IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	Chapter 11
	§	
TPP ACQUISITION, INC. d/b/a The Picture People,	§	Case No. 16-33437-hdh-11
	§	
	§	
Debtor.	§	

DISCLOSURE STATEMENT UNDER 11 U.S.C. § 1125 IN SUPPORT OF THE DEBTOR'S AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS' JOINT PLAN OF LIQUIDATION FOR TPP ACQUISITION, INC. D/B/A THE PICTURE PEOPLE UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

IMPORTANT DATES

- Date by which Ballots must be received (Voting Deadline): **_____, 2017 at 4:00 p.m. Central Time**.
- Date by which objections to confirmation of the Plan must be filed and served (Plan Objection Deadline): **_____, 2017 at 4:00 p.m. Central Time**.
- Hearing on confirmation of the Plan: **_____, 2017 @ _:__ _.m. Central Time.**

Dated: January 17, 2016

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ATTORNEYS FOR DEBTOR

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ARTICLE 1
INTRODUCTION

TPP Acquisition, Inc. d/b/a The Picture People (the "Debtor"), debtor-in-possession in the above-referenced Chapter 11 Case, and the Committee (together with the Debtor, the "Proponents") submit this *Disclosure Statement Under 11 U.S.C. § 1125 in Support of the Joint Plan of Liquidation for TPP Acquisition, Inc. d/b/a The Picture People under Chapter 11 of the United States Bankruptcy Code* (the "Disclosure Statement"). A copy of the Plan is attached as **Exhibit 1** to this Disclosure Statement.[1]

This Disclosure Statement sets forth certain relevant information regarding the Debtor's prepetition operations and financial history, the need to seek Chapter 11 protection, significant events that have occurred during the Chapter 11 Case, an analysis of the expected return to the Debtor's Creditors and the anticipated procedures for liquidating the Debtor's remaining assets. This Disclosure Statement also describes terms and provisions of the Plan, including certain alternatives to the Plan, certain effects of confirmation of the Plan, certain risk factors associated with the Plan, and the manner in which Distributions will be made under the Plan. Additionally, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of Claims must follow for their votes to be counted.

A. Filing of the Debtor's Chapter 11 Case.

The Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court on September 2, 2016. Since the Petition Date, the Debtor has continued to manage its properties and assets as debtor-in-possession pursuant to Bankruptcy Code §§ 1107 and 1108.

B. Distributions under the Plan.

The Plan provides that the Debtor's remaining assets, consisting primarily of various causes of actions, will be transferred to the Liquidation Trust. The Liquidation Trustee will oversee the liquidation of the remaining assets, including the litigation of causes of action transferred to the Liquidation Trust. The net proceeds generated by the liquidation of all such assets will be distributed to Creditors pursuant to the Plan. Under the Plan, the Debtor anticipates that Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Priority Non-Tax Claims, and Allowed Secured Claims will be paid in full to the extent that any such Claims exist. The Estate assets that remain after satisfaction of Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Priority Non-Tax Claims, Allowed Secured Claims, and the costs and expenses incurred by the Liquidation Trustee and/or the Liquidation Trust in connection with the administration of the Liquidation Trust will be distributed to the Holders of General Unsecured Claims through the Liquidation Trust.

Holders of Interests will not receive any distribution under the Plan, and all Interests in the Debtor will be canceled and extinguished.

[1] Except as otherwise provided in this Disclosure Statement, capitalized terms herein have the meanings ascribed to them in the Plan. Any capitalized term used herein that is not defined in the Plan shall have the meaning ascribed to that term in the Bankruptcy Code or Bankruptcy Rules, whichever is applicable.

Summary of Plan Treatment

Class Description	**Treatment**	**Estimated Recovery**
Class 1 - Senior Secured Lender Allowed Claims	Upon payment in full of all unpaid Allowed Claims identified in the DIP Budget up to the amounts identified in the DIP Budget, the Debtor or Liquidation Trustee, as applicable, shall, subject to the Committee's or Liquidation Trustee's right to challenge such obligation under the DIP Order or the TPP Sale Order, promptly transfer any remaining cash held in the Wind-Down Reserve, if any, to the Senior Secured Lenders. The Senior Secured Lenders shall receive no further Distribution under the Plan, and shall have no further Claim, right, Lien or interest in any of the Remaining Assets.	100%
Class 2 - Allowed Other Secured Claims	If there is more than one Allowed Other Secured Claim, then each Allowed Other Secured Claim shall be classified in a separate sub-Class. Unless otherwise provided for pursuant to an order of the Bankruptcy Court, each Holder of an Allowed Other Secured Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Other Secured Claim as soon as reasonably practicable after the later of (a) the Effective Date, (b) the Allowance Date, (c) the date such Allowed Other Secured Claim becomes due and owing in the ordinary course of business, and (d) such date as is mutually agreed upon by the Debtor or the Liquidation Trustees (as applicable) and the Holder of such Allowed Other Secured Claim either: (a) at the sole discretion of the Debtor or the Liquidation Trustee (as applicable) (i) Cash equal to the unpaid portion of such Allowed Other Secured Claim, including any interest on such Allowed Other Secured Claim required to be paid pursuant to Bankruptcy Code § 506(b), or (ii) reinstatement of the legal, equitable, and contractual rights of the Holder of such Allowed Other Secured Claim; or (b) such other treatment as may be agreed to by the Debtor and the Holder of such Allowed Other Secured Claim in writing.	100%
Class 3 -Allowed Secured Tax Claims	If there is more than one Allowed Secured Tax Claim, each separate Allowed Secured Tax Claim will be classified in a separate sub-Class. Unless otherwise provided for pursuant to an order of the Bankruptcy Court, each Holder of an Allowed Secured Tax Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Secured Tax Claim as soon as reasonably practicable after the later of (a) the Effective Date, (b) the Allowance Date, and (c) such date as is mutually agreed upon by the Debtor or the Liquidation Trustee (as applicable) and the Holder of such Allowed Secured Tax Claim, either Cash equal to the unpaid amount of such Allowed Secured Tax Claim or such other less favorable treatment as to which the Debtor or the Liquidation Trustee (as applicable) and the Holder of such Allowed Secured Tax Claim shall have agreed upon in writing. Each Holder of a Secured Tax Claim shall retain its Liens on applicable collateral to the same extent and priority previously held, notwithstanding the transfer of such collateral into the Liquidation Trust, until either (i) its Secured Claim has been Allowed and treated in accordance with this provision of the Plan, or (ii) its Secured Claim has been Disallowed. The Holder of an Allowed Secured Tax Claim shall not be entitled to foreclose such Lien absent further order of the	100%

	Bankruptcy Court.	
Class 4 - Allowed Priority Non-Tax Claims	Unless otherwise provided for pursuant to an order of the Bankruptcy Court, each Holder of an Allowed Priority Non-Tax Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Non-Tax Claim on the later of (a) the Effective Date, (b) the Allowance Date, and (c) such date as is mutually agreed upon by the Debtor or the Liquidation Trustee (as applicable) and the Holder of such Allowed Priority Non-Tax Claim, either Cash equal to the unpaid amount of such Allowed Priority Non-Tax Claim or such other less favorable treatment as to which the Debtor or the Liquidation Trustee (as applicable) and the Holder of such Allowed Priority Non-Tax Claim shall have agreed upon in writing. In the event that there is insufficient Cash to pay all Allowed Class 4 Claims in full, Holders of Allowed Claims entitled to priority under Bankruptcy Code §§ 507(a)(4), (a)(5), (a)(6), and (a)(7) shall be paid in full in Cash before Distributions are made to Holders of Allowed Claims entitled to priority under other subsections of § 507. In the event that there is insufficient Cash to pay all Allowed Class 4 Claims entitled to priority under a section of the Bankruptcy Code other than §§ 507(a)(4), (a)(5), (a)(6), and (a)(7) in full, the Holders of such Claims will receive a Pro Rata Share of the available Cash. For the avoidance of doubt, Holders of Allowed General Unsecured Claims shall not receive any Distributions until all Priority Non-Tax Claims have been paid in full.	100%
Class 5 - Allowed General Unsecured Claims	Unless otherwise provided for pursuant to an order of the Bankruptcy Court, each Holder of an Allowed General Unsecured Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed General Unsecured Claim, a beneficial interest in the Liquidation Trust as set forth in Article V hereof entitling such Holder to receive on account of such Claim, such Holder's Pro Rata Share of any Cash Distribution from the Liquidation Trust to Holders of Allowed General Unsecured Claims in accordance with Article V of this Plan, on or as soon as practicable after the later of (a) the Effective Date, (b) the Allowance Date, (c) the initial Distribution Date and on each periodic Distribution Date thereafter, (d) the date on which all estimated Allowed Claims in Classes 1, 2, 3, and 4 have been paid in accordance with applicable provisions of the Plan (unless (i) sufficient reserves exist, as determined by the Liquidation Trustee in his or her business judgment, to ensure payment in full of all such estimated Allowed Claims or (ii) with respect to any Secured Claim, the Holder of such Secured Claim does not have a Lien on the assets anticipated to be distributed), and (e) such date as is mutually agreed upon by the Liquidation Trustee and the Holder of an Allowed General Unsecured Claim. For the avoidance of doubt, Holders of Allowed General Unsecured Claims shall not receive any Distributions unless and until all Allowed Secured Claims, Allowed Administrative Claims (including Allowed Professional Fee Claims), Allowed Secured and Priority Tax Claims and Allowed Priority Non-Tax Claims have been paid in full as provided in the Plan. Each Holder of Allowed General Unsecured Claims shall receive such Distributions in accordance with the provisions set forth in Article V. Notwithstanding the foregoing, the Holder of an Allowed General Unsecured Claim may receive such other less favorable treatment as may be agreed to by such Holder and the Liquidation Trustee.	Unknown
Class 6 - Interests	On the Effective Date, all Interests in Class 6 shall be canceled and	$0

	extinguished and Interest Holders shall not be entitled to receive any Distributions on account of such Interests.	

C. Purpose of Disclosure Statement.

Bankruptcy Code § 1125 requires the Debtor to prepare and obtain court approval of a Disclosure Statement as a prerequisite to soliciting votes on the Debtor's Plan. The purpose of the Disclosure Statement is to provide information to Creditors and Interest Holders that will assist them in deciding how to vote on the Plan.

The Proponents plan to seek conditional approval of the Disclosure Statement. Such conditional approval will not constitute a judgment by the Bankruptcy Court as to the desirability of the Plan or as to the value or suitability of any consideration offered thereunder. The Bankruptcy Court's conditional approval, however, will permit the Debtor to solicit votes on the Plan and to seek a combined hearing on the Plan and the Disclosure Statement where the Bankruptcy Court will make a final determination regarding whether the Disclosure Statement contains adequate information to permit parties-in-interest to make an informed judgment regarding acceptance or rejection of the Plan.

D. Combined Hearing on Approval of the Disclosure Statement and Confirmation of the Plan.

The Bankruptcy Court has set _____ __, 2017 @ _:__ _.m. (the "Combined Hearing"), as the time and date for the hearing to consider approval of this Disclosure Statement and the Confirmation Hearing to determine whether the Plan has been accepted by the requisite number of Holders of Claims, and whether the other standards for Confirmation of the Plan have been satisfied. Once commenced, the Combined Hearing may be adjourned or continued by announcement in open court with no further notice.

E. Disclaimers.

THE CONDITIONAL APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN. THE MATERIAL CONTAINED HEREIN IS INTENDED SOLELY FOR THE USE OF CREDITORS AND INTEREST HOLDERS OF THE DEBTOR IN EVALUATING THE PLAN AND VOTING TO ACCEPT OR REJECT THE PLAN AND, ACCORDINGLY, MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN THE DETERMINATION OF HOW TO VOTE ON, OR WHETHER TO OBJECT TO, THE PLAN.

THE DEBTOR BELIEVES THAT THE PLAN AND THE TREATMENT OF CLAIMS AND INTERESTS THEREUNDER IS IN THE BEST INTERESTS OF CLAIM HOLDERS AND INTEREST HOLDERS AND URGES THAT YOU VOTE TO ACCEPT THE PLAN.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED ON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE PLAN SHOULD BE REVIEWED CAREFULLY.

F. Sources of Information.

Except as otherwise expressly indicated, the portions of this Disclosure Statement describing the Debtor, its business, properties and management, and the Plan have been prepared from information furnished by current and former directors, officers, and employees of the Debtor. The statements contained in this Disclosure Statement are made as of the date hereof unless another time is specified.

ARTICLE 2
EXPLANATION OF CHAPTER 11

A. Overview of Chapter 11.

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor-in-possession may seek to reorganize its business or to sell the business for the benefit of the debtor's creditors and other interested parties.

The commencement of a Chapter 11 case creates an estate comprising all of the debtor's legal and equitable interests in property as of the date the petition is filed. Unless the bankruptcy court orders the appointment of a trustee, a Chapter 11 debtor may continue to operate its business and control the assets of its estate as a "debtor-in-possession," as the Debtor has done in the Chapter 11 Case since the Petition Date.

Formulation of a plan is one of the principal purposes of a Chapter 11 case. The plan sets forth the means for satisfying the claims of creditors against, and interests of equity security holders in, the debtor.

B. Plan of Reorganization.

Although usually referred to as a plan of reorganization, a plan may simply provide for an orderly liquidation of a debtor's property and assets. As described in more detail in Article 4 herein, the vast majority of the Debtor's assets were sold pursuant to the TPP Sale. The chief remaining assets after the TPP Sale include (i) all Rights of Action, including Avoidance Actions, and the proceeds thereof; (ii) the remaining Wind-Down Cash; and (iii) all other Remaining Assets. The Plan provides for the use of these remaining assets to satisfy Claims against the Debtor's Estate pursuant to the priority provisions of the Bankruptcy Code.

After a plan is filed, the holders of claims against, or interests in, a debtor are generally permitted to vote to either accept or reject the plan. Chapter 11 does not require that each holder of a claim against, or interest in, a debtor vote in favor of a plan in order for the plan to be confirmed. At a minimum, however, a plan must be accepted by a majority in number and

two-thirds (2/3) in amount of those claims actually voting from at least one class of claims Impaired under the plan, or two-thirds (2/3) in amount of those interests actually voting from at least one class of interests Impaired under the plan.

Classes of claims or interests that are not Impaired under a plan of reorganization are conclusively presumed to have accepted the plan and therefore are not entitled to vote. A class is Impaired if the plan modifies the legal, equitable, or contractual rights attaching to the claims or interests of that class. Classes of claims or interests that receive or retain no property under a plan are conclusively presumed to have rejected the plan and therefore are not entitled to vote.

ARTICLE 3
VOTING PROCEDURES AND CONFIRMATION REQUIREMENTS

A. Ballots and Voting Deadline.

A Ballot for voting to accept or reject the Plan is enclosed with this Disclosure Statement, and has been mailed to Creditors (or their authorized representatives) entitled to vote. After carefully reviewing the Disclosure Statement, including all exhibits, each Creditor (or its authorized representative) entitled to vote should indicate its vote on the enclosed Ballot. All Creditors (or their authorized representatives) entitled to vote must (i) carefully review the Ballot and instructions thereon, (ii) execute the Ballot, and (iii) return it to the address indicated on the Ballot so as to be received by _____ __, 2017 at 4:00 p.m. Central Time (the "Voting Deadline") for the Ballot to be considered.

The Bankruptcy Court has ordered that the Balloting Agent is authorized to accept Ballots either by (a) regular mail to the address listed below (facilitated by a return envelope that the Debtor will provide with each Ballot), (b) overnight courier, (c) via email to TPPinfo@kccllc.com with "TPP" in the subject line, (d) via facsimile to 310.776.8350, or (e) personal delivery.

TPP Ballot Processing Center
c/o KCC
2335 Alaska Avenue
El Segundo, CA 90245

BALLOTS MUST BE RECEIVED ON OR BEFORE _____ __, 2017 AT 4:00 P.M. CENTRAL TIME. ANY BALLOTS RECEIVED AFTER THAT DEADLINE WILL NOT BE COUNTED.

B. Holders of Claims and Interests Entitled to Vote.

Any Creditor whose Claim is Impaired under the Plan is entitled to vote if either (i) the Claim has been listed in the Schedules (and the Claim is not scheduled as disputed, contingent, or unliquidated) or (ii) the Creditor has filed a Proof of Claim on or before any deadline set by the Bankruptcy Court for such filings and the Debtor or another party-in-interest has not objected to such Proof of Claim prior to _____ __, 2017 (the "Deadline to Object to Claims for Voting Purposes").

Any Holder of a Claim as to which an objection has been filed before the Deadline to Object to Claims for Voting Purposes (and such objection is still pending) is not entitled to vote, unless on or prior to _____ __, 2017 (the "Deadline to Request Temporary Allowance of Claims for Voting Purposes") such Holder of a Claim has filed a request for temporary allowance of claims for voting purposes and the Bankruptcy Court (on motion by a party whose Claim is subject to an objection) temporarily allows the Claim in an amount that it deems proper for the purpose of accepting or rejecting the Plan. Such motion must be heard and determined by the Bankruptcy Court on or before the first date set by the Bankruptcy Court for the Confirmation Hearing on the Plan.

