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

In re:	)	
	)	Case No. 17-44346-MXM-11
VASARI, LLC.	)	
	)	(Chapter 11)
Debtor.	)	
	)	

DISCLOSURE STATEMENT FOR CHAPTER 11 PLAN OF REORGANIZATION FOR VASARI, LLC

Dated: Fort Worth, Texas

December 11, 2017

Husch Blackwell, LLP
2001 Ross Avenue
Dallas, Texas 75201-2995
Telephone: (214) 999-6100
Facsimile: (214) 999-6170

-and-

Husch Blackwell, LLP
120 South Riverside Plaza
Suite 2200
Chicago, Illinois 60606
Telephone: (312) 655-1500
Facsimile: (312) 655-1501

Counsel for the Debtor and Debtor in Possession

IMPORTANT NOTICE

THIS DISCLOSURE STATEMENT AND ITS RELATED DOCUMENTS ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES TO ACCEPT THE CHAPTER 11 PLAN OF REORGANIZATION FOR VASARI, LLC (THE "**PLAN**"). NO REPRESENTATIONS HAVE BEEN AUTHORIZED BY THE BANKRUPTCY COURT CONCERNING THE DEBTOR, ITS BUSINESS OPERATIONS OR THE VALUE OF ITS ASSETS, EXCEPT AS EXPLICITLY SET FORTH IN THIS DISCLOSURE STATEMENT.

THE DEBTOR URGES YOU TO READ THIS DISCLOSURE STATEMENT CAREFULLY FOR A DISCUSSION OF VOTING INSTRUCTIONS, RECOVERY INFORMATION, CLASSIFICATION OF CLAIMS, THE HISTORY OF THE DEBTOR AND THE REORGANIZATION CASE, THE DEBTOR'S BUSINESS, PROPERTIES AND RESULTS OF OPERATIONS, HISTORICAL AND PROJECTED FINANCIAL RESULTS AND A SUMMARY AND ANALYSIS OF THE PLAN.

ALL CAPITALIZED TERMS IN THIS DISCLOSURE STATEMENT NOT OTHERWISE DEFINED HEREIN HAVE THE MEANINGS GIVEN TO THEM IN THE PLAN, A COPY OF WHICH IS ATTACHED TO THIS DISCLOSURE STATEMENT AS **EXHIBIT A.**

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. THE DEBTOR RESERVES THE RIGHT TO FILE AN AMENDED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN. TO THE EXTENT APPLICABLE, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO BUY, NOR WILL THERE BE ANY DISTRIBUTION OF ANY SECURITIES DESCRIBED HEREIN UNTIL THE EFFECTIVE DATE OF THE PLAN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(c) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE. THE PLAN AND THIS DISCLOSURE STATEMENT WERE NOT REQUIRED TO BE PREPARED IN ACCORDANCE WITH APPLICABLE NONBANKRUPTCY LAW. DISSEMINATION OF THIS DISCLOSURE STATEMENT IS CONTROLLED BY BANKRUPTCY RULE 3017.

THIS DISCLOSURE STATEMENT WAS PREPARED TO PROVIDE PARTIES IN INTEREST IN THIS CASE WITH "ADEQUATE INFORMATION" (AS DEFINED IN SECTION 1125 OF THE BANKRUPTCY CODE) SO THAT THOSE CREDITORS WHO ARE ENTITLED TO VOTE WITH RESPECT TO THE PLAN CAN MAKE AN INFORMED JUDGMENT REGARDING SUCH VOTE ON THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN. THIS DISCLOSURE STATEMENT IS NOT INTENDED TO REPLACE A CAREFUL AND DETAILED REVIEW AND ANALYSIS OF THE PLAN; RATHER THIS DISCLOSURE STATEMENT IS INTENDED ONLY TO AID AND SUPPLEMENT SUCH REVIEW. THIS DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE

PLAN, THE PLAN SUPPLEMENT (WHICH WILL BE FILED NO LATER THAN 10 CALENDAR DAYS PRIOR TO THE VOTING DEADLINE (DEFINED BELOW)), AND THE EXHIBITS ATTACHED THERETO AND THE AGREEMENTS AND DOCUMENTS DESCRIBED THEREIN. IF THERE IS A CONFLICT BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE PROVISIONS OF THE PLAN WILL GOVERN. YOU ARE ENCOURAGED TO REVIEW THE FULL TEXT OF THE PLAN AND PLAN SUPPLEMENT AND TO READ CAREFULLY THE ENTIRE DISCLOSURE STATEMENT, INCLUDING ALL EXHIBITS, BEFORE DECIDING HOW TO VOTE WITH RESPECT TO THE PLAN.

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS **4:00 P.M. (PREVAILING CENTRAL TIME) ON __________, 2018,** UNLESS EXTENDED BY THE DEBTOR (THE "**VOTING DEADLINE**"). TO BE COUNTED, BALLOTS MUST BE RECEIVED BY COUNSEL FOR THE DEBTOR ON OR BEFORE THE VOTING DEADLINE.

THE EFFECTIVENESS OF THE PLAN IS SUBJECT TO MATERIAL CONDITIONS PRECEDENT. THERE IS NO ASSURANCE THAT THESE CONDITIONS WILL BE SATISFIED OR WAIVED.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS AGAINST, AND HOLDERS OF INTERESTS IN, THE DEBTOR (INCLUDING, WITHOUT LIMITATION, THOSE HOLDERS OF CLAIMS OR INTERESTS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

EXCEPT AS OTHERWISE SET FORTH HEREIN, THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE BY THE DEBTOR AS OF THE DATE HEREOF, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME SUBSEQUENT TO THE DATE HEREOF OR CREATE ANY DUTY TO UPDATE SUCH INFORMATION.

NO PERSON HAS BEEN AUTHORIZED BY THE DEBTOR IN CONNECTION WITH THE PLAN OR THE SOLICITATION TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN AND THE EXHIBITS, NOTICES AND SCHEDULES ATTACHED TO OR INCORPORATED BY REFERENCE OR REFERRED TO IN THIS DISCLOSURE STATEMENT AND/OR THE PLAN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DEBTOR.

IT IS THE DEBTOR'S POSITION THAT THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, AND NOTHING STATED HEREIN SHALL BE

DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTOR OR HOLDERS OF CLAIMS OR INTERESTS.

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

HOLDERS OF CLAIMS OR INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. EACH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISOR(S) WITH RESPECT TO ANY SUCH MATTERS CONCERNING THIS DISCLOSURE STATEMENT, THE SOLICITATION OF VOTES TO ACCEPT THE PLAN, THE PLAN, THE PLAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY.

FORWARD-LOOKING STATEMENTS:

THIS DISCLOSURE STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS BASED PRIMARILY ON THE CURRENT EXPECTATIONS OF THE DEBTOR AND PROJECTIONS ABOUT FUTURE EVENTS AND FINANCIAL TRENDS AFFECTING THE FINANCIAL CONDITION OF THE DEBTOR'S AND THE REORGANIZED DEBTOR'S BUSINESS. IN PARTICULAR, STATEMENTS USING WORDS SUCH AS "BELIEVE," "MAY," "ESTIMATE," "CONTINUE," "ANTICIPATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS IDENTIFY THESE FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO A NUMBER OF RISKS, UNCERTAINTIES AND ASSUMPTIONS, INCLUDING THOSE DESCRIBED BELOW UNDER ARTICLE XI. IN LIGHT OF THESE RISKS AND UNCERTAINTIES, THE FORWARD-LOOKING EVENTS AND CIRCUMSTANCES DISCUSSED IN THE DISCLOSURE STATEMENT MAY NOT OCCUR, AND ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THE FORWARD-LOOKING STATEMENTS. CONSEQUENTLY, THE PROJECTED FINANCIAL INFORMATION AND OTHER FORWARD-LOOKING STATEMENTS CONTAINED HEREIN SHOULD NOT BE REGARDED AS REPRESENTATIONS BY ANY OF THE DEBTOR, THE REORGANIZED DEBTOR, THEIR ADVISORS OR ANY OTHER PERSON THAT THE PROJECTED FINANCIAL CONDITIONS OR RESULTS OF OPERATIONS CAN OR WILL BE ACHIEVED. EXCEPT AS OTHERWISE REQUIRED BY LAW, NEITHER THE DEBTOR NOR THE REORGANIZED DEBTOR UNDERTAKES ANY OBLIGATION TO UPDATE OR REVISE PUBLICLY ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE FOLLOWING APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT.

THE DEBTOR AND THE CONSENT PARTIES, SUPPORT CONFIRMATION OF THE PLAN, AND URGE ALL HOLDERS OF CLAIMS WHOSE VOTES ARE BEING SOLICITED TO ACCEPT THE PLAN.

