; (g) allowing the Servicers to exercise rights and obligations relating to the interests of the Holders under the Prepetition Loan Documents, the DIP Documents and the Unsecured Notes Indenture, as applicable; (h) allowing the Servicers to appear in the Chapter 11 Cases or in any proceeding in the Bankruptcy Court or any other court; and (i) permitting the Servicers to perform any functions that are necessary to effectuate the foregoing; *provided, further, however*, that except as provided below, the preceding proviso shall not affect the discharge of Claims pursuant to the Bankruptcy Code, the Confirmation Order, or the Plan or affect any of the release, third-party release, Exculpation or injunction provisions contained in Article VIII of this Plan, or result in any expense or liability to the Reorganized Debtors, as applicable; *provided*, *further*, that the foregoing shall not affect the issuance of New Equity issued pursuant to the Restructuring Transactions nor the treatment of Intercompany Interests pursuant to Article III of the Plan; *provided*, *further*, that only such matters which by their express terms survive the termination of the DIP ABL Documents, DIP Term Loan Documents, Prepetition Loan Documents, and Unsecured Notes Indenture shall survive the occurrence of the Effective Date, including the rights of the DIP Agents, the Prepetition Agents and the Unsecured Notes Indenture Trustee to expense reimbursement and similar amounts.

P. Unsecured Notes Indenture Trustee Fees

On the Effective Date, the Debtors or Reorganized Debtors, as applicable, shall pay in Cash all Unsecured Notes Indenture Trustee Fees that are required to be paid under the Unsecured Notes Indenture, without the need for the Unsecured Notes Indenture Trustee to file a fee application with the Bankruptcy Court. From and after the Effective Date, the Reorganized Debtors shall pay in Cash all Unsecured Notes Indenture Trustee Fees, including, without limitation, all Unsecured Notes Indenture Trustee Fees incurred in connection with distributions made pursuant to the Plan or the cancellation and discharge of the Unsecured Notes Indenture; *provided*, *however*, that all Unsecured Notes Indenture Trustee Fees shall be limited to those due and owing as of the Effective Date except for those Unsecured Notes Indenture Trustee Fees limited to distributions to Holders.

Nothing in this section shall in any way affect or diminish the right of the Unsecured Notes Indenture Trustee to exercise any charging lien against distributions to Holders of Unsecured Notes Claims with respect to any unpaid Unsecured Notes Indenture Trustee Fees, as applicable.

Q. Corporate Action

Upon the Effective Date, all actions contemplated under the Plan shall be deemed authorized and approved in all respects, and, to the extent taken prior to the Effective Date, ratified without any requirement for further action by Holders of Claims or Interests, directors, managers, or officers of the Debtors, or any other Entity or Person, including, without limitation: (1) adoption or assumption, as applicable, of the agreements with existing management; (2) rejection or assumption, as applicable, of Executory Contracts and Unexpired Leases; (3) selection of the managers and officers for the Debtors; (4) the distribution of the New Equity as provided herein; (5) implementation of the Restructuring Transactions, including the adoption or assumption, as applicable, of any documents or agreements with respect thereto; and (6) all other acts or actions contemplated, or reasonably necessary or appropriate to properly consummate the transactions contemplated by the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the corporate structure of the Debtors, and any corporate action required by the Debtors in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders, directors, managers, authorized persons, or officers of the Debtors.

On or (as applicable) prior to the Effective Date, the appropriate officers, managers, or authorized persons of the Debtors (including any president, vice-president, chief executive officer, treasurer, general counsel, or chief

financial officer thereof), shall be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, certificates of formation, bylaws, operating agreements, and instruments contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Debtors, including with respect to the issuance of the New Equity and any other Restructuring Transactions, and any and all other agreements, documents, securities, and instruments relating to the foregoing. The authorizations and approvals contemplated by this Article IV.Q shall be effective notwithstanding any requirements under non-bankruptcy law.

R. Effectuating Documents; Further Transactions

On and after the Effective Date, each of the Reorganized Debtors and the managers, officers, authorized persons, and members of the boards of managers thereof is authorized to and may issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, the New Organizational Documents, the New Equity and any other securities issued pursuant to the Plan in the name of and on behalf of the Reorganized Debtors, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

S. Section 1146 Exemption

Pursuant to, and to the fullest extent permitted by, section 1146 of the Bankruptcy Code, any transfers of property pursuant hereto or pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, sales and use tax, mortgage recording tax, or other similar tax or governmental assessment, and the Confirmation Order shall direct and shall be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any instruments or other documents pursuant to such transfers of property without the payment of any such tax, recordation fee, or governmental assessment.

T. Employee Arrangements of the Reorganized Debtors

As of the Effective Date, the Reorganized Debtors shall be authorized to: (a) maintain, amend, or revise employment, indemnification, and other arrangements with their directors, officers, and employees, that were employed by, or serving on the board of directors of, any of the Debtors as of the Petition Date that have not been rejected before or as of the Effective Date, subject to the terms and conditions of any such agreement; and (b) enter into new employment, indemnification, and other arrangements with directors, officers, and employees, in the case of this clause (b), as determined by the New Board.

U. Management Equity Incentive Plan

Promptly on or as soon as practicable after the Effective Date, the New Board will adopt and implement the Management Equity Incentive Plan of the Reorganized Debtors pursuant to which up to 10% of the New Equity (or restricted stock units, options, phantom stock or units, stock appreciation rights, or other instruments) (on a fully diluted basis) shall be reserved for awards to continuing employees of the Debtors and members of the New Board with timing and amount of awards, pricing, vesting, and exercise terms to be determined by the New Board. All issuances of New Equity pursuant to the terms of the Plan shall be subject to dilution by instruments issued pursuant to the Management Equity Incentive Plan.

V. Director and Officer Liability Insurance

Notwithstanding anything contained in the Plan to the contrary, the D&O Liability Insurance Policies, in effect on the Effective Date, shall be continued, subject to such D&O Liability Insurance Policies being reasonably satisfactory to the Backstop DIP Lenders. To the extent that the D&O Liability Insurance Policies are deemed to be Executory Contracts, then, notwithstanding anything in the Plan to the contrary, the Debtors shall be deemed to have assumed all of the Debtors' unexpired D&O Liability Insurance Policies pursuant to sections 365(a) and 1123 of the Bankruptcy Code effective as of the Effective Date. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the unexpired D&O Liability Insurance Policies.

Notwithstanding anything to the contrary contained in the Plan, Confirmation shall not discharge, impair, or otherwise modify any indemnity or other obligations of the insurers under any of the D&O Liability Insurance Policies

In addition, after the Effective Date, none of the Debtors shall terminate or otherwise reduce the coverage under any D&O Liability Insurance Policies (including any "tail policy") in effect on the Petition Date, with respect to conduct occurring prior thereto, and all directors and officers of the Debtors who served in such capacity at any time prior to the Effective Date shall be entitled to the full benefits of any such policy for the full term of such policy regardless of whether such directors and officers remain in such positions after the Effective Date.

W. Preservation of Causes of Action

In accordance with section 1123(b) of the Bankruptcy Code, and except where such Causes of Action have been expressly released (including pursuant to the Debtor Release and the Third-Party Release and including Causes of Action against Excluded Parties), the Debtors and the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and the Debtors' and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date.

No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against such Entity as any indication that the Debtors and the Reorganized Debtors will not pursue any and all available Causes of Action against such Entity. The Debtors and the Reorganized Debtors expressly reserve all rights to prosecute any and all Causes of Action, including with respect to rejected Executory Contracts and Unexpired Leases, against any Entity, except as otherwise expressly provided in the Plan (including with respect to Reserved Avoidance Actions). Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court Final Order, the Debtors and the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

X. Avoidance Actions

The Debtors or the Estates will retain all rights with respect to the Reserved Avoidance Actions. Each Holder of an Allowed General Unsecured Claim shall receive, *inter alia*, a Pro Rata share of 100% of any proceeds of the Reserved Avoidance Actions (net of any expense, including any taxes relating thereto). In such event, the Reserved Avoidance Actions shall be preserved for the Debtors' Estates for the exclusive benefit of the Holders of Allowed General Unsecured Claims and pursued, settled, abandoned or otherwise treated in a manner that is cost-neutral to the Debtors' Estates and otherwise in accordance with procedures to be established by the Debtors and the Creditors' Committee.

Notwithstanding the Debtors' or the Estates' retention of Reserved Avoidance Actions pursuant to this Article IV.X or the preservation of Causes of Action pursuant to Article IV.W, should Class 5 vote to accept the Plan, all Preference Actions shall be waived pursuant to Article VIII.C, and the Debtors, their Estates, and the Reorganized Debtors, each on behalf of itself and its predecessors, successors, assigns, subsidiaries, affiliates, current and former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals, shall be enjoined from pursuing Preference Actions against any parties in interest in these Chapter 11 Cases pursuant to Article VIII.F.

ARTICLE V.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption and Rejection of Executory Contracts and Unexpired Leases

On the Effective Date, except as otherwise provided herein, all Executory Contracts or Unexpired Leases will be deemed rejected as of the Effective Date, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than those Executory Contracts or Unexpired Leases that: (1) previously were assumed or rejected by the Debtors; (2) are identified on the Assumed Executory Contract and Unexpired Lease Schedule; or (3) are the subject of a notice of assumption or motion to assume such Executory Contracts or Unexpired Leases, as applicable, that is pending on the Effective Date, regardless of whether the requested effective date of such assumption is on or after the Effective Date; *provided, however*, that no notices of assumption or motions to assume Unexpired Leases of non-residential real property shall be pending on the Effective Date absent counterparty consent. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejections and the assumption of the Executory Contracts or Unexpired Leases listed on the Assumed Executory Contract and Unexpired Lease Schedule pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Any motions or notices to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order; *provided, however*, that no notices of assumption or motions to assume Unexpired Leases of non-residential real property shall be pending on the Effective Date absent counterparty consent. Each Executory Contract and Unexpired Lease assumed pursuant to this Article V.A or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revest in and be fully enforceable by the Debtors in accordance with such Executory Contract and/or Unexpired Lease's terms, except as such terms are modified by agreement of the counterparty to the Executory Contract or Unexpired Lease or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. To the maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such Executory Contract or Unexpired Lease (including, without limitation, any "change of control" provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-Debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto. Notwithstanding anything to the contrary in the Plan, the Debtors or the Reorganized Debtors, as applicable, reserve the right to alter, amend, modify, or supplement the Assumed Executory Contract and Unexpired Lease Schedule at any time through and including forty-five (45) days after the Effective Date, *provided, however*, that the Debtors shall not amend, modify, or supplement the Assumed Executory Contract and Unexpired Lease Schedule to remove any unexpired leases of non-residential real property from such schedule after five (5) business days prior to the Voting Deadline absent counterparty consent.

The Disclosure Statement, including the exhibits thereto, contains information providing counterparties to assumed contracts and unexpired leases with adequate assurance of future performance in accordance with section 365 of the Bankruptcy Code.

Notwithstanding anything in this Plan to the contrary, the Debtors shall not assume and assign (but may, for the avoidance of doubt, assume) unexpired leases of non-residential real property pursuant to the Plan or Confirmation Order. Such relief shall only be approved following the filing of a separate motion and entry of an appropriate order of the Court.

The Debtors shall provide initial notice of the treatment of each Unexpired Lease of non-residential real property by filing and serving their initial "Assumed Executory Contract and Unexpired Lease Schedule" no later than August 7, 2017. Absent consent from a counterparty to an Unexpired Lease of non-residential real property, the Debtors shall not: (1) alter the Assumed Executory Contract and Unexpired Lease Schedule to remove any Unexpired Lease of non-residential real property from such schedule after five (5) business days prior to the Voting Deadline; (2) alter the Assumed Executory Contract and Unexpired Lease Schedule to add any Unexpired Lease of non-residential real property to such schedule after the date of entry of the Confirmation Order; or (3) alter the Assumed Executory Contract and Unexpired Lease Schedule to add any Unexpired Lease of non-residential real property to such schedule after the Debtors have relinquished control of such leased location to the applicable counterparty. The Debtors shall file and serve upon the counterparties (and their counsel, if known, by electronic mail) an amended and restated Assumed Executory Contract and Unexpired Lease Schedule indicating any

modifications to the initial Assumed Executory Contract and Unexpired Lease Schedule no later than five (5) business days prior to the Voting Deadline.

B. Claims Based on Rejection of Executory Contracts or Unexpired Leases

Unless otherwise provided by a Final Order of the Bankruptcy Court approving rejection of Executory Contracts or Unexpired Leases, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Notice and Claims Agent on or before the later of the date that is thirty (30) days after (i) notice of the Effective Date; or (ii) the date on which the Reorganized Debtors remove an Executory Contract or Unexpired Lease from the Assumed Executory Contract and Unexpired Lease Schedule on or after the Effective Date pursuant to Article V.A hereof, as applicable (the "Rejection Date"); *provided, however*, that the Rejection Date with respect to any Unexpired Lease of non-residential real property shall not occur until the date the Debtors relinquish control of the premises by notifying the affected landlord in writing of the Debtors' surrender of the premises and (y) turning over keys, key codes, and security codes, if any, to the affected landlord, or (z) notifying the affected landlord in writing that the keys, key codes, and security codes, if any, are not available, but the landlord may rekey the leased premises.

Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not Filed with the Bankruptcy Court within such applicable time period will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors, the Estates, or their property, without the need for any objection by the Debtors or further notice to, action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, and be subject to the permanent injunction set forth in Article VIII.F hereof, notwithstanding anything in the Schedules and Statements or a Proof of Claim to the contrary. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims, as applicable, and shall be treated in accordance with Article III.B hereof.

C. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding: (1) the amount of any payments to cure such a default; (2) the ability of the Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed; or (3) any other matter pertaining to assumption, the cure amount required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption; *provided that* the Reorganized Debtors may settle any dispute regarding the amount of any such cure amount without any further notice to any other party or any action, order, or approval of the Bankruptcy Court; *provided, further, that*, notwithstanding anything to the contrary herein, prior to the entry of a Final Order resolving any dispute and approving the assumption and assignment of such Executory Contract or Unexpired Lease, the Debtors or the Reorganized Debtors, as applicable, reserve the right to reject any Executory Contract or Unexpired Lease which is subject to dispute, whether by amending the Assumed Executory Contract and Unexpired Lease Schedule in accordance with Article V.A hereof or otherwise. Except as otherwise agreed upon by an applicable counterparty, the Debtors shall make all cure payments substantially contemporaneously with assumption of Executory Contracts and Unexpired Leases on the Effective Date.

As soon as reasonably practicable, the Debtors shall provide for notices of proposed assumption and proposed cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court; *provided, that*, the Debtors reserve all rights with respect to any such proposed assumption and proposed cure amount in the event of an objection or dispute. The Debtors shall file and serve upon counterparties (and their counsel, if known, by electronic mail) an Assumed Executory Contract and Unexpired Lease Schedule no later than August 7th, 2017. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be Filed, served, and actually received by the Debtors no later than thirty (30) days after service of the notice providing for such assumption and related cure

amount. Any counterparty to an Executory Contract or Unexpired Lease that fails to timely object to the proposed assumption or cure amount will be deemed to have assented to such assumption or cure amount.

Notwithstanding anything to the contrary in the Plan, with respect to any assumed Unexpired Lease of non-residential real property, the Debtors and Reorganized Debtors shall remain liable for: (1) amounts owed under the assumed Unexpired Lease of non-residential real property that are unbilled or not yet due as of the Confirmation Hearing, regardless of when such amounts accrued, such as common area maintenance, insurance, taxes, and similar charges; (2) any regular or periodic adjustment or reconciliation of charges under the assumed Unexpired Lease of non-residential real property which are not due or have not been determined as of the date of the Confirmation Hearing; (3) any percentage rent that may come due under the assumed Unexpired Lease of non-residential real property; (4) other obligations, including indemnification obligations, if any, as of the date of the Confirmation Hearing; and (5) any unpaid cure amounts or post-assumption obligations under the assumed Unexpired Lease of non-residential real property. All rights of the parties under any assumed Unexpired Lease of non-residential real property or applicable law for setoff, recoupment or subrogation, shall survive, notwithstanding any term or condition of the Plan to the contrary. Other than with respect to cure amounts fixed in connection with this Plan, all rights of the parties to any assumed Unexpired Lease of non-residential real property to dispute amounts due thereunder are preserved.

Assumption and cure of any default pursuant to section 365 of the Bankruptcy Code under any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall constitute and be deemed to constitute the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. **Any Proofs of Claim Filed with respect to an Executory Contract or Unexpired Lease that has been assumed and for which any defaults have been cured pursuant to section 365 of the Bankruptcy Code shall be deemed disallowed and expunged, without further notice to, action, order, or approval of the Bankruptcy Court.**

No Restructuring Transaction shall violate the terms of any assumed Unexpired Lease of non-residential real property.

D. Preexisting Obligations to the Debtors under Executory Contracts and Unexpired Leases

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors under such Executory Contract or Unexpired Lease.

E. Indemnification Obligations

The Debtors and the Reorganized Debtors shall honor any indemnification obligations in place immediately prior to the Effective Date (whether in by-laws, board resolutions, corporate charters, indemnification agreements, or employment contracts) solely for the Covered Persons and solely to the extent that the D&O Liability Insurance Policies provide coverage for such obligations; *provided*, *however*, that any such Covered Persons shall solely have recourse on account of any such obligations to the D&O Liability Insurance Policies and shall have no recourse to the Reorganized Debtors on account of any such obligations.

F. Modifications, Amendments, Supplements, Restatements, or Other Agreements

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements have been previously rejected or repudiated or are rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter

the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

G. Reservation of Rights

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Assumed Executory Contract and Unexpired Lease Schedule, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any of the Debtors has any liability thereunder. In the event of a *bona fide* dispute between the Debtors and the applicable counterparty regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors shall have ninety (90) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease, including by rejecting such contract or lease *nunc pro tunc* to the Confirmation Date.

H. Nonoccurrence of Effective Date

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code, unless such deadline(s) have expired.

I. Contracts and Leases Entered Into After the Petition Date

Contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the applicable Debtor liable thereunder in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

ARTICLE VI.
PROVISIONS GOVERNING DISTRIBUTIONS

A. Timing and Calculation of Amounts to Be Distributed

On the Initial Distribution Date or as soon as reasonably practicable thereafter (or if a Claim is not an Allowed Claim on the Initial Distribution Date or as soon as reasonably practicable thereafter, on the date that such Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), and except as otherwise set forth herein, each Holder of an Allowed Claim shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class from the Disbursing Agent. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII hereof. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Initial Distribution Date.

The New Equity shall be deemed to be issued as of the Effective Date to the Holders of Claims entitled to receive the New Equity hereunder without the need for further action by the Disbursing Agent, the Debtors, the Reorganized Debtors, or any other Debtor or Reorganized Debtor, including, without limitation, the issuance and/or delivery of any certificate evidencing any such units, or interests, as applicable.

B. Distributions Generally; Disbursing Agent

Except as otherwise provided herein, all distributions made under the Plan, on or after the Effective Date, shall be made by the Disbursing Agent.

C. Rights and Powers of Disbursing Agent

1. Powers of the Disbursing Agent

The Disbursing Agent shall be empowered to: (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated under the Plan; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

2. Expenses Incurred On or After the Effective Date

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable, actual, and documented fees and expenses incurred by any Disbursing Agent on or after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement claims (including reasonable, actual, and documented attorney fees and expenses) made by such Disbursing Agent shall be paid in Cash by the Reorganized Debtors.

D. Distributions on Account of Claims Allowed After the Effective Date

1. Payments and Distributions on Account of Disputed Claims

Distributions made after the Effective Date to Holders of Disputed Claims that are not Allowed Claims as of the Effective Date, but which later become Allowed Claims, shall be made no later than the next applicable Quarterly Distribution Date, unless the Reorganized Debtors and the applicable Holder of such Claim agree otherwise.

2. Special Rules for Distributions to Holders of Disputed Claims

Notwithstanding any provision otherwise in the Plan and except as may be agreed to by the Reorganized Debtors, on the one hand, and the Holder of a Disputed Claim, on the other hand, no partial payments and no partial distributions shall be made with respect to any Disputed Claim until the Disputed Claim has become an Allowed Claim or has otherwise been resolved by settlement or Final Order; *provided*, *that*, if the Debtors do not dispute a portion of an amount asserted pursuant to an otherwise Disputed Claim, the Holder of such Disputed Claim shall be entitled to a distribution on account of that portion of such Claim, if any, that is not disputed at the time and in the manner that the Disbursing Agent makes distributions to similarly situated Holders of Allowed Claims pursuant to the Plan.

E. Delivery of Distributions and Undeliverable or Unclaimed Distributions

1. Record Date for Distribution

On the Distribution Record Date, the Claims Register shall be closed and any party responsible for making distributions shall instead be authorized and entitled to recognize only those record Holders listed on the Claims Register as of the close of business on the Distribution Record Date.

2. Delivery of Distributions in General

(a) Initial Distribution Date

Except as otherwise provided herein, and subject to Article VII.D of the Plan, on the Initial Distribution Date, the Disbursing Agent shall make distributions to Holders of Allowed Claims as of the Distribution Record Date at the address for each such Holder as indicated on the Debtors' books and records as of the date of any such distribution; *provided*, *that*, the manner of such distributions shall be determined at the discretion of the Disbursing Agent; *provided*, *further*, *that*, the address for each Holder of an Allowed Claim shall be deemed to be the address set forth in any Proof of Claim Filed by that Holder, or, if no Proof of Claim has been Filed, the address set forth in

the Schedules and Statements. If a Holder holds more than one Claim in any one Class, all Claims of the Holder will be aggregated into one Claim and one distribution will be made with respect to the aggregated Claim.

(b) Quarterly Distribution Date

Subject to Article VII.D of the Plan, on each Quarterly Distribution Date or as soon thereafter as is reasonably practicable but in any event no later than thirty (30) days after each Quarterly Distribution Date, the Disbursing Agent shall make the distributions required to be made on account of Allowed Claims under the Plan on such date. Any distribution that is not made on the Initial Distribution Date or on any other date specified herein because the Claim that would have been entitled to receive that distribution is not an Allowed Claim on such date, shall be distributed on the first Quarterly Distribution Date after such Claim is Allowed. No interest shall accrue or be paid on the unpaid amount of any distribution paid on a Quarterly Distribution Date in accordance with Article VI.A hereof.

3. De Minimis Distributions; Minimum Distributions

No fractional units of New Equity shall be distributed and no Cash shall be distributed in lieu of such fractional amounts. When any distribution pursuant to the Plan on account of an Allowed Claim would otherwise result in the issuance of a number of units of New Equity that is not a whole number, the actual distribution of units of New Equity shall be rounded as follows: (a) fractions of one-half (½) or greater shall be rounded to the next higher whole number; and (b) fractions of less than one-half (½) shall be rounded to the next lower whole number with no further payment thereto. The total number of authorized units of New Equity to be distributed to holders of Allowed Claims shall be adjusted as necessary to account for the foregoing rounding to provide that no party entitled to a distribution of New Equity shall receive less than one unit of either Class A Shares or Class B Shares.

No Cash payment valued at less than $100.00, in the reasonable discretion of the Disbursing Agent, shall be made to a Holder of an Allowed Claim on account of such Allowed Claim.

4. Undeliverable Distributions and Unclaimed Property

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Disbursing Agent has determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; *provided*, such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of six (6) months after the applicable distribution is returned as undeliverable After such date, all unclaimed property or interests in property shall revert to the Reorganized Debtors automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial, or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any Holder to such property or interest in property shall be discharged and forever barred.

F. Manner of Payment

At the option of the Disbursing Agent, any Cash payment to be made hereunder may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

G. Compliance with Tax Requirements

In connection with the Plan, to the extent applicable, the Disbursing Agent shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Disbursing Agent shall be authorized to take all actions necessary to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanism it believes is reasonable and appropriate. The Disbursing Agent reserves the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

H. No Postpetition Interest on Claims

Unless otherwise specifically provided for in the Plan or the Confirmation Order, postpetition interest shall not accrue or be paid on any Claims against the Debtors, and no Holder of a Claim against the Debtors shall be entitled to interest accruing on or after the Petition Date on any such Claim.

I. Claims Paid or Payable by Third Parties

1. Claims Paid by Third Parties

To the extent that the Holder of a Claim receives any payment on account of such Claim from a party that is not a Debtor or a Reorganized Debtor, such Claims shall be deemed reduced in the amount of such payment and the portion of such Claim equal to such payment shall be disallowed without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court. To the extent a Holder of a Claim receives a distribution from the Debtors on account of such Claim and also receives payment from a party that is not a Debtor on account of such Claim, such Holder of the Claim shall, within fourteen (14) days of receipt thereof, repay or return the distribution to the applicable Debtor, to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the total amount of such Claim as of the date of any such distribution under the Plan. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the applicable Debtor annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the fourteen (14)-day grace period specified above until the amount is repaid.

2. Claims Payable by Third Parties

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' Insurance Contracts until the Holder of such Allowed Claim has exhausted all remedies with respect to such Insurance Contracts. To the extent that one or more of the Debtors' Insurers agrees to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such Insurers' agreement, the applicable portion of such Claim may be expunged without a Claim objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

3. Applicability of Insurance Contracts

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable Insurance Contract(s). Notwithstanding anything herein to the contrary (including, without limitation, Article VIII), nothing shall constitute or be deemed a release, settlement, satisfaction, compromise, or waiver of any Cause of Action that the Debtors or any other Entity may hold against any Insurer under any Insurance Contracts, nor shall anything contained herein constitute or be deemed a waiver by such Insurers of any rights or defenses, including coverage defenses, held by such Insurers under the Insurance Contracts.

J. Allocation

Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

ARTICLE VII.
PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

A. Allowance of Claims

On or after the Effective Date, each of the Debtors or the Reorganized Debtors, as applicable, shall have and shall retain any and all rights and defenses such Debtor had with respect to any Claim immediately prior to the Effective Date.

B. Claims Objections, Settlements, Claims Allowance

The Reorganized Debtors shall have the authority to: (1) File objections to Claims, settle, compromise, withdraw, or litigate to judgment objections to any and all Claims, regardless of whether such Claims are in a Class or otherwise; (2) settle, liquidate, allow, or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court; and (3) administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court. The Reorganized Debtors shall use commercially reasonable efforts to object to any Claim (1) that is asserted in an amount that exceeds the amount owed to the Holder of the Claim according to the Debtors' books and records or (2) as to which no liability appears in the Debtors' books and records.

The Reorganized Debtors shall further use commercially reasonable efforts to file one or more Allowed Claims Notices with respect to non-contingent, liquidated Proofs of Claim that are not Allowed as of the Effective Date and as to which the Reorganized Debtors have determined not to file an objection.

C. Claims Estimation

On or after the Effective Date, the Reorganized Debtors may (but are not required to), at any time, request that the Bankruptcy Court estimate any Claim pursuant to applicable law, including, without limitation, pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to estimate any such Claim, including during the litigation of any objection to any Claim or during the pendency of any appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of distributions and discharge) and may be used as evidence in any supplemental proceedings, and the Debtors may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such Holder has Filed a motion requesting the right to seek such reconsideration on or before seven (7) days after the date on which such Claim is estimated. Each of the foregoing Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

D. Disputed Claims Reserve

On or prior to the Effective Date, the Reorganized Debtors or the Disbursing Agent shall be authorized, but not directed, to establish one or more Disputed Claims Reserves, which Disputed Claims Reserves shall be administered by the Reorganized Debtors or the Disbursing Agent, as applicable.

The Reorganized Debtors or the Disbursing Agent may, in their sole discretion, hold New Equity and/or Cash in the Disputed Claims Reserves in trust for the benefit of the Holders of Claims ultimately determined to be Allowed after the Effective Date. The Reorganized Debtors shall distribute such amounts (net of any expenses, including any taxes relating thereto), as provided herein, as such Disputed Claims are Allowed pursuant to a Final Order or a settlement, and such amounts will be distributable on account of such Disputed Claims that are subsequently Allowed as such amounts would have been distributable had such Disputed Claims been Allowed Claims as of the Effective Date. Any New Equity or Cash remaining in the Disputed Claims Reserves after the resolution of all Disputed Claims shall automatically vest in, and be returned to, the Reorganized Debtors.

The Reorganized Debtors or the Disbursing Agent, as applicable, will treat the Disputed Claims Reserves as "grantor trusts" of which Reorganized Holdings is the owner and grantor for U.S. federal income tax purposes. Reorganized Holdings shall file tax returns for the Disputed Claims Reserve in accordance with such treatment pursuant to Treasury Regulation section 1.671-4(a).

E. Adjustment to Claims Without Objection

Any Claim that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Debtors to the maximum extent provided by applicable law without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

F. Time to File Objections to Claims

Any objections to Claims shall be Filed no later than the Claims Objection Bar Date and the 503(b)(9) Claims Objection Bar Date, as applicable.

G. Disallowance of Late Claims

EXCEPT AS OTHERWISE PROVIDED HEREIN OR AS AGREED TO BY THE REORGANIZED DEBTORS, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE CLAIMS BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM HAS BEEN DEEMED TIMELY FILED BY A FINAL ORDER.

H. Amendments to Claims

Except for the Filing of Proofs of Claim on account of Claims arising from the rejection of Executory Contracts or Unexpired Leases pursuant to the Plan, on or after the Effective Date, a Proof of Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court or the Reorganized Debtors, and any such new or amended Proofs of Claim Filed shall be deemed disallowed in full and expunged without any further notice to or action, order, or approval of the Bankruptcy Court to the maximum extent provided by applicable law.

I. No Distributions Pending Allowance

If an objection to a Claim or portion thereof is Filed, no payment or distribution provided under the Plan shall be made on account of such Claim or portion thereof unless and until such Disputed Claim becomes an Allowed Claim, unless otherwise agreed to by the Reorganized Debtors.

J. Distributions After Allowance

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the Holder of such Claim the distribution (if any) to which such Holder is entitled under the Plan as of the Effective Date, less any previous distribution (if any) that was made on account of the undisputed portion of such Claim, without any interest, dividends, or accruals to be paid on account of such Claim unless required under applicable bankruptcy law.

ARTICLE VIII.
SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS

A. Discharge of Claims and Termination of Interests

To the maximum extent provided by section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), Interests, and Causes of Action of any nature

whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim or Proof of Interest based upon such debt, right, or Interest is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the Holder of such a Claim or Interest has accepted the Plan. Any default by the Debtors with respect to any Claim or Interest that existed immediately prior to or on account of the filing of the Chapter 11 Cases shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Interests, and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors may compromise and settle Claims against the Debtors and their Estates and Causes of Action against other Entities.

B. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, except for any Secured Claims that the Debtors elect to Reinstate in accordance with Article III.B hereof, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the applicable Debtor and its successors and assigns.