In addition, a vote may be disregarded if the Bankruptcy Court determines that the acceptance or rejection was not solicited or procured in good faith or in accordance with the applicable provisions of the Bankruptcy Code.

C. Bar Dates for Filing Proofs of Claim.

The Bankruptcy Court established November 15, 2016 as the deadline to file Proofs of Claim against the Debtor. Pursuant to 11 U.S.C. § 502(b)(9), March 1, 2017 is the deadline for Governmental Units to file Proofs of Claim against the Debtor.

D. Classes Not Impaired Under the PlanA

Holders of Claims in Class 1 are Unimpaired under the Plan and are conclusively presumed to have accepted the Plan and, therefore, are not entitled to vote to accept or reject the Plan.

E. Classes Impaired Under the Plan.

Holders of Claims in Classes 2-5 are Impaired under the Plan and are eligible to vote to accept or reject the Plan.

Holders of Interests in Class 6 are Impaired but are conclusively presumed to have rejected the Plan and, therefore, are not entitled to vote to accept or reject the Plan.

F. Information on Voting and Ballots.

1. Ballot Tabulation Procedures.

For purposes of voting on the Plan, the amount and classification of a Claim and the procedures that will be used to tabulate acceptances and rejections of the Plan shall be exclusively as follows:

(a) If no Proof of Claim has been timely filed, the vote amount of a Claim shall be equal to the amount listed for the particular Claim in the Debtor's Schedules, as and if amended, to the extent such Claim is not listed as contingent, unliquidated, or disputed, and the Claim shall be placed in the appropriate Class, based on the Debtor's records, and consistent with the Debtor's Schedules;

(b) If a Proof of Claim has been timely filed, and has not been objected to before the expiration of the Deadline to Object to Claims for Voting Purposes, the vote amount of that Claim shall be as specified in the Proof of Claim filed with the Clerk or KCC;

(c) If a Proof of Claim contains any amount that is either contingent, unliquidated, disputed or unknown as determined by the Debtor in its reasonable discretion, then any vote cast on account of such Claim shall only be tabulated (i) with respect to the non-contingent and liquidated amount set forth in the Proof of Claim, as determined by the Debtor in its reasonable discretion, or (ii) $1.00 if no portion of the Claim is determined to be non-contingent and liquidated.

(d) Subject to subparagraph (e) below, a Claim that is the subject of an objection filed before the Deadline to Object to Claims for Voting Purposes shall be disallowed for voting purposes, except to the extent and in the manner that the Debtor indicated in any objection or other pleading that the Claim should be allowed for voting or other purposes;

(e) If a Claim has been estimated or otherwise allowed for voting purposes by order of the Bankruptcy Court, the vote amount and classification shall be that set by the Bankruptcy Court;

(f) If a Creditor or its authorized representative did not use the Ballot provided by the Debtor, the Official Ballot Form authorized under the Federal Rules of Bankruptcy Procedure, or a substantially similar form of ballot, such Ballot will not be counted;

(g) If the Ballot is not received by the Balloting Agent on or before the Voting Deadline at the place fixed by the Bankruptcy Court, the Ballot will not be counted;

(h) If the Ballot is not signed by the Creditor or its authorized representative, the Ballot will not be counted;

(i) If the Ballot partially accepts and partially rejects the Plan, the Ballot will not be counted;

(j) If the individual or institution casting the Ballot (whether directly or as a representative) was not the Holder of a Claim on the Record Date, the Ballot will not be counted;

(k) If the Creditor or its authorized representative did not check one of the boxes indicating acceptance or rejection of the Plan, or checked both such boxes, the Ballot will not be counted; and

(l) Whenever a Creditor (or its authorized representative) submits more than one Ballot voting the same Claim(s) before the Voting Deadline, except as otherwise directed by the Bankruptcy Court after notice and a hearing, the last

such Ballot shall be deemed to reflect the Creditor's intent and shall supersede any prior Ballots.

2. Execution of Ballots by Representatives.

If a Ballot is signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, such persons must indicate their capacity when signing and, at the Debtor's request, must submit proper evidence satisfactory to the Debtor of their authority to so act.

3. Defects and Other Irregularities Regarding Ballots.

All questions concerning the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of Ballots will be resolved by the Debtor in the exercise of the Debtor's reasonable business judgment. In the event of a dispute, the affected Claim Holder may seek a determination of the dispute by the Bankruptcy Court, and all parties' rights will be reserved with respect thereto.

4. Withdrawal of Ballots and Revocation.

The Debtor may allow any claimant who submits a properly completed Ballot to withdraw such Ballot on or before the Voting Deadline. In the event the Debtor does permit such withdrawal, the claimant, for cause, may change or withdraw its acceptance or rejection of the Plan in accordance with Bankruptcy Rule 3018(a). To be valid, a notice of withdrawal must: (a) contain the description of the Claim(s) to which it relates and the aggregate principal amount represented by such Claim(s); (b) be signed by the Creditor (or its authorized representative) in the same manner as the Ballot; and (c) be received by the Balloting Agent in a timely manner at the address set forth in the Disclosure Statement for the submission of Ballots. The Balloting Agent, in its discretion, may, but is not required to, contact voters to cure any defects in the Ballots and is authorized to so cure any defects. Subject to any contrary order of the Court, the Debtor may waive any defects or irregularities as to any particular Ballot at any time, either before or after the Voting Deadline, and any such waivers shall be documented in the vote tabulation certification prepared by the Balloting Agent.

Any Creditor (or its authorized representative) who has previously submitted a properly completed Ballot before the Voting Deadline may revoke such Ballot and change its vote by submitting before the Voting Deadline a subsequent, properly completed Ballot for acceptance or rejection of the Plan.

G. Confirmation of Plan.

1. Solicitation of Acceptances.

The Proponents are soliciting your vote. No compensation shall be received by any party for any solicitation other than as disclosed to the Bankruptcy Court.

NO REPRESENTATIONS OR ASSURANCES, IF ANY, CONCERNING THE DEBTOR OR THE PLAN ARE AUTHORIZED BY THE PROPONENTS OTHER

THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE BY ANY PERSON TO SECURE YOUR VOTE OTHER THAN THOSE CONTAINED IN OR ACCOMPANYING THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED ON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THIS IS A SOLICITATION SOLELY BY THE PROPONENTS AND IS NOT A SOLICITATION BY ANY SHAREHOLDER, ATTORNEY, OR ACCOUNTANT FOR THE PROPONENTS. THE REPRESENTATIONS, IF ANY, MADE HEREIN ARE THOSE OF THE PROPONENTS AND NOT OF SUCH SHAREHOLDERS, ATTORNEYS, OR ACCOUNTANTS, EXCEPT AS MAY BE OTHERWISE SPECIFICALLY AND EXPRESSLY INDICATED.

Under the Bankruptcy Code, a vote for acceptance or rejection of a plan may not be solicited unless the claimant or interest holder has received a copy of a disclosure statement approved by the bankruptcy court prior to, or concurrently with, such solicitation. This solicitation of votes on the Plan is governed by Bankruptcy Code § 1125(b). Violation of Bankruptcy Code § 1125(b) may result in sanctions by the Bankruptcy Court, including disallowance of any improperly solicited vote.

2. Requirements for Confirmation of the Plan.

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the requirements of Bankruptcy Code § 1129 have been satisfied, in which event the Bankruptcy Court shall enter an order confirming the Plan. For the Plan to be confirmed, Bankruptcy Code § 1129 requires that:

(i) The Plan comply with the applicable provisions of the Bankruptcy Code;

(ii) The Debtor has complied with the applicable provisions of the Bankruptcy Code;

(iii) The Plan has been proposed in good faith and not by any means forbidden by law;

(iv) Any payment or Distribution made or promised by the Debtor or by a person issuing securities or acquiring property under the Plan for services or for costs and expenses in connection with the Plan has been disclosed to the Bankruptcy Court, and any such payment made before the Confirmation of the Plan is reasonable, or if such payment is to be fixed after Confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable;

(v) The Debtor has disclosed the identity and affiliation of any individual proposed to serve, after Confirmation of the Plan, as a director, officer or voting trustee of the Debtor, or a successor to the Debtor under the Plan; the appointment to, or continuance in, such office of such individual is consistent with the interests of Creditors and Interest Holders and with public policy; and the Debtor has

disclosed the identity of any insider that will be employed or retained by the Liquidation Trustee after Confirmation and the nature of any compensation for such insider;

(vi) Any government regulatory commission with jurisdiction (after Confirmation of the Plan) over the rates of the Debtor has approved any rate change provided for in the Plan, or such rate change is expressly conditioned on such approval;

(vii) With respect to each Impaired Class of Claims, either each Holder of a Claim of the Class has accepted the Plan, or will receive or retain under the Plan on account of that Claim, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would so receive or retain if the Debtor were liquidated on such date under Chapter 7 of the Bankruptcy Code. If Bankruptcy Code § 1111(b)(2) applies to the Claims of a Class, each Holder of a Claim of that Class will receive or retain under the Plan on account of that Claim property of a value, as of the Effective Date, that is not less than the value of that Holder's interest in the Debtor's interest in the property that secures that Claim;

(viii) Each Class of Claims or Interests has either accepted the Plan or is not Impaired under the Plan;

(ix) Except to the extent that the Holder of a particular Administrative Claim, Priority Tax Claim or Priority Non-Tax Claim has agreed to a different treatment of its Claim, the Plan provides that Administrative Claims, Priority Tax Claims and Priority Non-Tax Claims shall be paid in full on the Effective Date or the Allowance Date;

(x) If a Class of Claims or Interests is Impaired under the Plan, at least one such Class of Claims or Interests has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim or Interest of that Class; and

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

The Proponents believe that the Plan satisfies all of the statutory requirements of the Bankruptcy Code for Confirmation and that the Plan was proposed in good faith. The Proponents believe that they have complied, or will have complied, with all the requirements of the Bankruptcy Code governing Confirmation of the Plan.

3. Acceptances Necessary to Confirm the Plan.

Voting on the Plan by each Creditor (or its authorized representative) is important. Chapter 11 of the Bankruptcy Code does not require that each Creditor vote in favor of the Plan in order for the Bankruptcy Court to confirm the Plan. Generally, to be confirmed under the acceptance provisions of Bankruptcy Code § 1126(a), the Plan must be accepted by each Class of Claims that is Impaired under the Plan by parties holding at least two-thirds in dollar amount and

more than one-half in number of the Allowed Claims of such Class actually voting in connection with the Plan. With respect to each Class of Interests that is impaired under the Plan, the Plan must be accepted by parties holding at least two-thirds in amount of the Allowed Interests of such Class actually voting in connection with the Plan. Even if all Classes of Claims and Interests accept the Plan, the Bankruptcy Court may refuse to confirm the Plan.

4. Cramdown.

In the event that any impaired Class of Claims or Interests does not accept the Plan, the Bankruptcy Court may still "cramdown" and confirm the Plan at the request of the Proponents if, as to each impaired Class that has not accepted the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable." A plan of reorganization does not discriminate unfairly within the meaning of the Bankruptcy Code if no class receives more than it is legally entitled to receive for its claims or interests. "Fair and equitable" has different meanings for holders of secured and unsecured claims and interests.

With respect to a secured claim, "fair and equitable" means either (i) the impaired secured creditor retains its liens to the extent of its allowed claim and receives deferred cash payments at least equal to the allowed amount of its claims with a present value as of the effective date of the plan at least equal to the value of such creditor's interest in the property securing its liens, (ii) property subject to the lien of the impaired secured creditor is sold free and clear of that lien, with that lien attaching to the proceeds of sale, and such lien proceeds must be treated in accordance with clauses (i) and (iii) hereof, or (iii) the impaired secured creditor realizes the "indubitable equivalent" of its claim under the plan.

With respect to an unsecured claim, "fair and equitable" means either (i) each impaired creditor receives or retains property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.

With respect to interests, "fair and equitable" means either (i) each impaired interest receives or retains, on account of that interest, property of a value equal to the greater of the allowed amount of any fixed liquidation preference to which the holder is entitled, any fixed redemption price to which the holder is entitled, or the value of the interest; or (ii) the holder of any interest that is junior to the interest of that class will not receive or retain under the plan, on account of that junior interest, any property.

In the event at least one Class of Impaired Claims or Interests rejects or is deemed to have rejected the Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable and does not discriminate unfairly against any rejecting impaired Class of Claims or Interests.

The Proponents believe that the Plan does not discriminate unfairly and is fair and equitable with respect to each Impaired Class of Claims and Interests.

ARTICLE 4
BACKGROUND OF THE DEBTOR[2]

A. History.

The original predecessor to the Debtor's business was a regional portrait studio founded in California in the mid-1980s. An affiliate of Hallmark later acquired the business and operated it until 2005. By 2005 the business had expanded beyond a regional player to a national portrait studio business with over 330 locations nationwide. In 2005 Hallmark sold the business. By 2007, the new owner had restructured the business and reduced the studio count to approximately 175 locations. It also moved the corporate offices from California to Texas. The Debtor's corporate headquarters is located in Richardson, Dallas County, Texas.

Like many businesses, the portrait industry suffered significant declines in revenue beginning in 2009. The business's declining fortunes culminated in a UCC Article 9 foreclosure and public sale in March of 2011. The Debtor was formed by an affiliate of Blackstreet, the owner of the secured debt of the Debtor's predecessor. The Debtor was formed by the Blackstreet affiliate to acquire the foreclosed upon portrait studio business.

By the end of 2011, the Debtor decreased its studio count from 175 locations to approximately 102 mostly mall-based locations. Many of the locations eliminated in 2011 had been in relatively close proximity to locations that remained open. As a result of the studio closures, same-store sales in many of the remaining studios increased substantially. In 2011 the company experienced further revenue growth when it began a partnership with Groupon, the well-known "deal of the day" recommendation service. Encouraged by the significant improvements in revenue generation and overall performance, Blackstreet began a sale process to find a buyer for the Debtor's business, but ultimately decided not to sell the business.

After Blackstreet decided to retain the business, the Debtor entered into the PrePetition Credit Agreement (as defined in the DIP Order) and Pre-Petition Loan Documents with the Pre-Petition Secured Lenders.

To secure the Debtor's obligations under the Pre-Petition Credit Agreement, the Debtor, the Pre-Petition Secured Lenders, and TPP Acquisition Holdings, LLC ("Blackstreet Guarantor"), the entity that held the equity interests in the Debtor, entered into that certain Guaranty and Collateral Agreement dated as of December 17, 2012 (as amended, supplemented or otherwise modified prior to the commencement of this Chapter 11 Case, the "Guaranty Agreement"). Pursuant to the Guaranty Agreement, inter alia, (i) Blackstreet Guarantor guaranteed the Debtor's obligations under the Pre-Petition Credit Agreement and (ii) the Debtor pledged substantially all of its assets (the "Pre-Petition Collateral") to secure its obligations under the Pre-Petition Credit Agreement (the "Pre-Petition Liens"). Pursuant to the Pre-Petition Credit Agreement, the Pre-Petition Secured Lenders made various advances to the Debtor during 2014, 2015, and 2016.

[2]The statements and disclosures in this Article 4 are made solely by the Debtor, and are not accepted by the Committee as true for any reason. Nothing in this Article 4 shall constitute an admission by the Committee in any way.

By the end of 2014, the Debtor was in covenant default under the Pre-Petition Loan Documents, and Blackstreet Guarantor declined to infuse new capital into the Debtor to fund the revenue shortfalls. Pursuant to a letter agreement dated December 19, 2014 (the "Letter Agreement"), the Debtor and Blackstreet Guarantor each acknowledged that various defaults and Events of Default (as defined in the Pre-Petition Loan Documents) had occurred and were continuing under the Pre-Petition Credit Agreement and other Pre-Petition Loan Documents. As a result of the aforementioned Events of Default, in the Letter Agreement the agent for Pre-Petition Secured Lenders (the "Pre-Petition Agent") requested, and the Debtor, Blackstreet Guarantor, and other affiliates agreed that Blackstreet Guarantor would transfer all of the capital securities of the Debtor to TPP Holdings, LLC ("TPP Holdings"), an affiliate of the Pre-Petition Secured Lenders and the designee specified by the Pre-Petition Agent. Consistent with the terms of the Letter Agreement, Blackstreet Guarantor and TPP Holdings entered into a certain Stock Transfer Agreement, dated as of December 19, 2014 (the "Stock Transfer Agreement"), pursuant to which Blackstreet Guarantor transferred all of the issued and outstanding shares of common stock in the Debtor to TPP Holdings, following which transfer TPP Holdings became the sole shareholder of the Debtor.

B. Organizational Structure.

The Debtor is a corporation organized under the laws of the state of Delaware. 100% of the Debtor's equity is owned by TPP Holdings, an affiliate of the Pre-Petition Secured Lenders.