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ARTICLE I.
INTRODUCTION

1.1.1 General. Vasari, LLC as debtor and debtor in possession (the "Debtor"), in Chapter 11 case pending before the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division (the "Bankruptcy Court"), transmits this disclosure statement (as may be amended, supplemented or otherwise modified from time to time, the "Disclosure Statement"), pursuant to section 1125 of title 11 of the United States Code (the "Bankruptcy Code"), in connection with the Debtor's solicitation of votes to confirm the Chapter 11 Plan of Reorganization for Vasari, LLC dated as of December ___, 2017 (the "Plan"). On the Effective Date, the Plan and all other agreements entered into or instruments issued in connection with the Plan, shall become effective and binding in accordance with their respective terms and conditions upon the parties thereto and shall be deemed to become effective simultaneously.

The purpose of this Disclosure Statement is to set forth information: (i) regarding the history of the Debtor and their business; (ii) describing the Reorganization Case; (iii) concerning the Plan; (iv) advising the holders of Claims and Interests of their rights under the Plan; and (v) assisting the holders of Claims entitled to vote on the Plan in making an informed judgment regarding whether they should vote to accept or reject the Plan.

On ______, 2018, after notice and a hearing, the Bankruptcy Court entered an order (the "Disclosure Statement Order"), which, among other things: (i) approved this Disclosure Statement as containing "adequate information" to enable a hypothetical, reasonable investor typical of holders of Claims against or Interests in the Debtor to make an informed judgment as to whether to accept or reject the Plan; and (ii) authorized the Debtor to use this Disclosure Statement in connection with the solicitation of votes to accept or reject the Plan. The Disclosure Statement Order establishes ________, 2018 at 4:00 p.m. (prevailing Central Time) as the voting deadline for the return of Ballots accepting or rejecting the Plan (the "Voting Deadline"). APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.

The Disclosure Statement Order sets forth in detail the deadlines, procedures and instructions for voting to accept or reject the Plan, and for filing objections to confirmation of the Plan, the record date for voting purposes and the applicable standards for tabulating Ballots. In addition, detailed voting instructions accompany each Ballot. Each holder of a Claim entitled to vote on the Plan should read this Disclosure Statement and the Exhibits hereto, including the Plan and the Disclosure Statement Order, as well as the instructions accompanying the Ballot in their entirety before voting on the Plan. These documents contain important information concerning the classification of Claims and Interests for voting purposes and the tabulation of votes. No solicitation of votes may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. In voting on the Plan, holders of Claims entitled to vote should not rely on any information relating to the Debtor and its business other than the information contained in this Disclosure Statement, the Plan and all Exhibits hereto and thereto.

THE DEBTOR RECOMMENDS THAT HOLDERS OF CLAIMS IN CLASSES 1, 3, 4, 5 AND 6 VOTE TO ACCEPT THE PLAN.

Additional copies of this Disclosure Statement (including Exhibits) are available upon request to the Debtor's counsel, Husch Blackwell LLP ("HB"), at the following address:

Husch Blackwell LLP
2001 Ross Avenue
Suite 2000
Dallas, TX 75201
Attn: Vickie Driver

They may also be obtained by contacting HB via telephone at (214) 999-6100 or via email at Vickie.Driver@huschblackwell.com.

A Ballot for voting to accept or reject the Plan is enclosed with this Disclosure Statement for the holders of Claims that are entitled to vote to accept or reject the Plan. If you are a holder of a Claim entitled to vote on the Plan and did not receive a Ballot, received a damaged Ballot or lost your Ballot, or if you have any questions concerning the procedures for voting on the Plan, please contact HB at the address above.

1.2 The Confirmation Hearing. In accordance with the Disclosure Statement Order and section 1128 of the Bankruptcy Code, a hearing will be held before the Honorable Mark X. Mullin, United States Bankruptcy Judge for the Northern District of Texas, United States Bankruptcy Court, Fort Worth, Texas on **April ___, 2018 at _____ __.m. (prevailing Central Time)**, to consider confirmation of the Plan. The Debtor will request confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code, and has reserved the right to modify the Plan to the extent, if any, that confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, subject to the terms of the Plan and the consent of the Consent Parties. Objections, if any, to confirmation of the Plan must be served and filed so that they are received on or before **__________ ___, 2018 at 4:00 p.m. (prevailing Central Time)**, in the manner set forth in the Disclosure Statement Order. The hearing on confirmation of the Plan may be adjourned from time to time without further notice except for the announcement of the adjourned date and time at the hearing on confirmation or any adjournment thereof or an appropriate filing with the Bankruptcy Court.

At the Confirmation Hearing, the Bankruptcy Court will, among other things:

- determine whether sufficient majorities in number and amount from each Class entitled to vote have delivered properly executed votes accepting the Plan to approve the Plan;
- hear and determine objections, if any, to the Plan and to confirmation of the Plan that have not been previously disposed of;
- determine whether the Plan meets the confirmation requirements of the Bankruptcy Code; and
- determine whether to confirm the Plan.

1.3 Classification of Claims and Interests. The following table designates the Classes of Claims against and Interests in the Debtor, and specifies which Classes are: (a) impaired or unimpaired by the Plan, (b) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code, and (c) deemed to accept or reject the Plan.

Class	Designation	Impairment	Entitlement to Vote
Class 1	Cadence Prepetition Claims	Impaired	Yes
Class 2	Priority Non-Tax Claims	Unimpaired	No (Deemed to Accept)
Class 3	Administrative Convenience Claims	Impaired	Yes
Class 4	General Unsecured Claims	Impaired	Yes
Class 5	DQ Claims	Impaired	Yes
Class 6	Sponsor Affiliate Claims	Impaired	Yes
Class 7	Interest Holders	Impaired	No (Deemed to Reject)

1.4 Voting; Holders of Claims Entitled to Vote. Pursuant to the provisions of the Bankruptcy Code, only holders of allowed claims or equity interests in classes of claims or equity interests that are "impaired" and that are not deemed to have rejected a Chapter 11 plan are entitled to vote to accept or reject such proposed plan. Generally, a claim or interest is "impaired" under a plan if the holder's legal, equitable or contractual rights are altered under such plan. Classes of claims or equity interests under a Chapter 11 plan in which the holders of claims or equity interests are unimpaired are deemed to have accepted such plan and are not entitled to vote to accept or reject the proposed plan. In addition, classes of claims or equity interests in which the holders of claims or equity interests will not receive or retain any property on account of their claims or equity interests are deemed to have rejected the Chapter 11 plan and are not entitled to vote to accept or reject such plan.

Under the Plan:

- Claims in Classes 1, 3, 4, 5 and 6 are impaired, will receive a distribution on account of such Claims to the extent provided in the Plan and are entitled to vote to accept or reject the Plan;
- Claims in Class 2 are unimpaired and, as a result, holders of such Claims are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan; and
- Interests in Class 7 are impaired and the holders of such Interests will not receive any distribution on account of such Interests. As a result, the holders of Interests

in that Class are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the claims that cast ballots for acceptance or rejection of the Chapter 11 plan. **Your vote on the Plan is important.** The Bankruptcy Code requires as a condition to confirmation of a Chapter 11 plan that each class that is impaired and entitled to vote under a plan vote to accept such plan, unless the requirements of section 1129(b) of the Bankruptcy Code are satisfied.

If a Class of Claims entitled to vote on the Plan rejects the Plan, the Debtor reserves the right to amend the Plan and/or to request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to such Class. Section 1129(b) of the Bankruptcy Code permits the confirmation of a Chapter 11 plan notwithstanding the non-acceptance of such plan by one or more impaired classes of claims or equity interests, so long as at least one impaired class of claims or interests votes to accept such plan (excluding any votes of insiders). Under that section, a Chapter 11 plan may be confirmed by a bankruptcy court if it does not "discriminate unfairly" and is "fair and equitable" with respect to each non-accepting class.

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. This Disclosure Statement, the Exhibits attached hereto, the Plan and the related documents are the only materials the Debtor is providing to creditors for their use in determining whether to vote to accept or reject the Plan, and it is the Debtor's position that such materials may not be relied upon or used for any purpose other than to vote to accept or reject the Plan.