C. Debtor Release

Pursuant to section 1123(b) of the Bankruptcy Code on and after and subject to the occurrence of the Effective Date, the Debtors and their Estates shall release each Released Party, and each Released Party is deemed released, acquitted and discharged by the Debtors, the Estates, and the Reorganized Debtors, each on behalf of itself and its predecessors, successors, assigns, subsidiaries, affiliates, current and former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals, from any and all claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever (including any derivative claims, asserted or assertable on behalf of any of the Debtors, their Estates or the Reorganized Debtors, as applicable) whether known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, matured or unmatured, determined or determinable, disputed or undisputed, liquidated or unliquidated, or due or to become due, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Estates, the Reorganized Debtors, or such other releasing party would have been legally entitled to assert in their own right (whether individually or collectively), or on behalf of the Holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the DIP Facilities, the DIP ABL Documents, the DIP Term Loan Documents, the Exit Credit Facilities Documents, the

Restructuring Documents, the Restructuring Transactions, the Restructuring Support Agreement, the Chapter 11 Cases, the purchase, sale, transfer, or rescission of the purchase, sale, or transfer of any security, asset, right, or interest of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is affected by or classified in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, preparation of, or distribution of property under, the Plan, the Disclosure Statement, the Restructuring Documents or related agreements, instruments, or other documents, or any other act or omission, transaction, agreement, event, or other occurrence taking place on and before the Effective Date related or relating to any of the foregoing. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release (a) any post-Effective Date obligations of any party or Entity under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan or (b) any individual from any claim related to an act or omission that is determined in a Final Order by a court of competent jurisdiction to have constituted actual fraud, gross negligence or willful misconduct. For the avoidance of doubt, Causes of Action against Excluded Parties are released as set forth in this Article VIII.C.

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration upon Class 5 voting to accept this Plan, and subject to the occurrence of the Effective Date, the Debtors and their Estates shall release any and all parties in interest in these Chapter 11 Cases, and each party in interest in these Chapter 11 Cases is deemed released, acquitted and discharged by the Debtors, the Estates, and the Reorganized Debtors each on behalf of itself and its predecessors, successors, assigns, subsidiaries, affiliates, current and former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals, from any and all Preference Actions (including any derivative claims, asserted or assertable on behalf of any of the Debtors, their Estates or the Reorganized Debtors, as applicable) whether known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, matured or unmatured, determined or determinable, disputed or undisputed, liquidated or unliquidated, or due or to become due, in law, equity, or otherwise, that the Debtors, the Estates, the Reorganized Debtors, or such other releasing party would have been legally entitled to assert in their own right (whether individually or collectively), or on behalf of the Holder of any Claim or Interest or other Entity.

D. Third-Party Release

On and after and subject to the occurrence of the Effective Date as to each of the Releasing Parties, the Releasing Parties shall release each Released Party, and each of the Debtors, their Estates, and the Released Parties shall be deemed released from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever (including any derivative claims, asserted or assertable on behalf of any of the Debtors, their Estates, or the Reorganized Debtors, as applicable) whether known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, matured or unmatured, determined or determinable, disputed or undisputed, liquidated or unliquidated, or due or to become due, existing or hereinafter arising, in law, equity, or otherwise, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the DIP Facilities, the DIP ABL Documents, the DIP Term Loan Documents, the Exit Credit Facilities Documents, the Restructuring Documents, the Restructuring Transactions, the Restructuring Support Agreement, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors, the DIP Facility, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, preparation of, or distribution of property under, the Plan, the Disclosure Statement, the Restructuring Documents or related agreements, instruments, or other documents, or any other act or omission, transaction, agreement, event or other occurrence taking place on and before the Effective Date related or relating to any of the foregoing. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release (a) any post-Effective Date obligations of any party or Entity under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to

implement the Plan or (b) any Entity from any claim related to an act or omission that is determined in a Final Order by a court of competent jurisdiction to have constituted actual fraud, gross negligence or willful misconduct. Notwithstanding anything to the contrary in the foregoing, the Third-Party Release shall not release any obligations of any party under the Plan or any other document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the Third-Party Release, which includes by reference each of the related provisions and definitions contained herein, and, further, shall constitute the Bankruptcy Court's finding that the Third-Party Release is: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims released by the Third-Party Release; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Releasing Parties asserting any Claim or Cause of Action released pursuant to the Third-Party Release.

E. Exculpation

On and after and subject to the occurrence of the Effective Date, except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur any liability to any Entity for any postpetition act taken or omitted to be taken in connection with, or related to formulating, negotiating, soliciting, preparing, disseminating, confirming, or implementing the Plan, or consummating the Plan, the Disclosure Statement, the New Organizational Documents, the DIP Facilities, the DIP ABL Documents, the DIP Term Loan Documents, the Exit Credit Facilities Documents, the Restructuring Documents, the Restructuring Transactions, the Restructuring Support Agreement, the issuance, distribution, and/or sale of any units of the New Equity or any other security offered, issued, or distributed in connection with the Plan, the Chapter 11 Cases, or any contract, instrument, release or other agreement, or document created or entered into in connection with the Plan or any other postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors; *provided*, that each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her, or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement; *provided*, *further*, that the foregoing Exculpation shall have no effect on (1) the liability of any Entity that results from any claim related to an act or omission that is determined in a Final Order by a court of competent jurisdiction to have constituted actual fraud, gross negligence or willful misconduct or (2) any contractual liability for any breach of the Plan or any other document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

F. Injunction

Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan (including the New Equity, and documents and instruments related thereto), or the Confirmation Order, all Entities that have held, hold, or may hold Claims, Interests, or Liens that have been discharged pursuant to Article VIII.A, released pursuant to Article VIII.B, Article VIII.C, or Article VIII.D, or are subject to exculpation pursuant to Article VIII.E are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, or the Released Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such Entity has timely asserted such setoff right prior to the Effective Date in a document filed with the Bankruptcy Court explicitly preserving such setoff, and notwithstanding an indication of a Claim or Interest or otherwise that such Entity asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (5) commencing or continuing in

any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

G. Debtor Injunction

Except as otherwise expressly provided in the Plan the Debtors, the Reorganized Debtors, the Debtors' Estates, and the Creditors' Committee are enjoined, from and after the Effective Date, from taking any of the following actions against any Excluded Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any Reserved Avoidance Action; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such entities on account of or in connection with or with respect to any Reserved Avoidance Action; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the Estates of such Entities on account of or in connection with or with respect to any Reserved Avoidance Action; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any Reserved Avoidance Action; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any Reserved Avoidance Action. Notwithstanding anything in this Article VIII.F to the contrary, should Class 5 vote to accept this Plan, the Debtors, their Estates, and the Reorganized Debtors, each on behalf of itself and its predecessors, successors, assigns, subsidiaries, affiliates, current and former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals, shall be enjoined from and after the Effective Date from taking any action to pursue Preference Actions against any and all parties in interest in these Chapter 11 Cases.

H. No Release of Any Claims Held by the United States

Nothing in the Confirmation Order or the Plan shall effect a release of any Claim by the United States Government or any of its agencies or any state and local authority whatsoever, including, without limitation, any Claim arising under the Internal Revenue Code, the environmental laws, or any criminal laws of the United States or any state and local authority against the Released Parties, nor shall anything in the Confirmation Order or the Plan enjoin the United States or any state or local authority from bringing any Claim, suit, action, or other proceedings against the Released Parties for any liability whatever, including, without limitation, any Claim, suit, or action arising under the Internal Revenue Code, the environmental laws, or any criminal laws of the United States or any state or local authority, nor shall anything in the Confirmation Order or the Plan exculpate any party from any liability to the United States Government or any of its agencies or any state and local authority whatsoever, including any liabilities arising under the Internal Revenue Code, the environmental laws, or any criminal laws of the United States or any state and local authority against the Released Parties.

I. Protections Against Discriminatory Treatment

To the maximum extent provided by section 525 of the Bankruptcy Code or the Supremacy Clause of the United States Constitution, all Entities, including Governmental Units, shall not discriminate against the Debtors or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, or discriminate with respect to such a grant against, the Debtors, or another Entity with whom the Debtors have been associated, solely because each Debtor has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

J. Setoffs & Recoupment

Except as expressly provided in this Plan, each Reorganized Debtor may, pursuant to section 553 of the Bankruptcy Code, set off and/or recoup against any Plan distributions to be made on account of any Allowed Claim, any and all claims, rights, and Causes of Action that such Reorganized Debtor may hold against the Holder of such Allowed Claim to the extent such setoff or recoupment is either (1) agreed in amount among the relevant Reorganized Debtors and Holder of Allowed Claim or (2) otherwise adjudicated by the Bankruptcy Court or another

court of competent jurisdiction; *provided*, *however*, that neither the failure to effectuate a setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver or release by a Reorganized Debtor or its successor of any and all claims, rights, and Causes of Action that such Reorganized Debtor or its successor may possess against the applicable Holder. In no event shall any Holder of Claims against, or Interests in, the Debtors be entitled to recoup any such Claim or Interest against any claim, right, or Cause of Action of the Debtors or the Reorganized Debtors, as applicable, unless such Holder actually has performed such recoupment and provided notice thereof in writing to the Debtors in accordance with Article XII.F hereof on or before the Effective Date, notwithstanding any indication in any Proof of Claim or otherwise that such Holder asserts, has, or intends to preserve any right of recoupment.

K. Subordination Rights

The classification and treatment of all Claims under the Plan shall conform to and with the respective contractual, legal, and equitable subordination rights of such Claims, and any such rights shall be settled, compromised, and released pursuant to the Plan.

L. Document Retention

On and after the Effective Date, the Debtors (or the Reorganized Debtors, as the case may be) may maintain documents in accordance with their standard document retention policy, as may be altered, amended, modified, or supplemented by the Debtors (or the Reorganized Debtors, as the case may be).

M. Reimbursement or Contribution

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of allowance or disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Confirmation Date: (1) such Claim has been adjudicated as non-contingent; or (2) the relevant Holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered prior to the Confirmation Date determining such Claim as no longer contingent.

ARTICLE IX.
CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions Precedent to Confirmation

It shall be a condition to Confirmation of the Plan that the following provisions, terms and conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C hereof:

1. The Plan shall have satisfied the RSA Definitive Document Requirements.

2. The Confirmation Order shall have satisfied the RSA Definitive Document Requirements and have been entered by the Bankruptcy Court.

3. The Disclosure Statement Order shall have (a) satisfied the RSA Definitive Document Requirements, (b) been entered by the Bankruptcy Court and (c) have become a Final Order that has not been stayed or modified or vacated.

B. Conditions Precedent to the Effective Date

It shall be a condition to the occurrence of the Effective Date of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C hereof:

1. The Confirmation Order shall have (a) satisfied the RSA Definitive Document Requirements, (b) been entered by the Bankruptcy Court and (c) become a Final Order that has not been stayed or modified or vacated.

2. All actions, documents, Certificates, and agreements necessary to implement the Plan and the Restructuring Transactions, including documents contained in the Plan Supplement, the Definitive Documents and the Restructuring Documents, shall have (a) satisfied the RSA Definitive Document Requirements, (b) been effected or executed and delivered, as the case may be, to the required parties and (c) to the extent required, Filed with the applicable Governmental Units in accordance with applicable laws.

3. The Professional Fee Escrow shall have been established and funded in accordance with Article II.B hereof.

4. All authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan and the transactions contemplated thereunder shall have been received, not be subject to unfulfilled conditions, and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent, or otherwise impose materially adverse conditions on such transactions.

5. The DIP Orders shall be in full force and effect, and the Debtors shall not be in default under any of the DIP Facilities or any of the DIP Orders (or, to the extent that the Debtors are in default on the proposed Effective Date, such default shall have been waived by the applicable DIP Lenders or cured by the Debtors in a manner consistent with the applicable DIP Facility and the applicable DIP Order).

6. The Exit Credit Facilities Documents (which includes the definitive documents evidencing a senior secured asset-backed revolving credit facility in the aggregate principal amount of up to $125 million, which may be the Exit ABL Facility) shall have been executed and delivered by all of the Entities that are parties thereto (subject to the satisfaction of the RSA Definitive Document Requirements), and all conditions precedent (other than any conditions related to the occurrence of the Effective Date) to the consummation of the Exit Credit Facilities (which includes a senior secured asset-backed revolving credit facility in the aggregate principal amount of up to $125 million, which may be the Exit ABL Facility) shall have been waived or satisfied in accordance with the terms thereof, and the closing of the Exit Credit Facilities shall be deemed to occur concurrently with the occurrence of the Effective Date.

7. All conditions precedent to the issuance of the New Equity (and the automatic issuance of the New Equity on the Effective Date), other than any conditions related to the occurrence of the Effective Date, shall have occurred.

8. To the extent required under applicable non-bankruptcy law, the New Organizational Documents shall have been duly filed with the applicable authorities in the relevant jurisdictions.

9. The Restructuring Support Agreement shall not have terminated as to all parties thereto and shall be in full force and effect and the Debtors and the applicable Restructuring Support Parties then party thereto shall be in compliance therewith.

10. All fees and expenses payable by the Debtors pursuant to Article II.A and Article II.B.2 hereof, section 16 of the Restructuring Support Agreement, and the DIP Orders have been paid in full in Cash.

11. With respect to all documents and agreements necessary to implement the Plan: (1) all conditions precedent to such documents and agreements (other than any conditions precedent related to the occurrence of the Effective Date) shall have been satisfied or waived pursuant to the terms of such documents or agreements; (2) such documents and agreements shall have been tendered for delivery to the required parties and been approved by any required parties and, to the extent required, filed with and approved by any applicable Governmental Units in accordance with applicable laws; and (3) such documents and agreements shall have been effected or executed.

C. Waiver of Conditions

The conditions to Confirmation and Consummation set forth in this Article IX may be waived by the Debtors, subject to the consent of the Required Consenting Term Loan Lenders and, only to the extent the proposed waiver implicates the consent rights afforded any other the Restructuring Support Parties pursuant to Section 3 of the Restructuring Support Agreement, such other Restructuring Support Parties, and may be waived without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

D. Effect of Non-Occurrence of Conditions to the Effective Date

If the Effective Date does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan or the Disclosure Statement shall: (a) constitute a waiver or release of any claims held by the Debtors, Claims, or Interests; (b) prejudice in any manner the rights of the Debtors or any other Person or Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Person or Entity.

E. Substantial Consummation

"Substantial Consummation" of the Plan, as defined in 11 U.S.C. § 1101(2), shall be deemed to occur on the Effective Date.

ARTICLE X.
MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

A. Modification and Amendments

Except as otherwise specifically provided in the Plan and subject to the terms of the Restructuring Support Agreement, the Debtors reserve the right (subject to the Restructuring Support Agreement and the RSA Definitive Document Requirements) to modify the Plan, whether such modification is material or immaterial, and, seek Confirmation consistent with the Bankruptcy Code and, as appropriate and unless otherwise ordered by the Bankruptcy Court, not resolicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan and the Restructuring Support Agreement, the Debtors expressly reserve their rights to alter, amend, or modify the Plan with respect to the Debtors, one or more times, after Confirmation, and, to the extent necessary may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with this Article X.

B. Effect of Confirmation on Modifications

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

C. Revocation or Withdrawal of Plan

The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to file subsequent plans of reorganization subject to the terms of the Restructuring Support Agreement. If the Debtors revoke or withdraw the Plan, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in

the Plan or Disclosure Statement shall: (a) constitute a waiver or release of any claims held by the Debtor, Claims, Interests, or Causes of Action; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Entity.

ARTICLE XI.
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, to the extent legally permissible, the Bankruptcy Court shall retain exclusive jurisdiction over the Chapter 11 Cases and all matters arising out of, or related to, the Chapter 11 Cases and the Plan, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or Unsecured status, or amount of any Claim, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the Secured or Unsecured status, priority, amount, or Allowance of Claims;

2. decide and resolve all matters related to the granting and denying, in whole or in part, of any applications for Allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including cure amounts pursuant to section 365 of the Bankruptcy Code, or any other matter related to such Executory Contract or Unexpired Lease; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) the Reorganized Debtors amending, modifying, or supplementing, after the Effective Date, pursuant to Article V hereof, the Assumed Executory Contract and Unexpired Lease Schedule; *provided, however*, that the Debtors shall not amend, modify, or supplement the Assumed Executory Contract and Unexpired Lease Schedule to remove any unexpired leases of non-residential real property from such schedule after five (5) business days prior to the Voting Deadline absent counterparty consent; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

5. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. adjudicate, decide, or resolve any and all matters related to Causes of Action;

7. adjudicate, decide, or resolve any and all matters related to sections 502(c), 502(j), or 1141 of the Bankruptcy Code;

8. enter and implement such orders as may be necessary to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Disclosure Statement or the Plan;

9. enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

10. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

11. issue injunctions, enter and implement other orders, or take such other actions as may be necessary to restrain interference by any Entity with Consummation or enforcement of the Plan;

12. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, releases, injunctions, Exculpations, and other provisions contained in Article VIII and enter such orders as may be necessary to implement such releases, injunctions, Exculpations, and other provisions;

13. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim for amounts not timely repaid pursuant to Article VI.I.1 hereof;

14. enter and implement such orders as are necessary if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

15. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;

16. adjudicate any and all disputes arising from or relating to distributions under the Plan or any transactions contemplated therein;

17. consider any modifications of the Plan to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

18. determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;

19. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

20. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

21. hear and determine all disputes involving the existence, nature, scope, or enforcement of any exculpations, discharges, injunctions, and releases granted in the Plan, including under Article VIII hereof and including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

22. except as otherwise limited herein, recover all assets of the Debtors and property of the Estates, wherever located;

23. hear and determine all applications for allowance and payment of Professional Fee Claims;

24. enforce the injunction, release, and exculpation provisions set forth in Article VIII;

25. enter an order or Final Decree concluding or closing the Chapter 11 Cases;

26. enforce all orders previously entered by the Bankruptcy Court; and

27. hear any other matter not inconsistent with the Bankruptcy Code,

provided, however, that the Bankruptcy Court shall not retain exclusive jurisdiction over the Exit Credit Facilities and all matters related thereto.

ARTICLE XII.
MISCELLANEOUS PROVISIONS

A. Immediate Binding Effect

Notwithstanding Bankruptcy Rules 3020(e), 6004(h) or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors and any and all Holders of Claims or Interests (irrespective of whether such Claims or Interests are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, the Confirmation Order, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors. All Claims and debts shall be as fixed, adjusted, or compromised, as applicable, pursuant to the Plan regardless of whether any Holder of a Claim or debt has voted on the Plan.

B. Additional Documents

On or before the Effective Date, the Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary to effectuate and further evidence the terms and conditions of the Plan, which agreements or other documents shall be subject to the RSA Definitive Document Requirements and the Restructuring Support Agreement, as applicable. The Reorganized Debtors and all Holders of Claims receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents (subject to the Restructuring Support Agreement and the RSA Definitive Document Requirements) and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

C. Payment of Statutory Fees

All fees due and payable pursuant to section 1930(a) of the Judicial Code prior to the Effective Date shall be paid by the Debtors. On and after the Effective Date, the Reorganized Debtors shall pay any and all such fees when due and payable, and shall file with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the U.S. Trustee and the Reorganized Debtors.

D. Reservation of Rights

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Neither the Plan, filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, the Confirmation Order, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the Holders of Claims prior to the Effective Date.

E. Successors and Assigns

Unless otherwise provided herein, the rights, benefits, and obligations of any Entity named or referred to in the Plan or the Confirmation Order shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign, Affiliate, and former or current officer, director, agent, representative, attorney, advisor, beneficiaries, or guardian, if any, of each Entity.

F. Notices

All notices, requests, pleadings, and demands to or upon the Debtors to be effective shall be in writing (including by facsimile transmission) 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:

The Debtors

rue21, inc.
800 Commonwealth Drive
Warrendale, Pennsylvania 15086
Attn: Benjamin R. Gross
Email: bgross@rue21.com

with copies to:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
Attn: Jonathan S. Henes, P.C., and Robert A. Britton
Email: jhenes@kirkland.com
robert.britton@kirkland.com

Creditors' Committee

Cooley LLP
1114 Avenue of the Americas
New York, New York 10036
Attn: Seth Van Aalten,
Email: svanaalten@cooley.com

The Backstop DIP Term Lenders, the DIP Term Loan Agent, the Prepetition Term Loan Agent and the Term Loan Lender Group

Jones Day
250 Vesey Street
New York, New York 10281
Attn: Scott J. Greenberg, Michael J. Cohen
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mcohen@jonesday.com

DIP ABL Agent and the Prepetition ABL Agent

Morgan Lewis & Bockius LLP
One Federal Street
Boston, Massachusetts 02110
Attn: Julia Frost-Davies, Amelia C. Joiner
Email: julia.frost-davies@morganlewis.com
amelia.joiner@morganlewis.com

The Sponsor Entities
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attn: Elisha Graff, Jonathan Endean
Email: egraff@stblaw.com

jon.endean@stblaw.com

G. Term of Injunctions or Stays

Unless otherwise provided in the Plan or in the Confirmation Order all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

H. Entire Agreement

Except as otherwise indicated, the Plan and the Plan Supplement supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan on the Effective Date.

I. Plan Supplement

After any of such documents included in the Plan Supplement are Filed, copies of such documents shall be made available upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from the Notice and Claims Agent website at http://www.kccllc.net/rue21 or the Bankruptcy Court's website at https://www.pacer.gov/.

J. Exhibits

All exhibits and documents attached to the Plan or included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan.

K. Nonseverability of Plan Provisions

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Debtors' and the Restructuring Support Parties' consent; and (3) nonseverable and mutually dependent.

L. Votes Solicited in Good Faith

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors, each of the Restructuring Support Parties and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of Securities offered and sold under the Plan and any previous plan, and, therefore, neither any of such parties or individuals or the Reorganized Debtors will have any liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of the Securities offered and sold under the Plan and any previous plan.

M. Closing of Chapter 11 Cases

The Debtors shall, promptly after the full administration of the Chapter 11 Cases, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

N. Waiver or Estoppel

Each Holder of a Claim shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court prior to the Confirmation Date.

O. Dissolution of Creditors' Committee

On the Effective Date, the Creditors' Committee shall be dissolved and their respective members shall be deemed released of all their duties, responsibilities, and obligations in connection with the Chapter 11 Cases or this Plan and its implementation, and the retention of the Creditors' Committee's Professionals shall be terminated as of the Effective Date, except that the Professionals for the Creditors' Committee shall be authorized to file and seek allowance of their final fee applications and reimbursement of their respective Committee member expenses. Prior to its dissolution, the Creditors' Committee may appoint a representative to consult with the Debtors regarding the adjudication of all Reserved Avoidance Actions, provided that such representative shall be entitled to be paid its reasonable fees and out of pocket expenses solely from the proceeds of Reserved Avoidance Actions (net of any expense, including any taxes relating thereto) prior to their distribution to Holders of Class 5 General Unsecured Claims.

P. Conflicts

Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, the Plan Supplement, or any other order (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control in all respects.

* * * * *

Dated as of July 12, 2017

Respectfully submitted,

rue21, inc., Rhodes Holdco, Inc., rue services corporation, and r services llc

By: */s/ Todd M. Lenhart*
Name: Todd M. Lenhart
Title: Acting Chief Financial Officer and Senior Vice President of Accounting

Prepared by:

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Local Counsel to the Debtors and Debtors in Possession

EXHIBIT B

Financial Projections

FINANCIAL PROJECTIONS

The Company developed financial projections (the "Financial Projections") to support the feasibility of the Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code (the "Plan").[1] The Financial Projections are reflective of the "Company", which is comprised of the Debtors.

THE FINANCIAL PROJECTIONS ARE BASED UPON A NUMBER OF SIGNIFICANT ASSUMPTIONS. ACTUAL OPERATING RESULTS AND VALUES MAY VARY SIGNIFICANTLY FROM THESE FINANCIAL PROJECTIONS.

Overview of Financial Projections

As a condition to Confirmation, the Bankruptcy Code requires, among other things, the Bankruptcy Court to find that Confirmation is not likely to be followed by either a liquidation or the need to further reorganize the Company. In connection with developing the Plan, and for purposes of determining whether the Plan satisfies feasibility standards, the Company's management has, through the development of the Financial Projections, analyzed the Reorganized Company's ability to meet its obligations under the Plan and to maintain sufficient liquidity and capital resources to conduct its business. The Financial Projections will also assist each holder of an Allowed Claim in determining whether to vote to accept or reject the Plan. The Company prepared the Financial Projections in good faith, based upon estimates and assumptions made by the Company's management. The estimates and assumptions in the Financial Projections, while considered reasonable by management, may not be realized, and are inherently subject to uncertainties and contingencies. They are also based on factors such as industry performance, general business, economic, competitive, regulatory, market and financial conditions, all of which are inherently difficult to predict and generally beyond the Company's control. Because future events and circumstances may well differ from those assumed and unanticipated events or circumstances may occur, the Company expects that the actual and projected results will differ and the actual results may be materially greater or materially less than those contained in the Financial Projections. No representations can be made as to the accuracy of the Financial Projections or the Company's ability to achieve the projected results. Therefore, the Financial Projections may not be relied upon as a guarantee or as any other form of assurance as to the actual results that will occur. The inclusion of the Financial Projections herein should not be regarded as an indication that the Company considered or considers the Financial Projections to reliably predict future performance. The Financial Projections are subjective in many respects, and thus are susceptible to multiple interpretations and periodic revisions based on actual experience and future developments. The Company does not intend to update or otherwise revise the Financial Projections to reflect the occurrence of future events, even in the event that assumptions underlying the Financial Projections are not borne out. The Financial Projections should be read in conjunction with the assumptions and qualifications set forth herein.

1 Capitalized terms used in these Financial Projections but not otherwise defined shall have the meaning ascribed to them in the Plan.

In general, as illustrated by the Financial Projections, the Company believes that with a significantly deleveraged capital structure, a right-sized lease portfolio, and proper execution of certain operational turnaround initiatives, the Company's business will be viable. The reduction of debt on the Company's balance sheet will substantially reduce interest expense and improve cash flow. Based on the Financial Projections, the Company should have sufficient cash flow to pay and service their debt obligations, and to operate their businesses. The Company believes that Confirmation and Consummation are not likely to be followed by the liquidation or further reorganization of the Company. Accordingly, the Company believes that the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

THE COMPANY DID NOT PREPARE THE FINANCIAL PROJECTIONS WITH A VIEW TOWARDS COMPLYING WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THE COMPANY'S INDEPENDENT AUDITOR HAS NEITHER COMPILED NOR EXAMINED THE ACCOMPANYING PROSPECTIVE FINANCIAL INFORMATION TO DETERMINE THE REASONABLENESS THEREOF AND, ACCORDINGLY, HAS NOT EXPRESSED AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT THERETO. THE COMPANY DOES NOT, AS A MATTER OF COURSE, PUBLISH FINANCIAL PROJECTIONS OF THEIR ANTICIPATED FINANCIAL POSITION, RESULTS OF OPERATIONS, OR CASH FLOWS.

ACCORDINGLY, NEITHER THE COMPANY NOR THE REORGANIZED COMPANY INTEND TO, AND EACH DISCLAIMS ANY OBLIGATION TO: (A) FURNISH UPDATED FINANCIAL PROJECTIONS TO HOLDERS OF CLAIMS OR EQUITY INTERESTS PRIOR TO THE EFFECTIVE DATE OR TO ANY OTHER PARTY AFTER THE EFFECTIVE DATE; (B) INCLUDE ANY SUCH UPDATED INFORMATION IN ANY DOCUMENTS THAT MAY BE REQUIRED TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION; OR (C) OTHERWISE MAKE SUCH UPDATED INFORMATION PUBLICLY AVAILABLE.

The Company prepared the Financial Projections based on, among other things, the anticipated future financial condition and results of operations of the Company using the business plan. Management developed and refined the business plan and prepared consolidated financial projections of the Company for the fiscal years ending February 3, 2018 (fiscal year 2017) through January 29, 2022 (fiscal year 2021) (the "Projection Period").

The Financial Projections assume that the Plan will be consummated in accordance with its terms and that all transactions contemplated by the Plan will be consummated by October 1, 2017 (the "Effective Date"). Any significant delay in the Effective Date may have a significant negative impact on the operations and financial performance of the Company including, but not limited to, an increased risk or inability to meet sales forecasts and the incurrence of higher reorganization expenses.

Although the Financial Projections represent the Company's best estimates and good faith judgment (for which the Company believes it has a reasonable basis), of the results of future operations, financial position, and cash flows of the Company, they are only estimates and actual results may vary considerably from such Financial Projections. Consequently, the inclusion of the Financial Projections herein should not be regarded as a representation by the Company, the Company's advisors or any other person that the projected results of operations, financial position, and cash flows of the Company will be achieved.

The Company does not intend to update or otherwise revise the Financial Projections to

reflect circumstances that may occur after the preparation, or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error.

Additional information relating to the principal assumptions used in preparing the Financial Projections are set forth below.

General Assumptions and Methodology

The Company operates as a specialty apparel retailer in the United Sates and sells its products through two primary sales channels: 1) Brick-and-Mortar; and 2) E-Commerce.

The Financial Projections consist of the following unaudited pro forma financial statements: projected consolidated statements of operations, projected consolidated balance sheet, and projected statement of cash flows for each year in the Projection Period. The Financial Projections are based on the Company's fiscal year 2017 – fiscal year 2021 business plan.

The Financial Projections: a) are based upon current and projected market conditions in which the Company operates; b) are planned by the Company's two primary sales channels; c) assume emergence from Chapter 11 on the Effective Date under terms substantially similar to those set forth in the Plan; d) do not contemplate the opening or closing of additional retail locations other than as described below; and e) reflect capital expenditures related to maintain and expand the Company's E-Commerce platform in addition to normal course maintenance capital expenditures related to retail stores. Depreciation and amortization expense in the Projection Period has been adjusted to reflect lower levels of capital expenditures driven by a lower number of stores. Assumptions have not been made to depreciation and amortization to reflect "fresh start" accounting.

Income Statement Assumptions

Net Sales: The Company operates as a specialty apparel retailer in which it designs, develops and distributes branded apparel, footwear, accessories and related products through their core brands including rue21, etc!, rue+, true, rue beaute!, ruebleu, and Carbon. The Company sells its products through two primary sales channels: 1) Brick-and-Mortar; and 2) E-Commerce. Consolidated net sales are projected to be approximately $998 million in fiscal year 2017, $905 million in fiscal year 2018, $956 million in fiscal year 2019, $1.0 billion in fiscal year 2020, and $1.1 billion in fiscal year 2021. As of the Petition Date, Brick-and-Mortar represents approximately 95% of consolidated net sales for the Company and E-Commerce net sales represent approximately 5%. As part of Management's strategic direction, E-Commerce is projected to contribute a higher rate of growth than Brick-and-Mortar over the Projection Period and is projected to represent approximately 20% of consolidated net sales by fiscal year 2021.