C. Significant Debt.

As of the Petition Date, the Debtor's secured debt obligations totaled approximately $41.2 million. As more fully described above, the Debtor was indebted to the Pre-Petition Secured Lenders pursuant to that certain Pre-Petition Credit Agreement and related Pre-Petition Loan Documents. The Pre-Petition Secured Lenders assert that the obligations under the Pre-Petition Loan Documents were secured by substantially all of the Debtor's assets. As described below, the Committee has challenged the amount of the debt obligations owed by the Debtor under the Pre-Petition Loan Documents and the scope and validity of any Liens securing such obligations.

In addition to the secured debt discussed above, as of the Petition Date, the Debtor also owed unsecured debt obligations to many of its landlords and vendors.

D. Strategic Partnerships.

The Debtor's original business model was largely focused on mall-based portrait studios. In order to expand its footprint beyond mall-based locations, beginning in 2010, the Debtor entered into a strategic partnership with Buy Buy Baby, Inc. ("BBB"). Through that partnership, the Debtor began operating portrait studios on-location at two BBB stores using the "Picture People" name. Since 2010 the Debtor has steadily expanded its portrait studios in BBB locations. By the end of 2013, the Debtor had established portrait studios in approximately 39 BBB locations.

In 2016, the Debtor entered into a similar partnership with Wal-Mart. In 2016, prior to the Petition Date, the Debtor opened portrait studios at 20 Wal-Mart locations, which it operates

through the name "Portraits in Minutes". The Debtor continued to expand into strategically selected Wal-Mart locations after the Petition Date.

The Debtor also entered into a strategic partnership with Sears prior to the Petition Date. The Debtor operates its Sears locations under the name "Sears Portrait Studios". Prior to the Petition Date the Debtor had 4 studios at Sears locations and has continued to open new studios at Sears since the Petition Date.

The Debtor's arrangements with these strategic partners allowed the Debtor to more closely control fixed costs. Under most of its studio arrangements with BBB, Wal-Mart, and Sears, the Debtor paid variable rent based on revenues rather than fixed rent like many of its mall-based locations.

E. Pre-Petition Marketing Efforts.

In early 2015, Metronome Partners LLC ("Metronome") was engaged as investment banker to market the Debtor's company and/or assets to potential buyers. The Debtor and its management hoped that through a sale process they could find a buyer able to re-capitalize the business, fund a more aggressive marketing effort, and thereby alleviate some of the liquidity pressures inherent in a seasonal business.

In connection with its marketing process, Metronome established a data room, prepared marketing materials, and contacted approximately 100 financial and strategic buyers about the prospect of acquiring the Debtor's business. Of those 100 prospects, Metronome distributed marketing materials to approximately 41. Approximately 18 potential buyers executed non-disclosure agreements and conducted further due diligence to consider a potential transaction. The Debtor ultimately received only two formal letters of intent from potentially interested buyers. The Debtor also received two less formal offers from interested parties, but those parties never advanced to the stage of a more formal offer with sufficient detail for the Debtor to properly analyze the offer. After considering the terms of the bids, the Debtor declined to enter into a transaction with any of the prospective buyers.

Leading up to the Petition Date, the Debtor, with the help of its CRO, began to analyze a marketing and sale process to be completed through the bankruptcy process. After further review and analysis, the Debtor concluded that a marketing process followed by an auction and sale to the highest bidder pursuant to Bankruptcy Code section 363 was likely the most effective way for the Debtor to preserve the Debtor's business as a going concern, and thereby preserve value for the estate. Due to the seasonal nature of the Debtor's business, the Debtor determined that it would be critical to conduct and complete a vigorous marketing process, hold an auction, and close on a sale of the Debtor's business as close to the first week of November as possible. Because November and December are the most profitable months of the year, the Debtor and its professionals believed that prospective buyers would want to acquire the Debtor's business in time to benefit from the peak holiday sales season. Among other things, this timing would allow any buyer of the business to use holiday sales revenues as a buffer against the historically poor sales in the first ten weeks of the calendar year.

To facilitate the Debtor's proposed marketing process and sale prior to the first week of November, the Debtor engaged SSG as its investment banker during the weeks leading up to the Petition Date. SSG has considerable experience aiding in the sale and marketing of financially distressed businesses through a bankruptcy sale process. In the days leading up to the Petition Date, SSG began developing marketing materials, establishing a data room, and reaching out to potential buyers.

The CRO also approached the Pre-Petition Secured Lenders to inquire whether they would be interested in serving as the stalking horse bidder to facilitate the marketing process. The Debtor and its professionals engaged with the Pre-Petition Secured Lenders and its professionals and agreed that an affiliate of the Pre-Petition Secured Lenders would serve as the stalking horse bidder (the "Stalking Horse Bidder").

F. Events Leading to the Debtor's Chapter 11 Case.

The Debtor experienced a steady decline in net revenue beginning in 2013. The decline was related to a variety of factors, including changes in consumer retail patterns, changes in technology, and other factors. For example, foot traffic in malls, and regional malls in particular, has declined significantly during the last several years. The decline in foot traffic has led to corresponding declines in revenues at mall-based businesses like the Debtor's. In addition, the rise in the use of smart-phones equipped with high definition cameras has led to a general decline in the demand for professional studio photography and the way consumers view and consume photography services. Moreover, the Debtor's reliance on certain web-based marketing tools also created significant disruption in the Debtor's business. For example, prior to July 2014, approximately 29% of the Debtor's customer sittings were generated through offers on Groupon. In July 2014, Groupon modified its process of distributing TPP-related coupons, and as a result, far fewer TPP-related coupons were issued through Groupon. After the changes in Groupon's internal procedures, the Debtor's Groupon-related business declined significantly, resulting in a decrease in the Debtor's overall revenues.

The Debtor pursued various efforts to address its precarious financial condition including, among other things, attempting to re-vamp its marketing efforts, exploring a continued expansion into non-mall-based locations, and re-negotiating or otherwise entering into new lease agreements with existing landlords and new landlords to decrease operating hours, implement rent-percentage arrangements in lieu of fixed-cost leases. Despite the Debtor's efforts, the Debtor's financial performance continued to erode.

To make up for its cost over-runs, the Debtor has borrowed millions of dollars from the Pre-Petition Secured Lenders in 2015 and 2016. For example, the Debtor borrowed $7.5 million from the Pre-Petition Secured Lenders during the first eight months of 2016 to meet its obligations to employees, vendors, landlords, and to otherwise fund the business. Even with the added funding, the Debtor was unable to meet all of its obligations. As a result, many of the Debtor's vendors began to refuse to provide credit terms which increased the Debtor's liquidity challenges. The Debtor also began defaulting on its obligations under many of its leases. In early 2016, the Debtor entered into forbearance agreements with four of its primary landlords with whom the Debtor at the time leased over 80 of its studio locations. Even after entering into those forbearance agreements, the business failed to generate sufficient revenue to keep current on

many of its scheduled lease payments. Many of the Debtor's landlords began locking the Debtor out of store locations or otherwise commenced eviction proceedings. In the two months leading up to the bankruptcy filing, the Debtor was locked out of, evicted from, or sued by its landlords in approximately 60 locations. Faced with the prospect of a forced liquidation and the imminent collapse of the business, which would have resulted in the loss of over a thousand jobs, the Debtor opted to pursue a path through bankruptcy that might salvage the business.

G. Appointment of a CRO.

As the Debtor's financial condition worsened, the Debtor's board of directors determined that hiring a restructuring professional was critical. On July 9, 2016, the Debtor entered into an agreement to retain the CRO and Winter Harbor to serve as CRO and to provide restructuring services. Since his retention, the CRO has overseen and managed the Debtor's restructuring efforts.

H. Preference and Other Avoidance Litigation.

During the ninety (90)-day period immediately preceding the Petition Date, while insolvent, the Debtor made various payments and other transfers to Creditors on account of antecedent debts. In addition, during the one (1)-year period immediately preceding the Petition Date, the Debtor made various payments and other transfers to or for the benefit of certain "insiders" as defined by Bankruptcy Code § 101(31). A summary of the transfers described in this paragraph was provided in response to Question 3 in the Statement of Financial Affairs filed on the docket in the Debtor's Chapter 11 case. The Schedule attached to Question 3 in the Statement of Financial Affairs is attached hereto as **Exhibit 2** and incorporated herein by reference. Some of those transfers may be subject to avoidance and recovery by the Debtor's Estate as preferential and/or fraudulent transfers pursuant to, *inter alia*, Bankruptcy Code §§ 544, 547, 548, 549 and 550. The Purchaser acquired the "Acquired Avoidance Actions" as defined in the APA. The Acquired Avoidance Actions are not being transferred to the Liquidation Trust.

For the avoidance of doubt, the Avoidance Actions preserved by the Debtor for the Liquidation Trust are not limited to those that may be brought against the parties listed on **Exhibit 2**. Pursuant to Bankruptcy Code §§ 547 and 550, a debtor or trustee may avoid and recover transfers of property made by the debtor, while insolvent, within ninety (90) days, and in the case of insiders within one (1) year, prior to the filing of the bankruptcy case, where such a transfer was made on account of an antecedent debt owing by the debtor and resulted in the transferee receiving more value than if the transfer had not been made, the debtor were liquidated under Chapter 7 of the Bankruptcy Code, and the transferee were limited to recovery on the debt through the Chapter 7 process.

Pursuant to Bankruptcy Code §§ 548 and 550, a debtor or trustee may avoid and recover transfers of property made by the debtor within one (1) year prior to the filing of the bankruptcy case, if the debtor voluntarily or involuntarily (a) made such a transfer with actual intent to hinder, delay, or defraud an entity to which the debtor was or became, on or after the date that such transfer was made, indebted, or (b) received less than reasonably equivalent value in exchange for such transfer and (i) was insolvent on the date that such transfer was made, or became insolvent as a result of such transfer, (ii) was engaged in business or a transaction, or

was about to engage in business or a transaction, for which any property remaining with the debtor was an unreasonably small capital, or (iii) intended to incur, or believed that the debtor would incur, debts that would be beyond the debtor's ability to pay as such debts matured. Pursuant to Bankruptcy Code §§ 544(b) and 550, a debtor or trustee may avoid and recover transfers of property made by the debtor that are voidable under applicable non-bankruptcy law by a creditor holding an unsecured claim that is allowable under Bankruptcy Code § 502 or that is not allowable only under Bankruptcy Code § 502(e). In this regard, Chapter 24 of the Texas Business and Commerce Code sets out the provisions of the Uniform Fraudulent Transfer Act, as adopted in Texas (the "TUFTA"), which contain provisions similar to those set forth in Bankruptcy Code §§ 548 and 550, except that the provisions extend to transfers made within the prior four (4) years. See, e.g., Tex. Bus. & Com. Code §§ 24.005, 24.006 and 24.008. All of the claims and causes of action set forth above are included within the definition of Avoidance Actions.

The Liquidation Trust will hold all claims, Rights of Action, and other legal and equitable rights that the Debtor had (or had power to assert) immediately prior to Confirmation of the Plan, including Avoidance Actions, and the Liquidation Trustee, on behalf of the Estate and/or its successors-in-interest, may commence or continue any suit or other proceeding for the enforcement of such actions in any appropriate court or tribunal.

The Schedules identify Creditors whose Claims are disputed, and the Debtor's Statement of Financial Affairs identifies some of the parties who received payments and transfers from the Debtor within the preference look-back periods which may be avoidable under the Bankruptcy Code. The Debtor has not undertaken an in-depth analysis of (i) potential Avoidance Actions or (ii) potential objections to Claims and Rights of Action; therefore, the Debtor is unable to provide a meaningful estimate of amounts that could be recovered. **THE PLAN DOES NOT, AND IS NOT INTENDED TO, RELEASE ANY SUCH RIGHTS OF ACTION OR OBJECTIONS TO PROOFS OF CLAIM. ALL SUCH RIGHTS ARE SPECIFICALLY RESERVED IN FAVOR OF THE DEBTOR AND THE LIQUIDATION TRUST**.

Creditors should understand that Rights of Action the Debtor may have against them, if any exist, are retained under the Plan for prosecution unless a specific order of the Bankruptcy Court authorizes the Debtor to release such claims. As such, Creditors are cautioned not to rely on (i) the absence of the listing of any legal right, claim or Right of Action against a particular Creditor in the Disclosure Statement, Plan, or Schedules or (ii) the absence of litigation or demand prior to the Effective Date of the Plan as any indication that the Debtor does not possess or does not intend to prosecute a particular right, claim or Right of Action if a particular Creditor votes to accept the Plan. Unless otherwise specifically provided for in the Plan, it is the expressed intention of the Plan to preserve rights, claims, and Rights of Action of the Debtor, whether now known or unknown, for the benefit of the Debtor's Estate and its Creditors.

ARTICLE 5
SIGNIFICANT POST-BANKRUPTCY EVENTS

A. First Day Motions.

On or shortly after the Petition Date, the Debtor filed a number of motions designed to allow it to continue as a going concern and minimize the disruption caused by the bankruptcy filings. Pursuant to those motions, the Bankruptcy Court entered, *inter alia*, the following orders:

- *Agreed Order (I) Authorizing Continued Use of Existing Business Forms and Records, (II) Authorizing Maintenance of Existing Corporate Bank Accounts and Cash Management System, (III) Authorizing Payment of Prepetition Costs and Fees Associated with Customer Credit and Debit Card Transactions, and (IV) Modifying Certain U.S. Trustee Requirements* [Docket No. 67];

- *Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 and Fed. R. Bankr. P. 2002, 4001 and 9014 (I) Authorizing Debtor and Debtor in Possession to Obtain Postpetition Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Liens and Super-Priority Claims, (IV) Granting Adequate Protection to Prepetition Lenders, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* [Docket No. 68];

- *Order Authorizing the Debtor to (I) Pay Certain Prepetition Wages, Other Compensation and Reimbursable Employee Expenses, and (II) Continue Employee Benefits Programs* [Docket No. 69];

- *Order Authorizing the Debtor to Honor Certain Prepetition Obligations to Customers and to Otherwise Continue Customer Programs in the Ordinary Course of Business* [Docket No. 80];

- *Order Pursuant to 11 U.S.C. §§ 105(a) and 363(c) Authorizing the Debtor to (1) Continue its Insurance Policies, and (II) Pay Insurance Premiums Thereon* [Docket No. 81]; and

- *Order Authorizing the Debtor to Pay Certain Prepetition Sales, Use, Property, and Other Taxes and Related Obligations* [Docket No. 82].

B. Payments to Critical Vendors.

On September 9, 2016, the Court entered an order (the "Critical Vendor Order") [Docket No. 85] authorizing, but not directing, the Debtor to pay the prepetition claims of certain shippers, warehousemen, and miscellaneous lien claimants (the "Critical Vendors") that were essential to the Debtor's continued operation of its business. The Debtor entered into agreements with some, but not all, of the Critical Vendors for the payment of a portion of their prepetition

claims in exchange for their agreement to continue providing goods and services after the Petition Date.

C. First Meeting of Creditors.

The Debtor's first meeting of creditors required by Bankruptcy Code § 341 was held and concluded on October 6, 2016.

D. Schedules and Statements of Financial Affairs.

The Debtor filed its Schedules [Docket No. 137] and Statement of Financial Affairs [Docket No. 136] on September 21, 2016. The Debtor has filed certain amendments to the Schedules [Docket Nos. 171 and 323] and Statement of Financial Affairs [Docket No. 272]. The Schedules and Statement of Financial Affairs are available on the KCC website at: http://www.kccllc.net/tpp/document/list/4382.

E. Significant Post-Petition Events.

After the Petition Date, the Debtor continued to manage its properties as a debtor-in-possession. The Debtor also closely focused on implementing the sale of substantially all of its assets through an open competitive marketing process.

1. DIP Financing.

In the weeks leading up to the Petition Date, the Debtor and its professionals began working closely with the Debtor's management and other advisors to inquire about the possibility of obtaining DIP Financing. The CRO reached out to a number of potential lenders to solicit interest in providing DIP Financing to the Debtor or otherwise re-financing the Debtor's obligations under the Pre-Petition Loan Documents. None of the prospective lenders that were approached were willing to agree to extend DIP financing or to re-finance the Debtor's existing obligations under the Pre-Petition Loan Documents.