Please complete and sign your Ballot(s) and return such Ballot to the Debtors' at the address below:

Husch Blackwell LLP
2001 Ross Avenue
Suite 2000
Dallas, TX 75201
Attn: Vickie Driver

TO BE COUNTED, YOUR ORIGINAL BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE ACTUALLY RECEIVED BY THE DEBTOR NO LATER THAN **4:00 P.M., PREVAILING CENTRAL TIME, ON MARCH ___, 2018,** UNLESS EXTENDED BY THE DEBTOR. YOUR BALLOT MAY BE SENT VIA MAIL, OVERNIGHT COURIER OR MESSENGER. FAXED COPIES AND VOTES SENT ON OTHER FORMS WILL NOT BE ACCEPTED EXCEPT IN THE DEBTOR'S SOLE DISCRETION. ALL BALLOTS MUST BE SIGNED.

The Ballots have been specifically designed for the purpose of soliciting votes on the Plan from the Classes entitled to vote thereon. Accordingly, in voting on the Plan, please use

only the Ballots sent to you with this Disclosure Statement or otherwise provided by the Debtor or their counsel.

The Debtor has fixed **5:00 p.m. (prevailing Eastern time) on ___________, 2018** (the "**Voting Record Date**") as the time and date for the determination of the Persons who are entitled to receive a copy of this Disclosure Statement and all of the related materials and to vote whether to accept or reject the Plan. Accordingly, only holders of Claims of record as of the Voting Record Date that are entitled to vote on the Plan will receive a Ballot and may vote on the Plan.

All properly completed Ballots received prior to the Voting Deadline will be counted for purposes of determining whether a voting Class of impaired Claims has accepted the Plan. **Under the Bankruptcy Code, for the Plan to be "accepted," a specified majority vote is required for each Class of impaired Claims entitled to vote on the Plan. If no votes are received with respect to any Class of impaired Claims entitled to vote on the Plan, such Class shall be deemed to have accepted the Plan. If any impaired Class fails to have any Allowed Claims or Claims temporarily Allowed by the Court as of the date of the Confirmation Hearing, such Class or Classes will be deemed eliminated from the Plan for all purposes.** Debtor or its counsel will prepare and file with the Bankruptcy Court a certification of the results of the balloting with respect to the Classes entitled to vote at least three days before the Confirmation Hearing.

1.5 Important Matters. This Disclosure Statement contains projected financial information and certain other forward-looking statements, all of which are based on various estimates and assumptions and will not be updated to reflect events occurring after the date hereof. Such information and statements are subject to inherent uncertainties and to a wide variety of significant business, economic and competitive risks, including, among others, those described herein. Consequently, actual events, circumstances, effects and results may vary significantly from those included in or contemplated by such projected financial information and such other forward-looking statements. The projected financial information contained herein and in the exhibits annexed hereto, therefore, is not necessarily indicative of the future financial condition or results of operations of the Debtor, which in each case may vary significantly from those set forth in such projected financial information. Consequently, the projected financial information and other forward-looking statements contained herein should not be regarded as representations by the Debtor, the Reorganized Debtor, its advisors, or any other Person that the projected financial conditions or results of operations can or will be achieved.

ARTICLE II.
SUMMARY OF PLAN AND CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS THEREUNDER

2.1 General. The overall purpose of the Plan is to provide for the restructuring of the Debtor's liabilities in a manner designed to maximize recovery to stakeholders and to enhance the financial viability of the Reorganized Debtor. Generally, the Plan provides for:

(a) payment of all Allowed Secured Claims in full over time;

(b) payment in Cash of the *Pro Rata* share of a pool either immediately after the Effective Date for certain Administrative Convenience Allowed Unsecured Claims (less than $5,000) without interest or for all other Allowed Unsecured Claims over a five year period (including trade creditors), but excluding the unsecured prepetition claims of DQ that have not been paid as of the Effective Date;

(c) in lieu of payment in Cash, payment by participation in new member interests issued to the holders of certain Allowed Unsecured Claims constituting Owners' Claims; and

(d) no class of Interests will receive or retain any property under the Plan on account of such Interests.

2.2 Summary of Treatment of Claims and Interests Under the Plan. The following table classifies Claims against, and Interests in, the Debtor into separate Classes and summarizes the treatment of each Class under the Plan. The table also identifies which Classes are entitled to vote on the Plan based on the provisions of the Bankruptcy Code. Finally, the table indicates the estimated recovery for each Class. The summaries in this table are qualified in their entirety by the description and the treatment of such Claims and Interests in the Plan. **As described in Article XI below, the Debtor's businesses are subject to a number of risks. The recoveries and estimates described in the table represent the Debtor's best estimates given the information available on the date of this Disclosure Statement. All statements relating to the aggregate amount of Claims and Interests in each Class are only estimates based on information known to the Debtor as of the date hereof, and the final amounts of Allowed Claims in any particular Class may vary significantly from these estimates.**

In accordance with section 1123(a)(1) of the Bankruptcy Code, Cadence DIP Claim, Administrative Expense Claims, Fee Claims, U.S. Trustee Fees and Priority Tax Claims have not been classified. Except as specifically noted therein, the Plan does not provide for payment of postpetition interest on any Allowed Claims.

Important Note on Estimates

The estimates in the tables and summaries in this Disclosure Statement may differ from actual distributions because of variations in the asserted or estimated amounts of Allowed Claims, the existence of Disputed Claims and other factors. Statements regarding projected amounts of Claims or distributions (or the value of such distributions) are estimates by the Debtor based on current information and are not representations as to the accuracy of these amounts. Except as otherwise indicated, these statements are made as of the date of this Disclosure Statement, and the delivery of this Disclosure Statement will not, under any circumstances, imply that the information contained in this Disclosure Statement is correct at any other time. Any estimates of Claims or Interests in this Disclosure Statement may vary from the final amounts of Claims or Interests allowed by the Bankruptcy Court.

Class	Description	Treatment	Entitled to Vote	Estimated Amount of Claims in Class	Estimated Recovery
N/A (unclassified)	Cadence DIP Claim	See section 6.2.1 herein.	N/A	$1.0 million.	100%
N/A (unclassified)	Administrative Expense Claims	See section 6.2.2 herein.	N/A	$0 – Debtor is paying administrative expenses in the ordinary course.	100%
N/A (unclassified)	Fee Claims	See section 6.2.3 herein.	N/A	$450,000.[1]	100%

[1]Debtor's Counsel will apply $25,000 retainer held.

Class	Description	Treatment	Entitled to Vote	Estimated Amount of Claims in Class	Estimated Recovery
N/A (unclassified)	U.S. Trustee Fees	See section 6.2.4 herein.	N/A	$30,000– Estimated for the quarter ending ______________.	100%
N/A (unclassified)	Priority Tax Claims	See section 6.2.5 herein.	N/A	$____________	100%
Class 1	Cadence Prepetition Claims	See section 6.2.6 herein.	Yes	$11,049,810	100%
Class 2	Priority Non-Tax Claims	See section 6.2.7 herein.	No (Deemed to Accept)	$0.	100%
Class 3	Administrative Convenience Claims	See section 6.2.8 herein.	Yes	$__________	8.75%
Class 4	General Unsecured Claims	See section 6.2.9 herein.	Yes	$4.0 million[2] (est.)	8.75% (without interest over 5 years)
Class 5	DQ Claims	See section 6.2.10 herein.	Yes	$___________	0%
Class 6	Owner Claims	See section 6.2.11 herein.	Yes	$1,600,000 plus pre-petition interest in the amount of $______	5% in kind
Class 7	Interests Holders	See section 6.2.12 herein.	No (Deemed to Reject)	Unknown.	- 0 -

2.3 Timing of Distributions to Holders of General Unsecured Claims. Holders of General Unsecured Claims should expect to receive the first payment on unpaid Allowed General Unsecured Claims that arose and were payable prior to October 30, 2017 on the first day of the sixth month anniversary following the Effective Date. The Debtor cannot predict with certainty when the Effective Date will take place, though they are currently projecting an approximate Effective Date of May 30, 2018 for the purposes of the Financial Projections.

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[2]This includes the estimated Administrative Convenience Claims, but does not account for filed claims or contract rejection damages. No deductions have been taken for paid claims, contract assumption cure costs or claims which may be disallowed. No estimate has been made of unliquidated amounts.

If the Debtor or Reorganized Debtor disputes the validity of a particular Claim asserted against them, then such Claim will not be considered an "Allowed Claim," and payment on such claim will be delayed pending the resolution of the dispute. In such a case, the Reorganized Debtor will have one hundred and eighty (180) days following the Effective Date to file an objection to a Disputed Claim (which time period can be later extended by the Bankruptcy Court for cause). Payment on such Disputed Claims will not be made until the Bankruptcy Court can resolve the dispute, or such dispute is resolved consensually among the parties.

ARTICLE III.
BUSINESS DESCRIPTION; HISTORICAL INFORMATION

3.1 The Debtor's Business. The Debtor operates as franchisee of DQ, a leading quick service, family-oriented restaurant chain. Prior to the Petition Date, the Debtor operated 70 stores across three states. Immediately prior to the Petition Date or shortly thereafter, the Debtor closed certain stores such that to date, they operate 51 stores. The Debtor is headquartered in Irving, Texas.