Brick-and-Mortar – Retail Store Sales

Net sales from retail stores are projected to decline from $914 million in fiscal year 2017 to $788 million in fiscal year 2018 driven primarily by the planned closure of approximately 400 stores during the Company's Chapter 11 process. The Plan does not contemplate the opening or closing of additional retail locations beyond fiscal year 2017. Retail store net sales growth in fiscal years 2019, 2020, and 2021 is projected to be approximately 2.0%, 2.5%, and 3.0%, respectively. The growth does not assume increased store traffic and is driven by Management's plan to sell more products at regular price and reduce the volume of markdown merchandise.

E-Commerce – Online Sales

In addition to selling products through the Company's retail stores, the Company operates www.rue21.com, which is the primary sales channel for its E-Commerce business.

E-Commerce net sales growth in fiscal years 2017, 2018, 2019, 2020, and 2021 is expected to be approximately 56%, 40%, 30%, 25%, and 15%, respectively. E-Commerce represents a strategic growth channel for the Company and it is expected to comprise a larger percentage of consolidated net sales through the Projection Period. In fiscal year 2021, E-Commerce net sales are projected to be approximately 20% of consolidated net sales of the Company. To prepare for the expected growth, the Company has invested in its online e-commerce platform and has partnered with a leading order fulfillment provider. The Company also intends to expand the breadth of its online catalogue and increase marketing spend to drive online customer acquisition, the cost of which is included in the projections.

Cost of Sales ("COS"): COS primarily includes merchandise, freight, store occupancy, and supply chain costs related to the procurement, distribution, and fulfillment of inventory. Consolidated Company gross margin in fiscal year 2017 is approximately 33% and in fiscal year 2018 through fiscal year 2021 is projected to be approximately 36%. The consolidated Company gross margins reflect cost savings initiatives that Management has identified and has begun the process of implementing as of the Petition Date. These cost savings initiatives include supply chain payroll reductions, rent reductions and reductions in other supply chain costs.

Brick-and-Mortar – Retail Stores

Brick-and-Mortar gross margins are projected to be 34% in fiscal year 2017 and improve to 38% in fiscal year 2018 and to maintain a similar level through the Projection Period. Fiscal year 2017 gross margin is impacted by inventory clearances associated with the Company's closing of underperforming stores. The volume and estimated gross margin impact from these closing stores is non-recurring and will not repeat. This combined with the cost savings initiatives and reduced markdowns results in a projected improvement in gross margins for fiscal years 2018 through 2021 to 38%.

E-Commerce – Online

E-commerce gross margins are projected to be 20% in fiscal year 2017 which is impacted by projected discounts to sell through excess inventory from prior year's fall merchandise as well as the cost of outsourced fulfillment in the first half of fiscal year 2017 as compared to the in-house operations during the same time period in fiscal year 2016. Management initiatives are in place to manage inventory levels and the Company has partnered with a leading order fulfillment provider to better meet the demand of the Company's online growth strategy. As a result, this discounting is not expected to continue beyond fiscal year 2017 and E-Commerce gross margins are projected to improve to 24% in fiscal year 2018 and to 25% in fiscal year 2021.

Selling, General & Administrative Expenses ("SG&A"): SG&A expenses include payroll, salaries and benefits for corporate and store personnel, marketing / advertising costs, professional fees, insurance, bank charges, utilities, supplies, and other corporate administrative costs not allocated to cost of sales. The Plan does not allocate SG&A between Brick-and-Mortar and E-Commerce. The Plan reflects SG&A cost savings that have been identified and are primarily from payroll, taxes, and benefits due to store and corporate headcount reductions that have already been implemented as of the Petition Date

and will therefore be realized for a portion of fiscal year 2017 and all of fiscal year 2018 and beyond.

SG&A as a percentage of net sales in fiscal years 2017, 2018, 2019, 2020, and 2021 is projected to be 28%, 27%, 26%, 26%, and 25%, respectively. The improvement is driven by Management's cost savings initiatives as well as realized economies of scale in E-Commerce.

Restructuring Expenses: Restructuring expenses consist of estimated fees for Chapter 11 professional and other costs directly attributable to preparing for and conducting the Chapter 11 Cases.

Interest Expense: Interest expense over the Projection Period is based upon the Company's anticipated debt structure immediately before, during, and following the Consummation of the Plan.

Income Tax Expense: Income tax expense reflects the application of estimated average effective tax rates to taxable income. A consolidated tax benefit is projected for fiscal year 2017 due to net operating losses. Consolidated income tax expense for fiscal year 2018 and beyond increases over the Projection Period due to increasing profitability levels during the Projection Period. The projections assume no tax obligation as a result of consummating the Plan. These amounts could vary significantly pending final tax analysis of the transaction.

Balance Sheet Assumptions

The Company's projected balance sheet and cash flow statement were developed based upon the Company's existing balance sheet and estimated pre-emergence balance sheet as of September 2017, adjusted for the impact of the exit transaction, and further adjusted for projected results of operations and cash flows over the Projection Period.

The projected balance sheet reflects the satisfaction per the Plan of Reorganization of the: i) DIP ABL Facility, ii) DIP New Money Loans, iii) DIP Roll-Up Term Loan iv) the Prepetition ABL Facility v) the Prepetition Term Loan Facility, and vi) General Unsecured Claims (including Unsecure Notes Claims). For the periods following the Effective Date, the projected balance sheet reflects a capital structure comprised of the i) Exit ABL Facility, and ii) Exit Term Loan Facility.

Other assumptions impacting the projected balance sheet are outlined in further detail in the "Cash Flow Statement Assumptions" below. The projected balance sheet does not reflect the impact of "fresh start" accounting, which could result in a material change to the projected values of assets and liabilities.

Cash Flow Statement Assumptions

The Company's projected cash flow statement was developed based on the income statement projections and associated projected working capital and other needs to support the operating, investing, and financing activities during the Projection Period. The cash flow projections also reflect the projected restructuring, one-time costs and exit fees for the period prior to, during and upon exit from the Chapter 11 process. Specific items impacting the cash flow statement projections included:

Adjusted EBITDA: Adjusted EBITDA reflects earnings from operations and excludes costs related to one-time non-recurring expenses associated with the restructuring.

Changes in Working Capital: Fiscal year 2017 projects a source of cash from net working capital primarily due to reductions in inventory from store closures and better management of inventory levels. This is partially offset by contraction of vendor terms leading up to and during the Chapter 11 process. Fiscal year 2018 projects a source of cash primarily due to a projected post-bankruptcy expansion of terms with the Company's vendors that are still assumed to be significantly tighter than historical pre-bankruptcy levels. Changes in net working capital for the remainder of the Projection Period are primarily driven by the normalized operating dynamics of the business which include assumed terms from the Company's vendors and ongoing management of inventory levels to improve the annual inventory turnover for the Company.

Capital Expenditures: Capital expenditures are driven by a combination of i) Brick & Mortar maintenance requirements and ii) E-Commerce infrastructure and expansion requirements during the Projection Period.

Restructuring and Exit Costs: Restructuring and exit costs are incurred prior to, and / or in conjunction with the Debtors' conducting of and exit from Chapter 11 cases. They are comprised of i) professional fees, ii) administrative and priority claims, and iii) exit financing transaction fees.

Cash Interest: Interest payments reflect cash interest payments on the Company's prepetition and post-petition (as applicable) facilities and upon exit from chapter 11, the Exit ABL Facility and the Exit Term Loan Facility.

Proceeds from Term Loan DIP: Proceeds from the Term Loan DIP are reflected net of fees.

Exit Term Loan Amortization: Exit Term Loan Amortization is projected based on the amortization schedule defined in the Exit Term Loan Facility Term Sheet.

Revolver Draw / Paydown: Revolver Draw / Paydown is driven by the projected net cash consumed and/or generated from the operations, as well as investing and financing activities of the business.

rue21, Inc.

Unaudited Projected Consolidating Statements of Operations

$ in Millions

	FY2017	FY2018	FY2019	FY2020	FY2021
Net Sales					
Brick & Mortar	$ 914.0	$ 787.7	$ 803.5	$ 823.6	$ 848.3
E-Commerce	83.9	117.4	152.3	189.9	217.8
Total Net Sales	**$ 997.9**	**$ 905.1**	**$ 955.7**	**$ 1,013.4**	**$ 1,066.1**
Cost of Sales					
Brick & Mortar	$ 602.1	$ 488.0	$ 497.3	$ 508.7	$ 522.6
E-Commerce	66.6	89.0	114.8	142.9	164.3
Total Cost of Sales	**$ 668.6**	**$ 576.9**	**$ 612.0**	**$ 651.6**	**$ 686.8**
Gross Margin	**$ 329.3**	**$ 328.2**	**$ 343.7**	**$ 361.8**	**$ 379.2**
SG&A					
Store Operations	$ 208.4	$ 173.5	$ 176.8	$ 180.3	$ 184.2
Administrative & General	66.9	67.7	73.1	78.1	82.3
Total SG&A	**$ 275.3**	**$ 241.2**	**$ 249.9**	**$ 258.4**	**$ 266.5**
Adjusted EBITDA	**$ 54.0**	**$ 87.0**	**$ 93.9**	**$ 103.4**	**$ 112.8**
Restructuring / One-Time Expense	$ 42.5	$ -	$ -	$ -	$ -
Other (Income) / Expense	51.7	1.5	1.5	1.5	1.6
EBITDA	**$ (40.2)**	**$ 85.5**	**$ 92.3**	**$ 101.9**	**$ 111.2**
Depreciation & Amortization	$ 37.8	$ 15.0	$ 15.0	$ 15.0	$ 15.0
Interest Expense / (Income)	51.7	6.7	6.1	5.9	5.6
Tax Expense / (Benefit)	(50.6)	24.2	27.1	30.8	34.4
(Gain)/ Loss on Cancellation of Debt	(337.4)	-	-	-	-
Net Income / (Loss)	**$ 258.3**	**$ 39.6**	**$ 44.1**	**$ 50.2**	**$ 56.2**

Note: See accompanying assumptions to Financial Projections as described in Exhibit B.

Buehler

Unaudited Projected Consolidating Balance Sheet

$ in Millions

	FY2017	FY2018	FY2019	FY2020	FY2021
Assets					
Cash & Equivalents	$ 5.2	$ 69.4	$ 113.3	$ 161.5	$ 214.8
Accounts Receivable, Net	2.5	2.5	2.5	2.5	2.5
Inventory, Net	106.6	103.1	105.0	107.3	110.3
Other Current Assets	23.4	23.4	23.4	23.4	23.4
Total Current Assets	$ 137.8	$ 198.4	$ 244.2	$ 294.8	$ 351.0
PP&E, Net	132.9	130.7	128.7	126.8	125.1
Goodwill & Other Intangible Assets, Net	634.3	634.3	634.3	634.3	634.3
Other Long Term Assets	10.7	10.7	10.7	10.7	10.7
Total Assets	**$ 915.6**	**$ 974.1**	**$ 1,017.9**	**$ 1,066.6**	**$ 1,121.1**
Liabilities					
Accounts Payable	6.0	45.1	47.0	47.5	47.9
Accrued Expenses	45.3	44.7	44.8	44.9	45.1
Total Current Liabilities	$ 51.2	$ 89.8	$ 91.8	$ 92.5	$ 92.9
Debt - Term	44.2	41.7	39.4	37.2	35.1
Debt - ABL Revolver	17.2	-	-	-	-
Other Long Term Liabilities	78.4	78.4	78.4	78.4	78.4
Total Liabilities	**$ 191.0**	**$ 209.9**	**$ 209.6**	**$ 208.0**	**$ 206.4**
Shareholder's Equity / (Deficit)	$ 724.6	$ 764.2	$ 808.3	$ 858.6	$ 914.8
Total Liabilities and Shareholder's Equity	**$ 915.6**	**$ 974.1**	**$ 1,017.9**	**$ 1,066.6**	**$ 1,121.1**

Note: See accompanying assumptions to Financial Projections as described in Exhibit B.

Unaudited Projected Consolidating Statements of Cash Flows

$ in Millions

	FY2017	FY2018	FY2019	FY2020	FY2021
Adjusted EBITDA	**$ 54.0**	**$ 87.0**	**$ 93.9**	**$ 103.4**	**$ 112.8**
Net Working Capital	4.2	42.1	0.1	(1.7)	(2.5)
Capital Expenditure	(13.0)	(12.9)	(13.0)	(13.1)	(13.3)
Restructuring	(71.0)	-	-	-	-
Other Income / Expense	7.2	(1.5)	(1.5)	(1.5)	(1.6)
Net Cash Flow	**$ (18.7)**	**$ 114.8**	**$ 79.5**	**$ 87.1**	**$ 95.5**
Interest Paid	(9.4)	(6.7)	(6.1)	(5.9)	(5.6)
Taxes Paid	-	(24.2)	(27.1)	(30.8)	(34.4)
Proceeds from Term Loan DIP	48.8	-	-	-	-
Exit Term Loan Amortization	(0.6)	(2.4)	(2.3)	(2.2)	(2.1)
Revolver Draw / (Paydown)	(23.8)	(17.2)	-	-	-
Total Change in Cash	**$ (3.7)**	**$ 64.2**	**$ 43.9**	**$ 48.2**	**$ 53.3**
Beginning Cash Balance	8.9	5.2	69.4	113.3	161.5
Ending Cash Balance (Inc. Credit Card Receivables)	**$ 5.2**	**$ 69.4**	**$ 113.3**	**$ 161.5**	**$ 214.8**
Borrowing Base	51.2	50.5	52.1	53.9	56.2
Ending Revolver Balance	17.2	(0.0)	(0.0)	(0.0)	(0.0)
Borrowing Availability	34.0	50.5	52.1	53.9	56.2
Cash Balance (Excl. Credit Card Receivables)	3.0	67.2	111.1	159.3	212.6
Total Liquidity	**$ 37.0**	**$ 117.7**	**$ 163.2**	**$ 213.3**	**$ 268.8**

Note: See accompanying assumptions to Financial Projections as described in Exhibit B.

EXHIBIT C

Liquidation Analysis

LIQUIDATION ANALYSIS

General Assumptions

Hypothetical Chapter 7 recoveries set forth in this analysis (this "Liquidation Analysis") were determined through multiple steps, as set forth below. The basis of the Liquidation Analysis is the Debtors' projected cash balance and assets as of October 1, 2017 (the "Conversion Date") and the net costs to execute the administration of the wind-down of the Estates. The Liquidation Analysis assumes that the Debtors would commence a Chapter 7 liquidation on or about the Conversion Date under the supervision of a court-appointed Chapter 7 trustee. The Liquidation Analysis reflects the wind-down and liquidation of substantially all of the Debtors' remaining assets and the distribution of available proceeds to Holders of Allowed Claims during the period after the Conversion Date.

THE DEBTORS BELIEVE THAT ANY ANALYSIS OF A HYPOTHETICAL LIQUIDATION IS NECESSARILY SPECULATIVE. THERE ARE A NUMBER OF ESTIMATES AND ASSUMPTIONS UNDERLYING THE LIQUIDATION ANALYSIS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS OR A CHAPTER 7 TRUSTEE. NEITHER THE ANALYSIS, NOR THE FINANCIAL INFORMATION ON WHICH IT IS BASED, HAS BEEN EXAMINED OR REVIEWED BY INDEPENDENT ACCOUNTANTS IN ACCORDANCE WITH STANDARDS PROMULGATED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THERE CAN BE NO ASSURANCE THAT ACTUAL RESULTS WOULD NOT VARY MATERIALLY FROM THE HYPOTHETICAL RESULTS PRESENTED IN THE LIQUIDATION ANALYSIS.

Summary Notes to Liquidation Analysis

1. *Dependence on assumptions.* The Liquidation Analysis depends on a number of estimates and assumptions. Although developed and considered reasonable by the management and the advisors of the Debtors, the assumptions are inherently subject to significant economic, business, regulatory and competitive uncertainties and contingencies beyond the control of the Debtors or their management. The Liquidation Analysis is also based on the Debtors' best judgment of how numerous decisions in the liquidation process would be resolved. Accordingly, there can be no assurance that the values reflected in the Liquidation Analysis would be realized if the Debtors were, in fact, to undergo such a liquidation and actual results could vary materially and adversely from those contained herein.

2. *Dependence on a forecasted balance sheet.* This Liquidation Analysis contains numerous estimates that are still under review and it remains subject to further legal and accounting analysis.

3. *DIP Facility Recovery Assumptions.* The Liquidation Analysis assumes that upon conversion of the Chapter 11 case to Chapter 7, the DIP Agents will seek relief from the automatic stay to foreclose on Debtor assets under the jurisdiction of the Bankruptcy Court to recover on the outstanding DIP Claims. For purposes of this analysis, it is assumed that the conversion from Chapter 11 to Chapter 7 would take place on the Conversion Date. The DIP Agents, on behalf of the DIP Lenders, would have the ability to recover on the DIP Facilities' respective secured positions on substantially all of the Debtors' assets (including proceeds of leases, but excluding leases). Only after the DIP Facilities are fully satisfied, would any recoveries be realized by the holders of Prepetition Term Loan Debt with respect to: i) excess net proceeds from liquidation of ABL priority collateral, ii) the Debtors' intellectual property, and iii) any recovery on net PP&E and other assets.

4. Chapter 7 liquidation process. The liquidation of the Debtors' assets is assumed to be completed over a twelve-month period. During the first two months, the Debtors would complete going-out-of-business sales for all remaining store inventory, furniture, fixtures, and equipment, along with the sale of all intellectual property. During months 3 – 6, the Debtors would primarily focus on monetizing and collecting other assets while throughout the 12 month period the Debtors would also be working on administrative activities, such as final creditor distributions needed to complete the wind-down of the Estates.

5. Claims Estimates. In preparing this Liquidation Analysis, the Debtors have preliminarily estimated an amount of Allowed Claims for each Class based upon a review of the Debtors' estimated balance sheet. DIP Claims were estimated based on the Updated DIP Budget as of the Conversion Date. Additional Claims were estimated to include certain Chapter 7 administrative obligations incurred after the Conversion Date. The estimate of all allowed claims in this Liquidation Analysis is based on the book value of those claims. No order or finding has been entered or made by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in this Liquidation Analysis. The estimate of the amount of Allowed Claims set forth in this Liquidation Analysis should not be relied upon for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims under the Plan. The actual amount of Allowed Claims could be materially different from the amount of Claims estimated in this Liquidation Analysis.

	Note	Book / Estimated Value	DIP ABL		DIP Term Loan		Pre-Pet. Term Loan		General Unsecured Creditors	
			Low	High	Low	High	Low	High	Low	High
Gross Liquidation Proceeds										
I. Liquidation Value of Borrowing Base Assets										
Cash and Cash Equivalents	*1*	5	5	5	50	65	-	-	-	-
Merchandise inventory, net	*2*	115	103	109	-	-	-	-	-	-
Accounts receivable	*3*	4	0	0	-	-	-	-	-	-
Prepaid expenses and other current assets	*4*	20	0	1	-	-	-	-	-	-
Liquidation Value of Borrowing Base Assets		144	109	115	50	65	-	-	-	-
II. Liquidation Value of All Other Assets										
Net property and equipment	*5*	147	-	-	2	3	-	-	-	-
Other assets	*6*	12	-	-	1	1	-	-	-	-
Intangible assets	*7*	38	-	-	19	29	-	-	-	-
Litigation & Preference / Avoidance Actions	*8*	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Liquidation Value of Other Assets		196	-	-	22	33	-	-	-	-
Total Estimated Proceeds from Liquidation of Assets		**340**	**109**	**115**	**72**	**98**	**-**	**-**	**-**	**-**
Chapter 7 Liquidation Costs										
III. Chapter 7 Case Administration										
Wind Down	*9*	(17)	(17)	(13)	-	-	-	-	-	-
Sales Tax Payable	*10*	(3)	(3)	(3)	-	-	-	-	-	-
Payroll / Benefits in Arrears	*10*	(8)	(8)	(4)	-	-	-	-	-	-
Severance / Retention	*11*	(3)	(3)	(3)	-	-	-	-	-	-
Accrued / Unpaid Chapter 11 Professionals	*12*	(5)	(5)	(5)	-	-	-	-	-	-
Wind Down Professionals	*13*	(2)	(2)	(1)	-	-	-	-	-	-
Chapter 7 Trustee Fees	*14*		(3)	(3)	(2)	(3)	-	-	-	-
Other Priority and Administrative Claims	*15*	(23)	-	-	-	-	-	-	-	-
Total Expense of Case Administration			**(41)**	**(31)**	**(2)**	**(3)**	**-**	**-**	**-**	**-**
Net Proceeds Available for Secured Claims			**68**	**84**	**70**	**95**	**-**	**-**	**-**	**-**
Recovery to Lenders										
IV. Secured Claims										
DIP ABL (Includes Letters of Credit and Swap)	*16*		19	19	-	-	-	-	-	-
DIP Term Loan	*17*		-	-	150	150	-	-	-	-
Pre-Petition Term Loan	*18*		-	-	-	-	432	432	-	-
General Unsecured Claims	*19*		-	-	-	-	-	-	489	464
Total Exposure			19	19	150	150	432	432	489	464
Net Recovery			**19**	**19**	**70**	**95**	**-**	**-**	**-**	**-**
Excess/ (Shortfall)			**50**	**65**	**(80)**	**(55)**	**(432)**	**(432)**	**(489)**	**(464)**
% Recovery			**100.0%**	**100.0%**	**46.6%**	**63.2%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

A. Gross Liquidation Proceeds

1 Cash and Cash equivalents

Amount represents a 100% recovery of estimated cash and credit card receivables as of the Conversion Date, per the most recent budget provided to the DIP Lenders (the "Updated DIP Budget"). The estimate includes an additional $1 million as a proxy for cash in stores.

2 Merchandise inventory, net

The Debtor's estimate that total eligible inventory as of the Conversion Date will be $115 million per the Updated DIP Budget. Inventory is assumed to be sold "as is, where is" and recovery values are based on third party inventory appraisal. The recovery shown reflects the net orderly liquidation value ("NOLV") of the inventory, which accounts for costs related to selling through the inventory such as occupancy, payroll, liquidation fees, freight, and other general selling expenses. The recovery rate on inventory is assumed to be between 90% and 95%.

3 Accounts receivable

The Debtor's accounts receivables consist primarily of construction and receivables from vendors. Credit card receivables related to sales are captured in cash and cash equivalents per Note 1 above. The assumed recovery on accounts receivable is 5% to 10%.

4 Prepaid expenses and other current assets

Prepaid expenses consist of several prepaid accounts, including, but not limited to: rent, insurance, supplies, taxes, IT maintenance and other miscellaneous maintenance costs. The assumed recovery on prepaid expenses and other current assets is 2% to 3%.

5 Net property and equipment

The Debtor's net property and equipment consists of leasehold improvements and construction allowances, furniture and fixtures, computer software and computer equipment. The assumed recovery on leasehold improvements, construction allowances and computer software is 0%. The assumed recovery on physical assets was estimated as $2,500 per store and between $500,000 and $1 million for non-store physical assets.

6 Other assets

Other assets consist primarily of a non-cash lease accounting balance, as well as utility and equipment deposits and landlord receivables. The Debtors do not own any material real property. This analysis assumes that there is no recoverable value from the Debtor's leased real estate property in a chapter 7 liquidation. The assumed recovery on utility and real estate deposits is 80% to 100%. The net recovery on all other assets is 7% to 9%.

7 Intangible Assets

The Debtor's intangible assets consist the Company's portfolio of trademarks, as well as trademarks related to the Debtor's e-Commerce platform. A valuation of the Debtor's IP was completed in March for the purpose of impairment testing. The forced liquidation value of the Debtor's IP was determined to be $38 million at that time. For the purpose of this analysis the forced liquidation value has been adjusted to reflect

the discontinuance of the ongoing retail and e-commerce business. The assumed recovery for intangible assets is 50% to 75%.

8 Litigation & Preference / Avoidance Actions

Potential recoveries from litigation and preference / avoidance actions have not yet been quantified, and thus were not included in this Liquidation Analysis.

B. Chapter 7 Liquidation Costs

9 Wind down

Wind Down expenses reflect operating costs over a 12 month period, which consists of a 2 month sale period, 4 months of operational wind down, and a 6 month tail period to cover final expenses. The wind down budget excludes costs that are considered in the store closure and inventory liquidation process, as discussed in Note 2 above. The bulk of the budget consists of salaries and wages as well as corporate occupancy and IT costs.

10 Employee Obligations & Accrued Sales Tax

Employee obligations and accrued sales tax are pre-conversion administrative claims but are included as a case administration expense because failure to pay these expenses would likely have an immediate and significant destabilizing effect on the orderly wind down of the Debtor's estates. Accrued employee obligations are estimated as $4 million to $8 million based on run-rate expense. Accrued sales tax is estimated based on the Updated DIP budget.

11 Severance / Retention

For the purposes of this analysis, it is assumed that a program would be put into place in order to retain critical employees for the wind-down of the Debtor's estate. Total severance and retention are assumed to be equal to 50% of the total payroll expense assumed in the wind down budget.

12 Accrued & Unpaid Chapter 11 Professionals

Paragraph 40 of the Interim DIP Order provides that certain accrued and unpaid professional fees shall be entitled to priority above DIP financing claims to which the DIP financing claims are senior. Professionals consist of advisors to the Debtors, advisors to the DIP Lenders, advisors to the Restructuring Support Parties, and advisors to the Unsecured Creditors' Committee. Accrued and unpaid Chapter 11 professional fees estimate is based on the Updated DIP budget.

13 Chapter 7 Professionals

Pursuant to section 327 of the Bankruptcy code, the Trustee, with the court's approval, may employ one or more attorneys, accountants, appraisers, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the Trustee in carrying out the Trustee's duties. This analysis estimates that professional fees will be approximately $1 million to $2 million, based on a relatively straight-forward and uncontested wind-down of the Debtor estates.

14 Chapter 7 Trustee Fees

Pursuant to section 326 of the Bankruptcy code, the court may allow reasonable compensation for the trustee's services, not to exceed 25% on the first $5,000 or less, 10% on any amount in excess of $5,000 but not in excess of $50,000, 5% on any amount in excess of $50,000 but not in excess of $1 million, and reasonable compensation not to exceed 3% of such moneys in excess of $1 million, upon all moneys disbursed or turned over in the case by the trustee to parties in interest, excluding the debtor, but including holders of secured claims. For the purpose of this analysis, the estimate for the Trustee's fees have been simplified to 3% of gross liquidation proceeds.

15 Other Priority and Administrative Claims

This represents amounts such as 503(b)9 claims, stub rent claims, and post-petition accounts payable. For purposes of this analysis it is assumed no agreement is reached for payment of 503(b)9, stub rent, and post-petition accounts payable as part of the DIP financing. As a result, those claims would be junior to the DIP ABL and DIP Term Loan and are estimated as having no recovery.

16 DIP ABL

The Liquidation Analysis assumes that total DIP Facility Claims would total approximately $19 million as of the Conversation Date. This includes a projected revolver balance, letters of credit and outstanding swap termination fees.

17 DIP Term Loan

DIP Term Loan claims consist of the DIP New Money Loans and the DIP Roll-Up Term Loan.

18 Pre-Petition Term Loan

The Pre-Petition Term Loan consists of principal and pre-petition accrued interest. The Liquidation Analysis assumes no recovery on these amounts. As a result, they would be on par with general unsecured claims, but are presented separately here for demonstrative purposes.

19 General Unsecured Creditors

General Unsecured Creditors' Claims include the pre-petition trade accounts payable, landlord claims, Unsecured Notes Claims and the range of estimated deficiency claim for the DIP Roll-Up Term Loan.

EXHIBIT D

Valuation Analysis

Exhibit D

Valuation Analysis[1]

A. Overview

Rothschild has performed an analysis of the estimated value of the Company on a going-concern basis as of April 17, 2017 (the "**Valuation Date**"). This Valuation Analysis should be read in conjunction with Article VIII of the Disclosure Statement, entitled "Certain Risk Factors to be Considered Before Voting".

In preparing its analysis, Rothschild has, among other things: (i) discussed with certain of the Debtors' senior executives the Debtors' current operations and prospects; (ii) reviewed certain of the Debtors' internal financial and operating data, including the business plan prepared by the Debtors on April 14, 2017 relating to their business and their prospects for the fiscal years 2017 through 2021 (the "**Business Plan**"); (iii) discussed with certain of the Debtors' senior executives key assumptions related to the Business Plan; (iv) prepared discounted cash flow analyses based on the Business Plan; (v) considered the market value of certain publicly-traded companies in businesses reasonably comparable to the Debtors' operating businesses; and (vi) conducted such other analyses as Rothschild deemed necessary under the circumstances. While Rothschild recognizes that another standard valuation methodology is often used (precedent transaction analysis), this methodology was not utilized to derive the estimated total enterprise value of the Debtors due to the lack of recent comparable precedent transcations in the retail apparel sector. Rothschild also has considered a range of potential risk factors, including, but not limited to: (a) the Debtors' pro forma capital structure; and (b) their ability to meet projected growth and profitability targets included in the Business Plan. Rothschild assumed, without independent verification, the accuracy and completeness of all of the financial and other information as provided to Rothschild by the Debtors or their representatives. Rothschild also assumed that the Business Plan has been reasonably prepared on a basis reflecting the Debtors' best estimates and judgment as to future operating and financial performance. Rothschild did not make any independent evaluation or appraisal of the Debtors' assets or liabilities, nor did Rothschild verify any of the information it reviewed. To the extent the valuation is dependent upon the Reorganized Debtors' achievement of the Business Plan, the valuation must be considered speculative. Rothschild does not make any representation or warranty, and is not giving an opinion, as to the fairness of the terms of the Plan.

In addition to the foregoing, for purposes of its analyses Rothschild relied upon the following assumptions with respect to the valuation of the Debtors:

- The Debtors successfully reorganize with an assumed emergence date of October 1, 2017 (the "**Effective Date**").
- The Debtors are able to emerge from the restructuring process with a viable capital structure and adequate liquidity.
- The Debtors' pro forma debt levels as of the Effective Date will be approximately $94.9 million, including the $44.9 million under the ABL Revolver Facility and approximately $50.0 million under the Exit Term Loan.
- General financial and market conditions as of the Effective Date will not differ materially from those conditions prevailing as of the Valuation Date.
- As a result of such analyses, review, discussions, considerations, and assumptions, Rothschild estimates the Debtors' total enterprise value ("**TEV**") at approximately $340 million to $465 million assuming an equal weighting of the various valuation methodologies employed. Rothschild reduced such TEV estimates by the Debtors' total estimated pro forma net debt

[1] Capitalized terms used herein but not otherwise defined shall have the meaning ascribed to such terms in the *Debtors' Joint Plan of Reorganization* (as amended, modified or supplemented, the "**Plan**"), or the *Disclosure Statement for the Debtors' Joint Plan of Reorganization* (as amended, modified or supplemented, the "**Disclosure Statement**"), as applicable.

upon emergence in order to calculate an implied distributable equity value. Rothschild estimates the implied distributable reorganized equity value (the "**Distributable Equity Value**") will range from approximately $245.1 million to $370.1 million. This equity value is subject to dilution as a result of the potential issuance of any equity under any Management Equity Incentive Plan, to the extent applicable.