Concurrently with the Debtor's attempts to obtain DIP financing from third party lenders, the Debtor and its advisors held discussions with the Pre-Petition Agent about the possibility of obtaining debtor-in-possession financing and authorization to use cash collateral from the Pre-Petition Secured Lenders. The Debtor's professionals reviewed the Pre-Petition Loan Documents, including relevant security documents to determine the extent to which the Debtor's obligations to the Pre-Petition Secured Lenders were secured and perfected. After conducting this analysis, the Debtor concluded that repayment of its obligations under the Pre-Petition Loan Documents were secured by substantially all of the Debtor's saleable assets and that the resulting liens had been properly perfected. After ongoing discussions and negotiations with the Pre-Petition Secured Lenders, the Debtor finalized the terms of the DIP Credit Agreement. On the Petition Date, the Debtor filed its motion seeking approval of debtor-in-possession financing on an interim and final basis. At the first day hearing, the Bankruptcy Court approved the *Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 and Fed. R. Bankr. P. 2002, 4001 and 9014 (I) Authorizing Debtor and Debtor in Possession to Obtain Postpetition Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Liens and Super-Priority Claims, (IV) Granting Adequate Protection to Prepetition Lenders, (V) Modifying the Automatic*

Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief [Docket No. 68] (the "Interim DIP Order") over the objection of various parties-in-interest. Pursuant to the Interim DIP Order the Debtor was able to borrow funds to meet its liquidity deficits and comply with its post-petition obligations. A final hearing on the Interim DIP Order was originally set for September 26, 2016. By agreement with the Committee, the Debtor moved the final hearing to approve the DIP Credit Agreement to September 29, 2016 and agreed to have the final hearing combined with the Debtor's motion to approve sale and bidding procedures [Docket No. 30] (the "Bidding Procedures Motion"). The DIP Credit Agreement was approved on a final basis pursuant to the DIP Order. Pursuant to the DIP Order, the Debtor's obligations under the Pre-Petition Loan Documents were "rolled-up" and became post-petition obligations under the DIP Credit Agreement, subject to the Court's ability to unwind the "roll-up" and the Committee's challenge rights as more fully described in paragraphs 23-27 of the DIP Order. As more fully described in paragraph 9 of the Sale Order, the Debtor's obligations under the DIP Credit Agreement or the Pre-Petition Loan Documents in excess of the Credit Bid (as defined in the DIP Order) were assumed by the Purchaser and extinguished as against the Debtor and the Estate.

2. Appointment of the Creditors Committee.

The U.S. Trustee convened the committee formation meeting on September 13, 2016, and the Committee was formed on that date [Docket No. 103]. The Committee is comprised of nine of the Debtor's creditors. The Committee retained Gibson Dunn, Emmert and Parvin, LLP as legal counsel and Emerald as its financial advisor. The Committee opposed the Debtor's motion seeking approval of the DIP Order, the Debtor's proposed sale and marketing process, and the TPP Sale. The Committee has retained additional litigation counsel, Gruber Elrod Johansen Hail Shank LLP ("Gruber Elrod") to represent the Committee with respect to certain litigation on behalf of the Estate, on a contingency basis.

3. The Post-Petition Sale Process and Sale of the Debtor's Business and Assets.

A condition to the DIP Lenders' willingness to extend additional funding under the DIP Credit Agreement was the Debtor's agreement to pursue a sale of substantially all of its assets prior to the November and December sale season. To facilitate the sale process, an affiliate of the DIP Lenders agreed to serve as the Stalking Horse Bidder.

A hearing on the Bidding Procedures Motion was originally set for September 21, 2016. At the Committee's request, the Debtor agreed to postpone the September 21 hearing to facilitate settlement discussions by and amongst the Debtor, the Pre-Petition Secured Lenders, the DIP Lenders, and the Committee. Settlement discussions were held by the parties on September 21, 2016, but a global agreement was not reached. The parties ultimately agreed to schedule a hearing on final approval of the proposed DIP Financing and the Bidding Procedures Motion on September 29, 2016. The Committee filed an objection to both the Bidding Procedures Motion and the DIP Financing [Docket No. 173]. After the Debtor presented its evidence in support of the DIP Financing Motion at the hearing, the parties reached an agreement in principle, the Committee withdrew its objections to the Bidding Procedures and the DIP Order, and the parties ultimately agreed to the terms of the DIP Order and the order approving the Debtor's proposed

sale and bidding procedures [Docket No. 239] (the "Bidding Procedures Order"). As part of the agreement, the DIP Lenders agreed to reduce the amount of the initial credit bid to $12 million and agreed to cap the total credit bid at $25 million. The Committee reserved its rights to raise objections to the sale at the final sale hearing which was scheduled for November 2, 2016.

In the weeks leading up to the Petition Date and thereafter, SSG prepared marketing materials, established a data room, and solicited bids from dozens of potential buyers. Ultimately twelve parties executed NDAs and were allowed to access the data room to conduct due diligence. The bid deadline was October 21, 2016. Despite SSG's marketing efforts, a cash-bidder willing to bid above the $12 million credit bid did not emerge. Pursuant to the Bidding Procedures Order, the Stalking Horse Bidder was designated as the purchaser of the Debtor's assets.

The Committee and one of the Debtor's landlords, The Cafaro Company, objected to the Debtor's proposed sale of substantially all of its assets to the Stalking Horse Bidder [Docket Nos. 303, 304 and 335]. The Debtor [Docket No. 341] and the DIP Lenders [Docket No. 331] each filed responses to the Committee's objection. An evidentiary hearing was held with respect to the Debtor's proposed sale to the Stalking Horse Bidder on November 2, 2016. At the conclusion of the evidentiary hearing, the Bankruptcy Court informed the parties that it would rule on the Debtor's motion to approve the sale on November 3, 2016. On November 3, 2016, the Bankruptcy Court issued an oral ruling approving the TPP Sale. The TPP Sale Order was entered on November 3, 2016. The TPP Sale Order preserved the Committee's rights against the Pre-Petition Secured Lenders, the DIP Lenders, and the Stalking Horse Bidder as more fully described in the DIP Order. Further, under the TPP Sale Order, to the extent it is determined that the Purchaser, the Pre-Petition Secured Lenders, or the DIP Lenders did not have a valid credit bid equaling $12 million, then the Purchaser, the Pre-Petition Secured Lenders and the DIP Lenders are obligated to pay the difference between $12 million and the amount of the permitted credit bid to the Estate. The TPP Sale closed on November 8, 2016.

F. Rejection and Assumption and Assignment of Executory Contracts and Unexpired Leases.

The APA and the TPP Sale Order permitted the Purchaser to have executory contracts and real property leases assumed and assigned at the sale closing, but also provided the Purchaser with the option of waiting until December 31, 2016 (unless extended pursuant to the terms of the APA) to designate the Debtor's remaining executory contracts and unexpired leases for either assumption and assignment or rejection. At the closing, the Purchaser designated certain executory contracts and unexpired leases for assumption and assignment [Docket No. 355, Exhibit 1]. Since the TPP Sale Closing Date, the Purchaser has designated various other executory contracts and unexpired leases for assumption and assignment [Docket Nos. 390 and 392] and for rejection [Docket Nos. 388 and 389].

Prior to the TPP Sale Closing Date, the Debtor filed various motions to reject executory contracts and unexpired leases. On the Petition Date, the Debtor filed its first omnibus motion to reject executory contracts and unexpired leases [Docket No. 16] pursuant to which the Debtor sought to reject 67 unexpired real property leases. On the Petition Date, the Debtor also filed its second omnibus motion to reject executory contracts and unexpired leases [Docket No. 39]

pursuant to which the Debtor sought to reject an additional 13 unexpired real property leases. The Bankruptcy Court approved both the first and second omnibus rejection motions [Docket Nos. 152 and 154].

The Debtor subsequently filed the third omnibus rejection motion [Docket No. 169] seeking to reject an additional seven unexpired leases which was approved by the Bankruptcy Court on October 14, 2016 [Docket No. 256]. The Debtor also filed [Docket No. 192], and the Bankruptcy Court approved [Docket No. 255], a motion to reject an unexpired lease for a studio located at the Sunvalley Shopping Center in Concord, California.

G. Treatment of Executory Contracts and Unexpired Leases under the Plan.

Upon Confirmation, the Debtor will no longer require the benefit of its remaining Executory Contracts and Unexpired Leases except as otherwise identified in the Plan Supplement or other notice prior to the Confirmation Hearing, including any notice extending the Designation Deadline pursuant to the APA. The Plan provides that all remaining Executory Contracts and Unexpired Leases will be rejected as of the Effective Date. The bar date for filing claims for damages related to the rejection of all Executory Contracts and Unexpired Leases, whether rejected pursuant to the Confirmation Order or any prior order of the Bankruptcy Court, will be thirty (30) days after the Effective Date or such earlier time period as the Bankruptcy Court may establish by order.

H. Order Shortening the Non-Governmental Bar-Date.

On September 12, 2016, a Notice of Commencement of Case that contained, among other things, a bar date notice notifying parties that the bar date for filing proofs of claim was January 4, 2017, along with a proof of claim form, was sent to all known Creditors and other parties in interest. In anticipation of the upcoming sale of all of the Debtor's assets, the Debtor determined that it was in the best interest of the Estate to file a plan as soon as possible after the closing of the sale transaction. Until the applicable bar date had passed, it would have been difficult for the Debtor to properly solicit votes on its plan. Consequently, the Debtor filed a motion to shorten the bar date for filing proofs of claim [Docket 226]. A hearing was held on October 13, 2016 and the Court entered the Order (I) Shortening the Bar Date for Filing Proofs of Claim, (II) Establishing Ramifications for Failure to Timely File Claims, (III) Approving Consolidated Notice of Shortened Bar Date, and (IV) Approving the Mailing of Notices (the Order Shortening Bar Date) October 14, 2016 [Docket 261], which shortened the original bar date to November 15, 2016. On October 17, 2016 the Notice of Shortened Proof of Claim Bar Date [Docket 270] was sent to all known Creditors and other parties in interest. An electronic copy of the Notice of Shortened Proof of Claim Bar Date was also made available at the website established for this Chapter 11 Case at http://www.kccllc.net/TPP.

I. Committee's Complaint Against Pre-Petition Secured Lenders, DIP Lenders, Purchaser, and Affiliated Entities.

As more fully described in the DIP Order, pursuant to paragraphs 23-27 of the DIP Order, the Committee was granted certain challenge rights relating to the Pre-Petition Secured Lenders, DIP Lenders and their affiliates. The challenge rights included the right to bring an

action against the Pre-Petition Secured Lenders, DIP Lenders and their affiliates relating to, *inter alia*, (i) the Pre-Petition Loan Documents, (ii) the pre-petition and post-petition conduct of the Pre-Petition Secured Lenders, DIP Lenders and their affiliates, (iii) the validity, perfection, and extent of the pre-petition and post-petition liens asserted by the Pre-Petition Secured Lenders, DIP Lenders and their affiliates, and (iv) the stipulations contained in the DIP Order.

The DIP Order provided that December 9, 2016 was the deadline by which the Committee was required to commence a challenge relating to the foregoing. On December 9, 2016, the Committee commenced an adversary proceeding against the Pre-Petition Secured Lenders, DIP Lenders, the Purchaser, and certain affiliated entities by filing *The Official Committee of Unsecured Creditors of TPP Acquisition, Inc.'s Complaint for (I) Declaratory Relief; (II) Equitable Subordination; (III) Recharacterization; (IV) Avoidance of Preferences; (V) Avoidance of Fraudulent Transfers; (VI) Tortious Interference; (VII) Breach of Fiduciary Duty; (VIII) Aiding and Abetting Breaches of Fiduciary Duties; (IX) Instrumentality/Control Liability; (X) Principal/Agent Liability; (XI) Reimbursement and Indemnification; (XII) Alter Ego; and (XIII) Disallowance of Certain Claims* Adversary No. 16-03161-hdh, in the Bankruptcy Court (the "Complaint"). The Committee has retained Gruber Elrod as counsel to pursue the Complaint.

J. Retention and Payment of the Debtor's Professionals.

As more fully described below, the Bankruptcy Court has approved the Debtor's retention of various professionals during the course of the Chapter 11 Case. On October 14, 2016 [Docket 260], the Bankruptcy Court entered the Fee Procedures Order. The Debtor has compensated its professionals during the Chapter 11 Case in accordance with the provisions of the Fee Procedures Order and as more fully described below.

1. Haynes and Boone, LLP.

The Debtor retained, and the Court approved, the retention of Haynes and Boone, LLP to serve as the Debtor's restructuring counsel during the course of the Debtor's Chapter 11 Case. Pursuant to the Fee Procedures Order, Haynes and Boone has been paid a total of $_____, the amount provided in the DIP Carve-Out, which it has applied toward the eighty percent (80%) of its fees and one hundred percent (100%) of its expenses requested pursuant to its monthly invoices through November 30, 2016.

2. Winter Harbor LLC

As previously mentioned, prior to the Petition Date the Debtor retained Stuart Noyes and Winter Harbor to serve as the Debtor's CRO and aid in the Debtor's restructuring efforts. The Court approved the retention of Stuart Noyes and Winter Harbor as the Debtor's CRO during the court of the Debtor's Chapter 11 Case. Pursuant to the CRO Order, Winter Harbor has been paid one hundred percent (100%) of its requested fees and expenses through November 30, 2016.

3. Kurtzman Carson Consultants LLC

To aid the Debtor in connection with claims administration, balloting, the preparation of the Schedules and Statements, and other miscellaneous administrative tasks, the Debtor retained

KCC pursuant to the KCC Retention Order. Pursuant to the Fee Procedures Order, KCC has been paid _____ percent (__%) of its fees and one hundred percent (100%) of its expenses requested pursuant to its monthly invoices through November, 2016.

4. SSG Advisors, LLC

The Debtor retained, and the Court approved (the "SSG Retention Order"), the retention of SSG Advisors, LLC to serve as the Debtor's investment banker during the course of the Debtor's Chapter 11 Case to market the company to potential buyers [Docket 221]. Pursuant to the SSG Retention Order, SSG has been paid $150,000 in fees and $15,192.28 in requested expenses. SSG's first and final fee application was filed on December 27, 2016.

5. Ian Gomar and Pheasant Hill Partners, Inc.

On November 21, 2016, the Bankruptcy Court entered an order (the "Gomar Retention Order") authorizing the retention of Ian Gomar as Chief Executive Officer of the Debtor [Docket 377]. Pursuant to the Gomar Retention Order, the Debtor was authorized to pay Gomar for his post-petition services as an administrative expense in the ordinary course of business.

6. Martin & Sibilsky, PLLC

On November 16, 2016, the Bankruptcy Court entered an order (the "MS Retention Order") authorizing the retention of Martin & Sibilsky, PLLC as special counsel to the Debtor for the purpose of representing the Debtor in any limited circumstances in which Haynes and Boone would have a conflict or interest or the appearance of a conflict of interest [Docket 372]. The MS Retention Order provides that Martin & Sibilsky may be paid up to $5,000 per month, without formal application to the Court, upon proper service of its invoices. Martin & Sibilsky has not yet been paid any compensation by the Debtor.

7. Ordinary Course Professionals.

On October 14, 2016, the Bankruptcy Court entered an order authorizing, but not directing, the Debtor to retain the following professionals to continue providing ordinary course professional services: (i) Gordon Rees Scully Mansukhani, LLP as the Debtor's employment litigation counsel; (ii) Jackson Lewis P.C. as the Debtor's employment litigation counsel; (iii) Judd Thomas Smith & Co., P.C. as the Debtor's tax preparers; (iv) Lane Gorman Trubitt, LLC to provide the Debtor with 401(k) audit services; (v) State Sales Tax as the Debtor's sales and use tax services provider; and (vi) ACM Capital Partners LLC to perform financial modeling and related analyses for the Debtor (the "OCP Order") [Docket 262]. Only ACM Capital Partners LLC, Judd Thomas Smith & Co., P.C., and Lane Gorman Trubitt, LLC are permitted to be paid by the Debtor pursuant to the OCP Order, as the other professionals referenced in the OCP Order did not comply with the deadlines under the OCP Order for submitting necessary declarations with the Court. The OCP Order authorized the Debtor to continue paying certain ordinary course professionals in the ordinary course of business without the need for filing a fee application unless the total amount of compensation in a given month exceeded $30,000. The OCP Order likewise provided that at three month intervals the Debtor must file a summary statement with the Bankruptcy Court disclosing all amounts paid to ordinary course professionals during the applicable three month period. The deadline for the Debtor to file its first such notice is January

30, 2017. To date, the only compensation provided to ordinary course professionals retained pursuant to the OCP Order from the Petition Date through December __, 2016 is $_____.

K. Potential Claims of the Debtor against Third Parties.

The Committee contends that the Debtor possesses a number of potential claims against third parties. As described in Article 6.G herein, entitled "Preservation of Rights of Action," pursuant to Article X of the Plan, the Debtor shall retain, and the Liquidation Trust shall have the exclusive right to enforce, any claims, rights, and causes of action that the Debtor or the Estate holds against any entity.

The Debtor or the Liquidation Trustee may discover claims against other individuals or entities or additional claims against the parties identified in the course of prosecuting the claims discussed herein and obtaining documents from the related individuals and entities. The Liquidation Trustee shall have the right to pursue claims against third parties on behalf of the Estate for the benefit of the beneficiaries of the Liquidation Trust.

The Debtor has not undertaken an in-depth analysis of the claims, rights, and causes of action the Debtor or the Estate may hold against third parties. As such, the Debtor can make no statement regarding a range of recovery relating to any such potential claims, rights, or causes of action.

ARTICLE 6
DESCRIPTION OF THE PLAN

A. Introduction.

A summary of the principal provisions of the Plan and the treatment of Classes of Allowed Claims and Interests is set out below. This Disclosure Statement is only a summary of the terms of the Plan and is entirely qualified by the Plan; it is the Plan and not the Disclosure Statement that governs the rights and obligations of the parties.

The Plan seeks to distribute all value in the Debtor's Estate to Creditors according to the priority scheme established by the Bankruptcy Code.