The Debtor prides itself for having a strong reputation for offering customers a family-oriented quick dining experience at value prices that emphasize comfort food and dessert items made from DQ's own signature premium ice cream and soft serve frozen treats. Meal offerings include handhelds (sandwiches, burgers, and melts), baskets, and salads; however, the main focus of the menu is centered on premium ice cream soft serve and frozen treat products.

3.2 The Debtor's Prepetition Organizational Structure. The chart attached hereto as **Exhibit B** depicts the Debtor's prepetition organizational structure. In March 2012, the Debtor's predecessors-in-interest filed a prior Chapter 11 case resulting in the sale of certain DQ branch restaurant franchises being sold to Debtor on June 28, 2012. At the time of the sale, the Debtor was owned and operated by other owners and individuals unrelated to the ownership of Debtor on the Petition Date. On December 5, 2013, EMP Vasari LP and Vasari Co-Invest LP, entities controlled by affiliates of Eagle Merchant Partners, invested $13.925 million and $3 million, respectively, in EMP Vasari Holding LLC. Also on December 5, 2013, EMP Vasari Holding LLC used the proceeds from these investments to acquire Vasari, LLC from its previous owners. In May of 2014, Vasari's new CEO invested $100,000 into EMP Vasari LP, which in turn invested $100,000 into EMP Vasari Holding LLC. Between December 2014 and January 2015, certain existing investors invested a total of $3,852,162.00 in preferred units of EMP Vasari Holding LLC.

3.3 Debtor's Prepetition Capital Structure. As of the Petition Date, the Debtor has outstanding secured debt obligations in the aggregate principal amount of approximately $11 million, consisting principally of loans with Cadence Bank, N.A., as agent and lender ("**Cadence**").

3.3.1 The Cadence Prepetition Loans. The Debtor is indebted to Cadence Bank, N.A. (the "Cadence") pursuant to that certain Credit Agreement dated as of December 5, 2013 (as amended from to time and in effect on the Petition Date, the "Pre-Petition Credit Agreement"), pursuant to which the Debtor was indebted to Cadence as of the Petition Date in an amount not less than $11,049,810.15, consisting of $11,006,477.10 in principal, $37,695.55 in

accrued and unpaid interest, and $5,637.50 in fees (such obligations, together with all other amounts arising in respect of such obligations existing immediately prior to the Petition Date, the "Pre-Petition Obligations"). The Pre-Petition Obligations are guaranteed by virtue of the valid, binding, and irrevocable guaranties of payment (the "Guaranties") executed by each of Vasari Management, LLC, EMP Vasari Holding LLC and Vasari Corsicana, LLC (collectively, the "Guarantors") and are secured by first priority liens and security interests (the "Pre-Petition Liens") in and on substantially all of the Debtor's assets by virtue of (i) that certain Security Agreement executed by the Debtor dated as of December 5, 2013, (ii) Blanket UCC Financing Statement filed on December 9, 2013 as File No. 20134976115 with the Secretary of State of Delaware against the Debtor, (iii) that certain Account Control Agreement dated as of April 15, 2015 granting Cadence a security interest perfected by control in a restricted bank account, and (iv) certain mortgages, deeds of trust, and collateral assignments of leases encumbering the Debtor's leased restaurant locations (collectively, the "Debtor Security Documents"). The Pre-Petition Obligations are further secured by all of EMP Vasari Holding LLC's right, title and interest as sole member of the Debtor by virtue of that certain Pledge Agreement dated as of December 5, 2013 and that certain UCC Financing Statement filed on December 10, 2013 as Instrument No. 0602013-10655 with the Georgia Secretary of State against EMP Vasari Holding LLC (collectively, the "EMP Security Documents", and together with the Pre-Petition Credit Agreement, the Guaranties, the Debtor Security Documents, and any and all documents, instruments, and agreements executed contemporaneously with and/or related to each of the foregoing, together with any renewals, modifications and/or extensions thereof effective as of the Petition Date, the "Pre-Petition Loan Documents").

The Debtor and its counsel have reviewed the Pre-petition Loan Documents and conclude that the same is valid and enforceable and create a senior, valid, perfected and enforceable security interest and lien in substantially all of the Debtor's assets which is not avoidable.

3.3.2 The Owner Loans. On various dates, the equity holders of the Debtor (or their affiliated Persons) lent $1,600,000 to the Debtor. As of the Petition Date, there has been no repayment of the loans. The loan of the funds by the equity holders is noted in the Debtor's books and records, and/or memorialized by promissory notes and loan agreements.

3.4 The Debtor's Prepetition Franchise Agreements. The Debtor has operated multiple DQ restaurants pursuant to individualized franchise agreements with DQ ("**DQ**"). Such franchise agreements were in force as of the Petition Date.

ARTICLE IV.
EVENTS LEADING TO CHAPTER 11 FILING

Over the course of the last few years, a series of factors have contributed to the Debtor's need to file this Chapter 11 case, including, most notably, declining restaurant sales, particularly in certain of the Debtor's locations. These events placed significant strain on the Debtor's business and liquidity, and ultimately led to the filing of this Chapter 11 case.

4.1 Declining Restaurant Sales and the Debtor's Market Position. "Dairy Queen" is an old, iconic and ubiquitous American brand. Over many years, its concept and operations have morphed from purveyor of frozen treats to a full menu QSR with an emphasis on frozen treats

and a niche market in youth sports, activities, parties and events. The brand, while well managed, is mature. The stability of maturity means that the brand is not challenged, but also that break out or rapid improvements in same store sales are challenging.

While there is no doubt that slack service, dirty restrooms or any food or sanitation issues can quickly undermine customers' return to a location or to the brand itself, and while marketing, couponing and advertising can drive sales gains (sometimes at significant cost to margins), the critical factors driving some store sales are the location's demographics, competition and local economic conditions. The Debtor's restaurants are competently managed and staffed to DQ standards, although cash flow issues have prevented the Debtor from completing modernizations and upgrades to physical plant on an aggressive schedule. The Debtor's marketing, couponing and advertising are driven by franchisee associations' standards in local areas and are not easily enhanced.

After consideration of these variables, the Debtor's overall declining and insufficient sales are attributable to:

- Ill-chosen market demographics in certain locations, particularly more recently opened stores in Oklahoma which also carry high rents associated with sale/leaseback new construction; and,
- Economic and, in particular, wage weakness or stagnation in the Debtor's Texas and other oil patch markets.

As a result of the latter, the DQ price point for lunch at $5-$6 has become too pricey for many customers when convenience stores offer adequate lunches at a $3 price point.

All this said, a store level analysis of EBITDA generated by each of the Debtor's locations leads to a mathematically inescapable conclusion:

- The Debtor makes money at many locations and loses money at others; and
- Were the Debtor to close its unprofitable locations, its overall financial results would improve dramatically.

4.2 The ________ Location Expansion**.** As referenced above, the Debtor was also impacted negatively by an expansion of its operations in Oklahoma. Prior to the expansion, the Debtor operated _____ stores in Texas. In _____, the Debtor opened ____ restaurants in new construction, sale and lease back transactions and expanded its geographic footprint into Oklahoma. The negative impact of the economic downturn in the oil patch was thus magnified with the increased number of stores. As locations were determined not to be economically viable, the Debtor has closed locations strategically.

4.3 Rise in Cost of Goods Sold**.** The combination of higher costs and discounted prices to the consumer have resulted in increases in the percentage of Cost of Goods Sold, from _____% in 2015 to ____% in 2017.

4.4 Debtor's Restructuring Efforts. The Debtor has engaged in significant cost-cutting and overhead reduction programs to mitigate the effects of decreased revenue on its business. However, with the continued effects of the poor economy in the oil patch and general softness in the quick service restaurant market, overall profitability and liquidity continues to

suffer. In the first three quarters of 2017, the Debtor generated approximately $___ million in revenue and EBITDA of approximately $___ million. Throughout the local economic recession and leading to the Petition Date, the Debtor's management has focused on introducing new and strategic initiatives to combat the fall in consumer spending and improve guest traffic. In addition, the Debtor's equity holder (or Persons affiliated with such equity holder) wrote loans to the Debtor (the Owner Claims) to support the Debtor's internal restructuring initiatives and to meet liquidity needs. These loans and advances have not been repaid.