	Plan range	
($ in millions, except share data)	**Low**	**High**
Illustrative setup TEV	**$340.0**	**$465.0**
Exit debt		
DIP ABL Facility	$44.9	$44.9
Roll-over Exit Term Loan	50.0	50.0
Exit debt	**$94.9**	**$94.9**
Less: cash	–	–
Net debt at emergence	**$94.9**	**$94.9**
Implied distributable equity value	**$245.1**	**$370.1**

Any variance in actual results from the estimates set forth in the Business Plan could have a material impact on the valuation achieved. These estimated ranges of values are based on a hypothetical value that reflects the estimated intrinsic value of the Debtors derived through the application of various valuation methodologies. It should be understood that, although subsequent developments, before or after the Confirmation Hearing, may affect Rothschild's conclusions contained herein, Rothschild does not have any obligation to update, revise, or reaffirm its estimate. The summary set forth herein does not purport to be a complete description of the analyses performed by Rothschild. The preparation of an estimate involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods in the particular circumstances and, therefore, such an estimate is not readily susceptible to summary description. The value of an operating business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial conditions and prospects of such a business. As a result, the estimate of TEV set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. In addition, estimates of TEV do not purport to be appraisals, nor do they necessarily reflect the values that might be realized if assets were sold. The estimates prepared by Rothschild assume that the Reorganized Debtors will continue as the owner and operator of their businesses and assets and those assets are operated in accordance with the Business Plan. Depending on the results of the Debtors' operations or changes in the financial markets, the TEV of the Reorganized Debtors as of the Effective Date may differ materially from that disclosed herein.

In addition, and as discussed in Article VIII of the Disclosure Statement entitled "Certain Risk Factors to be Considered Before Voting," the valuation of newly issued securities, such as the new common stock, is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets and other factors that generally influence the prices of securities. Actual market prices of such securities also may be affected by other factors not possible to predict. Accordingly, the TEV estimated by Rothschild does not necessarily reflect, and should not be construed as reflecting, values that will be attained in the public or private markets. As noted in Article VIII.C of the Disclosure Statement, the Debtors do not anticipate that there will be an established market for the New Common Stock, which may be subject to transfer restrictions preventing or limiting trading in such securities.

B. Valuation Methodology

The following is a brief summary of certain financial analyses performed by Rothschild to arrive at its range of estimated TEV. Rothschild's valuation analysis must be considered as a whole. Reliance on only

one of the methodologies used, or portions of the analysis performed, could create a misleading or incomplete conclusion as to the TEV. The summary set forth below does not purport to be a complete description of the analyses performed by Rothschild. Rothschild performed and equally weighted these valuation analyses, resulting in a consolidated range of TEVs generated by the (i) discounted cash flow analysis and (ii) comparable company analysis.

(i) Discounted Cash Flow Analysis

The discounted cash flow (the "**DCF**") analysis is a forward-looking enterprise valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business. Under this methodology, projected future cash flows are discounted by the business's weighted average cost of capital (the "**Discount Rate**"). The Discount Rate reflects the estimated blended rate of return that would be required by debt and equity investors to invest in the business based on its target capital structure. Rothschild calculated a Discount Rate based on a traditional cost of equity capital calculation using the Capital Asset Pricing Model. Based on this methodology, Rothschild used a discount rate range of 14.0% - 15.0%, which reflects a number of Company and market-related considerations, and is calculated based on the cost of capital for companies that Rothschild deemed comparable. The TEV was determined by calculating the present value of the Reorganized Debtors' unlevered after-tax free cash flows based on the Business Plan, plus an estimate for the value of the Reorganized Debtors beyond the projection period known as the terminal value. The terminal value is estimated using a terminal multiple method derived using an exit multiple of Adjusted EBITDA based on a range selected to reflect the trading levels of the Peer Group (as defined below), discounted back to October 1, 2017. Although formulaic methods are used to derive the key estimates for the DCF methodology, their application and interpretation still involve complex considerations and judgments concerning potential variances in the projected financial and operating characteristics of the Reorganized Debtors, which in turn affect its cost of capital and terminal multiples. In applying the above methodology, Rothschild utilized the Business Plan for the period beginning October 1, 2017, and ending January 29, 2022, to derive unlevered after-tax free cash flows of the Debtors. Free cash flow includes sources and uses of cash not reflected in the income statement, such as capital expenditures, cash taxes, and changes in working capital. These cash flows, along with the terminal value, are discounted back to October 1, 2017 using a range of Discount Rates calculated in a manner described above to arrive at a range of TEVs.

(ii) Comparable Company Analysis

The comparable company valuation analysis estimates the value of a company based on a relative comparison with publicly traded companies with similar operating and financial characteristics (the "**Peer Group**"). Under this methodology, the TEV for each selected public company was determined by examining the trading prices for the equity securities of such company in the public markets and adding the aggregate amount of outstanding net debt for such company (at book value) and minority interests. Those enterprise values are commonly expressed as multiples of various measures of operating statistics, most commonly EBITDA. In addition, each of the Peer Group's sales growth, operational performance, operating margins, profitability, leverage and business trends were examined. Based on these analyses, financial multiples are calculated to apply to the Reorganized Debtors' projected financial performance.

A key factor to this approach is the selection of companies with relatively similar business and operational characteristics to the Reorganized Debtors. Common criteria for selecting comparable companies for the analysis include, among other relevant characteristics, similar lines of businesses, business risks, growth prospects, maturity of businesses, targeted customer demographics, market presence and size and scale of operations. The selection of appropriate comparable companies is often difficult, a matter of professional judgment, and subject to limitations due to sample size and the availability of meaningful market-based information. It should be noted that the selected companies are not identical to the Debtors.

Rothschild examined the selected Peer Groups' estimated EBITDA multiples to value the Debtors' business. In determining the applicable multiple and related ranges, Rothschild considered a variety of factors, including both qualitative attributes and quantitative measures such as historical and projected revenue growth, profitability, cost structure, EBITDA, size and similarity in business lines.

THE FOREGOING VALUATION IS BASED UPON A NUMBER OF ESTIMATES AND ASSUMPTIONS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS OR THE REORGANIZED DEBTORS. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE RANGES REFLECTED IN THE VALUATION WOULD BE REALIZED IF THE PLAN WERE TO BECOME EFFECTIVE, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE. THE DEBTORS' PROJECTIONS ON WHICH THE VALUATION WAS BASED ARE UNAUDITED AND MAY NOT HAVE BEEN PREPARED IN COMPLIANCE WITH ACCOUNTING PRINCIPALS, INCLUDING GAAP.

THE ESTIMATED CALCULATION OF A TEV RANGE IS HIGHLY DEPENDENT UPON ACHIEVING THE FUTURE FINANCIAL RESULTS AS SET FORTH IN THE BUSINESS PLAN, AS WELL AS THE REALIZATION OF CERTAIN OTHER ASSUMPTIONS, NONE OF WHICH ARE GUARANTEED AND MANY OF WHICH ARE OUTSIDE OF THE DEBTORS' CONTROL, THE FOREGOING VALUATION COULD BE MATERIALLY AFFECTED BY THE RISK FACTORS DISCUSSED IN ARTICLE VIII OF THE DISCLOSURE STATEMENT.

THE CALCULATIONS OF VALUE SET FORTH HEREIN REPRESENT ESTIMATED REORGANIZATION VALUES AND DO NOT NECESSARILY REFLECT VALUES THAT COULD BE ATTAINABLE IN PUBLIC OR PRIVATE MARKETS. THE TEV STATED HEREIN DOES NOT PURPORT TO BE AN ESTIMATE OF THE POST-REORGANIZATION MARKET VALUE FOR THE REORGANIZED DEBTORS. SUCH VALUE, IF ANY, MAY BE MATERIALLY DIFFERENT FROM THE REORGANIZED ENTERPRISE VALUE RANGES ASSOCIATED WITH THIS VALUATION ANALYSIS. NO RESPONSIBILITY IS TAKEN BY ROTHSCHILD FOR CHANGES IN MARKET CONDITIONS AND NO OBLIGATIONS ARE ASSUMED TO REVISE THIS CALCULATION OF THE REORGANIZED DEBTORS' VALUE TO REFLECT EVENTS OR CONDITIONS THAT SUBSEQUENTLY OCCUR. THE CALCULATIONS OF VALUE DO NOT CONFORM TO THE STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE.

EXHIBIT E

Restructuring Support Agreement

RHODES HOLDCO, RUE21, INC. AND EACH OF RUE21, INC.'S DOMESTIC SUBSIDIARIES

RESTRUCTURING SUPPORT AGREEMENT

As of May 15, 2017

This Restructuring Support Agreement (together with the exhibits and schedules attached hereto, as each may be amended, restated, supplemented, or otherwise modified from time to time in accordance with the terms hereof, this "Agreement"), dated as of May 15, 2017, is entered into by and among: (i) Rhodes Holdco, Inc. ("Holdings"), rue21, inc. ("rue21") and each of its subsidiaries (such subsidiaries, Holdings, and rue21, each a "rue21 Entity" and, collectively, the "rue21 Entities"); (ii) the lenders party to that certain Credit Agreement, dated as of October 10, 2013 (as amended, restated, modified, or supplemented from time to time in accordance with its terms, the "Term Loan Credit Agreement" and, collectively with any security agreement, intercreditor agreement, and any other collateral and ancillary documents, including any forbearance agreements, the "Term Loan Documents"), by and among Holdings and rue21, as borrower, Wilmington Savings Fund Society, FSB, in its capacity as successor administrative agent and collateral agent (solely in such capacity, the "Term Loan Agent"), and the lenders party thereto (the "Term Loan Lenders") that are (and any Term Loan Lender that may become in accordance with Section 14 hereof) signatories hereto (in their capacity as Term Loan Lenders and holders of Note Claims with respect to the holdings of Claims identified below their respective names on the signature pages hereto, the "Consenting Term Loan Lenders"); (iii) Affiliated Debt Funds and Non-Debt Fund Affiliates (each as defined in the Term Loan Credit Agreement; each, to the extent identified as "Consenting Sponsor Lenders" on the signature pages hereto, a "Consenting Sponsor Lender" and, collectively, the "Consenting Sponsor Lenders"); and (iv) the undersigned affiliates of the Sponsor (as defined in the Term Loan Credit Agreement) (solely in their capacities as holders of 100% of the direct and/or indirect existing equity interests (the "Interests") in the rue21 Entities (the "Consenting Sponsors" and, collectively with any Consenting Sponsor Lenders, the "Sponsor Entities"; together with the Consenting Tem Loan Lenders, the "Restructuring Support Parties"). This Agreement collectively refers to the rue21 Entities and the other Restructuring Support Parties as the "Parties" and each individually as a "Party."

Unless otherwise noted, capitalized terms used but not immediately defined have the meanings given to such terms elsewhere in this Agreement or in the Restructuring Term Sheet (as defined below), as applicable.

RECITALS

WHEREAS, the Parties have engaged in good faith, arm's-length negotiations regarding certain transactions (the "Restructuring Transactions") pursuant to the terms and conditions set forth in this Agreement, consistent with the terms and conditions of the term sheet attached hereto as Exhibit A (the "Restructuring Term Sheet");

WHEREAS, it is anticipated that the Restructuring Transactions will be implemented through jointly administered voluntary cases commenced (the date of such commencement, the "Petition Date") by the rue21 Entities (the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Western District of Pennsylvania (the "Bankruptcy Court"), pursuant to a joint plan of reorganization of the rue21 Entities (the "Plan"), which will be filed by the rue21 Entities in the Chapter 11 Cases and which Plan shall contain the terms and conditions as set forth herein and shall be consistent in all material respects with the Restructuring Term Sheet; and

WHEREAS, (i) the Consenting Term Loan Lenders (in their capacities as such, the "Term DIP Lenders") have committed pursuant to that certain Commitment Letter dated as of May 15, 2017 (the "Term DIP Commitment Letter") to (x) loan up to $50,000,000 in New Money Loans and (y) to exchange and convert up to $100,000,000 of Existing Term Loans into $100,000,000 of Roll-Up Loans, in each case, pursuant to a $150,000,000 superpriority senior secured debtor-in-possession facility (the "Term DIP Financing") that will be entered into by the rue21 Entities, Wilmington Savings Fund Society, FSB (in its capacity as such, the "Term DIP Agent") and the Term DIP Lenders; and (ii) the Consenting Term Loan Lenders have agreed to the rue21 Entities' use of cash collateral, in each case, on terms consistent with the Restructuring Term Sheet and otherwise pursuant to the DIP Orders and the applicable Definitive Documentation (as defined herein).

NOW, THEREFORE, in consideration of the promises, mutual covenants, and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the Parties, intending to be legally bound, hereby agrees as follows:

AGREEMENT

1. RSA Effective Date. This Agreement shall become effective, and the obligations contained herein shall become binding upon the Parties, upon the first date (such date, the "RSA Effective Date") that:

(a) this Agreement has been executed by all of the following:

(i) each rue21 Entity;

(ii) Consenting Term Loan Lenders holding, in the aggregate, at least 75.00% in principal amount of all claims outstanding under the Term Loan Documents (any such claims, the "Term Loan Claims"; and together with any claims under that certain Indenture dated as of October 10, 2013 among Rhodes Merger Sub, Inc. and Wells Fargo Bank, National Association, as trustee (as amended) (the "Note Claims"), the "Claims"); and

(iii) the Sponsor Entities; and

(b) the reasonable and documented fees and out-of-pocket expenses of the Term Loan Advisors, the Cross-Holder Advisors (subject to Section 16 hereof) and the Sponsor Advisor (each as defined in Section 16 hereof) invoiced and outstanding as of the date hereof have been paid in full in cash.

2. Exhibits and Schedules Incorporated by Reference. Each of the exhibits attached hereto and any schedules to such exhibits (collectively, the "Exhibits and Schedules") is expressly incorporated herein and made a part of this Agreement, and all references to this Agreement shall include the Exhibits and Schedules. In the event of any inconsistency between this Agreement (excluding the Exhibits and Schedules) and the Exhibits and Schedules, this Agreement (excluding the Exhibits and Schedules) shall govern. In the event of any inconsistency between the terms of this Agreement (including the Exhibits and Schedules) and the Plan, the terms of the Plan shall govern.

3. Definitive Documentation.

(a) The definitive documents and agreements governing the Restructuring Transactions or the Sale (as applicable) (collectively, the "Definitive Documentation") shall include, without limitation:

(i) the Plan (and all exhibits thereto);

(ii) the confirmation order with respect to the Plan (the "Confirmation Order") and any motion or other pleadings related to the Plan or confirmation of the Plan;

(iii) the related disclosure statement (and all exhibits thereto) with respect to the Plan (the "Disclosure Statement");

(iv) the solicitation materials with respect to the Plan (collectively, the "Solicitation Materials");

(v) the motion (the "Solicitation Motion") seeking approval of, and the order of the Bankruptcy Court approving, the Disclosure Statement and the Solicitation Materials (such order, the "Solicitation Order");

(vi) the DIP Orders;

(vii) the postpetition debtor-in-possession credit agreement for the Term DIP Financing (the "Term DIP Credit Agreement") to be entered into in accordance with the Term DIP Commitment Letter, the Restructuring Term Sheet and the DIP Orders, including any amendments, modifications, supplements thereto, and together with any related notes, certificates, agreements, security agreements, documents and instruments (including any amendments, restatements, supplements or modifications of any of

the foregoing) related to or executed in connection therewith (collectively, the "Term DIP Documents");

(viii) the postpetition debtor-in-possession credit agreement (the "ABL DIP Credit Agreement" and, together with the Term DIP Credit Agreement, the "DIP Credit Agreements") for the $125,000,000 superpriority senior secured debtor-in-possession facility (the "ABL DIP Financing") to be entered into on terms substantially similar to the terms set forth in the draft ABL DIP Financing documents provided to the Restructuring Support Parties on the date hereof and otherwise in accordance with the DIP Orders by the rue21 Entities, Bank of America, N.A., as Administrative Agent (in its capacity as such, the "ABL DIP Agent") and the lenders party thereto (the "ABL DIP Lenders"), including any amendments, modifications, supplements thereto, and together with any related notes, certificates, agreements, security agreements, documents and instruments (including any amendments, restatements, supplements or modifications of any of the foregoing) related to or executed in connection therewith (collectively, the "ABL DIP Documents");

(ix) the credit agreements for each of (i) the Exit Term Facility to be entered into on the Plan Effective Date (as defined below) (the "Exit Term Loan Credit Agreement"), including any amendments, modifications, supplements thereto, and together with any related notes, certificates, agreements, intercreditor agreements, security agreements, documents and instruments (including any amendments, restatements, supplements or modifications of any of the foregoing) related to or executed in connection therewith (collectively, the "Exit Term Loan Credit Documents") and (ii) an asset-based credit facility to be entered into on the Plan Effective Date (the "Exit ABL Credit Agreement" and, together with the Exit Term Loan Credit Agreement, the "Exit Credit Agreements"), including any amendments, modifications, supplements thereto, and together with any related notes, certificates, agreements, intercreditor agreements, security agreements, documents and instruments (including any amendments, restatements, supplements or modifications of any of the foregoing) related to or executed in connection therewith or any commitment therefor (collectively, the "Exit ABL Credit Documents" and, together with the Exit Term Loan Credit Documents, the "Exit Credit Documents");

(x) the charter, bylaws and any governance documents that will govern Holdings, as reorganized on the Plan Effective Date; and

(xi) to the extent applicable, the Sale Motion, the Bidding Procedures Order, Sale Order, the purchase agreement governing the Sale, and any "stalking horse" purchase agreement entered into in connection with the Sale process (each capitalized term as defined below).

(b) Except as set forth herein, the Definitive Documentation (and any modifications, supplements or amendments thereto) will, after the RSA Effective Date, remain subject to negotiation and shall, upon completion, contain terms, conditions, representations, warranties, and covenants consistent in all material respects with the terms of this Agreement (including the Exhibits and Schedules) and be in form and substance reasonably satisfactory in all respects to each of: (i) the rue21 Entities; (ii) the Consenting Term Loan Lenders who hold, in the aggregate, more than 50% in principal amount outstanding of all Term Loan Claims held by Consenting Term Loan Lenders (the "Required Consenting Term Loan Lenders"); (iii) a majority of the Ad Hoc Cross-Holder Group (as defined in the Restructuring Term Sheet) solely with respect to the General Unsecured Claims Carve-Out (as defined in the Restructuring Term Sheet); and (iv) the Sponsor Entities, solely to the extent such Definitive Documentation or such other documents referenced herein (or such amendments, modifications or supplements), as applicable, with respect to the Sponsor Entities, (A) adversely affects, directly or indirectly, in any respect the economic rights, waivers, or releases proposed to be granted to, or received by, the Sponsor Entities pursuant to the Plan (including, but not limited to, through the treatment (or change to the treatment) under the Plan of any claim or interest), other than such different treatment that may be consented to by any Sponsor Entity, (B) adversely affects, directly or indirectly, in any respect any obligation any of the Sponsor Entities may have pursuant to the Plan, or (C) with respect to the DIP Orders, adversely affects, directly or indirectly, in any respect the adequate protection, waivers, or releases proposed to be granted to the Consenting Sponsor Lenders under any of the DIP Orders (such rights of the Sponsor Entities to consent or approve Definitive Documentation, the "Sponsor Entities Consent Right"); provided, however, with respect to any Sponsor Entity's capacity as a Consenting Sponsor Lender, the Sponsor Entities Consent Right shall only apply to the extent the rights, benefits or obligations of such Consenting Sponsor Lender are adversely and disproportionately affected as compared to the rights, benefits and obligations of the other Consenting Term Loan Lenders.

4. Milestones. As provided in and subject to Sections 6 and 9 of this Agreement, the rue21 Entities shall implement the Restructuring Transactions or the Sale (as applicable) in accordance with the following milestones (the "Milestones"); provided that the rue21 Entities may extend a Milestone only with the express prior written consent of the Required Consenting Term Loan Lenders:

(a) the rue21 Entities shall commence the Chapter 11 Cases by filing voluntary petitions under chapter 11 of the Bankruptcy Code with the Bankruptcy Court by no later than May 16, 2017 (the "Petition Date");

(b) the Bankruptcy Court shall enter the Interim DIP Order, subject to compliance with Section 3 hereof, approving the Term DIP Financing and ABL DIP Financing on an interim basis by no later than three (3) business days following the Petition Date;

(c) the rue21 Entities shall file with the Bankruptcy Court a motion requesting an extension of the date by which they must assume or reject unexpired leases of non-residential real property, subject to compliance with Section 3 hereof, by no later than ten (10) days following the Petition Date;

(d) the rue21 Entities shall file with the Bankruptcy Court, by no later than fifteen (15) days following the Petition Date, the Plan, Disclosure Statement, and the Solicitation Motion, in each case, subject to compliance with Section 3 hereof;

(e) either (i) the lenders party to that certain ABL Credit Agreement, dated as of October 10, 2013 (as amended, restated, modified, or supplemented from time to time in accordance with its terms and collectively with any letter of credit documentation, security agreement, intercreditor agreement, and any other collateral and ancillary documents, including any forbearance agreements, the "Existing ABL Documents"), by and among Holdings and rue21, as borrower, Bank of America, N.A., in its capacity as administrative agent and collateral agent, and the lenders party thereto shall have agreed to convert all of their claims arising under the Existing ABL Documents and ABL DIP Documents into loans under the Exit ABL Credit Agreement pursuant to the Plan (which Exit ABL Credit Agreement shall provide for commitments in an amount of not less than $125 million), or (ii) the rue21 Entities shall have obtained a binding written commitment, subject to compliance with Section 3 hereof, for an asset-based loan facility in an amount sufficient to repay in full on the Plan Effective Date the claims arising under the ABL DIP Documents (which asset-based loan facility shall provide for commitments in an amount of not less than $125 million), in each case, by no later than one business day prior to the Debtors' second borrowing request under the Term DIP Credit Agreement as described in the sections entitled "2. Second Draw" and "Conditions Precedent to Second Draw" set forth on page 2 of the Restructuring Term Sheet;

(f) the Bankruptcy Court shall enter the Final DIP Order, subject to compliance with Section 3 hereof, approving the Term DIP Financing and the ABL DIP Financing on a final basis by no later than thirty-five (35) days following the Petition Date;

(g) the Bankruptcy Court shall enter the Solicitation Order, which order shall be subject to compliance with Section 3 hereof, by no later than fifty (50) days following the Petition Date (such date "Solicitation Order Deadline");

(h) the Bankruptcy Court shall enter the Confirmation Order, which order shall be subject to compliance with Section 3 hereof, by no later than one hundred and five (105) days following the Petition Date;

(i) the Plan shall become effective (the "Plan Effective Date") by no later than one hundred and fifteen (115) days following the Petition Date;

(j) in the event the Bankruptcy Court does not enter the Solicitation Order by the Solicitation Order Deadline, then the rue21 Entities shall file with the Bankruptcy Court a motion to approve the sale of substantially all of their assets (the "Sale") under section 363 of the Bankruptcy Code (the "Sale Motion"), subject to compliance with Section 3 hereof, by no later than fifty-five (55) days following Petition Date;

(k) in the event the rue21 Entities file a Sale Motion, the Bankruptcy Court shall enter an order approving the bidding procedures governing the Sale process (the "Bidding Procedures Motion"), subject to compliance with Section 3 hereof, by no later than seventy-five (75) days following the Petition Date;

(l) in the event the rue21 Entities file a Sale Motion, the Bankruptcy Court shall enter an order approving the Sale (the "Sale Order"), subject to compliance with Section 3 hereof, by no later than one hundred and ten (110) days following the Petition Date; and

(m) in the event the rue21 Entities file a Sale Motion, the rue21 Entities shall consummate the Sale by no later than one hundred and twenty (120) days following the Petition Date.

5. Commitments of the Consenting Term Loan Lenders.

(a) Each Consenting Term Loan Lender and each Consenting Sponsor Lender shall (severally and not jointly), from the RSA Effective Date until (x) the occurrence of the Termination Date (as defined in Section 12), with respect to such Consenting Term Loan Lender, or (y) the Termination Date or Sponsor Termination Date (as defined in Section 12), with respect to such Consenting Sponsor Lender:

(i) support and cooperate with the rue21 Entities to make commercially reasonable efforts to consummate the Restructuring Transactions or the Sale (as applicable) in accordance with the terms and conditions of this Agreement and the Restructuring Term Sheet (but without limiting the applicable consent and

approval rights provided in this Agreement and the Definitive Documentation), by: (i) voting all of its Claims, whether now or hereafter owned, to accept any filed Plan, consistent with the terms of the Restructuring Term Sheet in accordance with the Solicitation Order; (ii) timely returning a duly-executed ballot in connection therewith; and (iii) not "opting out" of any releases under the Plan;

(ii) support and use commercially reasonable efforts to consummate the Term DIP Financing pursuant to the Term DIP Commitment Letter, the DIP Orders and the Term DIP Documents (including the exchange and conversion of Existing Term Loans into Roll-Up Loans);

(iii) not withdraw, amend, or revoke (or cause to be withdrawn, amended, or revoked) its tender, consent, or vote with respect to the Plan; provided however, that all votes tendered by the Consenting Term Loan Lenders to accept the Plan shall be immediately revoked and deemed void *ab initio* upon the occurrence of a Termination Date without any further notice to or action, order, or approval of the Bankruptcy Court;

(iv) support, and not object to, or materially delay or impede, or take any other action to materially interfere, directly or indirectly, with the Restructuring Transactions or the Sale (as applicable);

(v) support, and not object to, or materially delay or impede, or take any other action to materially interfere, directly or indirectly, with the entry by the Bankruptcy Court of any of the DIP Orders, and shall not propose, file, support or file a pleading with the Bankruptcy Court seeking entry of an order authorizing, directly or indirectly, any use of cash collateral or debtor-in-possession financing other than as proposed in each of the DIP Orders;

(vi) not directly or indirectly seek, solicit, encourage, formulate, consent to, propose, file, support, negotiate, participate in or vote for any restructuring, workout, plan of reorganization or liquidation, proposal, offer, dissolution, winding up, liquidation, reorganization, merger, consolidation, business combination, joint venture, partnership, or sale of assets of, or in respect of, the rue21 Entities other than the Plan, or encourage or cause any party to do any of the foregoing, including, but not limited to, any action taken directly or indirectly to induce the Term Loan Agent to undertake any action set forth in this subsection;

(vii) to the extent any legal or structural impediment arises that would prevent, hinder, or delay the consummation of the Restructuring

Transactions or the Sale (as applicable), negotiate in good faith appropriate additional or alternative provisions to address any such impediment; provided that the economic outcome for the Consenting Term Loan Lenders, and the anticipated timing of the closing and other material terms of this Agreement must be substantially preserved in any such alternate provisions; and

(viii) not object to, or otherwise contest, any application filed with the Bankruptcy Court seeking: (i) entry of an order by the Bankruptcy Court, consistent with the engagement letter between the rue21 Entities and the respective rue21 Advisor (defined below) previously shared with the Consenting Term Loan Lenders, Consenting Sponsor Lenders, and the Sponsor Entities (each such order, a "Retention Order"), authorizing the rue21 Entities to retain and employ Kirkland & Ellis LLP, Berkeley Research Group, LLC, and Rothschild, Inc. (collectively, the "rue21 Advisors"); or (ii) allowance of any completion, transaction, or success fee (or similar fee) set forth in the respective rue21 Advisor's engagement letter with the rue21 Entities so long as such completion, transaction, or success fee (or similar fee) is consistent with the terms of the applicable rue21 Advisor's Retention Order.

(b) Each Consenting Term Loan Lender covenants to the other Consenting Term Loan Lenders that, in the event the Plan is not confirmed, any subsequent transaction proposed in the Chapter 11 Cases that is supported by the Required Consenting Term Loans Lenders shall provide for the treatment of general unsecured claims against the rue21 Entities as set forth in the section entitled "Treatment of General Unsecured Claims" in the Restructuring Term Sheet.

(c) Notwithstanding the foregoing, nothing in this Agreement and neither a vote to accept the Plan by any Consenting Term Loan Lender nor the acceptance of the Plan by any Consenting Term Loan Lender shall (x) be construed to prohibit any Consenting Term Loan Lender from contesting whether any matter, fact, or thing is a breach of, or is inconsistent with, this Agreement or the Definitive Documentation, or exercising its rights or remedies specifically reserved herein or in the Term Loan Documents or the Definitive Documentation; (y) be construed to prohibit or limit any Consenting Term Loan Lender from appearing as a party-in-interest in any matter to be adjudicated in the Chapter 11 Cases, so long as, from the RSA Effective Date until the occurrence of a Termination Date, such appearance and the positions advocated in connection therewith are not materially inconsistent with this Agreement, are not prohibited by this Agreement, and are not for the purpose of hindering, delaying, or preventing the consummation of the Restructuring Transactions or the Sale (as applicable) or (z) limit the ability of a Consenting Term Loan Lender to sell or enter into any transactions in connection with any

Claims, Interests or any other claims against or interests in the rue21 Entities, subject to Section 14 of this Agreement.