B. Identification of Claims and Interests.

The following is a designation of the classes of Claims and Interests under the Plan. Pursuant to Bankruptcy Code § 1122, a Claim or Interest is placed in a particular Class for purposes of voting on the Plan and receiving Distributions under the Plan only to the extent: (i) the Claim or Interest qualifies within the description of that Class; (ii) the Claim or Interest is an Allowed Claim or Allowed Interest in that Class; and (iii) the Claim or Interest has not been paid, released, or otherwise compromised before the Effective Date. In accordance with Bankruptcy Code § 1123(a)(1), all Claims and Interests except Administrative Claims and Priority Tax Claims are classified in the Classes set forth below.

1. Class 1 - Senior Secured Lender Allowed Claims: Class 1 shall consist of the Senior Secured Lender Allowed Claims.

2. Class 2 – Allowed Other Secured Claims: Class 2 shall consist of all Allowed Other Secured Claims.

3. Class 3 - Allowed Secured Tax Claims: Class 3 shall consist of all Allowed Secured Tax Claims.

4. Class 4 - Allowed Priority Non-Tax Claims: Class 4 shall consist of all Allowed Priority Non-Tax Claims.

5. Class 5 - Allowed General Unsecured Claims: Class 5 shall consist of all Allowed General Unsecured Claims except for Claims placed in Class 5.

6. 7. Class 6 – Interests: Class 6 shall consist of all Interests in the Debtor.

C. Treatment of Unclassified Claims.

In accordance with Bankruptcy Code § 1123(a)(1), Administrative Claims and Priority Tax Claims have not been classified and thus are excluded from the Classes of Claims set forth in the Plan.

1. Allowed Administrative Claims.

(a) General: Subject to the Administrative Claims Bar Date provisions herein and unless otherwise provided for in the Plan or an order of the Bankruptcy Court, each Holder of an Allowed Administrative Claim (except for Professional Fee Claims) shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Claim within ten (10) Business Days after the later of (a) the Effective Date, (b) the Allowance Date, and (c) such date as is mutually agreed upon by the Debtor or the Liquidation Trustee (as applicable) and the Holder of such Allowed Administrative Claim, either payment in Cash equal to the unpaid amount of such Allowed Administrative Claim or such other less favorable treatment as to which the Debtor or the Liquidation Trustee (as applicable) and the Holder of such Allowed Administrative Claim shall have agreed upon in writing. Certain Estate Professionals may agree to reduce the amount of their Administrative Claims to the extent those Administrative Claims exceed the applicable Carve-Out or subordinate such Administrative Claims to other Allowed Administrative Claims or Priority Tax Claims. As more fully described in Article V of the Plan, the Administrative Claims for expenses identified in the DIP Budget in the amounts identified in the DIP Budget that are not Allowed as of the Effective Date but that are Allowed after the Effective Date may be paid from the Wind-Down Reserve or the proceeds of the Remaining Assets, or, to the extent deemed to be an "Assumed Liability" under the APA, may be sought to be paid by the

Purchaser or any other entity liable for such amounts under the TPP Sale Order.

(b) Payment of Statutory Fees: All fees payable pursuant to 28 U.S.C. § 1930 shall be paid in full in Cash from the Liquidation Trust when due.

(c) Administrative Claim Bar Dates and Objection Deadlines:

a. Deadline: Except as otherwise provided in Sections II.A.3 or II.D of the Plan, requests for payment of unpaid Administrative Claims for which no bar date has otherwise been previously established must be included in a motion or application and filed and served on the Post-Confirmation Service List no later than the Administrative Claims Bar Date. Holders of Administrative Claims that are required to file requests for payment of such Administrative Claims and that do not file such requests by the Administrative Claims Bar Date are forever barred from asserting such Administrative Claims against the Debtor, the Liquidation Trust, or their property. Objections to Administrative Claims must be filed and served on the Liquidation Trustee and the Holder of the Administrative Claim that is the subject of such objection no later than the Administrative Claim Objection Deadline.

b. Form: Requests for payment of Administrative Claims included in a Proof of Claim are of no force and effect, and are Disallowed in their entirety as of the Confirmation Date unless such Administrative Claim is subsequently filed by timely motion or application as provided herein. However, to the extent a Governmental Unit is not required to file a request for payment of an Administrative Claim pursuant to Bankruptcy Code § 503(b)(1)(D), a Proof of Claim filed by such Governmental Unit prior to the applicable bar date set forth in the Plan for filing a request for payment of such Administrative Claim shall fulfill the requirements of this section of the Plan.

c. Professionals: All Professionals shall file and serve on the Post-Confirmation Service List an application for final allowance of any Professional Fee Claim no later than the Professional Fee Claim Bar Date. Objections to Professional Fee Claims must be filed and served on the Liquidation Trustee and the Professional to whose application the objections are addressed no later than the Professional Fee Claim Objection Deadline. Any Professional that does not file an application for final allowance of any Professional Fee Claim by the Professional Fee Claim Bar Date is forever barred from asserting any such Professional Fee Claim against the Debtor, the Liquidation Trust, the Professional Fee Reserve, or their respective property.

d. Fees and Expenses of Liquidation Trustee: The Liquidation Trustee shall be reimbursed for his or her reasonable fees and out-of-pocket expenses (including the reasonable fees and expenses of any professionals employed by the Liquidation Trustee), incurred in connection with services provided to the Liquidation Trust, from the assets of the Liquidation Trust in accordance with the Liquidation Trust Agreement without application to the Bankruptcy Court. Except to the extent otherwise provided in the Liquidation Trust Agreement, any professional fees and reimbursements for expenses incurred by the Liquidation Trustee after the Effective Date may be paid solely from the assets of the Liquidation Trust (excluding the funds in the Wind-Down Reserve and the Professional Fee Reserve) without application to the Bankruptcy Court.

e. Post-Petition Tax Claims: Requests for payment of Post-Petition Tax Claims for which no bar date has otherwise been previously established must be filed on or before the Post-Petition Tax Claim Bar Date. A Holder of any Post-Petition Tax Claim that is required to file a request for payment of such taxes and does not file and serve such request on the Post-Confirmation Service List by the Post-Petition Tax Claim Bar Date is forever barred from asserting any such Post-Petition Tax Claim against the Debtor, the Liquidation Trust, the Reserves, or their respective property, whether any such Post-Petition Tax Claim is deemed to arise prior to, on, or subsequent to the Effective Date. To the extent that the Holder of an Allowed Post-Petition Tax Claim holds a Lien to secure its Post-Petition Tax Claim under applicable state law, the Holder of such Post-Petition Tax Claim shall retain its Lien until its Allowed Post-Petition Tax Claim has been paid in full. Objections to Post-Petition Tax Claims must be filed and served on the Liquidation Trustee, and the Holder of the Post-Petition Tax Claim that is the subject of such objection no later than the Post-Petition Tax Claim Objection Deadline.

(d) Governmental Claims Bar Dates:

a. Deadline: Except as otherwise provided in Article II of the Plan, the deadline for filing Proofs of Claim by Governmental Units shall be the Governmental Bar Date (March 1, 2017) for all Governmental Units. Governmental Units that are required to file Proofs of Claim and that did not file such Proofs of Claim by the Governmental Bar Date are forever barred from asserting such Claims against the Debtor, the Liquidation Trust, the Reserves, or their property. Objections to Proofs of Claim of Governmental Units must be filed and served on the Liquidation Trustee and the

Governmental Unit that is the subject of such objection no later than the Governmental Unit Claims Bar Date.

b. Form: To the extent a Governmental Unit is not required to file a request for payment of an Administrative Claim pursuant to Bankruptcy Code § 503(b)(1)(D), such Governmental Unit must have filed a Proof of Claim prior to the Governmental Bar Date or such claim is Disallowed as of the Effective Date.

(e) Voluntary Subordination of Certain Professional Fees: Haynes and Boone, Gibson Dunn, Emmert & Parvin, and Emerald (together, the "Subordinating Professionals") have agreed to subordinate their right to payment of their Allowed Administrative Claims in excess of the applicable Carve-Out (the "Subordinated Professional Fee Claims") to other Allowed Administrative Claims and Priority Tax Claims. Upon payment in full of all Allowed Administrative Claims and Allowed Priority Tax Claims, and upon the establishment of appropriate reserves with respect to any Administrative Claims and Priority Tax Claims that are Disputed, the Subordinating Professionals shall be entitled to share *pari passu* in any subsequent distributions by the Liquidation Trustee and shall each be entitled to payment in full of all Subordinated Professional Fee Claims prior to any payment or Distributions on account of General Unsecured Claims.

2. Allowed Priority Tax Claims.

Subject to the Administrative Claims Bar Date provisions in the Plan and unless otherwise provided for in the Plan or an order of the Bankruptcy Court, each Holder of an Allowed Priority Tax Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim within ten (10) Business Days after the later of (a) the Effective Date, (b) the Allowance Date, and (c) such date as is mutually agreed upon by the Liquidation Trustee and the Holder of such Allowed Priority Tax Claim, either Cash equal to the unpaid amount of such Allowed Priority Tax Claim or such other less favorable treatment as to which the Debtor or Liquidation Trustee (as applicable) and the Holder of such Allowed Priority Tax Claim shall have agreed upon in writing. As more fully described in Article V of the Plan, the Priority Tax Claims identified in the DIP Budget in the amounts identified in the DIP Budget that are not Allowed as of the Effective Date but that are Allowed after the Effective Date may be paid from the Wind-Down Reserve or the proceeds of the Remaining Assets, or, to the extent deemed to be an "Assumed Liability" under the APA, may be sought to be paid by the Purchaser or any other entity liable for such amounts under the TPP Sale Order.

3. Reservation of Rights under § 505.

For the avoidance of doubt, and without limiting the generality of any similar provision of the Plan, the Debtor and the Estate reserve all rights under Bankruptcy Code § 505, as otherwise applicable, to contest Priority Tax Claims and to seek appropriate determinations

under § 505 with respect thereto, all of which rights are transferred under the Plan to the Liquidation Trust.

4. Ordinary Course Liabilities.

Notwithstanding anything in Article II of the Plan to the contrary, unless the Debtor or Liquidation Trustee (as applicable) determines in its business judgment that an Ordinary Course Liability may not constitute an actual, necessary cost and expense of preserving the Estate in accordance with Bankruptcy Code § 503(b) (in which case the Debtor or Liquidation Trustee shall notify the Holder of an Ordinary Course Liability that it must file a motion for payment of Administrative Claim), the Debtor or Liquidation Trustee (as applicable) shall pay each Ordinary Course Liability pursuant to the payment terms and conditions of the particular transaction giving rise to the Ordinary Course Liability. Holders of an Ordinary Course Liability will not be required to file or serve any request for payment of the Ordinary Course Liability unless the Debtor or Liquidation Trustee has informed such Holder of the requirement to file such a notice or motion in accordance with the foregoing sentence.

D. Treatment of Classified Claims and Interests.

1. Treatment of Class 1 – Senior Secured Lenders Claims.

Pursuant to the TPP Sale Order, the Senior Secured Lenders have waived any Claim they have against the Debtor or the Estate in excess of their "Credit Bid" (as defined in the TPP Sale Order). As more fully provided in Article V of the Plan, upon payment in full of all unpaid Allowed Claims identified in the DIP Budget up to the amounts identified in the DIP Budget, the Liquidation Trustee shall, subject to the Committee's right to challenge such obligation under the DIP Order or the TPP Sale Order, promptly transfer any remaining cash held in the Wind-Down Reserve, if any, to the Senior Secured Lenders. The Senior Secured Lenders shall receive no further Distribution under the Plan, and shall have no further Claim, right, Lien or interest in any of the Remaining Assets.

2. Treatment of Class 2 - Allowed Other Secured Claims.

If there is more than one Allowed Other Secured Claim, then each Allowed Other Secured Claim shall be classified in a separate sub-Class. Unless otherwise provided for pursuant to an order of the Bankruptcy Court, each Holder of an Allowed Other Secured Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Other Secured Claim as soon as reasonably practicable after the later of (a) the Effective Date, (b) the Allowance Date, (c) the date such Allowed Other Secured Claim becomes due and owing in the ordinary course of business, and (d) such date as is mutually agreed upon by the Debtor or the Liquidation Trustees (as applicable) and the Holder of such Allowed Other Secured Claim either: (a) at the sole discretion of the Debtor or the Liquidation Trustee (as applicable) (i) Cash equal to the unpaid portion of such Allowed Other Secured Claim, including any interest on such Allowed Other Secured Claim required to be paid pursuant to Bankruptcy Code § 506(b), or (ii) reinstatement of the legal, equitable, and contractual rights of the Holder of such Allowed Other Secured Claim; or (b) such other treatment as may be agreed to by the Debtors and the Holder of such Allowed Other Secured Claim in writing.

3. Treatment of Class 3 - Allowed Secured Tax Claims.

If there is more than one Allowed Secured Tax Claim, each separate Allowed Secured Tax Claim will be classified in a separate sub-Class. Unless otherwise provided for pursuant to an order of the Bankruptcy Court, each Holder of an Allowed Secured Tax Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Secured Tax Claim as soon as reasonably practicable after the later of (a) the Effective Date, (b) the Allowance Date, and (c) such date as is mutually agreed upon by the Debtor or the Liquidation Trustee (as applicable) and the Holder of such Allowed Secured Tax Claim, either Cash equal to the unpaid amount of such Allowed Secured Tax Claim or such other less favorable treatment as to which the Debtor or the Liquidation Trustee (as applicable) and the Holder of such Allowed Secured Tax Claim shall have agreed upon in writing. Each Holder of a Secured Tax Claim shall retain its Liens on applicable collateral to the same extent and priority previously held, notwithstanding the transfer of such collateral into the Liquidation Trust, until either (i) its Secured Claim has been Allowed and treated in accordance with this provision of the Plan, or (ii) its Secured Claim has been Disallowed. The Holder of an Allowed Secured Tax Claim shall not be entitled to foreclose such Lien absent further order of the Bankruptcy Court.

4. Treatment of Class 4 - Allowed Priority Non-Tax Claims.

Unless otherwise provided for pursuant to an order of the Bankruptcy Court, each Holder of an Allowed Priority Non-Tax Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Non-Tax Claim on the later of (a) the Effective Date, (b) the Allowance Date, and (c) such date as is mutually agreed upon by the Debtor or the Liquidation Trustee (as applicable) and the Holder of such Allowed Priority Non-Tax Claim, either Cash equal to the unpaid amount of such Allowed Priority Non-Tax Claim or such other less favorable treatment as to which the Debtor or the Liquidation Trustee (as applicable) and the Holder of such Allowed Priority Non-Tax Claim shall have agreed upon in writing. In the event that there is insufficient Cash to pay all Allowed Class 4 Claims in full, Holders of Allowed Claims entitled to priority under Bankruptcy Code §§ 507(a)(4), (a)(5), (a)(6), and (a)(7) shall be paid in full in Cash before Distributions are made to Holders of Allowed Claims entitled to priority under other subsections of § 507. In the event that there is insufficient Cash to pay all Allowed Class 4 Claims entitled to priority under a section of the Bankruptcy Code other than §§ 507(a)(4), (a)(5), (a)(6), and (a)(7) in full, the Holders of such Claims will receive a Pro Rata Share of the available Cash. For the avoidance of doubt, Holders of Allowed General Unsecured Claims shall not receive any Distributions until all Priority Non-Tax Claims have been paid in full.

5. Treatment of Class 5 - Allowed General Unsecured Claims.

Unless otherwise provided for pursuant to an order of the Bankruptcy Court, each Holder of an Allowed General Unsecured Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed General Unsecured Claim, a beneficial interest in the Liquidation Trust as set forth in Article V of the Plan entitling such Holder to receive on account of such Claim, such Holder's Pro Rata Share of any Cash Distribution from the Liquidation Trust to Holders of Allowed General Unsecured Claims in accordance with Article V of the Plan, on or as soon as practicable after the later of (a) the Effective Date, (b) the

Allowance Date, (c) the initial Distribution Date and on each periodic Distribution Date thereafter, (d) the date on which all estimated Allowed Claims in Classes 1, 2, 3, and 4 have been paid in accordance with applicable provisions of the Plan (unless (i) sufficient reserves exist, as determined by the Liquidation Trustee in his or her business judgment, to ensure payment in full of all such estimated Allowed Claims or (ii) with respect to any Secured Claim, the Holder of such Secured Claim does not have a Lien on the assets anticipated to be distributed), and (e) such date as is mutually agreed upon by the Liquidation Trustee and the Holder of an Allowed General Unsecured Claim. For the avoidance of doubt, Holders of Allowed General Unsecured Claims shall not receive any Distributions unless and until all Allowed Secured Claims, Allowed Administrative Claims (including Allowed Professional Fee Claims), Allowed Secured and Priority Tax Claims and Allowed Priority Non-Tax Claims have been paid in full as provided in the Plan. Each Holder of Allowed General Unsecured Claims shall receive such Distributions in accordance with the provisions set forth in Article V of the Plan. Notwithstanding the foregoing, the Holder of an Allowed General Unsecured Claim may receive such other less favorable treatment as may be agreed to by such Holder and the Liquidation Trustee.