4.5 The Debtor's Prepetition Restructuring Negotiations and Available Alternatives. The events leading up to the bankruptcy made it increasingly difficult for the Debtor to service its debt obligations. Ultimately, the Debtor's management determined that it could not meet its liquidity needs going forward. Faced with severe liquidity shortfalls, the Debtor consulted with its advisors to determine the best strategy to preserve value for the benefit of the Debtor's creditor constituencies. To that end, after careful review, the Debtor, in consultation with its advisors, determined that a Chapter 11 filing, combined with an expedited operational restructuring, was the best and most efficient way to maximize a return for the Debtor, its Estate, and all parties-in-interest. Over the past six months, the Debtor and its advisors have explored alternatives, including restructure and complete liquidation. The restructure efforts were fruitful, and the Debtor entered into a Restructuring Support Agreement ("RSA") with key creditor constituencies, namely Cadence and DQ. The RSA was preceded by a term sheet attached thereto as an Exhibit (the "**Plan Term Sheet**"), see Debtor's Motion to Approve Restructuring Signed Agreement filed November 24, 2017 (Docket No. _________) and approved by the Bankruptcy Court after notice of hearing on December ___, 2017 (Docket No. ________). As a part of the Plan Term Sheet, the Debtor secured debtor-in- possession financing to fund the Chapter 11 case and the restructure coupled with an agreement for a longer term post-Effective Date assumption of franchise agreements with DQ. The Plan Term Sheet, which forms form the basis for the Plan, provides a return to unsecured creditors, a result not obtainable in any other alternative to the filing of this Chapter 11 case. The Debtor believes the RSA and the Plan represents the best option to maximize value for the Estate, exit Chapter 11 as expeditiously as possible, and provide the reorganized enterprise with the capital needed to implement its post-reorganization business plan.

The Debtor's focus in these restructuring negotiations and ultimate agreement to the RSA and Plan Term Sheet was driven by a straightforward analysis of alternatives. In particular:

- The Sponsor was unwilling to make further investments in the Debtor nor was the Debtor in a position to obtain more credit or service additional debt, thereby foreclosing any business plan to improve top line sales or bottom line results by new capital or operational expenditures;
- The Debtor was unable to identify any competitive QSR brand which might offer top line advantages and the Debtor, in any event, did not have sufficient capital to de-image and rebrand all or any of its locations;
- The highest, best and only economically viable use of the Debtor's leased locations, leasehold improvements and tangible assets is the operation of Dairy Queen restaurants and the liquidation value of its leases, leasehold improvements and tangible assets is minimal and grossly insufficient to pay even a fraction of

the Cadence Prepetition Claim, much less any priority or general unsecured creditor;

- The Debtor's enterprise value consists of its franchise agreements and good will. The former are not freely assignable except to qualified purchasers with the consent of DQ;
- Dairy Queen locations, like essentially all QSR businesses, are valued and sold by multiples of past EBITDA, moderately adjusted for projected and potential future improvements or revenue declines and significantly adjusted by pending and mandatory obligations for deferred maintenance or modernizations required by DQ under the franchise agreements;
- As demonstrated by the liquidation analysis attached hereto as **Exhibit D**, the enterprise value of the Debtor's business in both realistic and optimistic circumstances is less than the Cadence's Prepetition Claim, and sale of the Debtor's business is not a liable alternative;
- While the Debtor has no doubt that other Dairy Queen franchisees would acquire the Debtor's most profitable locations at a fair price, and that such franchisees might even pay a multiple of EBITDA, modestly enhanced by their ability to operate additional locations with only incremental increases in corporate overhead, the aggregate value of the "valuable" location subset is also less than the Cadence Prepetition Claim and the value of the "not valuable" location subset is very low.

Thus, the Plan now presented as required by the RSA and Plan Term Sheet is the superior and only alternative to bring any value to junior and general creditors.

ARTICLE V.
REASONS FOR THE SOLICITATION; RECOMMENDATION

Chapter 11 of the Bankruptcy Code provides that unless the terms of section 1129(b) of the Bankruptcy Code are satisfied, for the Bankruptcy Court to confirm the Plan, the holders of Claims in each Class of impaired Claims entitled to vote on the Plan must accept the Plan by the requisite majorities set forth in the Bankruptcy Code. An impaired Class of Claims shall have accepted the Plan if (a) the holders of at least two-thirds (2/3) in amount of the Claims in such Class actually voting on the Plan have voted to accept it, and (b) more than one-half (1/2) in number of the holders of Claims in such Class actually voting on the Plan have voted to accept it (such votes, the "**Requisite Acceptances**").

In light of the significant benefits to be attained by the Debtor and its creditors if the transactions contemplated by the Plan are consummated, the Debtor recommends that all holders of Claims entitled to vote to accept the Plan do so. The Debtor reached this decision after considering available alternatives to the Plan and their likely effect on the Debtor's business operations, creditors, and shareholders. These alternatives included alternative restructuring options under Chapter 11 of the Bankruptcy Code, and liquidation of the Debtor under Chapter 7 of the Bankruptcy Code. The Debtor determined, after consulting with its legal and financial advisors, that the Plan, if consummated, will maximize the value of the Estate for all stakeholders, as compared to any other Chapter 11 reorganization strategy or a liquidation under Chapter 7. For all of these reasons, the Debtor supports the Plan and urges the holders of Claims entitled to vote on the Plan to accept and support it.

The Official Committee was appointed on November __, 2017, nearly six weeks after the Petition Date. As such, the Official Committee did not participate in the Chapter 11 Case until after many of the most significant proceedings had already occurred, including the entry of an order granting the Debtor's Motion for Debtor in Possession Financing. However, upon its formation, the Official Committee will analyze this Disclosure Statement, the Plan of Reorganization, and will conduct diligence on the Debtor's business plan and financial projections.

The Debtor will make every reasonable effort to reach an agreement with the Official Committee to support the Plan. Any such agreement reached by the parties is subject in all respects to the Bankruptcy Court's approval at the confirmation hearing.

ARTICLE VI.
THE PLAN

6.1 Overview of Chapter 11. Chapter 11 is the principal business reorganization Chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to restructure its business for the benefit of itself, its creditors and its equity interest holders. In addition to permitting the rehabilitation of a debtor, another goal of Chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated equity interest holders with respect to the distribution of a debtor's assets.

The commencement of a Chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the bankruptcy filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

The consummation of a Chapter 11 plan is the principal objective of a Chapter 11 reorganization case. A Chapter 11 plan sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a Chapter 11 plan by the bankruptcy court makes that plan binding upon the debtor, any person acquiring property under the plan and any creditor or equity interest holder of the debtor. Subject to certain limited exceptions, the order approving confirmation of a plan discharges a debtor from any debt that arose prior to the date of confirmation of the plan and substitutes them for the obligations specified under the confirmed plan.

In general, a Chapter 11 plan of reorganization: (a) divides claims and equity interests into separate classes, (b) specifies the property, if any, that each class is to receive under the plan, and (c) contains other provisions necessary to the restructuring of the debtor that are required or permitted by the Bankruptcy Code.

Pursuant to section 1125 of the Bankruptcy Code, acceptance or rejection of a Chapter 11 plan may not be solicited after the commencement of a Chapter 11 case until such time as the court has approved the disclosure statement as containing adequate information. Pursuant to section 1125(a) of the Bankruptcy Code, "adequate information" is information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding the Chapter 11 plan. To satisfy the applicable disclosure requirements, the Debtor

submits this Disclosure Statement to holders of Claims that are impaired and not deemed to have rejected the Plan.

6.2 Overview of the Plan. **THE FOLLOWING IS A SUMMARY OF SOME OF THE SIGNIFICANT ELEMENTS OF THE PLAN. THIS DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE MORE DETAILED INFORMATION SET FORTH IN THE PLAN AND THE EXHIBITS AND SCHEDULES THERETO.**

The Plan classifies Claims and Interests separately in accordance with the Bankruptcy Code and provides different treatment for different Classes of Claims and Interests. Claims and Interests shall be included in a particular Class only to the extent such Claims or Interests qualify for inclusion within such Class. The Plan separates the various Claims and Interests (other than those that do not need to be classified) into seven (7) separate Classes. These Classes take into account the differing nature and priority of Claims against, and Interests in, the Debtor. Unless otherwise indicated, the characteristics and amounts of the Claims or Interests in the following Classes are based on the books and records of the Debtor. This section summarizes the treatment of each of the Classes of Claims and Interests under the Plan and describes other provisions of the Plan. Only holders of Allowed Claims — Claims that are not in dispute, contingent, or unliquidated in amount and are not subject to an objection or an estimation request — are entitled to receive distributions under the Plan. For a more detailed description of the definition of "Allowed," see Article I of the Plan. Until a Disputed Claim becomes Allowed, no Distributions of Cash, New Member Interests or otherwise will be made.