6. Commitment of the rue21 Entities.

(a) Subject to Sub-Clause (ii) of this Section 6(a), the rue21 Entities shall, from the RSA Effective Date until the occurrence of a Termination Date:

(i) operate their businesses in the ordinary course, including, but not limited to, maintaining their accounting methods, using their commercially reasonable efforts to preserve their assets and their business relationships, continuing to operate their billing and collection procedures, and maintaining their business records in accordance with their past practices;

(ii) prepare the Definitive Documents and any related documents, and distribute the applicable documents to the Required Consenting Term Loan Lenders as soon as reasonably practicable, but in no event less than at least (3) days before the date when the rue21 Entities intend to file such document and afford reasonable opportunity to provide prompt comment and review to the respective legal and financial advisors of the Required Consenting Term Loan Lenders;

(iii) commence the Chapter 11 Cases by no later than May 16, 2017;

(iv) timely comply with all Milestones;

(v) pursuant to the Milestones, timely (A) file the motion seeking entry, and seek entry by the Bankruptcy Court of each, of the DIP Orders, (B) file the Disclosure Statement and Solicitation Motion and seek entry by the Bankruptcy Court of the Solicitation Order, and (C) file the Plan and seek entry by the Bankruptcy Court of the Confirmation Order;

(vi) (A) support and use commercially reasonable efforts to execute and complete the Restructuring Transactions set forth in this Agreement and the Plan or the Sale (as applicable), (B) negotiate in good faith all Definitive Documentation and take any and all necessary and appropriate actions in furtherance of this Agreement, and (C) make commercially reasonable efforts to complete the Restructuring Transactions or the Sale (as applicable) in accordance with each applicable Milestone;

(vii) support and use commercially reasonable efforts to consummate the (x) Term DIP Financing pursuant to the Term DIP Commitment Letter, the DIP Orders and the Term DIP Documents (including the exchange and conversion of Existing Term Loans

into Roll-Up Loans) and (y) the ABL DIP Financing pursuant to the DIP Orders and the ABL DIP Documents;

(viii) timely file a formal objection, in form and substance reasonably acceptable to the Required Consenting Term Loan Lenders, to any motion filed with the Bankruptcy Court by a party seeking the entry of an order (A) directing the appointment of a trustee or examiner (with expanded powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code), (B) converting any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code, or (C) dismissing any of the Chapter 11 Cases;

(ix) timely file a formal objection, in form and substance reasonably acceptable to the Required Consenting Term Loan Lenders, to any motion filed with the Bankruptcy Court by a party seeking the entry of an order modifying or terminating the rue21 Entities' exclusive right to file and/or solicit acceptances of a plan of reorganization, as applicable;

(x) timely file a formal objection, in form and substance reasonably acceptable to the Required Consenting Term Loan Lenders, to any motion, application, or adversary proceeding (A) challenging the validity, enforceability, perfection, or priority of, or seeking avoidance or subordination of, any portion of the Term Loan Claims, or (B) asserting any other cause of action against and/or with respect or relating to such claims or the prepetition liens securing such claims;

(xi) to the extent that any legal or structural impediment arises that would prevent, hinder, or delay the consummation of the transactions contemplated in this Agreement or the Plan, negotiate in good faith appropriate additional or alternative provisions to address any such impediment, in consultation with the Required Consenting Term Loan Lenders; provided, however, that the economic outcome for the Required Consenting Term Loan Lenders, the anticipated timing of confirmation and the effective date of the Plan, and other material terms as contemplated herein must be substantially preserved, as determined by the Required Consenting Term Loan Lenders;

(xii) maintain their good standing under the laws of the state or other jurisdiction in which they are incorporated or organized;

(xiii) promptly notify the Required Consenting Term Loan Lenders in writing of any governmental or third party complaints, litigations, investigations, or hearings (or communications indicating that the same may be contemplated or threatened);

(xiv) if the rue21 Entities know of a breach by any rue21 Entity in any respect of the obligations, representations, warranties, or covenants of the rue21 Entities set forth in this Agreement, furnish prompt written notice (and in any event within three (3) days of such actual knowledge) to the Required Consenting Term Loan Lenders and promptly take all remedial action necessary to cure such breach by any such rue21 Entity; and

(xv) pay in cash (A) prior to the Petition Date, all reasonable and documented fees and out-of-pocket expenses accrued prior to the Petition Date for which invoices or receipts are furnished by the Term Loan Advisors or the Sponsor Advisor, (B) after the Petition Date, subject to any applicable orders of the Bankruptcy Court, all reasonable and documented fees and out-of-pocket expenses incurred by the Term Loan Advisors and the Cross-Holder Advisors (subject to Section 16 hereof) on and after the Petition Date from time to time, but in any event within seven (7) days of delivery to the rue21 Entities of any applicable invoice or receipt and (C) on the Plan Effective Date, reimbursement to the Term Loan Advisors and the Sponsor Advisor for all reasonable and documented fees and out-of-pocket expenses incurred and outstanding in connection with the Restructuring Transactions or the Sale (as applicable).

(b) The rue21 Entities shall not seek, solicit, or support any dissolution, winding up, liquidation, reorganization, assignment for the benefit of creditors, merger, transaction, consolidation, business combination, joint venture, partnership, sale of assets (other than sales in the ordinary course of business or sales of *de minimis* assets), financing (debt or equity) or restructuring of the rue21 Entities, other than the Restructuring Transactions or the Sale (each, an "Alternative Transaction"); provided, however, that (i) if any of the rue21 Entities receive a proposal or expression of interest regarding any Alternative Transaction from the RSA Effective Date until the occurrence of a Termination Date, the rue21 Entities shall promptly notify counsel to the other Parties of any such proposal or expression of interest, with such notice to include the material terms thereof, including the identity of the person or group of persons involved, and (ii) the rue21 Entities shall promptly furnish counsel to the other Parties with copies of any written offer, oral offer, or any other information that they receive relating to the foregoing and shall promptly inform counsel to the other Parties of any material changes to such proposals. The rue21 Entities shall not enter into any confidentiality agreement with a party interested in an Alternative Transaction unless such party consents to identifying and providing to counsel to the Parties (under a reasonably acceptable confidentiality agreement) the information contemplated under this Section 6(b).

7. Commitment of the Sponsor Entities. In addition to the commitments undertaken by the Sponsor Entities in their respective capacities as Consenting Term Loan Lenders set forth in Section 5 hereof, each Sponsor Entity shall (severally and not jointly and severally), from the RSA Effective Date until the occurrence of a Termination Date or a Sponsor Termination Date, as applicable:

(a) support and cooperate with the rue21 Entities to make commercially reasonable efforts to consummate the Restructuring Transactions in accordance with the Plan and the terms and conditions of this Agreement and the Restructuring Term Sheet (but without limiting the applicable consent and approval rights provided in this Agreement and the Definitive Documentation), by: (i) voting all of its claims (including all of its Claims) against any of rue21 Entities, and Interests, now or hereafter owned by such Sponsor Entity (or for which such Sponsor Entity now or hereafter serves as the nominee, investment manager, or advisor for holders thereof), to accept the Plan in accordance with the Solicitation Order; (ii) timely returning a duly-executed ballot in connection therewith; and (iii) not "opting out" of any releases under the Plan (except such Sponsor Entity shall no longer be prohibited from not "opting out" of granting such a release to any Consenting Term Loan Lender in the event any such Consenting Term Loan Lender, as applicable, has materially breached or terminated this Agreement);

(b) not withdraw, amend, or revoke (or cause to be withdrawn, amended, or revoked) its tender, consent, or vote with respect to the Plan; provided that, upon the occurrence of a Termination Date or a Sponsor Termination Date, all tenders, consents, and votes tendered by the Sponsor Entities (as applicable) shall be immediately revoked and deemed void *ab initio*, in each case, without any further notice to or action, order, or approval of the Bankruptcy Court;

(c) to the extent any legal or structural impediment that would prevent, hinder, or delay the consummation of the Restructuring Transactions or the Sale (as applicable), negotiate in good faith appropriate additional or alternative provisions to address any such impediment; provided that the economic outcome for the Consenting Term Loan Lenders, the anticipated timing of the closing and other material terms of this Agreement must be substantially preserved in any such alternate provisions;

(d) not, directly or indirectly, seek, support, negotiate, engage in any discussions relating to or solicit any Alternative Transaction;

(e) not (i) pledge, encumber, assign, sell, or otherwise transfer, including by the declaration of a worthless stock deduction for any tax year ending on or prior to the Plan Effective Date, offer, or contract to pledge, encumber, assign, sell, or otherwise transfer, in whole or in part, directly or indirectly, any portion of its right, title, or interests in any of its shares,

stock, or other interests in the rue21 Entities or beneficial ownership thereof (including, for the avoidance of doubt, certain transfers of and declarations of worthlessness with respect to equity securities in Rhodes Holdings LP, Rhodes Topco, Inc., Rhodes Midco, Inc. or Rhodes Sub LLC), or (ii) acquire any interest or rights in any outstanding indebtedness of the rue21 Entities (other than the acquisition of Roll-Up Loans in exchange for Existing Term Loans held by any Sponsor Entity as of the date hereof), in each case, to the extent such pledge, encumbrance, assignment, sale, acquisition, declaration of worthlessness or other transfer will limit, reduce, eliminate or otherwise impair or adversely affect any of the rue21 Entities' tax attributes (including by reason of sections 108 or 382 of the Internal Revenue Code of 1986);

(f) not directly or indirectly (i) object to, delay, impede or take any other action to interfere with the pursuit, implementation, or consummation of the Restructuring Transactions or the Sale (as applicable); (ii) propose, file, support, vote, or consent to any discussions regarding the negotiation or formulation of, or otherwise pursue, any proposal, offer, dissolution, winding up, liquidation, reorganization, merger, consolidation, business combination, joint venture, partnership, sale of assets, or restructuring for any of the rue21 Entities other than as contemplated and agreed to in connection with the Restructuring Transactions or the Sale (as applicable); or (iii) take any other action that is inconsistent with, or that would delay or obstruct the proposal or consummation of the Restructuring Transactions or the Sale (as applicable); and

(g) not object to, or otherwise contest, any application filed with the Bankruptcy Court seeking: (i) entry of a Retention Order by the Bankruptcy Court; or (ii) allowance of any completion, transaction, or success fee (or similar fee) set forth in the respective rue21 Advisor's engagement letter with the rue21 Entities so long as such completion, transaction, or success fee (or similar fee) is consistent with the terms of the applicable rue21 Advisor's Retention Order.

Notwithstanding the foregoing, nothing in this Agreement and neither a vote to accept the Plan by any Sponsor Entity nor the acceptance of the Plan by any Sponsor Entity shall (x) be construed to prohibit any Sponsor Entity from contesting whether any matter, fact, or thing is a breach of, or is inconsistent with, this Agreement or the Definitive Documentation, or exercising its rights or remedies specifically reserved herein or in the Term Loan Documents or the Definitive Documentation; (y) be construed to prohibit or limit any Sponsor Entity from appearing as a party-in-interest in any matter to be adjudicated in the Chapter 11 Cases, so long as, from the RSA Effective Date until the occurrence of a Termination Date or a Sponsor Termination Date, such appearance and the positions advocated in connection therewith are not inconsistent with this Agreement, are not prohibited by this Agreement, and are not for the purpose of hindering, delaying, or preventing the consummation of the Restructuring Transactions or the Sale (as applicable); or (z) limit the ability of a Sponsor Entity to sell or enter into any transactions in connection with any Claims, Interests or any other claims against or

interests in the rue21 Entities, subject to this Section 7 and Section 14, as applicable, of this Agreement.

8. Required Consenting Term Loan Lender Termination Events. Each of the Required Consenting Term Loan Lenders shall have the right, but not the obligation, upon notice to the other Parties, to terminate the respective obligations of the Consenting Term Loan Lenders under this Agreement upon the occurrence of certain events specified below, unless waived, in writing, by the Required Consenting Term Loan Lenders on a prospective or retroactive basis (a "Consenting Term Loan Lender Termination Event"):

(a) the failure to meet any of the Milestones unless (i) such failure is the result of any act, omission, or delay on the part of the Consenting Term Loan Lenders in violation of their obligations under this Agreement or (ii) such Milestone is extended in accordance with Section **4** of this Agreement;

(b) the occurrence of a material breach of this Agreement by any rue21 Entity that has not been cured (if susceptible to cure) within three (3) business days after written notice to the rue21 Entities of such material breach by the Required Consenting Term Loan Lenders asserting such termination;

(c) the conversion of one or more of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code;

(d) the dismissal of one or more of the Chapter 11 Cases;

(e) the appointment of a trustee, receiver, or examiner with expanded powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code in one or more of the Chapter 11 Cases;

(f) any Definitive Documentation does not comply with Section **3** of this Agreement or any other document or agreement necessary to consummate the Restructuring Transactions or the Sale (as applicable) is not reasonably satisfactory to the Required Consenting Term Loan Lenders;

(g) any rue21 Entity (i) amends, or modifies, or files a pleading seeking authority to amend or modify, the Definitive Documentation in a manner that is materially inconsistent with this Agreement; (ii) suspends or revokes the Restructuring Transactions or the Sale (as applicable); or (iii) publicly announces its intention to take any such action listed in sub-clauses (i) and (ii) of this subsection;

(h) any rue21 Entity accepts an Alternative Transaction, subject to Section 7(b), hereof, including, but not limited to filing with the Bankruptcy Court, or publicly announcing that it will file with the Bankruptcy Court, any plan of reorganization inconsistent with this Agreement and the Restructuring Term Sheet;

(i) any rue21 Entity files any motion or application seeking authority to sell any material assets without the prior written consent of the Required Consenting Term Loan Lenders, provided, however, that the rue21 Entities may file motions or applications seeking authority to sell assets in conjunction with the Sale without triggering a Consenting Term Loan Lender Termination Event;

(j) the issuance by any governmental authority, including the Bankruptcy Court, any regulatory authority, or any other court of competent jurisdiction, of any ruling or order enjoining the substantial consummation of any of the Restructuring Transactions or the Sale (as applicable); provided, however, that the rue21 Entities shall have three (3) business days after the issuance of such ruling or order to obtain relief that would allow consummation of the applicable Restructuring Transaction or the Sale (as applicable) in a manner that (i) does not prevent or diminish in a material way compliance with the terms of this Agreement, or (ii) is reasonably acceptable to the Required Consenting Term Loan Lenders;

(k) the Bankruptcy Court enters any order authorizing the use of cash collateral or post-petition financing that is not in the form of the applicable DIP Order or otherwise consented to by the Required Consenting Term Loan Lenders;

(l) the rue21 Entities' failure to consummate the ABL DIP Financing;

(m) the occurrence of any Event of Default under the Term DIP Documents, the ABL DIP Documents or the DIP Order, as applicable, that has not been cured (if susceptible to cure);

(n) a breach by any rue21 Entity of any representation, warranty, or covenant of such rue21 Entity set forth in this Agreement that (to the extent curable) remains uncured for a period of three (3) business days after the receipt by the rue21 Entities of written notice and description of such breach from any other Party;

(o) either (i) any rue21 Entity or any Restructuring Support Party files a motion, application, or adversary proceeding (or any rue21 Entity or Restructuring Support Party supports any such motion, application, or adversary proceeding filed or commenced by any third party) (A) challenging the validity, enforceability, perfection, or priority of, or seeking avoidance or subordination of, any portion of the Term Loan Claims, or (B) asserting any other cause of action against and/or with respect or relating to such claims or the prepetition liens securing such claims; or (ii) the Bankruptcy Court (or any court with jurisdiction over the Chapter 11 Cases) enters an order that is inconsistent with this Agreement or the Restructuring Term Sheet in any material respect;

(p) any rue21 Entity terminates its obligations under and in accordance with Section 9 of this Agreement;

(q) the Required Consenting Term Loan Lenders terminate their obligations under and in accordance with this Section 8;

(r) if the Bankruptcy Court enters an order in the Chapter 11 Cases terminating any of the rue21 Entities' exclusive right to file a plan or plans of reorganization or to solicit acceptances thereof pursuant to section 1121 of the Bankruptcy Code;

(s) the Bankruptcy Court enters an order granting relief from the automatic stay imposed by section 362 of the Bankruptcy Code authorizing any party to proceed against any material asset of any of the rue21 Entities or that would materially and adversely affect any of the rue 21 Entities' ability to operate their businesses in the ordinary course;

(t) the commencement of an involuntary case against any rue21 Entity or the filing of an involuntary petition seeking bankruptcy, winding up, dissolution, liquidation, administration, moratorium, reorganization or other relief in respect of such rue21 Entity, or of a substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency, administrative receivership or similar law now or hereafter in effect, provided that such involuntary case is not dismissed within a period of thirty (30) days after the commencement thereof, or if any court grants the relief sought in such involuntary proceeding;

(u) any rue21 Entity (i) voluntarily commences any case or files any petition seeking bankruptcy, winding up, dissolution, liquidation, administration, moratorium, reorganization or other relief under any federal, state, or foreign bankruptcy, insolvency, administrative receivership or similar law now or hereafter in effect except as provided in this Agreement, (ii) consents to the institution of, or fails to contest in a timely and appropriate manner, any involuntary case, proceeding or petition described above, (iii) files an answer admitting the material allegations of a petition filed against it in any such proceeding, (iv) applies for or consents to the appointment of a receiver, administrator, administrative receiver, trustee, custodian, sequestrator, conservator or similar official, (v) makes a general assignment or arrangement for the benefit of creditors or (vi) takes any corporate action for the purpose of authorizing any of the foregoing;

(v) if (i) any of the DIP Orders are reversed, stayed, dismissed, vacated, reconsidered, modified, or amended without the consent of the Required Consenting Term Loan Lenders or (ii) a motion for reconsideration, reargument, or rehearing with respect to any such order has been filed and the rue21 Entities have failed to timely object to such motion;

(w) if any of the DIP Orders, the Solicitation Order, the Confirmation Order, or the Sale Order are reversed, stayed, dismissed, vacated, reconsidered, modified, or amended without the consent of the Required Consenting Term Loan Lenders or a motion for reconsideration, reargument, or rehearing with respect to such orders has been filed and the rue21 Entities have failed to timely object to such motion; or

(x) the occurrence of any Maturity Date (as defined in each of the DIP Credit Agreements).

9. rue21 Entities' Termination Events. Each rue21 Entity may, upon notice to the Restructuring Support Parties, terminate its obligations under this Agreement upon the occurrence of any of the following events (each, a "Company Termination Event"), subject to the rights of the rue21 Entities to fully or conditionally waive, in writing, on a prospective or retroactive basis, the occurrence of a Company Termination Event:

(a) a breach by a Restructuring Support Party of any representation, warranty, or covenant of such Restructuring Support Party set forth in this Agreement that could reasonably be expected to have a material adverse impact on the consummation of the Restructuring Transactions or the Sale (as applicable) that (to the extent curable) remains uncured for a period of three (3) business days after notice to all Restructuring Support Parties of such breach and a description thereof;

(b) the occurrence of a breach of this Agreement by any Restructuring Support Party that has the effect of materially impairing any of the rue21 Entities' ability to effectuate the Restructuring Transactions or the Sale (as applicable) and has not been cured (if susceptible to cure) within three (3) business days after notice to all Restructuring Support Parties of such breach and a description thereof;

(c) upon notice to the Restructuring Support Parties, if the board of directors of any rue21 Entity determines, after receiving advice from outside counsel, that (i) proceeding with the Restructuring Transactions or the Sale (as applicable) (including, without limitation, adherence to the terms of this Agreement) would be inconsistent with the exercise of its fiduciary duties or (ii) an Alternative Transaction is more favorable than the Plan and continued support of the Plan would be inconsistent with the exercise of its fiduciary duties;

(d) the entry by the Bankruptcy Court of an order terminating the rue21 Entities' exclusive right to file a plan of reorganization pursuant to section 1121 of the Bankruptcy Code;

(e) either the order approving the Disclosure Statement, the Confirmation Order or Sale Order is reversed, stayed, dismissed, vacated, reconsidered

or is materially modified or materially amended after entry in a manner that is not reasonably acceptable to the rue21 Entities;

(f) the issuance by any governmental authority, including the Bankruptcy Court, any regulatory authority, or any other court of competent jurisdiction, of any ruling or order enjoining the substantial consummation of the Restructuring Transactions or the Sale (as applicable); provided, however, that the rue21 Entities have made commercially reasonable, good faith efforts to cure, vacate, or have overruled such ruling or order prior to terminating this Agreement;

(g) the Required Consenting Term Loan Lenders terminate their obligations under and in accordance with Section 8; or

(h) the Definitive Documentation does not comply with Section **3** of this Agreement.

10. The Sponsor Entities' Termination Events. Each Sponsor Entity shall have the right, but not the obligation, upon notice to the other Parties, to terminate its obligations under this Agreement upon the occurrence of any of the following events (each, a "Sponsor Termination Event" and, together with the Required Consenting Term Loan Lender Termination Events and the Company Termination Events, the "Termination Events"), unless waived, in writing, by the Sponsor Entities on a prospective or retroactive basis:

(a) the failure to meet any of the Milestones unless (i) such failure is the result of any act, omission, or delay on the part of such Sponsor Entities in violation of their obligations under this Agreement or (ii) such Milestone is extended in accordance with Section 4 of this Agreement;

(b) a breach by any rue21 Entity or Restructuring Support Party (other than a Sponsor Entity), which breach is not directly or indirectly caused by an act or failure to act of any Sponsor Entity, of any representation, warranty, or covenant of such rue21 Entity or Restructuring Support Party set forth in this Agreement that could reasonably be expected to have a material adverse impact on the consummation of the Restructuring Transactions that (if susceptible to cure) remains uncured for a period of three (3) business days after notice to all Parties of such breach and a description thereof;

(c) the conversion of one or more of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code;

(d) the dismissal of one or more of the Chapter 11 Cases;

(e) the appointment of a trustee, receiver, or examiner with expanded powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code in one or more of the Chapter 11 Cases;

(f) to the extent any Definitive Documentation or any other document referenced herein necessary to consummate the Restructuring Transactions or the Sale (as applicable) is subject to the Sponsor Entities Consent Right, such Definitive Documentation or other document referenced herein is not reasonably satisfactory to the Sponsor Entities in accordance with Section 3 of this Agreement;

(g) if the rue21 Entities withdraw the treatment to the Sponsor Entities under the Plan or file any motion or pleading with the Bankruptcy Court that is inconsistent with this Agreement or the Plan, in each case, that materially adversely impacts or would reasonably be expected to impact the Sponsor Entities Consent Right;

(h) the issuance by any governmental authority, including the Bankruptcy Court, any regulatory authority, or any other court of competent jurisdiction, of any ruling or order enjoining the substantial consummation of any of the Restructuring Transactions or the Sale (as applicable); provided, however, that the rue21 Entities shall have three (3) business days after the issuance of such ruling or order to obtain relief that would allow consummation of the applicable Restructuring Transaction or the Sale (as applicable) in a manner that (i) does not prevent or diminish in a material way compliance with the terms of the Plan and this Agreement, or (ii) is reasonably acceptable to the Sponsor Entities;

(i) the Required Consenting Term Loan Lenders or any rue21 Entity terminates its or their obligations under and in accordance with Section 8 or Section 9, as applicable, of this Agreement;

(j) if the Bankruptcy Court enters an order in the Chapter 11 Cases terminating any of the rue21 Entities' exclusive right to file a plan or plans of reorganization or to solicit acceptances thereof pursuant to section 1121 of the Bankruptcy Code;

(k) if the Bankruptcy Court or any other court of competent jurisdiction enters an order denying confirmation of the Plan (unless caused by a default by the Sponsor Entities of their obligations hereunder) or refusing to approve the Disclosure Statement and, in each case, the deadline for entry of the Confirmation Order or the Solicitation Order, respectively, set forth in the Milestones has expired and has not otherwise been extended by the consent of the Required Consenting Term Loan Lenders provided, however, if either such deadline is extended by the Required Consenting Term Loan Lenders, the Sponsor Entities shall be deemed to have consented to such extended deadline; or

(l) if (i) either of the Solicitation Order, the Confirmation Order or the Sale Order are reversed, stayed, dismissed, vacated, reconsidered, modified, or amended without the consent of the Sponsor Entities to the extent required

under the Sponsor Entities Consent Right or (ii) a motion for reconsideration, reargument, or rehearing with respect to such orders has been filed and the rue21 Entities have failed to timely object to such motion.

11. Mutual Termination; Automatic Termination. This Agreement and the obligations of all Parties hereunder may be terminated by mutual written agreement by and among Holdings, on behalf of itself and each other rue21 Entity, and the Required Consenting Term Loan Lenders. Notwithstanding anything in this Agreement to the contrary, this Agreement shall terminate automatically without further required action upon the occurrence of the Plan Effective Date.

12. Effect of Termination.

(a) The earliest date on which termination of this Agreement is effective (i) as to a Party other than a Sponsor Entity in accordance with Sections 8 (as to a Consenting Term Loan Lender), 9 (as to a rue21 Entity) or 11 of this Agreement shall be referred to, with respect to such Party, as a "Termination Date" and (ii) as to a Sponsor Entity in accordance with Section 10 or 11 of this Agreement shall be referred to, with respect to such Sponsor Entity, as a "Sponsor Termination Date".

(b) Upon the occurrence of a Termination Date or Sponsor Termination Date (as applicable), subject to clause (d) of this Section 12, (x) the terminating Party's obligations and (y) in the case of the occurrence of the Termination Date and Sponsor Termination Date in accordance with Section 11 of this Agreement, all Parties' obligations, in each case, under this Agreement shall be terminated effective immediately, and such Party or Parties shall be released from its commitments, undertakings, and agreements; provided, however, that each of the following shall survive any such termination: (a) any claim for breach of this Agreement that occurs prior to such Termination Date or Sponsor Termination Date (as applicable), and all rights and remedies with respect to such claims shall not be prejudiced in any way; and (b) Sections 5(b), 12, 16 (for purposes of enforcement of obligations accrued through the Termination Date or Sponsor Termination Date (as applicable)), 20, 22, 23, 24, 25, 26, 27, 28, 30, with respect to the second proviso of the third sentence and the fourth sentence of 33, 34, 35, and 36. During the period commencing on the Sponsor Termination Date and ending on the Termination Date, the proviso in the immediately preceding sentence shall not be modified or amended. The automatic stay imposed by section 362 of the Bankruptcy Code shall not prohibit a Party from taking any action necessary to effectuate the termination of and otherwise enforce this Agreement pursuant to and in accordance with the terms hereof.

(c) Notwithstanding the foregoing, in the event any Sponsor Entity terminates this Agreement following the occurrence of a Sponsor Termination Event,

this Agreement shall not terminate or be terminable by any other Party solely on the basis of such termination, and this Agreement shall remain in full force and effect, except that (i) such terminating Sponsor Entity shall no longer be a Party to the Agreement and shall be relieved of all obligations hereunder; provided that such terminating Sponsor Entity shall be a beneficiary of the survival provisions set forth in the proviso of the first sentence of Section 12(b); (ii) such other Parties shall be permitted to take further actions otherwise permitted hereunder with respect to any Definitive Documentation or other document or matter or any Restructuring Transaction without any liability hereunder, except the rights and obligations of such other Parties under this Agreement shall remain in full force and effect; (iii) the Consenting Term Loan Lenders (other than any Consenting Term Loan Lender that has breached this Agreement and such breach caused the occurrence of a Sponsor Termination Event pursuant to which such Sponsor Entity has terminated this Agreement) shall no longer be obligated to not "opt out" of any releases proposed to be granted to any Sponsor Entity under the Plan; (iv) such other Parties shall not be obligated to grant or support the grant of any releases to such Sponsor Entity under the Plan; and (v) all of the applicable rights and remedies of the remaining Parties under this Agreement, the Term Loan Documents and applicable law shall be reserved in all respects.

(d) Notwithstanding anything to the contrary in this Agreement, following the commencement of the Chapter 11 Cases, the occurrence of any Required Consenting Term Loan Lender Termination Event shall result in an automatic termination of this Agreement following five (5) business days' written notice unless waived in writing by the Required Consenting Term Loan Lenders, and the automatic stay imposed by section 362 of the Bankruptcy Code shall not prohibit a Party from delivering such notice.

13. Cooperation and Support.

(a) The rue21 Entities shall provide draft copies of all "first day" and other motions, applications, petitions and other documents that any rue21 Entity intends to file with the Bankruptcy Court in the Chapter 11 Cases to counsel for each Restructuring Support Party at least three (3) days (or as soon as is reasonably practicable under the circumstances) prior to the date when such rue21 Entity intends to file such document, and shall consult in good faith with such counsel regarding the form and substance of any such proposed filing; provided that all such "first day" motions, applications, and other documents that any rue21 Entity intends to file with the Bankruptcy Court in the Chapter 11 Cases (other than the Definitive Documentation) shall be in form and substance reasonably satisfactory to the Required Consenting Term Loan Lenders, and shall be in form and substance reasonably satisfactory to (i) the Ad Hoc Cross-Holder Group solely with respect to the General Unsecured Claims Carve-Out and (ii)

the Sponsor Entities solely to the extent the substance of any such filing adversely impacts or would reasonably be expected to adversely impact the Sponsor Entities Consent Right; provided that the engagement letter of A&G Realty Partners, LLC and the order of the Bankruptcy Court approving its retention shall be acceptable to the Required Consenting Term Loan Lenders in their sole discretion. The rue21 Entities will use reasonable efforts to provide draft copies of all other material pleadings that any rue21 Entity intends to file with the Bankruptcy Court to counsel to each Restructuring Support Party at least three (3) days prior to filing such pleading (or as soon as is reasonably practicable under the circumstances), and shall consult in good faith with such counsel regarding the form and substance of any such proposed pleading. For the avoidance of doubt, the Parties agree, consistent with Section 3 hereof, (a) to negotiate in good faith the Definitive Documentation that is subject to negotiation and completion on the RSA Effective Date and (b) that, notwithstanding anything herein to the contrary, the Definitive Documentation, including any motions or orders related thereto, shall be consistent with this Agreement and otherwise subject to the applicable consent rights of the Restructuring Support Parties set forth in Section 3. The rue21 Entities shall (i) provide to the Restructuring Support Parties' advisors, and shall direct its employees, officers, advisors, and other representatives to provide the Restructuring Support Parties' advisors, (A) reasonable access (without any material disruption to the conduct of the rue21 Entities' businesses) during normal business hours to the rue21 Entities' books and records; (B) reasonable access during normal business hours to the management and advisors of the rue21 Entities; and (C) timely and reasonable responses to all reasonable diligence requests, in each case, for the purposes of evaluating the rue21 Entities' assets, liabilities, operations, businesses, finances, strategies, prospects, and affairs or entry into any of the Restructuring Transactions or the Sale (as applicable); and (ii) promptly notify the Restructuring Support Parties of any newly commenced material governmental or third party litigations, investigations, or hearings against any of the rue21 Entities.

(b) The Parties shall cooperate with each other in good faith and shall coordinate their activities (to the extent practicable) in respect of all matters concerning the implementation and consummation of the Restructuring Transactions or the Sale (as applicable). Furthermore, subject to the terms of this Agreement, each of the Parties shall execute and deliver any other agreements or instruments, seek regulatory approvals and take other similar actions outside of the Chapter 11 Cases as may be reasonably appropriate or necessary, from time to time, to carry out the purposes and intent of this Agreement or to effectuate the solicitation of the Plan, the Plan, the Restructuring Transactions, or the Sale, as applicable, and shall refrain from taking any action that would frustrate the purposes and intent of this Agreement.