6. Treatment of Class 6 – Interests.

On the Effective Date, all Interests in Class 6 shall be canceled and extinguished and Interest Holders shall not be entitled to receive any Distributions on account of such Interests.

E. Treatment of Executory Contracts.

1. Rejection of Executory Contracts and Unexpired Leases.

Unless rejected or assumed by prior order of the Bankruptcy Court, each Executory Contract and Unexpired Lease shall be rejected as of the Confirmation Date (which rejection shall be effective on the Effective Date), and such rejected Executory Contracts and Unexpired Leases shall no longer represent binding obligations of the Debtor or the Liquidation Trust after the Effective Date. Entry of the Confirmation Order shall constitute approval of such rejections under Bankruptcy Code §§ 365 and 1123.

2. Rejection Claim Bar Date.

Any Claim arising out of the rejection of an Executory Contract or Unexpired Lease pursuant to the Confirmation Order or prior order of the Bankruptcy Court must be filed with the Bankruptcy Court on or before the Rejection Claim Bar Date, and must be served on the Liquidation Trustee and his/her counsel, if the Liquidation Trustee has retained counsel. Any such Claims not filed by the Rejection Claim Bar Date are discharged and forever barred. Each Allowed Claim arising from the rejection of an Executory Contract shall be treated as an Allowed General Unsecured Claim. The Bankruptcy Court shall determine the amount, if any, of the Claim of any Entity seeking damages by reason of the rejection of any Executory Contract or Unexpired Lease.

3. Reservation of Rights.

Neither the exclusion nor inclusion of any contract or lease by the Debtor on its Schedules, nor anything contained in the Plan, will constitute an admission by the Debtor or the

Liquidation Trust that any such contract or lease is or is not in fact an Executory Contract or Unexpired Lease or that the Debtor or the Liquidation Trustee has any liability under any such contract or lease. Nothing in the Plan will waive, excuse, limit, diminish, or otherwise alter any of the defenses, Claims, Rights of Action, or other rights of the Debtor or the Liquidation Trust under any Executory Contract or non-Executory Contract or any Unexpired Lease or expired lease. Nothing in the Plan will increase, augment, or add to any of the duties, obligations, responsibilities, or liabilities of the Debtor or the Liquidation Trustee under any Executory Contract or non-Executory Contract or any Unexpired Lease or expired lease.

F. Objections to and Procedures for Resolving Disputes Regarding Claims and Interests.

1. Objections to Claims and Interests.

Unless otherwise provided in the Plan or as otherwise ordered by the Bankruptcy Court after notice and a hearing, objections to Claims shall be filed with the Bankruptcy Court and served upon the Holders of each of the Claims to which objections are made as soon as practicable, but in no event later than one hundred eighty (180) days after the Effective Date. Further extensions to the deadline to object to Claims may be granted by the Bankruptcy Court upon motion of the Liquidation Trustee upon notice and a hearing. The fact that a Claim has not been objected to prior to the Confirmation Hearing or solicitation on the Plan should not be deemed by any Holder of a Claim, whether the Claim arises from a Proof of Claim, the Schedules, or a motion with the Bankruptcy Court, to be a determination by the Debtor that such Claim is an Allowed Claim. The Debtor, or the Liquidation Trustee, or any other person or entity with standing, as applicable, may object to any Claim for which the applicable objection deadline has not passed, including with respect to Claims that arise from the Debtor's Schedules.

2. Claims Filed After Objection Deadline.

Following the Proof of Claim Bar Date, no proofs of claim may be filed in the Chapter 11 Case without prior authorization of the Bankruptcy Court and any such proof of claim which is filed without such authorization shall be deemed null, void and of no force or effect. Except as otherwise provided in the Plan, following the Confirmation Date, a Claim may not be amended unless such amendment results in a decrease of the amount of the Claim, the change in priority of the Claim to a lower priority under the Bankruptcy Code, or the withdrawal of the Claim, and any such unauthorized amendment shall be deemed null, void and of no force or effect. Claims filed or identified in the Schedules may be amended or reconsidered only as provided in the Bankruptcy Code and Bankruptcy Rules, **except that Claims filed or identified in the Schedules may be objected to by following the same procedures for objecting to Proofs of Claim as provided in the Bankruptcy Code, the Bankruptcy Rules, or the Plan.**

3. Claims Listed as Contingent, Unliquidated, or Disputed in Schedules.

ANY CLAIM THAT HAS BEEN OR IS HEREAFTER LISTED IN THE SCHEDULES AS CONTINGENT, UNLIQUIDATED OR DISPUTED, AND FOR WHICH NO PROOF OF CLAIM HAS BEEN TIMELY FILED IS CONSIDERED DISALLOWED ON THE EFFECTIVE DATE WITHOUT FURTHER ACTION BY THE

DEBTOR OR THE LIQUIDATION TRUSTEE AND WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT. THE FACT THAT A CLAIM HAS NOT BEEN LISTED IN THE SCHEDULES AS CONTINGENT, UNLIQUIDATED OR DISPUTED, SHOULD NOT BE DEEMED AS A FINAL DETERMINATION BY THE DEBTOR OR ITS PROFESSIONALS THAT SUCH CLAIM IS A VALID CLAIM. UNTIL THE APPLICABLE DEADLINE FOR OBJECTING TO CLAIMS HAS PASSED, OR UNTIL SUCH TIME AS A FINAL ORDER OF THE BANKRUPTCY COURT HAS BEEN ENTERED ALLOWING A CLAIM, THE DEBTOR, THE LIQUIDATION TRUSTEE, OR ANY OTHER PERSON OR ENTITY WITH STANDING MAY OBJECT TO ANY SUCH CLAIMS.

4. Retention of Claims and Defenses.

After the Effective Date, except as released in the Plan or by Bankruptcy Court order, the Liquidation Trustee shall have and retain any and all rights and defenses the Debtor had with respect to any Claims and Rights of Action immediately prior to the Effective Date.

5. Claims Administration Responsibilities.

Except as otherwise specifically provided in the Plan, after the Effective Date, the Liquidation Trustee shall have the authority: (1) to file, withdraw, or litigate to judgment any objections to Claims; (2) to settle or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court; and (3) to 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.

6. 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 for Distribution purposes by the Liquidation Trustee without any further notice to or action, order, or approval of the Bankruptcy Court.

7. Disallowance of Claims or Interests.

Any Claims held by Entities from which property is recoverable under Bankruptcy Code §§ 542, 543, 550, or 553 or that is a transferee of a transfer avoidable under Bankruptcy Code §§ 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a), shall be deemed Disallowed pursuant to Bankruptcy Code § 502(d), and Holders of such Claims may not receive any Distributions on account of such Claims until such time as such Rights of Action against that Entity have been settled or a Bankruptcy Court order with respect thereto has been entered and all sums due, if any, to the Estate by that Entity have been turned over or paid to the Liquidation Trustee.

8. Offer of Judgment.

The Liquidation Trustee is authorized to serve upon a Holder of a Claim an offer to allow judgment to be taken on account of such Holder's Claim, and, pursuant to Bankruptcy Rules 7068 and 9014, Federal Rule of Civil Procedure 68 shall apply to such offer of judgment. To the extent the Holder of a Claim must pay the costs incurred by the Liquidation Trustee after the

Liquidation Trustee makes such offer, the Liquidation Trustee is entitled to set off such amounts against the amount of any distribution to be paid to such Holder without any further notice to or action, order, or approval of the Bankruptcy Court.

9. Disputed Distribution Reserve.

Prior to making any Distribution on account of a General Unsecured Claim under the Plan, the Liquidation Trustee shall establish a Disputed Distribution Reserve into which the Distributions on account of a Disputed General Unsecured Claim shall be deposited. If a Distribution has been made, upon either (i) agreement of the Liquidation Trustee and the Holder of any applicable Disputed General Unsecured Claim, or (ii) entry of a Final Order allowing the applicable Disputed General Unsecured Claim, the Distribution reserved for such Claim shall be paid to the Holder of such Claim from the Disputed Distribution Reserve. Upon (x) agreement of the Liquidation Trustee and the Holder of any applicable Disputed General Unsecured Claim, or (y) entry of a Final Order disallowing the applicable Disputed General Unsecured Claim, the Distribution reserved for such Claim shall be released to the Liquidation Trust to be used or distributed pursuant to the Plan. If, after all Disputed General Unsecured Claims have been settled or resolved by Final Order, and all applicable Distributions have been made from the Disputed Distribution Reserve pursuant to this Article VII.H, then any Cash remaining in the Disputed Distribution Reserve shall be released to the Liquidation Trust to be used or distributed pursuant to the Plan.

G. Preservation of Rights of Action.

Article X of the Plan provides that except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement entered into in connection with the Plan, in accordance with Bankruptcy Code § 1123(b)(3), the Liquidation Trustee shall retain and shall have the exclusive right, authority, and discretion (without further order of the Bankruptcy Court) to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, or withdraw, litigate to judgment, or exercise attorney/client privilege in relation to any and all Rights of Action that the Debtor or the Estate may hold against any Entity, whether arising before or after the Petition Date, and the powers and duties of a trustee under the Bankruptcy Code with respect to such Rights of Action. The Debtor reserves and shall retain the foregoing Rights of Action for the Liquidation Trust notwithstanding the rejection of any Executory Contract or Unexpired Lease during the Chapter 11 Case.

Without limiting the effectiveness or generality of the foregoing provisions, and out of an abundance of caution, the Debtor and the Estate specifically reserve and retain the claims and causes of action, to be transferred to the Liquidation Trustee for administration through the Liquidation Trust as part of the Rights of Action as more fully described in **Exhibit B** to the Plan. Article X of the Plan, Exhibit B to the Plan, Articles 4.H, 5.I, and 5.K of this Disclosure Statement and Exhibit 2 of this Disclosure Statement are provided to give maximum notice of potential claims that the Debtor is presently aware of and shall in no way act as a limitation on any other potential claims that may exist, including by way of *expressio unius est exclusio alterius* or any other applicable doctrine or rule of contractual interpretation. Except as provided for in Articles VIII.D and VIII.E of the Plan, it is the specific intention of the Plan that each and every Avoidance Action, and any other claim or cause of action, whether arising before or after

the Petition Date, and whether arising under state law or the Bankruptcy Code, be preserved and retained under the Plan and be transferred to the Liquidation Trustee for administration through the Liquidation Trust on the Effective Date of the Plan.

Unless a Right of Action is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order, such Rights of Action (including any counterclaims) are preserved and on the Effective Date shall be transferred to and retained by the Liquidation Trustee for later adjudication for the benefit of the beneficiaries of the Liquidation Trust including, without limitation, all: (i) defenses to Claims; (ii) affirmative defenses to Claims; (iii) setoffs and recoupments against any Claim, Creditor or other person; (iv) rights to turnover, accounting, contribution, indemnification, or reimbursement against any Creditor or other person; (v) rights to any tax refund; (vi) Avoidance Actions; (vii) Rights of Action; and (viii) claims and causes of action against any Creditor or person whatsoever, including for affirmative relief and to reduce any liability. Therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such Rights of Action (including counterclaims) on or after the Confirmation of the Plan.

H. Exculpation and Release of Certain Parties in Interest.

Article IX.D of the Plan provides that:

EFFECTIVE AS OF THE EFFECTIVE DATE, THE DEBTOR, ON BEHALF OF ITSELF AND THE ESTATE, HEREBY RELEASES THE RELEASE PARTIES FROM (I) ANY AND ALL CLAIMS, CAUSES OF ACTION, AND OTHER LIABILITIES ARISING BEFORE THE EFFECTIVE DATE, AND (II) ANY AND ALL CLAIMS, CAUSES OF ACTION, AND OTHER LIABILITIES ARISING FROM THE ACTIONS TAKEN OR NOT TAKEN IN CONNECTION WITH THE PLAN AND THE CHAPTER 11 CASE UNLESS SUCH CONDUCT AMOUNTS TO GROSS NEGLIGENCE, WILLFUL MISCONDUCT, OR ACTUAL FRAUD.

If the Plan is confirmed with this provision, parties in interest will lose whatever rights they may currently have to sue the identified parties for negligent acts occurring between the Petition Date and the Effective Date of the Plan.

Article IX.E of the Plan provides as follows:

ON THE EFFECTIVE DATE, (I) THE DEBTOR'S CRO AND WINTER HARBOR AND (II) THE CREDITORS' COMMITTEE AND ITS INDIVIDUAL MEMBERS, AND (III) THE ESTATE PROFESSIONALS SHALL EACH HAVE NO LIABILITY TO THE DEBTOR, THE DEBTOR'S ESTATE, ANY HOLDER OF A CLAIM OR EQUITY INTEREST OR TO ANY OTHER PERSON BASED IN WHOLE OR IN PART ON ANY ACT, ACTION TAKEN, TRANSACTION, OMISSION, ACTION NOT TAKEN, OR OTHER EVENT OCCURRING BEFORE THE COMMENCEMENT OF THE CHAPTER 11 CASE OR DURING THE COURSE OF THE CHAPTER 11 CASE (INCLUDING THROUGH THE EFFECTIVE DATE), IN ANY WAY RELATING TO THE CHAPTER 11 CASE, THE PLAN, THE DIP CREDIT AGREEMENT, THE

DEBTOR'S BUSINESS, THE DECISION TO FILE A BANKRUPTCY PETITION ON BEHALF OF THE DEBTOR, THE WINDDOWN AND OPERATION OF THE DEBTOR DURING THE CHAPTER 11 CASE, THE ADMINISTRATION OF THE CHAPTER 11 CASE, THE NEGOTIATION AND IMPLEMENTATION OF THE PLAN, CONFIRMATION OF THE PLAN, CONSUMMATION OF THE PLAN (INCLUDING ALL DISTRIBUTIONS HEREUNDER), THE ADMINISTRATION OF THE PLAN, AND THE PROPERTY TO BE DISTRIBUTED UNDER THE PLAN (EXCEPT AS TO RIGHTS, OBLIGATIONS, DUTIES, AND CLAIMS ESTABLISHED UNDER THE PLAN). IN ALL SUCH INSTANCES, SUCH PARTIES SHALL BE AND HAVE BEEN ENTITLED TO REASONABLY RELY ON THE ADVICE OF COUNSEL WITH RESPECT TO THEIR DUTIES AND RESPONSIBILITIES IN CONNECTION WITH THE CHAPTER 11 CASE AND UNDER THE PLAN. ANY AND ALL CLAIMS, CAUSES OF ACTIONS, RIGHTS, OR ANY LIABILITIES DESCRIBED ABOVE HELD BY ANY PERSON OR PARTY IN INTEREST AGAINST THE FOREGOING PARTIES LISTED IN SUBSECTIONS (I) AND (II) ABOVE ARE FULLY WAIVED, BARRED, RELEASED, AND DISCHARGED IN ALL RESPECTS (EXCEPT AS TO RIGHTS, OBLIGATIONS, DUTIES, AND CLAIMS ESTABLISHED UNDER THE PLAN). NOTWITHSTANDING ANYTHING IN THE PLAN TO THE CONTRARY, NOTHING IN THE PLAN, THE PLAN DOCUMENTS, OR THE CONFIRMATION ORDER SHALL AFFECT THE LIABILITY OF ANY PERSON THAT RESULTS FROM ANY ACT OR OMISSION DETERMINED BY A FINAL ORDER TO HAVE CONSTITUTED WILLFUL MISCONDUCT, GROSS NEGLIGENCE, INTENTIONAL FRAUD, OR CRIMINAL CONDUCT. NOTWITHSTANDING ANY LANGUAGE HEREIN TO THE CONTRARY, NOTHING HEREIN IS INTENDED, NOR SHALL IT BE CONSTRUED, TO ELIMINATE, WAIVE OR RELEASE ANY OF DEBTOR'S PRESENT OR FORMER MANAGERS, OFFICERS OR DIRECTORS (OTHER THAN THE CRO) FROM ANY LIABILITIES THAT MAY HAVE ARISEN OR OCCURRED PREPETITION, INCLUDING, WITHOUT LIMITATION, THE RIGHTS OF ACTION (AS DEFINED HEREIN) AGAINST ANY OF DEBTOR'S PRESENT OR FORMER MANAGERS, OFFICERS OR DIRECTORS (OTHER THAN THE CRO).

Article V.E.7 of the Plan provides as follows:

FROM AND AFTER THE EFFECTIVE DATE, THE LIQUIDATION TRUSTEE AND ITS PROFESSIONALS AND THE MEMBERS OF THE LIQUIDATION TRUST COMMITTEE SHALL BE EXCULPATED BY THE ESTATE AND ALL HOLDERS OF CLAIMS OR INTERESTS FROM ANY AND ALL CLAIMS OR CAUSES OF ACTION AND ASSERTIONS OF LIABILITY ARISING OUT OF THEIR PERFORMANCE OF THE DUTIES CONFERRED UPON THEM BY THE PLAN, THE LIQUIDATION TRUST AGREEMENT, OR ANY ORDERS OF THE BANKRUPTCY COURT, EXCEPT TO THE EXTENT AN ACT CONSTITUTES BAD FAITH, GROSS NEGLIGENCE, WILLFUL MISCONDUCT, OR ACTUAL FRAUD. NO HOLDER OF A CLAIM OR INTEREST OR REPRESENTATIVE THEREOF SHALL HAVE OR PURSUE ANY CLAIM OR CAUSE OF ACTION AGAINST THE LIQUIDATION TRUSTEE, ITS PROFESSIONALS, OR THE MEMBERS OF THE LIQUIDATION TRUST COMMITTEE FOR TAKING ANY ACTION IN ACCORDANCE WITH THE PLAN, THE LIQUIDATION TRUST AGREEMENT, OR TO IMPLEMENT THE PROVISIONS

OF THE PLAN OR ANY ORDER OF THE BANKRUPTCY COURT. NOTHING IN THIS PROVISION SHALL BE DEEMED TO ALTER THE PROVISIONS OF THE LIQUIDATION TRUST AGREEMENT.