The Plan is intended to enable the Debtor to continue present operations without the likelihood of a subsequent liquidation or the need for further financial reorganization. The Debtor believes that it will be able to perform its obligations under the Plan. The Debtor also believes that the Plan permits fair and equitable recoveries.

The Confirmation Date will be the date that the Confirmation Order is entered by the Clerk of the Bankruptcy Court. The Effective Date will be the first Business Day on or after the Confirmation Date on which all of the conditions to the Effective Date specified in Section ___ of the Plan have been satisfied or waived, including the consummation of the transactions contemplated by the Plan. Resolution of any challenges to the Plan may take time and, therefore, the actual Effective Date cannot be predicted with certainty.

Other than as specifically provided in the Plan, the treatment under the Plan of each Claim and Interest will be in full satisfaction, settlement, release and discharge of all Claims or Interests. The Debtor will make all payments and other distributions to be made under the Plan unless otherwise specified.

Unclassified Claims

All Claims and Interests, except the Cadence DIP Claim, Administrative Expense Claims, Fee Claims, U.S. Trustee Fees and Priority Tax Claims, are placed in the Classes set forth in Article II above and are treated under Article IV below. In accordance with section 1123(a)(1) of the Bankruptcy Code, the Cadence DIP Claim, Administrative Expense Claims, Fee Claims,

U.S. Trustee Fees and Priority Tax Claims have not been classified, and the holders thereof are not entitled to vote on the Plan on account of such Claims. A Claim or Interest is placed in a particular Class only to the extent that such Claim or Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes.

A Claim or Interest is placed in a particular Class for all purposes, including voting, confirmation and distribution under the Plan and under sections 1122 and 1123(a)(1) of the Bankruptcy Code. However, a Claim or Interest is placed in a particular Class for the purpose of receiving Plan Distributions only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest and has not been paid, released or otherwise settled prior to the Effective Date.

6.2.1 Cadence DIP Claim. The Cadence DIP Claim shall be deemed to be an Allowed Claim under the Plan without the need to file a proof of such Claim with the Bankruptcy Court and without further order of the Bankruptcy Court. On the Confirmation Date, the Cadence DIP Claim shall not be subject to any avoidance, reduction, setoff, recoupment, offset, recharacterization, subordination (whether contractual, equitable or otherwise), counterclaims, cross-claims, defenses, disallowance, impairment, or any other challenges under any applicable law or regulation by any person or entity. The Cadence DIP Claim shall be satisfied in full by the conversion on the Effective Date of the Cadence DIP Facility into the New Cadence Note (see Section 4.1 of the Plan) in accordance with the terms and conditions of the Cadence Facility Agreement.

6.2.2 Bar Date for Administrative Expense Claims. Each holder of an Administrative Expense Claim, other than the holder(s) of: (i) the Cadence DIP Claim; (ii) a Fee Claim; (iii) a 503(b)(9) Claim; (iv) an Administrative Expense Claim that has been Allowed on or before the Effective Date; (v) an Administrative Expense Claim for an expense or liability incurred and payable in the ordinary course of business by the Debtor (including, but not limited to, payments due to DQ pursuant to the existing franchise agreements related to retained stores); (vi) an Administrative Expense Claim on account of fees and expenses incurred on or after the Petition Date by ordinary course professionals retained by the Debtor pursuant to an order of the Bankruptcy Court; (vii) an Administrative Expense Claim arising, in the ordinary course of business, out of the employment the Debtor of an individual from and after the Petition Date, but only to the extent that such Administrative Expense Claim is solely for outstanding wages, commissions, accrued benefits, or reimbursement of business expenses; or (viii) a claim for adequate protection arising under the Final DIP Order, must file with the Bankruptcy Court and serve on the Debtor or Reorganized Debtor (as the case may be) and the Office of the U.S. Trustee, proof of such Administrative Expense Claim within thirty (30) days after the Effective Date (the "Administrative Bar Date"). Such proof of Administrative Expense Claim must include at a minimum: (i) the name of the applicable Debtor that is purported to be liable for the Administrative Expense Claim and if the Administrative Expense Claim is asserted against more than one Debtor, the exact amount asserted to be owed by each such Debtor; (ii) the name of the holder of the Administrative Expense Claim; (iii) the asserted amount of the Administrative Expense Claim; (iv) the basis of the Administrative Expense Claim; and (v) supporting documentation for the Administrative Expense Claim. FAILURE TO FILE AND SERVE SUCH PROOF OF ADMINISTRATIVE EXPENSE CLAIM TIMELY AND

PROPERLY SHALL RESULT IN SUCH CLAIM BEING FOREVER BARRED AND DISCHARGED.

Except to the extent that a holder of an Allowed Administrative Expense Claim agrees to a different treatment, on, or as soon thereafter as is reasonably practicable, the later of the Effective Date and the first Business Day after the date that is ten (10) business days after the date an Administrative Expense Claim becomes an Allowed Claim, the holder of such Allowed Administrative Expense Claim shall receive from the Reorganized Debtor Cash in an amount equal to such Allowed Claim; *provided*, *however*, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtor, as debtor in possession, shall be paid by the Debtor or the Reorganized Debtor in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any orders or agreements governing, instruments evidencing, or other documents relating to, such liabilities.

6.2.3 Fee Claims. Any Professional Person seeking allowance of a Fee Claim shall file, with the Bankruptcy Court, its final application for allowance of compensation for services rendered and reimbursement of expenses incurred prior to the Effective Date and in connection with the preparation and prosecution of such final application no later than forty-five (45) calendar days after the Effective Date. Objections to such Fee Claims, if any, must be filed and served pursuant to the procedures set forth in the Confirmation Order no later than seventy-five (75) calendar days after the Effective Date or such other date as established by the Bankruptcy Court.

All Professional Persons seeking allowance by the Bankruptcy Court of a Fee Claim shall be paid in full in Cash in such amounts as are approved by the Bankruptcy Court: (i) upon the later of (x) the Effective Date, and (y) fourteen (14) calendar days after the date upon which the order relating to the allowance of any such Fee Claim is entered, or (ii) upon such other terms as have been or may be mutually agreed upon between the holder of such Fee Claim and the Reorganized Debtor. On the Effective Date, to the extent known, the Reorganized Debtor shall reserve and hold in a segregated account Cash in an amount equal to all accrued but unpaid Fee Claims as of the Effective Date, which Cash shall be disbursed solely to the holders of Allowed Fee Claims with the remainder to be reserved until all Fee Claims have been either Allowed and paid in full or Disallowed by Final Order, at which time any remaining Cash in the segregated account shall become the sole and exclusive property of the Reorganized Debtor.

6.2.4 U.S. Trustee Fees. The Debtor or the Reorganized Debtor, as applicable, shall pay all outstanding U.S. Trustee Fees of the Debtor on an ongoing basis on the date such U.S. Trustee Fees become due, until such time as a final decree is entered closing the Reorganization Case, the Reorganization Case is converted or dismissed, or the Bankruptcy Court orders otherwise.

6.2.5 Priority Tax Claims. Except to the extent that a holder of an Allowed Priority Tax Claim agrees to different treatment, each holder of an Allowed Priority Tax Claim shall receive, in the Debtor's or the Reorganized Debtor's discretion, either: (a) on, or as soon thereafter as is reasonably practicable, the later of the Effective Date and the first Business Day after the date that is thirty (30) calendar days after the date a Priority Tax Claim becomes an

Allowed Claim, Cash in an amount equal to such Claim; or (b) deferred Cash payments following the Effective Date, over a period ending not later than five (5) years after the Petition Date, in an aggregate amount equal to the Allowed amount of such Priority Tax Claim (with any interest to which the holder of such Priority Tax Claim may be entitled calculated in accordance with section 511 of the Bankruptcy Code); *provided*, *however*, that all Allowed Priority Tax Claims that are not due and payable on or before the Effective Date shall be paid in the ordinary course of business as they become due.