14. Transfers of Claims and Interests.

(a) Each Restructuring Support Party shall not, after the RSA Effective Date and until the termination of this Agreement, (i) sell, transfer, assign, pledge, grant a participation interest in, or otherwise dispose of, directly or indirectly, its right, title, or interest in respect of any of such Restructuring Support Party's Claims or Interests, as applicable, in whole or in part, or (ii) deposit any of such Restructuring Support Party's Claims or Interests, as applicable, into a voting trust, or grant any proxies, or enter into a voting agreement with respect to any such Claims or Interests (the actions described in clauses (i) and (ii) are collectively referred to herein as a "Transfer" and the Restructuring Support Party making such Transfer is referred to herein as the "Transferor"), unless such Transfer is to (x) another Restructuring Support Party or (y) any other entity that first agrees in writing to be bound by the terms of this Agreement by executing and delivering to Holdings a Transferee Joinder substantially in the form attached hereto as Exhibit B (the "Transferee Joinder"). Upon compliance with the foregoing, the Transferor shall be deemed to relinquish its rights (and be released from its obligations, except for any claim for breach of this Agreement that occurs prior to such Transfer) under this Agreement to the extent of such transferred rights and obligations. Any Transfer made in violation of this Section 14 shall be deemed null and void *ab initio* and of no force or effect, regardless of any prior notice provided to the rue21 Entities and/or any Restructuring Support Party, and shall not create any obligation or liability of any rue21 Entity or any other Restructuring Support Party to the purported transferee.

(b) Notwithstanding clause (a) of this Section 14, (i) the foregoing provisions shall not preclude any Qualified Marketmaker (as defined below) from settling or delivering any Claims to settle any confirmed transaction pending as of the date of such Qualified Marketmaker's entry into this Agreement (subject to compliance with applicable securities laws and it being understood that such Claims so acquired and held (*i.e.*, not as a part of a short transaction) shall be subject to the terms of this Agreement) and (ii) a Restructuring Support Party may effect a Transfer of its Claims or Interests, as applicable, to an entity that is acting in its capacity as a Qualified Marketmaker without the requirement that the Qualified Marketmaker become a Restructuring Support Party; provided that any subsequent Transfer by such Qualified Marketmaker of the right, title or interest in such claims is to a transferee that is or becomes a Restructuring Support Party at the time of such Transfer by executing and delivering a Transferee Joinder and to the extent any Restructuring Support Party is acting in its capacity as a Qualified Marketmaker, it may effect a Transfer of any claims that it acquires from a holder of such claims that is not a Restructuring Support Party without the requirement that the transferee be or become a Restructuring Support Party. Notwithstanding the foregoing, if, at the time of the proposed Transfer of such Claims to the Qualified

Marketmaker, such Claims (A) may be voted on the Plan, the proposed Transferor must first vote such Claims in accordance with the requirements of this Agreement or (B) have not yet been and may not yet be voted on the Plan and such Qualified Marketmaker does not effect a Transfer of such Claims to a subsequent transferee prior to the third (3rd) business day prior to the expiration of the voting deadline (such date, the "Qualified Marketmaker Joinder Date"), such Qualified Marketmaker shall be required to (and the Transfer documentation to the Qualified Marketmaker shall have provided that it shall), on the first (1st) business day immediately following the Qualified Marketmaker Joinder Date, become a Restructuring Support Party with respect to such Claims in accordance with the terms hereof for the purposes of voting in favor of the Plan as contemplated hereunder (provided that the Qualified Marketmaker shall automatically, and without further notice or action, no longer be a Restructuring Support Party with respect to such Claims at such time that the transferee of such Claims becomes a Restructuring Support Party with respect to such Claims). For these purposes, "Qualified Marketmaker" means an entity that (x) holds itself out to the market as standing ready in the ordinary course of its business to purchase from customers and sell to customers any of the Claims (or other debt securities or other debt) or enter with customers into long and short positions in Claims (or other debt securities or other debt), in its capacity as a dealer or market maker in such Claims and (y) is in fact regularly in the business of making a market in claims against issuers or borrowers (including debt securities or other debt).

15. Further Acquisition of Claims or Interests. Except as set forth in Section 14, nothing in this Agreement shall be construed as precluding any Restructuring Support Party or any of its affiliates from acquiring additional claims arising from the Term DIP Financing or the ABL DIP Financing (the "DIP Claims"), Claims or interests in the instruments underlying any Claims or DIP Claims; provided, however, that any such additional Claims or DIP Claims acquired by any Restructuring Support Party or by any of its affiliates shall automatically be subject to the terms and conditions of this Agreement. Upon any such further acquisition by a Restructuring Support Party (other than a Qualified Marketmaker) or any of its affiliates, such Restructuring Support Party shall promptly notify counsel to the rue21 Entities, who will then promptly notify the counsel to the other Restructuring Support Parties.

16. Fees and Expenses. Subject to Section 12, and in accordance with and subject to the DIP Orders, which orders shall provide for the payment of all reasonable and documented fees and out-of-pocket expenses described in this Agreement and the Definitive Documentation, the rue21 Entities shall pay or reimburse when due all reasonable and documented fees and out-of-pocket expenses (including travel costs and expenses) of the following (regardless of whether such fees and expenses were incurred before or after the Petition Date) that are incurred through and including the date on which a Termination Date or Sponsor Termination Date has occurred: (a) Jones Day as counsel for all Consenting Term Loan Lenders and for the Term Loan Agent; (b) PJT Partners ("PJT") as financial advisor for the Consenting Term Loan Lenders ; (c) Appel Associates LLC as operational consultant for the Consenting Term Loan Lenders (collectively

with Jones Day and PJT, the "Term Loan Advisors"); (d) Simpson Thacher & Bartlett LLP as counsel to the Consenting Sponsor Lenders (the "Sponsor Advisor"); and (e) Milbank, Tweed, Hadley & McCloy LLP ("Milbank") (and one local counsel) as counsel to the Ad Hoc Cross-Holder Group (the "Cross-Holder Advisors") for fees and expenses incurred after the Petition Date in an aggregate amount not to exceed $250,000, it being understood that Milbank may apply any payments received prior to the date hereof against any of its outstanding fees and expenses. The rue21 Entities' payment of fees and out-of-pocket expenses owing to PJT shall be in accordance with that certain Engagement Agreement, dated March 29, 2017 (the "PJT Engagement Agreement"). The PJT Engagement Agreement shall continue to be in full force and effect during the pendency of the Chapter 11 Cases, unless terminated in accordance with its terms.

17. Consents and Acknowledgments.

(a) Each Party irrevocably acknowledges and agrees that this Agreement is not and shall not be deemed to be a solicitation for acceptances of any Plan. The acceptance of a Plan by each of the Restructuring Support Parties will not be solicited until such Restructuring Support Party has received the Disclosure Statement and Solicitation Materials in accordance with the Solicitation Order and applicable law, and will be subject to sections 1125, 1126, and 1127 of the Bankruptcy Code.

(b) By executing this Agreement, but subject to the occurrence of the Termination Date, each Restructuring Support Party (including, for the avoidance of doubt, any entity that may execute this Agreement or a Transferee Joinder after the RSA Effective Date) consents to the rue21 Entities' use of its cash collateral and incurrence of debtor-in-possession financing expressly as authorized by the DIP Orders until the occurrence of a Termination Date.

(c) By executing this Agreement, each Consenting Term Loan Lender (including, for the avoidance of doubt, any entity that may execute this Agreement or a Transferee Joinder after the RSA Effective Date) forbears from exercising remedies with respect to any Default or Event of Default as defined under the Term Loan Documents, as applicable, that is caused by the rue21 Entities' entry into this Agreement or the other documents related to this Agreement and the transactions contemplated in this Agreement. For the avoidance of doubt, the forbearance set forth in this Section 17(c) shall not constitute a waiver with respect to any Default or Event of Default under the Term Loan Credit Agreement and shall not bar any Restructuring Support Party from filing a proof of claim or taking action to establish the amount of such claim. Except as expressly provided in this Agreement, nothing herein is intended to, nor does, in any manner waive, limit, impair, or restrict any right of any Consenting Term Loan Lender or the ability of each Consenting Term Loan Lender or the Term Loan Agent, to protect and preserve any right, remedy, condition, or approval requirement under this Agreement or the Definitive

Documentation. Upon the termination of this Agreement, the agreement of the Consenting Term Loan Lenders to forbear from exercising rights and remedies in accordance with this Section 17(c) shall immediately terminate without requirement of any demand, presentment or protest of any kind, all of which the rue21 Entities hereby waive.

18. Representations and Warranties.

(a) Each Restructuring Support Party hereby represents and warrants on a several and not joint basis for itself and not any other person or entity that the following statements are true, correct, and complete, to the best of its actual knowledge, as of the date hereof:

(i) it has the requisite organizational power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement;

(ii) the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate or other organizational action on its part;

(iii) the execution and delivery by it of this Agreement does not violate its certificates of incorporation, or bylaws, or other organizational documents;

(iv) the execution, delivery, and performance by it of this Agreement does not require any registration or filing with, the consent or approval of, notice to, or any other action with any federal, state, or other governmental authority or regulatory body, except (i) any of the foregoing as may be necessary and/or required for disclosure by the Securities and Exchange Commission and applicable state securities or "blue sky" laws, (ii) any of the foregoing as may be necessary and/or required in connection with the Chapter 11 Cases, including the approval of the Disclosure Statement and confirmation of the Plan, (iii) filings of amended certificates of incorporation or articles of formation or other organizational documents with applicable state authorities, and other registrations, filings, consents, approvals, notices, or other actions that are reasonably necessary to maintain permits, licenses, qualifications, and governmental approvals to carry on the business of the rue21 Entities, and (iv) any other registrations, filings, consents, approvals, notices, or other actions, the failure of which to make, obtain or take, as applicable, would not be reasonably likely, individually or in the aggregate, to materially delay or materially impair the ability of any Party hereto to consummate the transactions contemplated hereby;

(v) this Agreement is its legally valid and binding obligation, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally, or by equitable principles relating to enforceability;

(vi) to the extent it is a Consenting Term Loan Lender, it is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), with sufficient knowledge and experience to evaluate properly the terms and conditions of this Agreement, and it has made its own analysis and decision to enter into this Agreement;

(vii) to the extent it is a Consenting Term Loan Lender, other than pursuant to this Agreement, its Claims are free and clear of any pledge, lien, security interest, charge, claim, equity, option, proxy, voting restriction, right of first refusal, or other limitation on disposition or encumbrance of any kind that would adversely affect in any way its performance of its obligations contained in this Agreement at the time such obligations are required to be performed; and

(viii) it (A) either (1) is the sole owner of the Claims and Interests identified below its name on its signature page hereof and in the amounts set forth therein, or (2) has all necessary investment or voting discretion with respect to the principal amount of Claims and Interests identified below its name on its signature page hereof, and has the power and authority to bind the owner(s) of such Claims and Interests to the terms of this Agreement; (B) is entitled (for its own accounts or for the accounts of such other owners) to all of the rights and economic benefits of such Claims and Interests; and (C) to the knowledge of the individuals working on the Restructuring Transactions or the Sale (as applicable), does not directly or indirectly own any Claims other than as identified below its name on its signature page hereof.

(b) Each rue21 Entity hereby represents and warrants on a joint and several basis (and not any other person or entity other than the rue21 Entities) that the following statements are true, correct, and complete, to the best of its actual knowledge, as of the date hereof:

(i) it has the requisite corporate or other organizational power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement;

(ii) the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate or other organizational action on its part, including approval of each of the independent directors of each of the corporate entities that comprise the rue21 Entities;

(iii) the execution and delivery by it of this Agreement does not (A) violate its certificates of incorporation, or bylaws, or other organizational documents, or those of any of its affiliates in any material respect, or (B) result in a breach of, or constitute (with due notice or lapse of time or both) a default (other than, for the avoidance of doubt, a breach or default that would be triggered as a result of the Chapter 11 Cases of any rue21 Entity's undertaking to implement the Restructuring Transactions or the Sale (as applicable) through the Chapter 11 Cases) under any material contractual obligation to which it or any of its affiliates is a party;

(iv) the execution and delivery by it of this Agreement does not require any registration or filing with, the consent or approval of, notice to, or any other action with any federal, state, or other governmental authority or regulatory body, other than, for the avoidance of doubt, the actions with governmental authorities or regulatory bodies required in connection with implementation of the Restructuring Transactions or the Sale (as applicable);

(v) subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code, this Agreement is its legally valid and binding obligation, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally, or by equitable principles relating to enforceability; and

(vi) it has sufficient knowledge and experience to evaluate properly the terms and conditions of a Plan and this Agreement, and has been afforded the opportunity to consult with its legal and financial advisors with respect to its decision to execute this Agreement, and it has made its own analysis and decision to enter into this Agreement and otherwise investigated this matter to its full satisfaction.

19. Survival of Agreement. Each of the Parties acknowledges and agrees that this Agreement is being executed in connection with negotiations concerning a possible financial restructuring of the rue21 Entities and in contemplation of possible chapter 11 filings by the rue21 Entities and the rights granted in this Agreement are enforceable by each signatory hereto without approval of any court, including the Bankruptcy Court.

20. Waiver. If the transactions contemplated herein are or are not consummated, or following the occurrence of a Termination Date, if applicable, nothing herein shall be construed as a waiver by any Party of any or all of such Party's rights, and the Parties expressly reserve any and all of their respective rights. The Parties acknowledge that this Agreement, the Restructuring Transactions, the Sale, and all negotiations relating hereto are part of a proposed settlement of matters that could otherwise be the subject of litigation. Pursuant to Rule 408 of the Federal Rules of Evidence, any applicable state rules of evidence, and any other applicable law, foreign or domestic, the Restructuring Term Sheet, this Agreement, the Restructuring Transactions, the Sale any related documents, and all negotiations relating thereto shall not be construed as or deemed to be an admission of any kind or be admissible into evidence in any proceeding other than a proceeding to enforce its terms.

21. Relationship Among Parties. Notwithstanding anything herein to the contrary, (i) the duties and obligations of the Parties under this Agreement shall be several, not joint except for the rue21 Entities' obligations set forth in Section 6 hereof; (ii) no Party shall have any responsibility by virtue of this Agreement for any trading by any other entity; (iii) no prior history, pattern, or practice of sharing confidences among or between the Parties shall in any way affect or negate this Agreement; (iv) the Parties hereto acknowledge that this Agreement does not constitute an agreement, arrangement, or understanding with respect to acting together for the purpose of acquiring, holding, voting, or disposing of any equity securities of the rue21 Entities and the Parties do not constitute a "group" within the meaning of Rule 13d-5 under the Securities Exchange Act of 1934, as amended; and (v) no action taken by any Party pursuant to this Agreement shall be deemed to constitute or to create a presumption by any of the Parties that the Parties are in any way acting in concert or as such a "group."

22. Specific Performance. It is understood and agreed by the Parties that money damages may be an insufficient remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to seek specific performance and injunctive or other equitable relief as a remedy of any such breach of this Agreement, including, without limitation, an order of the Bankruptcy Court or other court of competent jurisdiction requiring any Party to comply promptly with any of its obligations hereunder.

23. Governing Law & Jurisdiction. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF. Each Party hereto agrees that it shall bring any action or proceeding in respect of any claim arising out of or related to this Agreement or the transactions contained in or contemplated by this Agreement, to the extent possible, in the Bankruptcy Court, and, solely in connection with claims arising under this Agreement or the transactions that are the subject of this Agreement, (i) irrevocably submits to the exclusive jurisdiction of the Bankruptcy Court, (ii) waives any objection to laying venue in any such action or proceeding in the Bankruptcy Court and (iii) waives any objection that the Bankruptcy Court is an inconvenient forum or does not have jurisdiction over any party hereto.

24. Waiver of Right to Trial by Jury. Each of the Parties waives any right to have a jury participate in resolving any dispute, whether sounding in contract, tort or otherwise, between

any of the Parties arising out of, connected with, relating to, or incidental to the relationship established between any of them in connection with this Agreement. Instead, any disputes resolved in court shall be resolved in a bench trial without a jury.

25. Successors and Assigns. Except as otherwise provided in this Agreement, this Agreement is intended to bind and inure to the benefit of each of the Parties and each of their respective permitted successors, assigns, heirs, executors, administrators, and representatives.

26. No Third-Party Beneficiaries. Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties and no other person or entity shall be a third-party beneficiary of this Agreement.

27. Notices. All notices (including, without limitation, any notice of termination or breach) and other communications from any Party hereunder shall be in writing and shall be deemed to have been duly given if personally delivered by courier service, messenger, email, or facsimile to the other Parties at the applicable addresses below, or such other addresses as may be furnished hereafter by notice in writing. Any notice of termination or breach shall be delivered to all other Parties.

(a) If to any rue21 Entity:

rue21, inc.
800 Commonwealth Dr.
Warrendale, Pennsylvania 15086
Attn: Benjamin Gross
Email: bgross@rue21.com

With a copy to:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
Attn: Jonathan S. Henes, P.C., Nicole L. Greenblatt, P.C., Robert A. Britton
Email: jhenes@kirkland.com
ngreenblatt@kirkland.com
rbritton@kirkland.com

(b) If to the Consenting Term Loan Lenders:

To each Consenting Term Loan Lender at the addresses or e-mail addresses set forth below the Consenting Term Loan Lender's signature page to this Agreement (or to the signature page to a Joinder Agreement as the case may be).

With a copy to:

Jones Day
250 Vesey Street
New York, New York 10281
Attn: Scott J. Greenberg
Michael J. Cohen
Email: sgreenberg@jonesday.com
mcohen@jonesday.com

(c) If to the Ad Hoc Cross-Holder Group

To each member of the Ad Hoc Cross-Holder Group at the addresses or e-mail addresses set forth below for such member's signature page to this Agreement (or to the signature page to a Joinder Agreement as the case may be).

With a copy to:

Milbank, Tweed, Hadley & McCloy LLP
28 Liberty Street
New York, New York 10005
Attn: Gerard Uzzi
Eric Stodola
Email: guzzi@milbank.com
estodola@milbank.com

(d) If to the Sponsor Entities:

To each Sponsor Entity at the address or e-mail addresses set forth below such Sponsor Entity's signature page to this Agreement.

With a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attn: Elisha D. Graff
Email: egraff@stblaw.com

28. Entire Agreement. This Agreement (including the Exhibits and Schedules) constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement, and supersedes all prior negotiations, agreements, and understandings, whether written or oral, among the Parties with respect to the subject matter of this Agreement.

29. Amendments. Except as otherwise provided herein, this Agreement (including the Exhibits and Schedules) may not be modified, amended, or supplemented without the prior written consent of the rue21 Entities and the Required Consenting Term Loan Lenders; provided, however, that, in addition, (a) only to the extent required under the Sponsor Entities Consent Right, any modification of, or amendment or supplement to, any exhibit hereto shall require the prior written consent of the Sponsor Entities and (b) any modification of, or amendment or supplement to, the General Unsecured Claims Carve-Out shall require the prior written consent of the Ad Hoc Cross-Holder Group; provided, further, that the prior written consent of all Parties shall be required to modify, amend or supplement any of Sections 1, 7, 8, 9, 10, 11, or 29 hereof.

30. Reservation of Rights.

(a) Except as expressly provided in this Agreement or the Restructuring Term Sheet, including Sections 5(a), 6(a) and 7(a) of this Agreement, nothing herein is intended to, or does, in any manner waive, limit, impair, or restrict the ability of any Party to protect and preserve its rights, remedies and interests, including without limitation, its claims against any of the other Parties.

(b) Without limiting sub-clause (a) of this Section 30 in any way, if the Plan or the Sale (as applicable) is not consummated in the manner set forth, and on the timeline set forth, in this Agreement, or if this Agreement is terminated for any reason, nothing shall be construed herein as a waiver by any Party of any or all of such Party's rights, remedies, claims, and defenses and the Parties expressly reserve any and all of their respective rights, remedies, claims and defenses, subject to Section 20 of this Agreement. This Agreement, the Plan, and any related document shall in no event be construed as or be deemed to be evidence of an admission or concession on the part of any Party of any claim or fault or liability or damages whatsoever. Each of the Parties denies any and all wrongdoing or liability of any kind and does not concede any infirmity in the claims or defenses which it has asserted or could assert.

31. Counterparts. This Agreement may be executed in one or more counterparts, each of which, when so executed, shall constitute the same instrument, and the counterparts may be delivered by facsimile transmission or by electronic mail in portable document format (.pdf).

32. Other Support Agreements. Until a Termination Date, no rue21 Entity shall enter into any other restructuring support agreement related to a partial or total restructuring of the rue21 Entities' balance sheet unless such support agreement is consistent in all respects with the Restructuring Term Sheet and is reasonably acceptable to the Required Consenting Term Loan Lenders and, solely to the extent required under the Sponsor Entities Consent Right, the Sponsor Entities.

33. Public Disclosure. The rue21 Entities shall submit drafts to the Term Loan Advisors and the Sponsor Advisor of any press releases and public documents that constitute disclosure of the existence or terms of this Agreement or any amendment to the terms of this

Agreement to the general public (each a "Public Disclosure") at least three (3) days before making any such disclosure. Any Public Disclosure shall be reasonably acceptable to the Required Consenting Term Loan Lenders before it is publicly disclosed, released, filed or published. This Agreement, as well as its terms, its existence, and the existence of the negotiation of its terms are expressly subject to any existing confidentiality agreements executed by and among any of the Parties as of the date hereof; provided, however, that, after the Petition Date, the Parties may disclose the existence of, or the terms of, this Agreement or any other material term of the transaction contemplated herein without the express written consent of the other Parties; provided, further, however, that no Party or its advisors shall disclose to any person or entity (including, for the avoidance of doubt, any other Party), other than advisors to the rue21 Entities, the principal amount or percentage of any holdings under the Term Loan Documents held by any of the Consenting Term Loan Lenders, in each case, without such Consenting Term Loan Lender's prior written consent. Any public filing of this Agreement, with the Bankruptcy Court or otherwise, that includes executed signature pages to this Agreement shall include such signature pages only in redacted form with respect to the amount of Claims held by each Consenting Term Loan Lender, and, in the case of managed accounts, the specific name of the account managed (provided that the holdings disclosed in such signature pages may be filed in unredacted form with the Bankruptcy Court under seal).

34. Headings. The section headings of this Agreement are for convenience of reference only and shall not, for any purpose, be deemed a part of this Agreement.

35. Interpretation. This Agreement is the product of negotiations among the Parties, and the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement or any portion hereof, shall not be effective in regard to the interpretation hereof.

36. Representation by Counsel. Each Party hereto acknowledges that it has been represented by counsel (or had the opportunity to and waived its right to do so) in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would provide any Party hereto with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.

37. Fiduciary Duties. Notwithstanding anything to the contrary in this Agreement, nothing herein shall require any of the Parties hereto or its subsidiaries or affiliates or any of its respective directors, officers or members, as applicable (each in such person's capacity as a director, officer or member), to take any action, or to refrain from taking any action, to the extent that taking such action or refraining from taking such action would be inconsistent with, or cause such party to breach, such party's fiduciary obligations under applicable law.

[*Signatures and exhibits follow*]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first written above.

RHODES HOLDCO, INC.

By: /s/ Melanie Cox
Name: **Melanie Cox**
Title: **President and Chief Executive Officer**

RUE21, INC.

By: /s/ Melanie Cox
Name: **Melanie Cox**
Title: **President and Chief Executive Officer**

R SERVICES LLC

By: /s/ Melanie Cox
Name: **Melanie Cox**
Title: **President and Chief Executive Officer**

RUE SERVICES CORP.

By: /s/ Melanie Cox
Name: **Melanie Cox**
Title: **President and Chief Executive Officer**

CONSENTING TERM LOAN LENDER

APOLLO TACTICAL VALUE SPN INVESTMENTS, L.P.

By: Apollo Tactical Value SPN Management, LLC,
its Investment Manager

By: _____
Name: Joseph D. Glatz
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

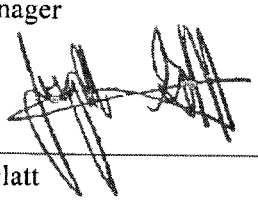
Notice Address: Apollo Management, L.P.
9 West 57th Street - 37th Floor
New York, NY 10019

Fax: 1(972)439-1539
Attention: Apollo Tactical Value SPN Investments, L.P.
Email: 19724391539@tls.ldsprod.com

CONSENTING TERM LOAN LENDER

APOLLO TOWER CREDIT FUND, L.P.

By: Apollo Tower Credit Management, LLC,
its Investment Manager



By: _____
Name: Joseph D. Glatt
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address: Apollo Management, L.P.
9 West 57th Street - 37th Floor
New York, NY 10019

Fax: 1(972)805-4299
Attention: Apollo Tower Credit Fund, L.P.
Email: 19728054299@tls.ldsprod.com

CONSENTING TERM LOAN LENDER

APOLLO CENTRE STREET PARTNERSHIP, L.P.

By: Apollo Centre Street Management, LLC,
its Investment Manager

By: _____
Name: Joseph D. Glatt
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address: Citco Fund Services (U.S.A) Inc.
Harborside Financial Center, Plaza 10
3 Second Street, 5th Floor
Jersey City, New Jersey 07311

Fax: 1(214)572-3377 and 1(212)381-9807
Attention: Apollo Centre Street Partnership, L.P.
Email: 12145723377@tls.ldsprod.com and ApolloBackOfficeOps@citco.com

CONSENTING TERM LOAN LENDER

APOLLO ZEUS STRATEGIC INVESTMENTS, L.P.

By: Apollo Zeus Strategic Management, LLC,
its Investment Manager

By: _____
Name: Joseph D. Glatt
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address: c/o Apollo Capital Management, L.P.
9 West 57th Street - 37th Floor
New York, NY 10019

Fax: 1(469)331-8119
Attention: Apollo Zeus Strategic Investments, L.P.
Email: 14693318119@tls.ldsprod.com

CONSENTING TERM LOAN LENDER

APOLLO MOULTRIE CREDIT FUND, L.P.

By: Apollo Moultire Credit Fund Management, LLC,
its Investment Manager

By: _____
Name: Joseph D. Glatt
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address: Apollo Management, L.P.
9 West 57th Street - 37th Floor
New York, NY 10019

Fax: 1(469)209-7865
Attention: Apollo Moultrie Credit Fund, L.P.
Email: 14692097865@tls.ldsprod.com

CONSENTING TERM LOAN LENDER

APOLLO HERCULES PARTNERS, L.P.

By: Apollo Hercules Management, LLC,
its Investment Manager

By: _____
Name: Joseph D. Glatt
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address: Apollo Management, L.P.
9 West 57th Street - 37th Floor
New York, NY 10019

Fax: 1(972)646-6336
Attention: Apollo Hercules Parnters, L.P.
Email: 19726466336@tls.ldsprod.com and HERC.Notices@globalop.com

CONSENTING TERM LOAN LENDER

AESI (HOLDINGS) II, L.P.

By: Apollo European Strategic Management, L.P.,
its Investment Manager
By: Apollo European Strategic Management GP, L.P.,
its General Partner

By: _____
Name: Joseph D. Glatt
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address: Apollo Management, L.P.
9 West 57th Street - 37th Floor
New York, NY 10019

Fax: 1(469)615-2846
Attention: AESI (Holdings) II, L.P.
Email: 14696152846@tls.ldsprod.com

CONSENTING TERM LOAN LENDER

APOLLO KINGS ALLEY CREDIT FUND, L.P.

By: Apollo Kings Alley Credit Fund Management, LLC,
its Investment Manager

By: _____
Name: Joseph D. Glatt
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address: Apollo Management, L.P.
9 West 57th Street - 37th Floor
New York, NY 10019

Fax: 1(469)680-4351
Attention: Apollo Kings Alley Credit Fund, L.P.
Email: 14696804351@tls.ldsprod.com and kings.notices@sscinc.com

CONSENTING TERM LOAN LENDER

APOLLO THUNDER PARTNERS, L.P.

By: Apollo Thunder Management, LLC,
its Investment Manager

By: _____
Name: Joseph D. Glatt
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address: Apollo Management, L.P.
9 West 57th Street - 37th Floor
New York, NY 10019

Fax: 1(214)919-7950
Attention: Apollo Thunder Partners, L.P.
Email: 12149197950@tls.ldsprod.com and thunder.notices@globeop.com

CONSENTING TERM LOAN LENDER

APOLLO UNION STREET PARTNERS, L.P.

By: Apollo Union Street Management, LLC,
its Investment Manager

By: _____
Name: Joseph D. Glatt
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address: Apollo Management, L.P.
9 West 57th Street - 37th Floor
New York, NY 10019

Fax: 1(469)685-1829
Attention: Apollo Union Street Partners, L.P.
Email: 14696851829@tls.ldsprod.com and APUN.notices@globeop.com

CONSENTING TERM LOAN LENDER

Avery Point IV CLO, Limited
By: Bain Capital Credit, LP, as Portfolio Manager

DocuSigned by:
Sally Dornaus
F4C28A8CE88C4AF...

By:
Name: Sally Dornaus
Title: Managing Director/Chief Financial Officer

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Fax: 617-652-3110
Attention: Bain Capital Credit Docs
Email: baincapitalcreditdocs@baincapital.com

Cavalry CLO III, Ltd.
By: Bain Capital Credit, LP, as Collateral Manager

By: DocuSigned by: Sally Dornaus F4C28A8CE88C4AF...
Name: Sally Dornaus
Title: Managing Director/Chief Financial Officer

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Fax: 617-652-3110
Attention: Bain Capital Credit Docs
Email:
baincapitalcreditdocs@baincapital.com

Cavalry CLO IV, Ltd.
By: Bain Capital Credit, LP, as Collateral Manager

By: DocuSigned by: Sally Dornaus F4C28A8CE88C4AF...
Name: Sally Dornaus
Title: Managing Director/Chief Financial Officer

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Fax:
617-652-3110
Attention:
Bain Capital Credit Docs
Email:
baincapitalcreditdocs@baincapital.com

Cavalry CLO V, Ltd.
By: Bain Capital Credit, LP, as Collateral Manager

By: DocuSigned by: Sally Dornaus F4C28A8CE88C4AF...
Name: Sally Dornaus
Title: Managing Director/Chief Financial Officer

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Fax:
617-652-3110
Attention:
Bain Capital Credit Docs
Email:baincapitalcreditdocs@baincapital.com

CONSENTING TERM LOAN LENDER

BOF Holdings II-A, LLC

By: 
Name: Richard Siegel
Title: Authorized Signatory

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
600 5th Ave, 19th Floor
New York, NY 10020

Fax: 212.314.1006
Attention: Sean Britain
Email: sbritain@bayside.com

CONSENTING TERM LOAN LENDER

Grace Bay Holdings II, LLC

By: 
Name: Richard Siegel
Title: Authorized Signatory

Principal Amount of Term Loan Claims: [redacted]

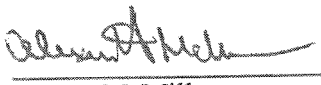
Principal Amount of Note Claims: [redacted]

Notice Address:
600 5th Ave, 19th Floor
New York, NY 10020

Fax: 212.314.1006
Attention: Sean Britain
Email: sbritain@bayside.com

CONSENTING TERM LOAN LENDER

Benefit Street Partners LLC

By: 

Name: A. McMillan

Title: CCO

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Fax:
Attention:
Email:
a.mcmillan@benefitstreetpartners.com

CONSENTING TERM LOAN LENDER

BENNETT OFFSHORE RESTRUCTURING FUND, INC.