Article XIII.J provides as follows:

On the Effective Date, the Committee shall dissolve; provided, however, that following the Effective Date, the Committee shall continue in existence and have standing and a right to be heard for the following limited purposes: (i) Claims and/or applications for compensation by Professionals and requests for allowance of Administrative Claims for substantial contribution pursuant to section 503(b)(3)(D) of the Bankruptcy Code; (ii) any appeals to which the Committee is a party; and (iii) responding to creditor inquiries for one-hundred-twenty (120) days following the Effective Date. Upon the dissolution of the Committee, the current and former members of the Committee and their respective officers, employees, counsel, advisors and agents, shall be released and discharged of and from all further authority, duties, responsibilities and obligations related to and arising from and in connection with the Chapter 11 Case, and the retention or employment of the Committee's respective attorneys, accountants and other agents shall terminate, except that the Committee and their respective Professionals shall have the right to pursue, review and object to any applications for compensation or reimbursement of expenses filed in accordance with Article II hereof.

ARTICLE 7
MEANS FOR EXECUTION AND IMPLEMENTATION OF THE PLAN

A. Cancellation of Interests and Dissolution of Debtor.

On the Effective Date, except as otherwise specifically provided for in the Plan: (i) all Interests in the Debtor shall be canceled; (ii) the obligations of, Claims against, and Interests in the Debtor arising under, evidenced by, or relating to any agreements, contracts, indentures, certificates of designation, bylaws, certificates or articles of incorporation, or similar documents governing the Interests shall be released and discharged; and (iii) the Debtor shall be dissolved. The Liquidation Trustee may, in his or her discretion, file all necessary certificates of dissolution and take any other actions necessary or appropriate to reflect the dissolution of the Debtor under applicable state law where the Debtor was organized or formed. All applicable regulatory or governmental agencies shall accept any certificates of dissolution or other papers filed by the Liquidation Trustee on behalf of the Debtor and shall take all steps necessary to allow and reflect the prompt dissolution of the Debtor as provided herein, without the payment of any fee, tax, or charge and without need for the filing of reports or certificates, except as the Liquidation Trustee may determine in his or her sole discretion.

B. The Debtor's Assets.

On the Effective Date, all of the assets of the Debtor and the Estate existing as of the Effective Date, shall be transferred and become vested in the Liquidation Trust pursuant to and in accordance with the terms of this Plan.

C. Corporate Action.

The entry of the Confirmation Order shall constitute authorization for the Debtor and Liquidation Trustee (as applicable) to take or cause to be taken all corporate actions necessary or appropriate to implement all provisions of, and to consummate, the Plan prior to, on and after the Effective Date and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act or action under any applicable law, order, rule or regulation, including, without limitation, any action required by the Interest holders, officers, or directors of the Debtor, including, among other things: (1) the cancellation of the Interests in the Debtor; (2) all transfers of assets that are to occur pursuant to the Plan; (3) the incurrence of all obligations contemplated by the Plan and the making of Distributions; and (4) the implementation of all settlements and compromises as set forth in or contemplated by the Plan. As of the Effective Date, the Liquidation Trustee is authorized and directed to do all things and to execute and deliver all agreements, documents, instruments, notices and certificates as are contemplated by the Plan and to take all necessary actions required in connection therewith, in the name of and on behalf of the Debtor and the Liquidation Trustee, as applicable.

D. Liquidation Trust.

1. Creation of the Liquidation Trust and Appointment of the Liquidation Trustee.

On the Effective Date, the Liquidation Trust shall be created pursuant to the Liquidation Trust Agreement. The Liquidation Trust shall operate under the provisions of the Liquidation Trust Agreement. The Liquidation Trust shall be administered by the Liquidation Trustee, who shall be overseen by the Liquidation Trust Committee. The Liquidation Trustee and the Liquidation Trust Committee shall be appointed as of the Effective Date and shall be compensated and otherwise bound by the terms of the Liquidation Trust Agreement without further order of the Bankruptcy Court. The Plan will be administered and actions will be taken in the name of the Debtor or Liquidation Trust, as appropriate, through the Liquidation Trustee, irrespective of whether the Debtor has been dissolved. The Liquidation Trust Agreement shall be deemed approved and effective on the Effective Date subject to execution by the Liquidation Trustee and the Debtor. The identity of the Liquidation Trustee and the members of the Liquidation Trust Committee and a form of Liquidation Trust Agreement will be included in the Plan Supplement.

2. Property of the Liquidation Trust.

On the Effective Date, the Debtor and Estate shall be deemed to have transferred and/or assigned any and all assets of the Debtor and the Estate as of the Effective Date.

3. Creation of Reserves.

To the extent not otherwise provided for in the Plan or ordered by the Bankruptcy Court, the Liquidation Trustee shall estimate appropriate reserves of Cash to be set aside in order to pay or reserve for accrued expenses and for payment of prospective expenses and liabilities of the Estate and the Liquidation Trust after the Effective Date. On the Effective Date, the Liquidation

Trustee will establish and appropriately fund the following Reserves: (i) the Wind-Down Reserve and (ii) the Professional Fee Reserve. Distributions from the Reserves shall be made by the Liquidation Trustee.

Notwithstanding any contrary provision contained herein (other than the requirements for segregation of undeliverable distributions set forth in Article VIII below), the Liquidation Trustee shall not be obligated to physically segregate and maintain separate accounts for reserves or for other purposes. Separate reserves and funds may be merely bookkeeping entries or accounting methodologies, which may be revised from time to time, to enable the Liquidation Trustee to determine Cash available for Distributions, reserves and amounts to be paid to parties-in-interest.

4. Officers, Directors, and Shareholders.

a. Directors, Officers, and Employees: On the Effective Date, the authority, power and incumbency of Stuart Noyes and Winter Harbor, as chief restructuring officer of the Debtor, shall be terminated and cease and Stuart Noyes and Winter Harbor shall be deemed to have resigned. In addition, on the Effective Date, the authority, power and incumbency of all other directors and officers of the Debtor shall be terminated and cease and all other directors and officers shall be deemed to have resigned.

b. Succession by Liquidation Trustee: On the Effective Date, the Liquidation Trustee succeeds to such powers as would have been applicable to the Debtor's officers, directors and shareholders.

5. Liquidation Trustee.

The salient terms of the Liquidation Trustee's employment, including the Liquidation Trustee's duties and compensation, to the extent not set forth in the Plan, shall be set forth in the Liquidation Trust Agreement, including but not limited to the Liquidation Trust Committee's oversight of the Liquidation Trustee's exercise of its responsibilities and powers. In general, the Liquidation Trustee shall be the exclusive trustee of the Liquidation Trust for the purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3), as well as the representative of the Estate appointed pursuant to § 1123(b)(3)(B) of the Bankruptcy Code. The Liquidation Trustee and the Liquidation Trust Committee shall have fiduciary duties to beneficiaries of the Liquidation Trust in the same manner that members of an official committee of creditors appointed pursuant to § 1102 of the Bankruptcy Code have fiduciary duties to the creditor constituents represented by such a committee. The Liquidation Trust Agreement shall specify the terms and conditions of the Liquidation Trustee's and Liquidation Trust Committee's compensation, responsibilities and powers. The duties and powers of the Liquidation Trustee shall generally include, without limitation, the following:[3]

> (a) To exercise all power and authority, that may be or could have been exercised, commence all proceedings that may be or could have been commenced and take all actions that may be or could have been taken by any officer, director or shareholder of

[3] In the case of a conflict between the Liquidation Trust Agreement and the Plan, the Liquidation Trust Agreement shall control.

the Debtor with like effect as if authorized, exercised and taken by unanimous action of such officers, directors and shareholders; including, without limitation, amendment of the articles of organization and by-laws of the Debtor, the dissolution of the Debtor, and the assertion or waiver of any of the Debtor's attorney/client privilege;

(b) To maintain escrows and other accounts, make Distributions and take other actions consistent with the Plan and the implementation thereof, including the establishment, re-evaluation, adjustment and maintenance of appropriate reserves, in the name of either of the Debtor or the Liquidation Trustee, even in the event of the dissolution of the Debtor;

(c) Subject to the applicable provisions of the Plan, to collect and liquidate all assets of the Estate and the Liquidation Trust pursuant to the Plan and to administer the winding-up of the affairs of the Debtor;

(d) To object to, defend, compromise, and/or settle any Claims (Disputed or otherwise) as discussed in Article VII hereof without the necessity of approval of the Bankruptcy Court and/or to seek Court approval for any Claims settlement to the extent thought appropriate by the Liquidation Trustee or to the extent such approval is required by prior order of the Bankruptcy Court;

(e) To the extent ordered by the Bankruptcy Court, to defend, compromise and/or settle any Rights of Action transferred to the Liquidation Trust in this Plan by filing a notice of compromise and settlement with the Bankruptcy Court, which shall be deemed approved if no objection is filed within twenty-one (21) days after the date of filing, and which shall be subject to approval of the Bankruptcy Court to the extent an objection is filed;

(f) To make decisions, without further Court approval, regarding the retention or engagement of professionals, employees and consultants by the Liquidation Trust and to pay the charges incurred by the Liquidation Trust on or after the Effective Date for services of professionals, disbursements, expenses or related support services relating to the winding down of the Debtor and implementation of the Plan, without application to the Bankruptcy Court, with such charges to be paid solely from Liquidation Trust Assets (excluding the Wind-Down Reserve and the Professional Fee Reserve);

(g) To cause, on behalf of the Liquidation Trust, the Debtor and the Estate, that all necessary tax returns and all other appropriate or necessary documents related to municipal, state, federal or other tax law are prepared and filed timely;

(h) To make all Distributions to holders of Allowed Claims provided for or contemplated by the Plan;

(i) To invest Cash in accordance with Bankruptcy Code § 345 or as otherwise permitted by a Final Order of the Bankruptcy Court and as deemed appropriate by the Liquidation Trustee;

(j) To collect any accounts receivable or other claims and assets of the Debtor or the Estate not otherwise disposed of pursuant to the Plan;

(k) To enter into any agreement or execute any document required by or consistent with the Plan and perform all of the obligations of the Debtor or the Liquidation Trustee thereunder;

(l) To abandon in any commercially reasonable manner, including abandonment or donation to a charitable organization at the discretion of the Liquidation Trustee, any assets that the Liquidation Trustee concludes are of inconsequential benefit to Creditors of the Estate or, at the conclusion of the Chapter 11 Case, are determined to be too impractical to distribute;

(m) To investigate, prosecute and/or settle Rights of Action, including, but not limited to Avoidance Actions, participate in or initiate any proceeding before the Bankruptcy Court or any other court of appropriate jurisdiction, participate as a party or otherwise in any administrative, arbitrative or other non-judicial proceeding, litigate or settle such Rights of Action on behalf of the Liquidation Trust and pursue to settlement or judgment such actions;

(n) To utilize trust assets to purchase or create and carry all appropriate new insurance policies and pay all insurance premiums and costs it deems necessary or advisable to insure the acts and omissions of the Liquidation Trustee;

(o) To implement and/or enforce all provisions of the Plan;

(p) To maintain appropriate books and records (including financial books and records);

(q) To collect and liquidate all assets of the Estate pursuant to the Plan and administer the winding-up of the affairs of the Debtor including, but not limited to, closing the Chapter 11 Case;

(r) To pay fees incurred pursuant to 28 U.S.C. § 1930(a)(6) and to file with the Bankruptcy Court and serve on the U.S. Trustee quarterly financial reports until such time as such reports are no longer required, a Final Decree is entered closing the Chapter 11 Case or the Chapter 11 Case is converted or dismissed, or the Bankruptcy Court orders otherwise;

(s) To file with the Bankruptcy Court and serve upon the Post-Confirmation Service List, within twenty-five (25) days after the end of each quarter, a report setting forth: (i) the receipt and disposition by the Liquidation Trustee of property of the Estate or the Debtor during the prior quarter, including the disposition of funds in the Liquidation Trust; (ii) all Disputed Claims resolved by the Liquidation Trustee during such period; and (iii) the status of Rights of Action; and

(t) To do all other acts or things consistent with the provisions of the Plan that the Liquidation Trustee deems reasonably necessary or desirable with respect to implementing the Plan.

ARTICLE 8
RECOVERY ANALYSIS, FEASIBILITY AND RISKS

A. Recovery Analysis and Feasibility.

Recoveries to holders of General Unsecured Claims are subject to many variables at this point. As of the time of this Disclosure Statement, and due to these numerous variables, the Debtor cannot accurately predict the recovery for holders of General Unsecured Claims.

Under the Plan, the Debtor anticipates that Allowed Administrative Claims, Allowed Priority Tax Claims, if any, and Allowed Priority Non-Tax Claims, if any, will be paid in full. To the extent that the Debtor has insufficient cash to pay Allowed Administrative Claims, Allowed Priority Tax Claims, if any, and Allowed Priority Non-Tax Claims, if any, pursuant to the terms of the Plan, all such claims will not be paid in full, and shall be paid in accordance with the priority provisions of the Bankruptcy Code. Important variables affecting the amount of funds available for distribution include (i) the total amount of Allowed Claims entitled to payment before payments to holders of General Unsecured Claims, (ii) the total amount of Allowed General Unsecured Claims, and (iii) the outcome of the Rights of Action retained by the Litigation Trust pursuant to Article X of the Plan.

Under the Plan, Holders of Allowed General Unsecured Claims will each receive a beneficial interest in the Liquidation Trust. The Liquidation Trust will receive the Liquidation Trust Assets, which include all assets of the Estate, including certain Rights of Action.

The Debtor ceased operations as of the closing of the TPP Sale, and therefore does not anticipate incurring any additional costs or expenses in connection with business operations on a going-forward basis. To the extent the Debtor has remaining obligations with respect to business operations, the Debtor believes that such obligations have been assumed by the Purchaser.

The only costs or expenses that might affect the feasibility of this Plan are those associated with the administration of the Liquidation Trust. The Debtor does not believe such costs or expenses should impair the feasibility of this Plan. Gruber Elrod has been retained to pursue the material Rights of Action, and has agreed to (i) pursue such litigation on a contingency basis, and (ii) advance certain of the out-of-pocket costs associated with such litigation, such as expert witness costs. Further, as will be set forth in the Liquidation Trust Agreement, the Liquidation Trustee has agreed to an alternative fee and expense arrangement, whereby its fees and expenses will be paid upon the Liquidation Trust's receipt of litigation recoveries or other receipts form the liquidation of the Remaining Assets.

The recovery for Holders of Allowed General Unsecured Claims is uncertain, as it is subject to the Liquidation Trustee's success in pursuing the Rights of Action. The Committee anticipates that the recovery to the Holders of Allowed General Unsecured Claims may be approximately between zero and ten percent (10%). Recovery may increase if the Liquidation Trustee is highly successful in pursing Rights of Action transferred to the Liquidation Trust. The ultimate recovery to Holders of Allowed General Unsecured Claims is contingent on recoveries from the Liquidation Trustee's efforts in pursuing the Rights of Action. Such recoveries will be

dictated by the results of litigation of the Rights of Action, which are highly uncertain and speculative. The Debtor does not take a position on the amount of recoveries.

B. Risks Associated with Confirming the Plan.

Both the Confirmation and consummation of the Plan are subject to a number of risks. Specifically, if certain standards set forth in the Bankruptcy Code are not met, the Bankruptcy Court will not confirm the Plan even if Holders of Claims accept the Plan. Although the Debtor believes that the Plan meets such standards, there can be no assurance that the Bankruptcy Court will reach the same conclusion. If the Bankruptcy Court were to determine that such requirements were not met, it could require the Debtor to re-solicit acceptances, which could delay and/or jeopardize Confirmation of the Plan. The Debtor believes that the solicitation of votes on the Plan will comply with Bankruptcy Code § 1126(b) and that the Bankruptcy Court will confirm the Plan. The Debtor, however, can provide no assurance that modifications of the Plan will not be required to obtain Confirmation of the Plan, or that any such modifications will not require a re-solicitation of acceptances.

Even if the Plan is confirmed, the Plan provides that certain conditions precedent must be met or waived prior to the occurrence of the Effective Date. There is no guarantee as to the timing of the Effective Date. Additionally, if the conditions precedent to the Effective Date are not satisfied or waived, the Bankruptcy Court may vacate the Confirmation Order. In that event, the Plan would be deemed null and void and (i) the Debtor or any other party might propose or solicit votes on an alternative plan, (ii) the Chapter 11 Case might be dismissed, or (iii) the Chapter 11 Case might be converted to a case under Chapter 7 of the Bankruptcy Code.