Classification and Treatment of Claims and Interests

6.2.6 Cadence Prepetition Claims – Class 1. The Cadence Prepetition Claims shall be deemed Allowed Claims in the amount of $11,049,810.15 as of the Petition Date, consisting of principal in the amount of $11,006,477.10 and accrued and unpaid interest and costs in the amount of $37,695.55 plus costs in the amount of $5,637.50 (the "**Allowed Cadence Claim**"). The accrued and unpaid interest and costs in the amount of $37,695.55, together with any unpaid post-petition interest on the Cadence Prepetition Claim, shall hereinafter be referred to as the "**Accrued Interest**." The Allowed Cadence Claim shall not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination (whether equitable, contractual or otherwise), counterclaims, cross-claims, defenses, disallowance, impairment, or any other challenges under any applicable law or regulation by any person or entity. Except to the extent that Cadence shall have agreed in writing to a different treatment, the Class 1 claim shall receive, in full satisfaction of such Claim, on or as soon as reasonably practicable after the Effective Date, a promissory note with a principal amount equal to: (i) (a) the Cadence DIP Claim, plus (b) the Allowed Cadence Claim, minus (ii) net proceeds generated during the Reorganization Case and paid to Cadence from any Dark Store Sales (the "**New Cadence Note**"). The New Cadence Note shall bear interest at a variable rate of ____ interest per cent (___%) per annum, require amortization as hereafter provided and all amounts owing under the New Cadence Note will mature and become due and payable in full on the third anniversary of the Effective Date (the "**Maturity Date**"). During the term of the New Cadence Note, the Reorganized Debtor shall make cash principal and interest payments on a monthly basis. In addition, during the term of the New Cadence Note, the Reorganized Debtor shall make additional principal payments from remaining Net Excess Cash Flow as provided by the Allocations. After Payment of the Seasonal Revolver, the New Cadence Note shall be secured by fully perfected, first priority liens on and security interests in substantially all the assets of the Reorganized Debtor. All other material terms of the Cadence Note other than as set forth herein will be on terms and conditions mutually acceptable to Cadence, DQ and the Debtor or the Reorganized Debtor. Notwithstanding anything in the Plan to the contrary, pursuant to the Cadence DIP Facility Agreement, the Debtor, or the Reorganized Debtor as the case may be, shall pay on demand from Cadence, and without application to the Bankruptcy Court, all reasonable and documented expenses of Cadence, including the reasonable fees, charges, disbursements and expenses of its advisors and counsel to Cadence.

Class 1 Cadence Prepetition Claims are Impaired under the Plan.

6.2.7 Priority Non-Tax Claims – Class 2. The legal, equitable and contractual rights of the holders of Priority Non-Tax Claims, including, but not limited to, Priority Wage Claims, are unaltered by the Plan. Except to the extent that a holder of an Allowed Priority Non-Tax Claim agrees to a different treatment, on the applicable distribution date, each holder of an Allowed Priority Non-Tax Claim shall receive Cash from the Reorganized Debtor in an amount equal to such Allowed Claim to the extent such Allowed Priority Non-Tax Claim is unpaid prior to the Effective Date.

Class 2 Priority Non-Tax Claims are not impaired under the Plan and, therefore, are conclusively deemed to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan. Votes of such holders will not be solicited with respect to such Allowed Priority Non-Tax Claims.

6.2.8 Administrative Convenience Claims – Class 3. Administrative Convenience Claims shall consist of (a) all Allowed Unsecured Claims that equal $5,000 or less or (b) as to any and all holders of Allowed Unsecured Claims in excess of $5,000 who affirmatively elect to have their Allowed Unsecured Claim treated as an Administrative Convenience Claim under the Plan, said Allowed Unsecured Claim(s) being Allowed in the maximum amount of $5,000. Subject to no pending objections to such Administrative Convenience Claim as of the Distribution Record Date, each Administrative Convenience Claim shall receive payment by the Reorganized Debtor in Cash in an amount equal to such Claim's *Pro Rata* share of the Adjusted Unsecured Creditors Fund. Such payment shall be without interest, attorney's fees or costs and shall be made within the later of 90 days of the Effective Date or upon becoming an Allowed Unsecured Claim in full satisfaction, release and discharge of and in exchange for such Administrative Convenience Claim. Any holder of an Allowed Unsecured Claim affirmatively electing treatment of its Allowed Unsecured Claim in this Class 3 as an Administrative Convenience Claim forever waives, releases and discharges the Debtor and the Reorganized Debtor from the amount of said Allowed Unsecured Claim in excess of $5,000.

Class 3 Administrative Convenience Claims are Impaired under the Plan.

6.2.9 General Unsecured Claims – Class 4. Unless specifically provided otherwise in the Plan, nothing in the Plan Allows or Disallows Unsecured Claims. Each Unsecured Claim that is Allowed, but only to the extent Allowed, shall receive payment by the Reorganized Debtor on a *pro rata* basis with all other Unsecured Claims in Class 4. The Debtor shall pay Unsecured Claims in Classes 3 and 4 from the Adjusted Unsecured Creditors Fund, to the extent such Claims are Allowed, in installments over five years, as follows:

(a) the first installment, in the amount of $50,000, shall be paid no later than three months following the Effective Date;

(b) each subsequent installment, in equal amounts, out of the remaining balance of the Adjusted Unsecured Creditors Fund, shall be paid no later than twelve, twenty-four, thirty-six, forty-eight and sixty months following the Effective Date; and

(c) with respect to an Unsecured Claim that becomes Allowed after one or more installment payments would have been made had such Unsecured Claim been Allowed prior to the paid installment payment, the Reorganized Debtor shall pay, no later than ten (10) business days after the entry of a Final Order Allowing such Unsecured Claim, all prior installment payments that would have been made on account of such Allowed Unsecured Claim had such Allowed Unsecured Claim been Allowed as of the Claims Objection Deadline, and any future installment payments shall be made as otherwise provided for in Section 4.4 of the Plan.

Upon any sale of all or substantially all of the Debtor's assets that occurs within thirty-six (36) months after the Effective Date and that yields sufficient proceeds to pay the Claims of Cadence in full (the "Liquidity Event"), the Debtor shall pay to Allowed Class 4 Unsecured Creditors the remaining installments described above in this section; provided, however, that any of the sales contemplated in the Plan or Term Sheet (including Dark Store Sales) will not be considered a Liquidity Event.

Class 4 General Unsecured Claims are Impaired under the Plan.

6.2.10 <u>DQ's Claim – Class 5</u>. The DQ Claim shall be deemed an Allowed Unsecured Claim in the amount of $___________ (the "Allowed DQ Claim"), and is the amount agreed between the Debtor and DQ to be due to cure defaults under the Debtor's franchise agreements with DQ to permit assumption of the same by the Reorganized Debtor. The Allowed DQ Claim shall receive a Distribution of $150,000 within 30 days after the Effective Date on account of the Allowed DQ Claim, and the Reorganized Debtor shall, in addition such Cash Distribution, execute and deliver the DQ Note to the holder of the Allowed DQ Claim.

The Class 5 DQ Claim is Impaired under the Plan.

6.2.11 <u>Sponsor Affiliate Claims – Class 6</u>. The Sponsor Affiliate Claims shall be deemed Allowed Unsecured Claims in the amount of $1,631,178 (the "**Allowed Sponsor Affiliate Claims**"). In connection with and contingent upon the closing of the transaction contemplated by the Subscription Agreement, the holders of the Sponsor Affiliate Claims have agreed to waive any right to receive Distributions from the Debtor under the Plan; provided, however, if the Effective Date of the Plan does not occur, the Sponsor Affiliate Claims shall be Unsecured Claims and the holders of the Sponsor Affiliate Claims shall reserve all of their rights with respect to the treatment of such Claims.

Class 6 Sponsor Affiliate Claims are Impaired under the Plan.

6.2.12 <u>Interests Holders – Class 7</u>. Class 7 consists of the holders of Interests. The Interests shall be cancelled, eliminated and extinguished upon the Effective Date and holders

of Interests shall not receive any Distributions from the Debtor nor retain any property of the Debtor under the Plan on account of such Interests.

Class 7 Interests Holders are Impaired under the Plan, but are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code. Class 7 Interest Holders are not entitled to vote to accept or reject the Plan and votes of such holders will not be solicited with respect to such Interests.

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

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

6.3.2 Confirmation. Pursuant to Section 1129(b) of the Bankruptcy Code or "Cramdown." Because certain Classes are deemed to have rejected the Plan, the Debtor will request confirmation of the Plan, as it may be modified and amended from time to time, under section 1129(b) of the Bankruptcy Code with respect to such Classes. Subject to Section 13.11 of the Plan, the Debtor reserves the right to alter, amend, modify, revoke or withdraw the Plan or any Plan Document in order to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary. Subject to Sections 13.11 and 13.12 of the Plan (including the consent of the Consent Parties), the Debtor also reserves the right to request confirmation of the Plan, as it may be modified, supplemented or amended from time to time, with respect to any Class that affirmatively votes to reject the Plan.

6.3.3 Elimination of Vacant Classes. Any Class of Claims or Interests that does not have a holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan pursuant to section 1129(a)(8) of the Bankruptcy Code.

6.3.4 Voting Classes; Deemed Acceptance by Non-Voting Classes. If a Class contains Claims or Interests eligible to vote and no holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be deemed accepted by such Class.