By: Bennett Offshore Investment Corporation, its investment manager

By: _____
Name: James D. Bennett
Title: President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
Bennett Offshore Restructuring Fund, Inc.
c/o Bennett Offshore Investment Corporation
2 Stamford Plaza, Suite 1501
281 Tresser Blvd
Stamford, CT 06901
Fax: (203) 353-3113
Attention: Chad Quinn
Email: cquinn@bennettmgmt.com

CONSENTING TERM LOAN LENDER

BENNETT RESTRUCTURING FUND, L.P.

By: Restructuring Capital Associates, L.P., its general partner

By: Bennett Capital Corporation, its general partner

By: _____
Name: James D. Bennett
Title: President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
Bennett Restructuring Fund, L.P.
2 Stamford Plaza, Suite 1501
281 Tresser Blvd
Stamford, CT 06901
Fax: (203) 353-3113
Attention: Chad Quinn
Email: cquinn@bennettmgmt.com

CONSENTING TERM LOAN LENDER

BLUEMOUNTAIN CLO 2012-2 Ltd.
By: BlueMountain CLO Management, LLC, its portfolio manager

By: 
Name: David M. O'Mara
Title: Deputy General Counsel

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
BlueMountain CLO Management, LLC
280 Park Ave., 12th Floor
New York, NY 10017
Attn: General Counsel
legalnotices@bmcm.com

Fax:
Attention:
Email:

CONSENTING TERM LOAN LENDER

BLUEMOUNTAIN CLO 2013-1 Ltd.
By: BlueMountain CLO Management, LLC, its portfolio manager

By: 

Name: David M. O'Mara
Title: Deputy General Counsel

Principal Amount of Term Loan Claims: [redacted]

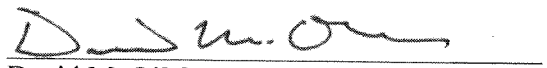
Principal Amount of Note Claims: [redacted]

Notice Address:
BlueMountain CLO Management, LLC
280 Park Ave., 12th Floor
New York, NY 10017
Attn: General Counsel
legalnotices@bmcm.com

Fax:
Attention:
Email:

CONSENTING TERM LOAN LENDER

BLUEMOUNTAIN CLO 2013-2 Ltd.
By: BlueMountain CLO Management, LLC, its portfolio manager

By: 
Name: David M. O'Mara
Title: Deputy General Counsel

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
BlueMountain CLO Management, LLC
280 Park Ave., 12th Floor
New York, NY 10017
Attn: General Counsel
legalnotices@bmcm.com

Fax:
Attention:
Email:

CONSENTING TERM LOAN LENDER

BLUEMOUNTAIN CLO 2013-3 Ltd.
By: BlueMountain CLO Management, LLC, its portfolio manager

By: 
Name: David M. O'Mara
Title: Deputy General Counsel

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
BlueMountain CLO Management, LLC
280 Park Ave., 12th Floor
New York, NY 10017
Attn: General Counsel
legalnotices@bmcm.com

Fax:
Attention:
Email:

CONSENTING TERM LOAN LENDER

BLUEMOUNTAIN CLO 2013-4 Ltd.
By: BlueMountain CLO Management, LLC, its portfolio manager

By: 
Name: David M. O'Mara
Title: Deputy General Counsel

Principal Amount of Term Loan Claims: [redacted]

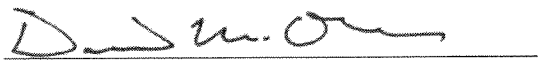
Principal Amount of Note Claims: [redacted]

Notice Address:
BlueMountain CLO Management, LLC
280 Park Ave., 12th Floor
New York, NY 10017
Attn: General Counsel
legalnotices@bmcm.com

Fax:
Attention:
Email:

CONSENTING TERM LOAN LENDER

BLUEMOUNTAIN CLO 2014-1 Ltd.
By: BlueMountain CLO Management, LLC, its portfolio manager

By: 

Name: David M. O'Mara
Title: Deputy General Counsel

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
BlueMountain CLO Management, LLC
280 Park Ave., 12th Floor
New York, NY 10017
Attn: General Counsel
legalnotices@bmcm.com

Fax:
Attention:
Email:

CONSENTING TERM LOAN LENDER

BLUEMOUNTAIN CLO 2014-2 Ltd.
By: BlueMountain CLO Management, LLC, its portfolio manager

By: 

Name: David M. O'Mara
Title: Deputy General Counsel

Principal Amount of Term Loan Claims: [redacted]

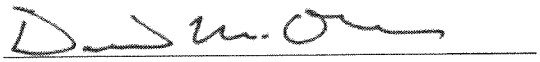
Principal Amount of Note Claims: [redacted]

Notice Address:
BlueMountain CLO Management, LLC
280 Park Ave., 12th Floor
New York, NY 10017
Attn: General Counsel
legalnotices@bmcm.com

Fax:
Attention:
Email:

CONSENTING TERM LOAN LENDER

BLUEMOUNTAIN CLO 2014-3 Ltd.
By: BlueMountain CLO Management, LLC, its portfolio manager

By: 
Name: David M. O'Mara
Title: Deputy General Counsel

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
BlueMountain CLO Management, LLC
280 Park Ave., 12th Floor
New York, NY 10017
Attn: General Counsel
legalnotices@bmcm.com

Fax:
Attention:
Email:

CONSENTING TERM LOAN LENDER

BLUEMOUNTAIN CLO 2014-4 Ltd.
By: BlueMountain CLO Management, LLC, its portfolio manager

By: 
Name: David M. O'Mara
Title: Deputy General Counsel

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
BlueMountain CLO Management, LLC
280 Park Ave., 12th Floor
New York, NY 10017
Attn: General Counsel
legalnotices@bmcm.com

Fax:
Attention:
Email:

CONSENTING TERM LOAN LENDER

BLUEMOUNTAIN CLO 2015-1 Ltd.
By: BlueMountain CLO Management, LLC, its portfolio manager

By: 

Name: David M. O'Mara
Title: Deputy General Counsel

Principal Amount of Term Loan Claims: [redacted]

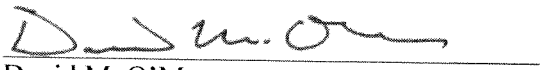
Principal Amount of Note Claims: [redacted]

Notice Address:
BlueMountain CLO Management, LLC
280 Park Ave., 12th Floor
New York, NY 10017
Attn: General Counsel
legalnotices@bmcm.com

Fax:
Attention:
Email:

CONSENTING TERM LOAN LENDER

BLUEMOUNTAIN CLO 2015-2 Ltd.
By: BlueMountain CLO Management, LLC, its portfolio manager

By: 
Name: David M. O'Mara
Title: Deputy General Counsel

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
BlueMountain CLO Management, LLC
280 Park Ave., 12th Floor
New York, NY 10017
Attn: General Counsel
legalnotices@bmcm.com

Fax:
Attention:
Email:

CONSENTING TERM LOAN LENDER

BLUEMOUNTAIN CLO 2015-3 Ltd.
By: BlueMountain CLO Management, LLC, its portfolio manager

By: 

Name: David M. O'Mara
Title: Deputy General Counsel

Principal Amount of Term Loan Claims: [redacted]

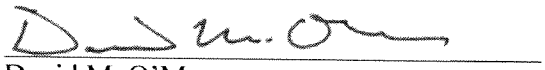
Principal Amount of Note Claims: [redacted]

Notice Address:
BlueMountain CLO Management, LLC
280 Park Ave., 12th Floor
New York, NY 10017
Attn: General Counsel
legalnotices@bmcm.com

Fax:
Attention:
Email:

CONSENTING TERM LOAN LENDER

BLUEMOUNTAIN CLO 2015-4 Ltd.
By: BlueMountain CLO Management, LLC, its portfolio manager

By: 
Name: David M. O'Mara
Title: Deputy General Counsel

Principal Amount of Term Loan Claims: [redacted]

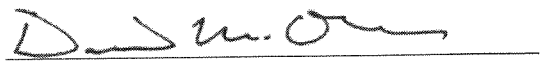
Principal Amount of Note Claims: [redacted]

Notice Address:
BlueMountain CLO Management, LLC
280 Park Ave., 12th Floor
New York, NY 10017
Attn: General Counsel
legalnotices@bmcm.com

Fax:
Attention:
Email:

CONSENTING TERM LOAN LENDER

BLUEMOUNTAIN CLO 2016-1 Ltd.
By: BlueMountain CLO Management, LLC, its portfolio manager

By: 

Name: David M. O'Mara
Title: Deputy General Counsel

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
BlueMountain CLO Management, LLC
280 Park Ave., 12th Floor
New York, NY 10017
Attn: General Counsel
legalnotices@bmcm.com

Fax:
Attention:
Email:

CONSENTING TERM LOAN LENDER

[CITADEL EQUITY FUND LTD.
By: Citadel Advisors LLC, its Portfolio Manager]

By:
Name: MICHAEL WEINER
Title: Authorized Signatory

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
Citadel Equity Fund Ltd.
c/o Citadel LLC
131 South Dearborn Street
Chicago, IL 60603

Fax: 312-267-7300
Attention: Legal Department
Email: CitadelAgreementNotice@citadel.com

with King & Spalding LLP

CONSENTING TERM LOAN LENDER

TRS OAK II LTD
By: DEUTSCHE BANK AG CAYMAN ISLANDS BRANCH, its sole member
By: Deutsche Bank AG New York Branch

By: Deirdre Cesario
Name: **Deirdre Cesario**
Title: **Vice President**

By: Andrew MacDonald
Name:
Title: **Andrew MacDonald**
Assistant Vice President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
TRS Oak II Ltd
c/o DB Services New Jersey, Inc.
5022 Gate Parkway, Suite 400
Jacksonville, FL 32256

Fax: 732-289-9359
Attention: Paramjit Sihra
Email:
Paramjit.sihra@db.com

CONSENTING TERM LOAN LENDER

[Blue Falcon Limited]

By: 
Name: Michael W. Weilheimer
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

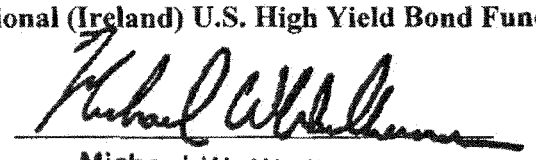
Principal Amount of Note Claims: [redacted]

Notice Address:

Fax: 617-482-2178
Attention:MikeDevlin
Email:mdevlin@eatonvance.com

CONSENTING TERM LOAN LENDER

[Eaton Vance International (Ireland) U.S. High Yield Bond Fund]

By: 
Name: Michael W. Weilheimer
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Fax: 617-482-2178
Attention:MikeDevlin
Email:mdevlin@eatonvance.com

CONSENTING TERM LOAN LENDER

[Eaton Vance Multisector Income Fund]

By: 
Name: Michael W Weilheimer
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Fax: 617-482-2178
Attention:MikeDevlin
Email:mdevlin@eatonvance.com

CONSENTING TERM LOAN LENDER

[EATON VANCE TRUST COMPANY COLLECTIVE INVESTMENT TRUST FOR EMPLOYEE BENEFIT PLANS - HIGH YIELD FUND]

By:
Name: Michael W Weilheimer
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Fax: 617-482-2178
Attention:MikeDevlin
Email:mdevlin@eatonvance.com

CONSENTING TERM LOAN LENDER

[EATON VANCE TRUST COMPANY COMMON TRUST FUND - HIGH YIELD COMMON TRUST FUND]

By: _____
Name: Michael W Weilheimer
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Fax: 617-482-2178
Attention:MikeDevlin
Email:mdevlin@eatonvance.com

CONSENTING TERM LOAN LENDER

[High Income Opportunities Portfolio]

By: 
Name: Michael W Weilheimer
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

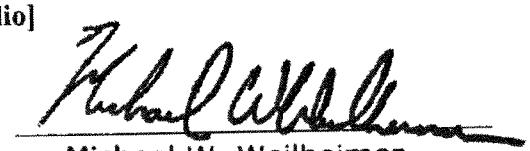
Principal Amount of Note Claims: [redacted]

Notice Address:

Fax: 617-482-2178
Attention:MikeDevlin
Email:mdevlin@eatonvance.com

CONSENTING TERM LOAN LENDER

[Boston Income Portfolio]

By: 
Name: Michael W Weilheimer
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

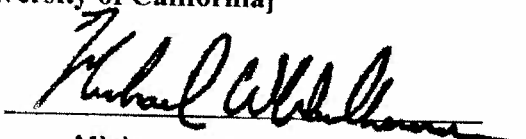
Principal Amount of Note Claims: [redacted]

Notice Address:

Fax: 617-482-2178
Attention:MikeDevlin
Email:mdevlin@eatonvance.com

CONSENTING TERM LOAN LENDER

[The Regents of the University of California]

By: 
Name: Michael W Weilheimer
Title: Vice President

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Fax: 617-482-2178
Attention:MikeDevlin
Email:mdevlin@eatonvance.com

CONSENTING TERM LOAN LENDER

EMPYREAN INVESTMENTS, LLC

By: _____
Name: C. Martin Meekins
Title: Authorized Person

Principal Amount of Term Loan Claims: [redacted]

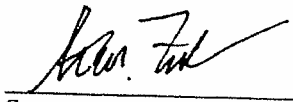
Principal Amount of Note Claims: [redacted]

Notice Address:

c/o Empyrean Capital Partners, LP
10250 Constellation Blvd., Suite 2950
Los Angeles, CA 90067
Attention: C. Martin Meekins
Email: mmeekins@empyrean.com

CONSENTING TERM LOAN LENDER

ECO Master Fund, Ltd.

By: 
Name: Steven M. Friedman
Title: Director

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
Eos Partners
320 Park Avenue, 9th Floor
New York, NY 10022
Phone: 212-593-4046
Fax: NA
Attention: Michael Schott
Email: mschott@eospartners.com

CONSENTING TERM LOAN LENDER

HFR DS ECO Master Trust

By: _____
Name: Steven M. Friedman
Title: Director

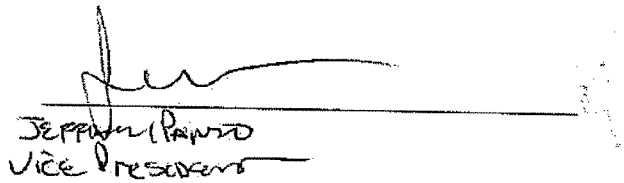
Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
Eos Partners
320 Park Avenue, 9th Floor
New York, NY 10022
Phone: 212-593-4046
Fax: NA
Attention: Michael Schott
Email: mschott@eospartners.com

CONSENTING TERM LOAN LENDER

JPMorgan Chase Bank, N.A. *, with respect to
only its Credit Trading group

By: 
Name: JEFFREY L PANZO
Title: VICE PRESIDENT

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

*The Restructuring Support Agreement (the "**Agreement**") applies only to the Credit Trading Group of JPMorgan Chase Bank, N.A. ("**CTG**") and the Term Loan Claims ("**Claims**") beneficially held by such group in the aggregate principal amount(s) set forth below the signature of JPMorgan Chase Bank, N.A. on behalf of, and with respect to, CTG. Accordingly, the terms "Consenting Term Loan Lender", "Party", and "Parties" for all purposes of the Agreement mean and refer only to CTG and such business unit's holdings of the Notes. For the avoidance of doubt, the Agreement does not apply to (i) credit facilities, claims, securities, notes, other obligations or any other interests in the Debtors that may be held, acquired or sold by, or any activities, services or businesses conducted or provided by, any other group or business unit within, or affiliate of JPMorgan Chase Bank, N.A., (ii) any credit facilities or indentures to which JPMorgan Chase & Co. or any of its affiliates ("**Morgan**") is a party in effect as of the date hereof, (iii) any new indenture, amendment to an existing indenture, or debt or equity securities offering involving Morgan, (iv) any direct or indirect principal activities undertaken by any Morgan entity engaged in the venture capital, private equity or mezzanine businesses, or portfolio companies in which they have investments, (v) any ordinary course sales and trading activity undertaken by employees who are not a member of CTG, (vi) any Morgan entity or business engaged in providing private banking or investment management services, or (vii) any Term Loan Claims, loans, notes, or related claims that may be beneficially owned by non-affiliated clients of JPMorgan Chase Bank, N.A. or any of its affiliates or for which Morgan acts in a fiduciary capacity.

Notice Address:
JPMorgan Chase Bank, N.A.
277 Park Avenue, Floor 11
New York, NY, 10172-0003
Mail Code: NY1-L204
Attn: Jeffrey L. Panzo
Email: Jeffrey.L.Panzo@jpmorgan.com

CONSENTING TERM LOAN LENDER

Octagon Investment Partners XXI, Ltd
By: Octagon Credit Investors, LLC
as Collateral Manager

By:
Name: **Gretchen Mohr Lam**
Title: **Portfolio Manager**

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

James Motsinger
U.S. Bank Corporate Trust Services
1 Federal St. – 3rd Floor
Boston, MA 02110
Phone: 617-603-6518
Fax: 866-316-7564
Email: Octagon.XXI@usbank.com

CONSENTING TERM LOAN LENDER

Octagon Investment Partners XX, Ltd
By: Octagon Credit Investors, LLC
as Portfolio Manager

By: 
Name: **Gretchen Mohr Lam**
Title: **Portfolio Manager**

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Kevin Yang
U.S. Bank Corporate Trust Services
1 Federal St. – 3rd Floor
Boston, MA 02110
Phone: 617-603-7692
Fax: 866-940-6390

CONSENTING TERM LOAN LENDER

Octagon Senior Secured Credit Master Fund Ltd.
By: Octagon Credit Investors, LLC
as Investment Manager

By: 
Name: **Gretchen Mohr Lam**
Title: Portfolio Manager

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Michael Gudas
State Street Global Services
200 Clarendon Street
Boston, MA 02116
Phone: 617-662-9729
Fax: 617-330-0799
General Inquiries Group e-mail:
sscoctagonbankloans@statestreet.com

CONSENTING TERM LOAN LENDER

Octagon Loan Funding Ltd.
By: Octagon Credit Investors, LLC
as Collateral Manager

By:
Name: **Gretchen Mohr Lam**
Title: Portfolio Manager

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

James Motsinger
U.S. Bank Corporate Trust Services
1 Federal St. – 3rd Floor
Boston, MA 02110
Phone: 617-603-6518
Fax: 844 296-5714
Octagon.Loan.Funding@usbank.com

CONSENTING TERM LOAN LENDER

Octagon Investment Partners XIV, Ltd
By: Octagon Credit Investors, LLC
as Collateral Manager

By:
Name: Gretchen Mohr Lam
Title: Portfolio Manager

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Shounell Merville
U.S. Bank Corporate Trust Services
1 Federal St. – 3rd Floor
Boston, MA 02110
Phone: 617-603-6706
Fax: 877-377-9163
Email: cdo.oct14@cdo.usbank.com

CONSENTING TERM LOAN LENDER

US Bank N.A., solely as trustee of the DOLL Trust (for Qualified Institutional Investors only), (and not in its individual capacity)
By: Octagon Credit Investors, LLC
as Portfolio Manager

By: Gretchen M Lam
Name: **Gretchen Mohr Lam**
Title: Portfolio Manager

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Joanna Schembri
U.S. Bank Corporate Trust Services
1 Federal St. – 3rd Floor
Boston, MA 02110
Phone: 617-603-6529
Fax: 866-941-6661

CONSENTING TERM LOAN LENDER

Octagon High Income Master Fund Ltd.
By: Octagon Credit Investors, LLC, in its capacity as investment manager

By:
Name: Gretchen Mohr Lam
Title: Portfolio Manager

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Katherine McIsaac
U.S. Bank Corporate Trust Services
1 Federal St. – 3rd Floor
Boston, MA 02110
Phone: 617-603-6771
Fax: 855-206-3978

CONSENTING TERM LOAN LENDER

Octagon Investment Partners XVI, Ltd
By: Octagon Credit Investors, LLC
as Collateral Manager

By: 
Name: **Gretchen Mohr Lam**
Title: Portfolio Manager

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Kevin Yang
U.S. Bank Corporate Trust Services
1 Federal St. – 3rd Floor
Boston, MA 02110
Phone: 617-603-7692
Fax: 855-239-3623

CONSENTING TERM LOAN LENDER

Octagon Investment Partners XVIII, Ltd
By: Octagon Credit Investors, LLC
as Collateral Manager

By: 
Name: **Gretchen Mohr Lam**
Title: Portfolio Manager

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Patrick Creahan
U.S. Bank Corporate Trust Services
1 Federal St. – 3rd Floor
Boston, MA 02110
Phone: 617-603-6757
Fax: 855-665-8363

CONSENTING TERM LOAN LENDER

Octagon Investment Partners XVII, Ltd
By: Octagon Credit Investors, LLC
as Collateral Manager

By:
Name: **Gretchen Mohr Lam**
Title: Portfolio Manager

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Joanna Schembri
U.S. Bank Corporate Trust Services
1 Federal St. – 3rd Floor
Boston, MA 02110
Phone: 617-603-6529
Fax: 855-665-8362

CONSENTING TERM LOAN LENDER

Octagon Investment Partners XIX, Ltd
By: Octagon Credit Investors, LLC
as collateral manager

By:
Name: **Gretchen Mohr Lam**
Title: Portfolio Manager

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Patrick Creahan
U.S. Bank Corporate Trust Services
1 Federal St. – 3rd Floor
Boston, MA 02110
Phone: 617-603-6757
Fax: 855-671-4096
Email: Octagon.XIX@usbank.com

CONSENTING TERM LOAN LENDER

Octagon Investment Partners XXII, Ltd
By: Octagon Credit Investors, LLC
as Collateral Manager

By: 
Name: Gretchen Mohr Lam
Title: Portfolio Manager

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Patrick Creahan
U.S. Bank Corporate Trust Services
1 Federal St. – 3rd Floor
Boston, MA 02110
Phone: 617-603-6757
Fax: 855-245-1748
Email for Notices: Octagon.XXII.notices@usbank.com

CONSENTING TERM LOAN LENDER

Octagon Investment Partners 24, Ltd.
By: Octagon Credit Investors, LLC
as Collateral Manager

By: 
Name: Gretchen Mohr Lam
Title: Portfolio Manager

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Shounell Merville
U.S. Bank Corporate Trust Services
1 Federal St. – 3rd Floor
Boston, MA 02110
Phone: 617-603-6706
Fax: 844-585-9319
Email: Octagon.24@usbank.com

CONSENTING TERM LOAN LENDER

LumX Octagon High Income Fund Limited

By: S. Bhasin-Woods Carl McConnell
Name: S. BHASIN-WOODS
Title: DIRECTOR

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Fax:
Attention:
Email:

CONSENTING TERM LOAN LENDER

MERCER QIF FUND PLC - Mercer Investment Fund 1
By: _____
Name: Jeffrey Peskind
Title: CEO, Phoenix Investment Adviser LLC
Sub-Investment Manager

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
420 Lexington Avenue Suite 2040
New York, NY 10170

Fax: 917-210-3995
Attention: Operations
Email: pa.team@phoenixinvadv.com

CONSENTING TERM LOAN LENDER

JLP CREDIT OPPORTUNITY MASTER FUND LTD

By: _____
Name: Jeffrey Peskind
Title: CEO, Phoenix Investment Adviser LLC
Investment Manager

Principal Amount of Term Loan Claims: [redacted]

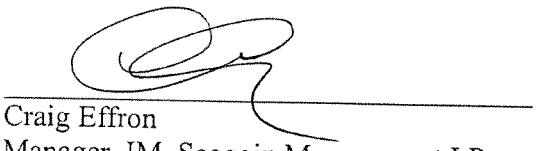
Principal Amount of Note Claims: [redacted]

Notice Address:
420 Lexington Avenue Suite 2040
New York, NY 10170

Fax: 917-210-3995
Attention: Operations
Email: pa.team@phoenixinvadv.com

CONSENTING TERM LOAN LENDER

Scoggin Capital Management II LLC

By: 
Name: Craig Effron
Title: Manager, IM, Scoggin Management LP

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
660 Madison Ave, 20th Fl.
New York, NY 10065

Fax: 646 607-5686
Attention: Nicole Kramer
Email: NKramer@scogcap.com

CONSENTING TERM LOAN LENDER

Scoggin International Fund, Ltd.

By: _____
Name: Craig Effron
Title: Manager, IM, Scoggin Management LP

Principal Amount of Term Loan Claims: [redacted]

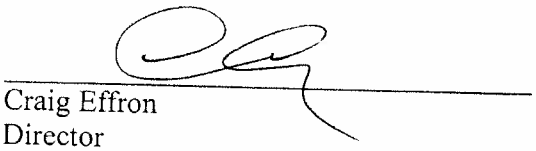
Principal Amount of Note Claims: [redacted]

Notice Address:
660 Madison Ave, 20th Fl.
New York, NY 10065

Fax: 646 607-5686
Attention: Nicole Kramer
Email: NKramer@scogcap.com

CONSENTING TERM LOAN LENDER

Scoggin Worldwide Fund, Ltd.

By: 
Name: Craig Effron
Title: Director

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
660 Madison Ave, 20th Fl.
New York, NY 10065

Fax: 646 607-5686
Attention: Nicole Kramer
Email: NKramer@scogcap.com

CONSENTING TERM LOAN LENDER

Southpaw Credit Opportunity Master Fund LP

By: _____

Name: Kevin Wyman, Managing
Title: Member of General Partner -
Southpaw GP LLC

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address: Southpaw Asset Management LP
2 Greenwich Office Park West
Greenwich, CT 06831

Fax: 203-779-1115
Attention: Michael Andersen
Email: mandersen@southpawasset.com

CONSENTING TERM LOAN LENDER

STONEHILL MASTER FUND LTD.
By: Stonehill Capital Management LLC, its Advisor

By: Paul Malek
Name: Paul Malek
Title: General Counsel

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
c/o Stonehill Capital Management LLC
885 Third Ave., 30th Floor
New York, NY 10022

Fax: (212) 838-2291
Attention: Steven Nelson;
Jonathan Sacks

Email: ops@stonehillcap;
jsacks@stonehillcap.com

CONSENTING TERM LOAN LENDER

STONEHILL INSTITUTIONAL PARTNERS, L.P.
By: Stonehill Capital Management LLC, its Advisor

By: Paul Malek
Name: Paul Malek
Title: General Counsel

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
c/o Stonehill Capital Management LLC
885 Third Ave., 30th Floor
New York, NY 10022

Fax: (212) 838-2291
Attention: Steven Nelson;
Jonathan Sacks

Email: ops@stonehillcap.;
jsacks@stonehillcap.com

CONSENTING TERM LOAN LENDER

STRUCTURED CREDIT OPPORTUNITIES FUND II, LP

By: Tricadia Capital Management, LLC, as investment manager

By:
Name: Ian Cohen
Title: Chief Financial Officer

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

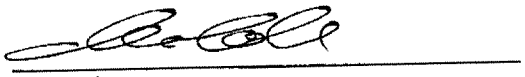
780 Third Avenue, 29th Floor
New York, New York 10017

Fax: (646) 218-1585
Attention: James McKee, General Counsel
Email:
jmckee@tricadiacapital.com

CONSENTING TERM LOAN LENDER

TRICADIA CREDIT STRATEGIES MASTER FUND, LTD.

By: Tricadia Capital Management, LLC, as investment manager

By: 
Name: Ian Cohen
Title: Chief Financial Officer

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

780 Third Avenue, 29th Floor
New York, New York 10017

Fax: (646) 218-1585
Attention: James McKee, General Counsel

Email:
jmckee@tricadiacapital.com

CONSENTING TERM LOAN LENDER

NINETEEN77 GLOBAL MULTI-STRATEGY ALPHA MASTER LIMITED

By: UBS O'Connor LLC, its investment advisor

By: _____
Name: Joseph Workman
Title: Deputy General Counsel

By: _____
Name: James Del Medico
Title: Head of Operations

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

One North Wacker Drive, Floor 32
Chicago, Illinois 60606

Attention: Jeff Richmond and Stephen Byrne
Email: jeff.richmond@ubs.com; Stephen.byrne@ubs.com

With a copy to:

General Counsel
Ol-oconnor-legal-notifications@ubs.com

CONSENTING TERM LOAN LENDER

Voya Investment Management, on behalf of itself and/or certain of its affiliates and/or funds:

Axis Specialty Limited
ISL Loan Trust
Voya Investment Trust Co. Plan for Employee Benefit Investment Funds - Voya Senior Loan Trust Fund
Voya Investment Trust Co. Plan for Common Trust Funds - Voya Senior Loan Common Trust Fund
Voya CLO 2012-2, Ltd.
Voya CLO 2012-3, Ltd.
Voya CLO 2012-4, Ltd.
Voya CLO 2013-1, Ltd.
Voya CLO 2013-2, Ltd.
Voya CLO 2013-3, Ltd.
Voya CLO 2014-1, Ltd.
Voya CLO 2014-2, Ltd.
Voya CLO 2014-3, Ltd.
Voya CLO 2014-4, Ltd.
Voya CLO 2015-1, Ltd.
Voya CLO 2015-2, Ltd.
Voya CLO 2015-3, Ltd.
Medtronic Holding Switzerland GMBH
The City of New York Group Trust
California Public Employees' Retirement System

By: _____
Name: Ralph Bucher
Title: Senior Vice President, Chief Credit Officer

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
7337 E. Doubletree Ranch Road
Suite 100
Scottsdale, AZ 85258

Attention: Robert Wilson
Email: Robert.Wilson@voya.com

CONSENTING TERM LOAN LENDER

Hutchin Hill Capital Primary Fund, ltd.