ARTICLE 9
ALTERNATIVES TO PLAN

If the Plan is not confirmed, it is likely that the Chapter 11 Case will be converted to a case under Chapter 7 of the Bankruptcy Code, in which case a trustee would be elected or appointed to liquidate the assets of the Debtor for Distribution to Creditors in accordance with the priorities established by the Bankruptcy Code. Whether a bankruptcy case is one under Chapter 7 or Chapter 11, Holders of Secured Claims, Administrative Claims and priority Claims are entitled to be paid in Cash and in full before Holders of General Unsecured Claims receive any funds, and Holders of General Unsecured Claims are entitled to be paid in full before Holders of Interests receive any funds.

The known Liquidation Trust Assets consist primarily of the Rights of Action. As a result, the ultimate recovery to Holders of Allowed General Unsecured Claims is contingent on recoveries from the Liquidation Trustee's efforts in pursuing the Rights of Action. Such recoveries will be dictated by the results of litigation of the Rights of Action, which are highly uncertain and speculative. To date, defendants under the Rights of Action have denied or not acknowledged liability on account of such claims. In a Chapter 7 liquidation, the Debtor and the Committee do not believe that any Chapter 7 trustee would be able to sell the Rights of Action for any amount that might result in a recovery for Holders of Allowed General Unsecured Claims. Further, counsel for the Liquidation Trust, certain of which will be involved in litigation with respect to the Rights of Action, have already engaged in extensive analysis and efforts in

asserting the Rights of Action, and Gruber Elrod has agreed to prosecute certain Rights of Action that have the greatest likelihood of recovery on a commercially reasonable contingency-fee basis, and to advance certain funds associated with such litigation. The Debtor and the Committee do not believe a Chapter 7 trustee would be able to prosecute the Rights of Action on any more advantageous terms. The Debtor and the Committee believe that the Plan meets the "best interests of creditors" test of Bankruptcy Code § 1129(a)(7) of the Bankruptcy Code. The Debtor and the Committee believe that the members of each Impaired Class will receive at least as much value under the Plan as they would in a Chapter 7 liquidation proceeding. Since the Plan liquidates all of the Debtor's assets consistent with the Bankruptcy Code's priority scheme, conversion to Chapter 7 for the purpose of liquidation would confer no advantage upon Creditors. Moreover, upon conversion, distributions to General Unsecured Creditors would be reduced by the fees and commissions of the Chapter 7 trustee and their counsel as discussed below.

Further, if the Chapter 11 Case is converted to Chapter 7, the present Administrative Claims may have a priority lower than priority Claims generated by the Chapter 7 case, such as the Chapter 7 trustee's fees or the fees of attorneys, accountants and other professionals engaged by the trustee. The Debtor believes that conversion to Chapter 7 is likely to result in higher costs of administration than Confirmation of the Plan. First, the Chapter 7 Trustee will receive a percentage of the money distributed to Holders of Allowed Claims as compensation. Like the Liquidation Trustee, the Chapter 7 Trustee will have to retain attorneys to pursue litigation claims of the Estate as well as to pursue Claims objections. The Debtor's business relationships were complicated, and if new professionals are required to familiarize themselves with the Debtor's past operations to be able to prosecute the litigation claims and Claims objections, it could result in additional expense to the Estate. Like the Liquidation Trustee, the Chapter 7 Trustee will also have to retain accountants in connection with making claim reconciliations, filing necessary tax returns and otherwise closing the Estate.

ARTICLE 10
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain U.S. federal income tax consequences of the consummation of the Plan to Holders of Claims against, and Interests in, the Debtor. This summary is based on the Internal Revenue Code of 1986, as amended (the "IRC"), the U.S. Treasury Regulations (the "Tax Regulations") promulgated thereunder, judicial authorities, published administrative positions of the IRS and other applicable authorities, all as available and in effect on the date of this Disclosure Statement. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. No rulings or determinations of the IRS or any other taxing authorities have been sought or obtained 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. Events occurring after the date of this Disclosure Statement, including changes in law and changes in administrative positions, could affect the U.S. federal income tax consequences of the Plan.

This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to the Debtor or to such Holders in light of their individual circumstances. This discussion does not address tax issues with respect to such Holders subject to special treatment under the U.S. federal income tax laws (including, for example, non-U.S. persons, banks, governmental authorities or agencies, pass-through entities, dealers and traders in securities or currencies, including those that market to market, insurance companies, financial institutions, grantor trusts, tax-exempt organizations, small business investment companies, real estate investment trusts, regulated investment companies, persons that have a functional currency other than the U.S. dollar, certain former citizens and long term residents of the United States, and persons that will hold an equity interest or a security in the Debtor as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes). In addition, this summary does not address estate tax, gift tax, Medicare tax on investment income, alternative minimum tax, foreign, state, or local tax consequences of the Plan.

THE FOLLOWING SUMMARY OF CERTAIN UNITED STATES 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 AN ALLOWED CLAIM. ALL HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE U.S. FEDERAL, STATE, LOCAL AND NON-UNITED STATES TAX CONSEQUENCES OF THE PLAN.

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

1. General.

The U.S. federal income tax consequences to a Holder receiving, or entitled to receive, a payment in partial or total satisfaction of a Claim will depend on a number of factors, including the nature of the Claim, the Holder's method of tax accounting, and its own particular tax situation.

Because each Holder's Claim and tax situation differs, Holders should consult their own tax advisors to determine how the Plan affects them for federal, state and local tax purposes, based on their particular tax situations. Among other things, the U.S. federal income tax consequences of a payment to a Holder may depend initially on the nature of the original transaction pursuant to which the Claim arose. For example, a payment in repayment of the principal amount of a loan is generally not included in the gross income of an original lender.

The U.S. federal income tax consequences of a payment to a Holder may also depend on whether the item to which the payment relates has previously been included in the holder's gross income or has previously been subject to a loss or a worthless security or bad debt deduction. For example, if a payment is made in satisfaction of a receivable acquired in the ordinary course of a Holder's trade or business, the Holder had previously included the amount of such receivable payment in its gross income under its method of tax accounting, and had not previously claimed a loss or a worthless security or bad debt deduction for that amount, the receipt of the payment

should not result in additional income to the holder but may result in a loss. Conversely, if the Holder had previously claimed a loss or worthless security or bad debt deduction with respect to the item previously included in income, the holder generally would be required to include the amount of the payment in income.

A Holder receiving a payment pursuant to the Plan in satisfaction of its Claim generally may recognize taxable income or loss measured by the difference between (i) the amount of cash and the fair market value (if any) of any property received by the holder (other than any consideration attributable to a Claim for accrued but unpaid interest), including, as discussed below, any beneficial interests in the Liquidation Trust, and (ii) its adjusted tax basis in the Claim (other than basis attributable to accrued but unpaid interest previously included in the holder's taxable income). For this purpose, the adjusted tax basis may include amounts previously included in income (less any bad debt or loss deduction) with respect to that item. Generally, the income or loss will be ordinary income or loss, unless the Claim is a capital asset in the Holder's hands. Each Holder of a Claim should consult its own tax advisor to determine whether income or loss recognized by such Holder will be ordinary or capital in nature and the specific tax effect thereof on such Holder.

As discussed below, each Holder of a Claim that receives a beneficial interest in the Liquidation Trust will be treated for U.S. federal income tax purposes as directly receiving, and as a direct owner of, its respective share of the Liquidation Trust property, consistent with its economic rights in the Liquidation Trust. Pursuant to the Plan, the Liquidation Trustee will in good faith value the Liquidation Trust property, and all parties to the Liquidation Trust (including holders of Claims receiving Beneficial Interests in the Liquidation Trust) must consistently use such valuation for all U.S. federal income tax purposes.

A Holder's share of any proceeds received by the Liquidation Trust upon the sale or other disposition of Liquidation Trust property (other than any such amounts received as a result of the subsequent disallowance of Contested Claims or the reallocation among holders of the Claims of undeliverable Plan distributions) should not be included, for U.S. federal income tax purposes, in the Holder's amount realized in respect of its Claim but should be separately treated as amounts realized in respect of such Holder's ownership interest in the underlying assets of the Liquidation Trust.

2. Allocation of Consideration to Interest.

Pursuant to the Plan, all distributions in respect of Allowed Claims will be allocated first to the principal amount of the Allowed Claim (as determined for U.S. federal income tax purposes), with any excess allocated to accrued but unpaid interest. However, there is no assurance that such allocation would be respected by the IRS for U.S. federal income tax purposes. In general, to the extent any amount received (whether Cash, or other property) by a Holder of a debt instrument is received in satisfaction of accrued interest during its holding period, such amount will be taxable to the Holder as interest income (if not previously included in the holder's gross income under the Holder's normal method of accounting). Conversely, a Holder generally recognizes a deductible loss to the extent any accrued interest claimed was previously included in its gross income and is not paid in full. Each Holder of an Allowed Claim

is urged to consult its own tax advisor regarding the allocation of consideration and the taxation or deductibility of unpaid interest for tax purposes.

3. Information Reporting and Backup Withholding.

In general, information reporting requirements may apply to distributions or payments under the Plan. Furthermore, all distributions to Holders of Allowed Claims under the Plan are subject to any applicable tax withholding, including employment tax withholding. Under U.S. federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the applicable withholding rate.

Backup withholding generally applies if the Holder (a) fails to furnish its social security number or other taxpayer identification number, (b) furnishes an incorrect taxpayer identification number, (c) fails properly to report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the tax identification number provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions. These categories are very broad; however, there are numerous exceptions. Holders of Allowed Claims are urged to consult their tax advisors regarding the Treasury Regulations governing backup withholding and whether the transactions contemplated by the Plan would be subject to these Treasury Regulations.

In addition, Treasury Regulations generally require disclosure by a taxpayer on its U.S. 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 Treasury Regulations and whether the transactions contemplated by the Plan would be subject to these Treasury Regulations and require disclosure on the Holder's tax returns.

B. Tax Treatment of the Liquidation Trust and Holders of Beneficial Interests.

1. Classification of the Liquidation Trust.

The Liquidation Trust created pursuant to the Plan is intended to qualify as a "liquidating trust" for U.S. federal income tax purposes. In general, a liquidating trust is not a separate taxable entity but rather is treated for U.S. federal income tax purposes as a "grantor trust" (i.e., all income and loss is taxed directly to the liquidating trust beneficiaries). However, merely establishing a trust as a liquidating trust does not ensure that it will be treated as a grantor trust for U.S. federal income tax purposes. The IRS, in Revenue Procedure 94-45, 1994-2 C.B. 684, set forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a Chapter 11 plan. Pursuant to the Plan, and in conformity with Revenue Procedure 94-45, all parties (including, without limitation, the Debtor, the Liquidation Trustee, and holders) will be required to treat, for U.S. federal income tax purposes, the Liquidation Trust

as a grantor trust. The Holders of Beneficial Interests in the Liquidation Trust are the owners and grantors of the Liquidation Trust.

The following discussion assumes that the Liquidation Trust will be so respected for U.S. federal income tax purposes. The Liquidation Trust does not intend to request a ruling from the IRS concerning the tax status of the Liquidation Trust as a grantor trust. If the IRS were to successfully challenge the classification of the Liquidation Trust, the U.S. federal income tax consequences to the Liquidation Trust and the holders of Beneficial Interests in the Liquidation Trust, respectively, could vary from those discussed herein (including the potential for an entity-level tax on income of the Liquidation Trust).

2. General Tax Reporting by the Liquidation Trust and Holders of Beneficial Interests.

For all U.S. federal income tax purposes, all parties (including, without limitation, the Debtor, the Liquidation Trustee, and holders) must treat the transfer of the Liquidation Trust Property to the Liquidation Trust in accordance with the terms of the Plan. Pursuant to the Plan, the Liquidation Trust property (other than assets allocable to contested Claims) is treated, for U.S. federal income tax purposes, as having been transferred, subject to any obligations relating to such property, directly to the holders of the respective Claims receiving Beneficial Interests in the Liquidation Trust (with each holder receiving an undivided interest in such assets in accordance with their economic interests in such assets), followed by the transfer by the holders of such assets to the Liquidation Trust in exchange for a Beneficial Interest in the Liquidation Trust. Accordingly, all parties must treat the Liquidation Trust as a grantor trust of which the holders of Beneficial Interests in the Liquidation Trust are the owners and grantors, and treat the holders of Beneficial Interests in the Liquidation Trust as the direct owners of an undivided interest in the Liquidation Trust Property (other than any assets allocable to contested Claims), consistent with their economic interests therein, for all U.S. federal income tax purposes.

Each holder of a Beneficial Interest in the Liquidation Trust must report on its U.S. federal income tax return its pro rata allocable share of income, gain, loss, deduction and credit recognized or incurred by the Liquidation Trust. Moreover, upon the sale or other disposition (or deemed disposition) of any Liquidation Trust asset, each holder of a Beneficial Interest in the Liquidation Trust must report on its U.S. federal income tax return its share of any gain or loss measured by the difference between (1) its share of the amount of Cash and/or the fair market value of any property received by the Liquidation Trust in exchange for the Liquidation Trust asset so sold or otherwise disposed of and (2) such holder's adjusted tax basis in its pro rata share of such Liquidation Trust asset. The character of any such gain or loss to the holder will be determined as if such holder itself had directly sold or otherwise disposed of the Liquidation Trust asset. The character of items of income, gain, loss, deduction and credit to any holder of a beneficial interest in the Liquidation Trust, and the ability of the holder to benefit from any deductions or losses, depends on the particular circumstances or status of the holder.

As soon as reasonably practicable after the transfer of the Liquidation Trust Property to the Liquidation Trust, the Liquidation Trustee shall make a good faith valuation of the Liquidation Trust Property. All parties to the Liquidation Trust (including, without limitation, the Debtor and holders of Beneficial Interests) must consistently use such valuation for all U.S.

federal income tax purposes. The valuation will be made available, from time to time, as relevant for tax reporting purposes.

Taxable income or loss allocated to a Holder of a Beneficial Interest in the Liquidation Trust will be treated as income or loss with respect to Holder's undivided interest in the Liquidation Trust Property, and not as income or loss with respect to its prior Allowed Claim. The character of any income and the character and ability to use any loss will depend on the particular situation of the Holder of a Beneficial Interest in the Liquidation Trust.

The U.S. federal income tax obligations of a Holder with respect to its Beneficial Interest in the Liquidation Trust are not dependent on the Liquidation Trust distributing any Cash or other proceeds. Thus, a Holder may incur a U.S. federal income tax liability with respect to its allocable share of Liquidation Trust income even if the Liquidation Trust does not make a concurrent distribution to the Holder. In general, other than in respect of cash retained on account of contested claims and distributions resulting from undeliverable distributions (the subsequent distribution of which still relates to a holder's Allowed Claim), a distribution of Cash by the Liquidation Trust will not be separately taxable to a Holder of a Beneficial Interest in the Liquidation Trust since the beneficiary is already regarded for U.S. federal income tax purposes as owning the underlying assets (and was taxed at the time the Cash was earned or received by the Liquidation Trust). Holders are urged to consult their tax advisors regarding the appropriate U.S. federal income tax treatment of any subsequent distributions of Cash originally retained by the Liquidation Trust on account of contested claims. The Liquidation Trustee will comply with all applicable governmental withholding requirements.

The Liquidation Trustee will file with the IRS tax returns for the Liquidation Trust consistent with its classification as a grantor trust pursuant to Treasury Regulation Section 1.671-4(a). The Liquidation Trustee also will send annually to each Holder of a Beneficial Interest in the Liquidation Trust a separate statement regarding the receipts and expenditures of the Liquidation Trust as relevant for U.S. federal income tax purposes and will instruct all such Holders to use such information in preparing their U.S. federal income tax returns or to forward the appropriate information to such Holder's underlying beneficial holders with instructions to utilize such information in preparing their U.S. federal income tax returns.

C. U.S. Federal Income Tax Consequences to Holders of Interests of the Debtor.

Holders of Interests of the Debtor should recognize a loss equal to the amount of their adjusted basis. Holders of such Interests should consult their tax advisors as to the amount, timing and character of such loss.

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

STATE AND LOCAL AND APPLICABLE NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

ARTICLE 11
CONCLUSION

This Disclosure Statement has attempted to provide information regarding the Debtor's bankruptcy Estate and the potential benefits that might accrue to holders of Claims against and Interests in the Debtor under the Plan as proposed. The Plan provides for the orderly liquidation of the Debtor's remaining assets and the distribution of the proceeds in accordance with the priority scheme established by the Bankruptcy Code. The Debtor urges interested parties to vote in favor of the Plan.

Dated: January 17, 2017

Debtor and Debtor-In-Possession

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By: Stuart Noyes
Its: Chief Restructuring Officer

- and -

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EXHIBIT 1
THE PLAN

EXHIBIT 2
PRE-PETITION TRANSFERS