By: 
Name: Scott A. Kislin
Title: Chief Legal Officer

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

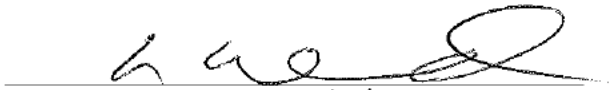
Notice Address:

888 Seventh Avenue, Floor 22
New York, NY 10106

Fax:
Attention: Tim Daggett
Email: tim.daggett@hutchinhill.com

CONSENTING TERM LOAN LENDER

PENTWATER CAPITAL MANAGEMENT LP

By: 
Name: Neal Nenadovic
Title: Chief Financial Officer
Pentwater Capital Management LP

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:
614 Davis Street
Evanston, IL 60201
Fax: 312-589-6499
Attention: Andrew Cohen
Email: acohen@pwcm.com

CONSENTING SPONSOR LENDER

Apax Global Alpha Limited
Signed for and on behalf of Apax Global Alpha Limited acting by its manager Apax Guernsey Managers Limited

By: _____
Name: MARK DESPRES
Title: DIRECTOR

Principal Amount of Term Loan Claims: [redacted]

Principal Amount of Note Claims: [redacted]

Notice Address:

Apax Partners, L.P.
601 Lexington Avenue, 53rd Floor
New York, NY 10022
Attention: Mark Zubko, Samuel Clayman and Mark Despres
Email: Mark.Zubko.@apax.com and SamuelClayman@apax.com and Mark.Despres@apax.com

CONSENTING SPONSOR

Rhodes Holdings, L.P.

By: Rhodes GP, LLC, its General Partner

By: _____
Name:
Title:

Interests held: [redacted]

Notice Address:

Apax Partners, L.P.
601 Lexington Avenue, 53rd Floor
New York, NY 10022
Attention: Mark Zubko and Samuel Clayman
Email: Mark.Zubko@apax.com and Samuel.Clayman@apax.com

Exhibit A to the Restructuring Support Agreement

Restructuring Term Sheet

DIP AND TERM LOAN EXCHANGE TERM SHEET

May 15, 2017

This non-binding indicative term sheet (the "DIP and Term Loan Exchange Term Sheet") sets forth the principal terms of a potential superpriority, secured debtor-in-possession credit facility (the "DIP Facility"; the credit agreement evidencing the DIP Facility, the "DIP Credit Agreement" and, together with the other definitive documents governing the DIP Facility and the DIP Orders (as defined herein), the "DIP Documents," each of which shall be in form and substance acceptable to the DIP Agent and the DIP Lenders (as defined herein)) to be entered into with the Loan Parties (as defined herein) and procedures with respect to the Borrower's (as defined below) offer to exchange Existing Term Loans (having the meaning of "Loans" under the Existing Term Loan Credit Agreement (as defined below)) in connection therewith (the "Exchange Procedures"). The DIP Facility and Exchange Procedures will be subject to the approval of the Bankruptcy Court (as defined herein) and consummated in cases under chapter 11 (the "Chapter 11 Cases") of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Western District of Pennsylvania (the "Bankruptcy Court"), in accordance with (i) interim (the "Interim DIP Order") and final orders (the "Final DIP Order" and, together with the Interim DIP Order, "DIP Orders") of the Bankruptcy Court approving the Exchange Procedures and authorizing the Loan Parties to enter into the DIP Facility, each of which shall be in form and substance acceptable to the DIP Agent and the DIP Lenders, and (ii) the DIP Documents to be executed by the Loan Parties. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in that certain Credit Agreement, dated as of October 10, 2013 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Existing Term Loan Credit Agreement"), among Rhodes Holdco, Inc. ("Holdings"), rue21, Inc. (the "Borrower"), Wilmington Savings Fund Society, FSB, as successor administrative agent and collateral agent (the "Existing Term Loan Agent") and the lenders from time to time party thereto (the "Existing Term Lenders").

This DIP and Term Loan Exchange Term Sheet is proffered in the nature of a settlement proposal in furtherance of settlement discussions, and is intended to be entitled to the protections of Federal Rule of Evidence 408 and any other applicable statutes or doctrines protecting the disclosure of confidential information and information exchanged in the context of settlement discussions. The Borrower and Holdings are not authorized to disclose this DIP and Term Loan Exchange Term Sheet to any person other than (i) their affiliates and their professional advisors and (ii) Bank of America, N.A., as administrative agent and collateral agent (the "Existing ABL Agent") and its professional advisors, under that certain ABL Credit Agreement dated as of October 10, 2013 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Existing ABL Credit Agreement"), among Holdings, the Borrower, the Existing ABL Agent, the guarantors from time to time party thereto and the lenders from time to time party thereto, in each case, who shall agree to maintain its confidentiality.

THIS NON-BINDING DIP AND TERM LOAN EXCHANGE TERM SHEET DOES NOT CONSTITUTE (NOR SHALL IT BE CONSTRUED AS) AN OFFER OR COMMITMENT WITH RESPECT TO ANY CREDIT FACILITY. THE TRANSACTION DESCRIBED HEREIN WILL BE SUBJECT TO CREDIT APPROVAL BY THE LENDERS, THE NEGOTIATION AND COMPLETION OF DEFINITIVE DOCUMENTS IN FORM AND SUBSTANCE ACCEPTABLE TO THE DIP AGENT AND THE DIP LENDERS, THE ENTRY BY THE BANKRUPTCY COURT OF THE DIP ORDERS, IN EACH CASE, IN FORM AND SUBSTANCE ACCEPTABLE TO THE DIP AGENT AND THE DIP LENDERS, AND THE CLOSING OF ANY TRANSACTION SHALL BE SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN SUCH AGREED DEFINITIVE DOCUMENTS AND THE APPLICABLE DIP ORDERS.

Item	Description
DIP Terms	
DIP Borrower	> rue21, inc., as debtor-in-possession (the "DIP Borrower")
Guarantors	> Rhodes Holdco and each domestic subsidiary of rue21, including, without limitation, each Guarantor under the Existing Term Loan Credit Agreement, each as a debtor-in-possession (collectively, the "DIP Guarantors" and, together with the DIP Borrower, the "Debtors" or the "Loan Parties")
DIP Agent	> WSFS, as administrative agent and collateral agent (the "DIP Agent")
DIP Lenders	> Certain lenders party to the Existing Term Loan Credit Agreement (the "DIP Lenders") > The obligation of any DIP Lender to fund any loan under the DIP Facility may be fulfilled on behalf of such DIP Lender by any of such DIP Lender's affiliated or related funds or financing vehicles. The DIP Lenders may, by notice to the DIP Borrower, modify the funding mechanics of the DIP Facility to mitigate or avoid any adverse tax effects on the DIP Lenders, provided that any such change shall not result in a material cost or expense (other than fronting or similar fees) to the DIP Lenders or the Debtors
Amount & Type	> A superpriority Senior Secured Debtor-in-Possession Term Loan credit facility in an aggregate principal amount not to exceed $150 million consisting of the following 2 tranches, subject to the terms and conditions of this DIP and Term Loan Exchange Term Sheet and the definitive credit documentation: – "New Money Loan Tranche": $50 million multiple draw senior secured term loan facility (such loans, the "New Money Loans"; the commitments thereof, the "New Money Commitments") – "Roll-up Loan Tranche": $100 million tranche of term loans resulting from the exchange of Existing Term Loans pursuant to the Exchange Procedures (such loans, the "Roll-Up Loans")
Exchange Procedures	> The Loan Parties and the Existing Term Lenders that hold at least 75% in principal amount outstanding under the Existing Term Loan Credit Agreement (the "Requisite Lenders") shall enter into a Restructuring Support Agreement (the "RSA") (which shall be in form and substance acceptable to the DIP Agent and the DIP Lenders) > Pursuant to and upon execution of the RSA (the "Exchange Commencement Date"), the Loan Parties shall implement an offer to all Existing Term Loan Lenders to exchange their respective pro rata share of up to $100 million of the Existing Term Loans for (x) their respective pro rata share of up to $100 million of Roll-Up Loans under the DIP Facility and (y) their respective commitment to loan their respective pro rata share of New Money Loans pursuant to the New Money Commitments (such offer, the "Exchange Offer") > The Loan Parties shall implement the Exchange Offer via transmittal of offering and commitment materials to "public-side" and "private-side" Existing Term Loan Lenders through the lender site maintained by the Existing Term Loan Agent. > The Exchange Offer shall be open from the Exchange Commencement Date until a date to be determined, but no later than one business day before the Petition Date, which may be extended by agreement of the Loan Parties and the Initial Committing DIP Lenders (as defined below) > Upon the completion of the Exchange Offer, the Initial Committing DIP Lenders' New Money Commitments shall be reduced pro rata, based on the New Money Commitments of Existing Term Lenders that elect to participate in the Exchange Offer, but in no case below any Initial Committing DIP Lenders' pro rata share of the total New Money Commitments based on their total aggregate principal holdings of Existing Term Loans
1. Initial Draw	> $**20** million upon or within 3 business days of Interim DIP Order

Item	Description
> Conditions Precedent to Initial Draw	> Entry into RSA by Debtors and the Requisite Lenders, in form and substance acceptable to the DIP Agent and the DIP Lenders > Entry of Interim DIP Order in form and substance acceptable to the DIP Agent and the DIP Lenders approving DIP Facility, the Exchange Procedures, any debtor-in-possession financing provided by the lenders under the Existing ABL Credit Agreement (which debtor-in-possession financing shall be in form and substance acceptable to the DIP Agent and the DIP Lenders) and use of cash collateral within three (3) business days of the date of commencement of the Chapter 11 Cases (the "Petition Date") > Filing of first day motions and entry of first day orders, in form and substance acceptable to the DIP Agent and the DIP Lenders > Entry of order approving GOB sales, in form and substance acceptable to the DIP Agent and the DIP Lenders > Filing of lease rejection motion regarding stores being closed, in form and substance acceptable to the DIP Agent and the DIP Lenders > All DIP Documents shall have been executed by the Loan Parties and the other parties thereto > No material adverse change since the Petition Date > Received Budget in form and substance acceptable to the DIP Lenders (the "DIP Budget") > Payment of all fees and expenses > Receipt of satisfactory "know your customer" and similar information > Upon entry of the Interim DIP Order, the DIP Agent shall, for the benefit of itself and the DIP Lenders, have valid and perfected first priority liens on the DIP Collateral (as defined below) to the extent set forth in the Interim DIP Order, subject only to liens permitted by the DIP Documents, and all filing and recording fees and taxes with respect to such liens and security interests that are then due and payable shall have been duly paid. > The satisfaction of other customary terms and conditions (including, without limitation, delivery of secretary and officer certificates, notice of borrowing, evidence of insurance, and legal opinions) and such other conditions as shall be required by the DIP Agent and the DIP Lenders
2. Second Draw	> $**20** million
> Conditions Precedent to Second Draw	> The Debtors shall file a plan (the "Plan") and related disclosure statement (the "Disclosure Statement"), in each case, consistent with the RSA and in form and substance acceptable to the DIP Lenders as soon as practicable but no later than 15 days of commencement of the Chapter 11 Cases > Interim DIP Order in full force and effect, and shall not have been amended or otherwise modified; in compliance with Interim DIP Order > The Debtors shall have satisfied the Milestone (as defined in the RSA) set forth in section 4(e) of the RSA. > Reps and warranties true and correct in all material respects > No default or event of default > DIP loans made subject to and in accordance with the Budget
Final Draw	> $**10** million shall be available, with the consent, and at the sole discretion, of DIP Lenders (50% threshold) and provided (i) the Final DIP Order approving DIP Facility, the Exchange Procedures, any debtor-in-possession financing provided by the lenders under the Existing ABL Credit Agreement and use of cash collateral shall be in form and substance acceptable to the DIP Agent and the DIP Lenders and shall have been entered on or before 35 days after the Petition Date, (ii) the Final DIP Order shall be in full force and effect, and shall not have been amended or otherwise modified; in compliance with the Final DIP Order and (iii) the order rejecting leases of stores being closed shall be in form and substance acceptable to the DIP Agent and the DIP Lenders and shall have been entered by the Bankruptcy Court.

Item	Description
DIP Liens/Collateral	> Second lien on all ABL Priority Collateral (as defined in the ABL/First Lien Intercreditor Agreement, dated October 10, 2013 (the "Intercreditor Agreement")) – Primes liens on ABL Priority Collateral securing Existing Tem Loans > First priority lien on all other Company assets, – Primes liens on Term Priority Collateral (as defined in the Intercreditor Agreement) securing Existing Term Loans – First priority liens on all unencumbered assets including, without limitation, proceeds of avoidance actions > Allowed super-priority administrative expense claim > All of the forgoing liens (collectively, the "DIP Liens") on all of the forgoing collateral (collectively, the "DIP Collateral") shall be created on terms, and pursuant to documentation, satisfactory to the DIP Agent and the DIP Lenders in their discretion
Use of Proceeds	> Working capital and other general corporate purposes and fund the costs of administration of the Chapter 11 Cases, in each case, solely in accordance with the DIP Budget (subject to any permitted variances) > Pay DIP obligations, including without limitation, fees, costs, and expenses > Neither any carve-out, nor any cash collateral nor the DIP Facility may be used to challenge the amount, validity, perfection, priority or enforceability of, or assert any defense, counterclaim or offset to the DIP Facility or the Existing Term Loan Credit Agreement, or the security interests and liens securing the DIP Facility or the obligations under the Existing Term Loan Credit Agreement with respect thereto, or to fund prosecution or assertion of any claims, or to otherwise litigate against the DIP Agent, the DIP Lenders, the Existing Term Loan Agent or the Existing Term Lenders, provided that up to $35,000 of any carve-out shall be made available to any official unsecured creditors' committee appointed in the Chapter 11 Cases (the "Creditors' Committee") for investigation costs in respect of the stipulations contemplated below
Milestones	> Entry into Interim DIP Order within three (3) business days of the Petition Date > Filing of Motion Requesting an Extension of the Date to Assume and Reject Leases within 10 days of the Petition Date > Entry of Final DIP Order within 35 days of Petition Date > Plan, Disclosure Statement and proposed solicitation materials and motion to approve the Disclosure Statement and solicitation procedures, in each case, filed within 15 days of Petition Date > Entry of order approving Disclosure Statement and solicitation procedures within 50 days of Petition Date; if not approved by such date, Loan Parties shall file within 55 days of Petition Date a motion to approve sale of substantially all assets (the "Sale") under section 363 of the Bankruptcy Code ("Sale Motion"), which Sale Motion, terms of such Sale and related bidding procedures shall be in form and substance acceptable to the DIP Agent and the DIP Lenders > Order of the Bankruptcy Court confirming the Plan entered within 105 days of Petition Date > Effective date of the Plan shall occur within 115 days of Petition Date > If Sale Motion filed, entry of order approving bidding procedures in form and substance acceptable to the DIP Agent and the DIP Lenders within 75 days of the Petition Date > If Sale Motion filed, entry of order approving the Sale in form and substance acceptable to the DIP Agent and the DIP Lenders within 110 days of the Petition Date > If Sale Motion filed, the Sale shall be consummated within 120 days of the Petition Date > Draws subject to minimum levels of free rent in bankruptcy and go-forward rent concessions
DIP Credit Rating	> Within 15 days of Petition Date > Company required to initiate Moody's and S&P ratings process for DIP Facility prior to Petition Date > A private letter rating is acceptable

Item	Description
DIP Term Loan Maturity Date and Termination Date	> Earliest of (i) six (6) months after the Petition Date, (ii) the effective date of a plan of reorganization pursuant to and in accordance with the RSA, (iii) the date all DIP obligations become due and payable under the definitive DIP credit documentation, whether by acceleration or otherwise, (iv) the date of the closing of a sale of all or substantially all of the Debtors' assets, (v) the first business day on which the Interim DIP Order expires by its terms or is terminated, unless the Final DIP Order has been entered and become effective prior thereto, (vi) conversion of any of the Chapter 11 Cases to a case under Chapter 7 of the Bankruptcy Code unless otherwise consented to in writing by the DIP Agent and the requisite DIP Lenders, and (vii) dismissal of any of the Chapter 11 Cases, unless otherwise consented to in writing by the DIP Agent and the requisite DIP Lenders
Early Payment Premium	> 2% of New Money Loans, payable in full in cash to all DIP Lenders upon the refinancing of the DIP Facility prior to maturity with another debtor-in-possession credit facility
OID	> 2.5% of New Money Loans
Interest Rate	> New Money Loans: 12% per annum > Roll-Up Loans: L+4.625%
Put Option Premium	> 3% of New Money Loans, payable in full in cash to the initial lenders that commit to provide the New Money Commitments before the Exchange Commencement Date (the "Initial Committing DIP Lenders") upon entry of Interim Order
DIP Agent Fee	> $75,000
Default Interest Rate	> Incremental 2% per annum upon the incurrence and continuation of an event of default
Events of Default	> Customary and appropriate for similar debtor-in-possession financings, including, without limitation, payment default, breaches of loan documents, reps and warranties, Milestones, compliance with DIP Budget (subject to permitted variances), termination or breach of RSA, the debtors engage in an alternative transaction, bankruptcy and lien related defaults, etc., together with such additions and modifications as determined by the DIP Lenders, and cross-default to the debtor-in-possession senior revolving credit agreement to be provided by the ABL Lenders (such facility, the "DIP ABL Facility")
Covenants	> Affirmative and negative covenants customary and appropriate for similar debtor-in-possession financings, together with such additions and modifications as determined by the DIP Lenders, including, without limitation, bankruptcy related covenants and compliance with DIP Budget and permitted variances (i.e., receipts, disbursements, etc.)
Budget	> Must be in form and substance acceptable to the DIP Agent and the DIP lenders;[1] to the extent any updated DIP Budget is not acceptable to the DIP Agent and the DIP Lenders, the then existing DIP Budget will remain the "DIP Budget" until replaced by an updated DIP Budget acceptable to the DIP Agent and the DIP Lenders > DIP Budget shall reflect no projected disbursements for payment of "critical vendors"
Compliance with Budget	> Compliance with the DIP Budget on a line-by-line basis, subject to permitted variances; permitted line-by-line variances TBD

[1] Any budgeted professional fees will need to be acceptable to the DIP Lenders and reflected in the DIP Budget prior to the delivery of any commitments to fund, or any funding of, the DIP Facility.

Item	Description
Reps and Warranties	> Customary and appropriate for similar debtor-in-possession financings, together with such additions and modifications as determined by the DIP Lenders
Mandatory Prepayments	> Subject to the terms of the Intercreditor Agreement, 100% of net cash proceeds of (i) asset sales (other than ordinary course), subject to the General Unsecured Claims Carve-Out (as defined below), (ii) casualty events and (iii) incurrence of indebtedness (other than permitted indebtedness under the DIP Documents)
Reporting	> Reporting and information covenants customary and appropriate for similar debtor-in-possession financings, together with such additions and modifications as determined by the DIP Lenders, including, without limitation, (i) rolling 13-week cash flow projections, (ii) line-by-line variance reports, (iii) no less than three (3) days prior to filing, drafts of all first and second day pleadings, motions, applications and any other documents in connection therewith filed by or on behalf of the Debtors or delivered to the U.S. Trustee, or distributed to any official committee, and (iv) no less than one (1) day prior to filing, drafts of any other pleadings, motions, applications and documents filed by or on behalf of the Debtors or delivered to the U.S. Trustee, or distributed to any official committee
Adequate Protection for Prepetition Term Loan Lenders	> Replacement liens on all prepetition collateral > Additional liens on all previously unencumbered assets > Allowed super-priority administrative expense claim to the extent of diminution in value > Payment of reasonable and documented out of pocket fees and expenses of the Existing Term Loan Agent and the ad hoc group of Existing Term Lenders represented by Jones Day (the "Ad Hoc TL Group") and, so long as the RSA has not been terminated as a result of a breach by the ad hoc group of existing cross-holders represented by Milbank, Tweed, Hadley & McCloy LLP (the "Ad Hoc Cross-Holder Group"), the Ad Hoc Cross-Holder Group in an aggregate amount not to exceed $250,000 for fees and expenses incurred from and after the Petition Date.
Fees and Expenses; Indemnification	> Loan Parties obligated under the DIP Facility to pay all reasonable, documented out-of-pocket fees, costs and expenses incurred or accrued by the DIP Agent and/or the DIP Lenders (including all unpaid prepetition fees, costs and expenses) in connection with any and all aspects of the DIP Facility and the Chapter 11 Cases, including, without limitation, the reasonable fees and expenses of legal counsel and other advisors and professionals, hired by or on behalf of the DIP Agent and/or the DIP Lenders (limited to one primary counsel and one local counsel for each of the DIP Agent and the DIP Lenders collectively) > The Loan Parties will indemnify the DIP Agent and DIP Lenders, and hold them harmless from and against all reasonable out-of-pocket costs, expenses (including but not limited to reasonable legal fees and expenses) and liabilities arising out of or relating to the transactions contemplated hereby and any actual or proposed use of the proceeds of any loans made under the DIP Facility, except solely for gross negligence, bad faith or willful misconduct of such indemnified party to the extent determined by a final, non-appealable judgment of a court of competent jurisdiction
Cooperation	> The Loan Parties will assist the DIP Agent and the DIP Lenders in the syndication of the DIP Facility and the Exchange Offer as reasonably requested, and will provide customary information and documents in connection therewith
Documentation	> The DIP Credit Agreement and the other DIP Documents shall be prepared by counsel for the DIP Agent (and to be based on the Existing Term Loan Credit Agreement and the other "Loan Documents" (as defined in the Existing Term Loan Credit Agreement)), and shall be in form and substance acceptable to the DIP Agent and the DIP Lenders. No security documents will be required but instead, the DIP Agent and the DIP Lenders will rely on the DIP Orders; provided, however, that if security documents are required in connection with the DIP ABL Facility, they shall also be required in connection with DIP Facility.

Item	Description
Stipulations	> The DIP Orders shall contain stipulations as to, among other things, the amount, validity, priority and enforceability of the secured indebtedness and obligations under the Existing Term Loan Credit Agreement
Waivers	> Final DIP Order shall include waivers of the "equities of the case" exception to section 552(b), a 506(c) waiver and a marshaling waiver
Releases	> Pursuant to the DIP Orders, the Loan Parties shall release all claims against the DIP Agent, the DIP Lenders, the Existing Term Loan Agent, the Existing Term Lenders and the Restructuring Support Parties (as defined in the RSA), subject to a customary challenge period for the Creditors' Committee of 60 days following the formation of the Creditors' Committee or 75 days following the entry of the Interim DIP Order for a creditor or party in interest other than the Creditors' Committee
Governing Law	> The laws of the State of New York (excluding the laws applicable to conflicts or choice of law), except as governed by the Bankruptcy Code
Miscellaneous	> The DIP and Term Loan Exchange Term Sheet does not purport to summarize all of the conditions, covenants, representations, warranties, events of default and other terms and provisions which would be contained in definitive credit documentation, if any, relating to matters covered hereby, all of which shall be acceptable in form and substance to the DIP Agent and DIP Lenders

Item	Description
Restructuring Terms	
Restructuring Support and Exchange Agreement	> All Existing Term Lenders shall be offered the opportunity to execute the RSA. > Pursuant to the RSA, Existing Term Lenders may either commit to (x) exchange their Existing Term Loans for a like amount of Roll-Up Loans and to commit to their respective pro rata share of the New Money Commitment and vote their existing claims arising under the Existing Term Loan Credit Agreement (the "Existing Term Loan Claims") to accept the Plan (and support all transactions implemented thereunder) or (y) vote their Existing Term Loan Claims to accept the Plan (and support all transactions implemented thereunder). > The Plan shall be consistent with terms of and schedules and exhibits to the RSA
Treatment of New Money Loan Claims	> Upon the effective date of the Plan, the claims arising from the New Money Loans shall be converted into a like amount of term loans under the Senior Secured Term Loan of $50 million face ("Exit Term Loan Facility")
Treatment of Roll-Up Loan Claims	> Upon the effective date of the Plan, the claims arising from the Roll-Up Loans shall be converted into (x) 77% of the equity interests in reorganized rue21, inc. (the "New Equity") in the event the GUC Acceptance Scenario (as defined below) occurs or (y) 80% of the New Equity if the GUC Acceptance Scenario does not occur, in each case, subject to dilution for any New Equity issued under a Management Incentive Plan
Treatment of Existing Term Loan Claims	> Upon the effective date of the Plan, the Existing Term Loan Claims shall be converted into (x) 19% of the New Equity in the event the GUC Acceptance Scenario occurs or (y) 20% of the New Equity if the GUC Acceptance Scenario does not occur, in each case, subject to dilution for any New Equity issued under a Management Incentive Plan.
Treatment of General Unsecured Claims	> Upon the effective date of the Plan, if the class of allowed general unsecured claims (including the Note Claims (as defined in the RSA)) votes to accept the Plan (the "GUC Acceptance Scenario"), such class shall receive their pro rata share (based upon all allowed general unsecured claims) of (a) 4% of the New Equity, subject to dilution for any New Equity issued under a Management Incentive Plan, and (b) 100% of the proceeds of avoidance actions (which shall be preserved for the Debtors' estates for the exclusive benefit of holders of general unsecured claims and pursued, settled, abandoned or otherwise treated in a manner that is cost-neutral to the Debtors' estates and otherwise in accordance with procedures to be established by the Debtors and any Official Committee of Unsecured Creditors) other than any actions against (1) trade vendors that are continuing to do business with reorganized rue21, inc. and the factors that are continuing to finance such trade vendors, (2) any of the Restructuring Support Parties (as defined in the RSA) and DIP Lenders, including lenders of the Roll-Up Loans, in each case, in their capacities as such, and (3) any professional of the Debtors or Restructuring Support Parties; provided that holders of claims arising under the Existing Term Loan Credit Agreement shall be permitted to vote, but shall waive all rights to, and shall not receive any distribution of the foregoing property on account of such claims. In the event the class of general unsecured claims under the Plan rejects the Plan, holders of allowed general unsecured claims shall not receive any distribution under the Plan. For the avoidance of doubt, the Plan will include, for each Debtor, a single class of general unsecured claims that will include the Note Claims. > In the event of a Sale, consideration of equal value shall be set aside from the net cash proceeds of the Sale and holders of allowed general unsecured claims shall receive their pro rata share of such consideration. > In the event that the Plan is not consummated for any reason, other than the failure of the class of general unsecured claims to vote to accept the Plan, notwithstanding anything to the contrary in this Term Sheet, any subsequent plan or transaction shall provide for economically equal treatment on similar conditions set forth in this section; provided that, in the event of such a subsequent plan, such treatment shall only provide for the recoveries described in this section if the class of general unsecured claims (or such other class in which the Note Claims are classified) vote to accept such

		plan, and if the holders of claims in such class (or such other class in which the Note Claims are classified) reject such plan, such holders shall not receive any distribution of property under such plan (the provisions of this section collectively referred to as the "General Unsecured Claims Carve-Out").
Item		Description
Exit Term Loan Facility Terms		
Interest Rate	>	12.5% per annum cash rate, payable quarterly in arrears
Amortization	>	5% per annum, payable quarterly in arrears commencing January 2018
Excess Cash Flow Sweep	>	65% payable quarterly commencing January 2018; repaid at par; excess cash flow definition to be agreed
Voluntary Prepayments	>	Prepay, in whole or in part, the Exit Term Loan Facility at the Company's discretion, subject to the payment of the Prepayment Premium (as defined below)
Prepayment Premium	>	102% of par (the "Prepayment Premium")
Right of First Refusal on ABL Take Out	>	Exit Term Loan Facility lenders shall have a right of first refusal in the event the Reorganized Debtors seek to refinance the amount outstanding under the Existing ABL Credit Agreement
Maturity Date	>	5 years from closing date of the Exit Term Loan Facility

Item	Description
Other Requirements	
Exculpation and Releases	> Plan shall provide for exculpation and releases of Debtors, Initial Committing DIP Lenders, DIP Lenders, DIP Agent, the Restructuring Support Parties, Existing Term Loan Agent, and Existing ABL Agent with respect to, among other things, the Debtors, the Chapter 11 Cases, the Plan and all transactions contemplated thereunder and the negotiation, formulation and solicitation thereof, the Disclosure Statement, the RSA and the DIP Facility and the negotiation, formulation and consummation thereof. The Plan shall provide for compulsory releases of the DIP Agent, the DIP Lenders, the Existing Term Loan Agent, the members of the Ad Hoc TL Group, the members of the Ad Hoc Cross-Holder Group and the Restructuring Support Parties, and each of their respective representatives (in their capacities as such) in respect of the foregoing matters; provided, however, that such compulsory releases shall not include releases of any Existing Term Lenders that do not participate in the DIP Facility.
Corporate Governance	> Board of Reorganized rue 21, inc. to consist of 5 directors (the "New Board") > Initial Committing DIP Lenders to appoint 4 of the 5 directors – Bayside and Stonehill to each have the right to designate one director to the New Board – Voya to retain board observer rights for 18 months post-bankruptcy
Management Incentive Plan	> A Management Incentive Plan on terms to be determined in the sole discretion of the New Board.
New Equity	> New Equity must be freely tradable and DTC-eligible
Tax Issues	> The Plan shall be structured to preserve or otherwise maximize favorable tax attributes (including tax basis) of the Debtors to the extent practicable.

Exhibit B to the Restructuring Support Agreement

Form of Transferee Joinder

Form of Transferee Joinder

This joinder (this "Joinder") to the Restructuring Support Agreement (the "Agreement"), dated as of May **[__]**, 2017, by and among: (i) Rhodes Holdco ("Holdings"), rue21, inc. ("rue21") and each of rue21's subsidiaries (such subsidiaries, Holdings and rue21, each a "rue21 Entity," and collectively, the "rue21 Entities") and (ii) the Consenting Term Loan Lenders, is executed and delivered by [_____] (the "Joining Party") as of [_____]. Each capitalized term used herein but not otherwise defined shall have the meaning ascribed to it in the Agreement.

1. Agreement to be Bound. The Joining Party hereby agrees to be bound by all of the terms of the Agreement, a copy of which is attached to this Joinder as Annex 1 (as the same has been or may be hereafter amended, restated, or otherwise modified from time to time in accordance with the provisions thereof). The Joining Party shall hereafter be deemed to be a Party for all purposes under the Agreement and one or more of the entities comprising the Restructuring Support Parties.

2. Representations and Warranties. The Joining Party hereby represents and warrants to each other Party to the Agreement that, as of the date hereof and upon the effectiveness of any Transfers, such Joining Party (a) is the legal or beneficial holder of, and has all necessary authority (including authority to bind any other legal or beneficial holder) with respect to, the Claims identified below its name on the signature page hereof, and (b) makes, as of the date hereof, the representations and warranties set forth in Section 18 of the Agreement to each other Party.

3. Governing Law. This Joinder shall be governed by and construed in accordance with the internal laws of the State of New York without regard to any conflicts of law provisions which would require the application of the law of any other jurisdiction.

4. Notice. All notices and other communications given or made pursuant to the Agreement shall be sent to:

To the Joining Party at:

[JOINING PARTY]
[ADDRESS]
Attn:
Facsimile:
Email:

IN WITNESS WHEREOF, the Joining Party has caused this Joinder to be executed as of the date first written above.

[JOINING PARTY]

_____

By:
Name:
Title:

Principal Amount of Term Loan Claims: $_____

Principal Amount of Note Claims: $_____

Notice Address:

Fax:
Attention:
Email:

Annex 1 to the Form of Transferee Joinder