6.4 Summary of Capital Structure of Reorganized Debtor.

6.4.1 Emergence Capital Structure. The following summarizes the capital structure of the Reorganized Debtor, including the post-Effective Date financing arrangements the Reorganized Debtor expects to enter into. The summary of the Reorganized Debtor's capital structure is qualified in its entirety by reference to the Plan and the applicable Plan Documents.

Instrument	Description
New Cadence Note	As described in the Plant Term Sheet and to be forwarded in the Plan Supplement
New Member Interests	On the Effective Date, the Reorganized Debtor are authorized to issue or cause to be issued the New Member Interests for distribution in accordance with the Plan, without further need for corporate, member, manager or Board of Managers action, as provided in the Subscription Agreement to be included in the Plan Supplement.

6.5 Means for Implementation.

6.5.1 Plan Funding and Operation the Businesses. The Plan Distributions to be made in Cash under the terms of the Plan shall be funded from (a) the Debtors' Cash on hand as of the Effective Date; (b) the Subscription Amount and (c) Cash generated from the ongoing operations of the Debtor. In addition, Cadence shall provide to the Reorganized Debtor a revolving working capital loan up to $350,000 available between December and May to fund the seasonality of the Reorganized Debtor's business (the "Seasonal Revolver").

6.5.2 Continued Corporate Existence. Except as otherwise provided in the Plan, the Debtor shall continue to exist after the Effective Date as the Reorganized Debtor in accordance with the applicable laws of the jurisdiction in which it is organized and pursuant to the operative certificates of formation and operating agreements, for the purposes of satisfying its obligations under the Plan and the continuation of its business.

6.5.3 Vesting of Assets in the Reorganized Debtor. Except as otherwise provided in the Plan, on and after the Effective Date, all property of the Estate, including all claims, rights and Causes of Action and any property acquired by the Debtor under or in connection with the Plan, shall vest in the Organized Debtor free and clear of all Claims, Liens, charges, other encumbrances and Interests. Subject to Section 6.2 of the Plan, on and after the Effective Date, the Reorganized Debtor may operate its business and may use, acquire and dispose of property and prosecute, compromise or settle any Claims (including any Administrative Expense Claims) and Causes of Action without supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules other than restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, the Reorganized Debtor may pay the charges that it incurs on or after the Effective Date for Professional Persons' fees, disbursements, expenses or related support services without application to the Bankruptcy Court.

6.5.4 Documents. The Reorganized Debtor shall be authorized to take all actions that may be necessary or appropriate to effectuate any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including: (1) the execution and delivery of appropriate agreements or other documents containing terms that are consistent with

the terms of the Plan and that satisfy the requirements of applicable law and any other terms to which the applicable entities may agree; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, debt or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (3) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion or dissolution pursuant to applicable state law (as long as such actions are not prohibited pursuant to the terms of the Franchise Agreement and the New Cadence Note); and (4) all other actions that the applicable entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law. Other than with respect to the New Cadence Note and the Franchise Agreement, to the extent that the relevant parties in interest herein are unable to agree on the form or substance of such documents, such unresolved issues shall be submitted to the Bankruptcy Court for determination.

6.5.5 Post-Effective Date Franchise Agreements. Commencing on the Effective Date, unless otherwise agreed to by DQ and the Reorganized Debtor. Commencing on the Effective Date, DQ shall permit the Reorganized Debtor to assume the existing franchise agreements relating to the Retained Stores (subject to modifications as set forth herein) (the "**Franchise Agreement**"(s)) for each Retained Store. The Franchise Agreements shall include the following modifications: (i) acknowledge that the capital expenditures set forth in the budget attached to the Plan Term Sheet, if fully, faithfully and properly expended and performed, will allow the Reorganized Debtor to be, and remain, in compliance with the Franchise Agreements related to capital expenditures; and (ii) agree that 33.33% of excess cash after payment of the DQ Note shall be used by the Reorganized Debtor to fund capital expenditures for the DQ modernization program. Such modifications shall be removed and/or shall be of no further force or effect upon the transfer or assignment of a Franchise Agreement to a third party other than a transfer or assignment between any two wholly-owned direct or indirect subsidiaries of the Reorganized Debtor), unless otherwise agreed to in writing by DQ and the Reorganized Debtor.

6.5.6 Guaranty of Franchise Agreement. On and after the date on which the Debtor or the Reorganized Debtor, as account party, obtains the "Replacement DQ L/C" (as such term is defined in the RSA) naming DQ as beneficiary, the maximum aggregate liability of the guarantors under the DQ Guaranty shall be reduced to $250,000 and DQ and the guarantors shall execute an amendment to the DQ Guaranty to reflect such reduction. DQ shall retain the right to require a personal guarantee from any assignee of a Franchise Agreement other than an assignment between any two wholly-owned subsidiaries of the Reorganized Debtor. Upon any such assignment or transfer of a Franchise Agreement, the DQ Guaranty shall be deemed terminated and extinguished and neither the Reorganized Debtor, nor any member or affiliate thereof, shall be required to provide a personal guaranty of the assignee's liability under any DQ franchise agreement.

6.5.7 Cancellation of Existing Interests and Agreements. Except for the purpose of evidencing a right to distribution under the Plan (if any) and except as otherwise set forth herein, on the Effective Date all agreements, instruments, and other documents evidencing, related to or connected with any Claim or Interest, and any rights of any holder in respect thereof, shall be deemed cancelled, discharged and of no force or effect. The holders of or parties to such cancelled instruments, Interests and other documentation will have no rights

arising from or relating to such instruments, Interests and other documentation or the cancellation thereof, except the rights, if any, provided for pursuant to the Plan.

6.5.8 Authorization, Issuance and Delivery of New Member Interests. As soon as reasonably practicable following the Effective Date, but effective as of the Effective Date, and without any further action or consent, the Reorganized Debtor are authorized to and shall issue and deliver the New Member Interests in the Reorganized Debtor to the Investor or to any Person(s) designated by the Investor.

6.6 Treatment of Executory Contracts and Unexpired Leases.

6.6.1 General Assumption of Executory Contracts and Unexpired Leases. Except as set forth in Section 8.2 of the Plan, all executory contracts and unexpired leases of the Debtor (including, but not limited to, those listed on the Debtor's Schedules) shall be deemed assumed as of the Effective Date, except that (a) any executory contracts and unexpired leases that previously have been assumed or rejected pursuant to a Final Order of the Bankruptcy Court shall be treated as provided in such Final Order; (b) any executory contracts and unexpired leases listed on the Schedule of Rejected Contracts and Leases shall be deemed rejected as of the Effective Date; and (c) all executory contracts and unexpired leases that are the subject of a separate motion to assume or reject under section 365 of the Bankruptcy Code pending on the Effective Date shall be treated as provided for in the Final Order resolving such motion. Each prepetition executory contract and unexpired lease will be assumed only to the extent that any such contract or lease constitutes an executory contract or unexpired lease. Listing a contract or lease as an executory contract or unexpired lease will not constitute an admission by the Debtor, or the Debtor-in-Possession that such contract or lease is an executory contract or unexpired lease or that the Debtor, or the Debtor-in-Possession has any liability thereunder. Subject to the occurrence of the Effective Date, the Confirmation Order shall constitute an Order of the Bankruptcy Court approving assumption under sections 365 and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease assumed pursuant to Section 8.1 of the Plan shall revest in and be fully enforceable by the Reorganized Debtor in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable federal law. The Reorganized Debtor shall continue to have all rights of assignment contained in 11 U.S.C. § 365 of any executory contract or unexpired lease following Confirmation of the Plan.

6.6.2 Cure of Defaults for Assumed Executory Contracts and Unexpired Leases. The applicable Reorganized Debtor shall cure all defaults other than non-monetary defaults existing under any assumed executory contract or unexpired lease in accordance with sections 1123(a)(5)(G) and 365(b) of the Bankruptcy Code. Except to the extent that less favorable treatment has been agreed to by the non-Debtor party or parties to each such executory contract or unexpired lease to be assumed pursuant to the Plan, any monetary defaults arising under such executory contract or unexpired lease shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the appropriate amount (the "Cure Amount") in Cash on the later of thirty (30) days after: (i) the Effective Date; or (ii) the date on which any Cure Dispute relating to such Cure Amount has been resolved (either consensually or through judicial decision). No later than ten (10) calendar days prior to the commencement of the Confirmation Hearing, the Debtor shall file a schedule (the "Cure Schedule") setting forth the Cure Amount, if

any, for each executory contract and unexpired lease to be assumed pursuant to Section 8.1 of the Plan, and serve such Cure Schedule on each applicable counterparty. Any party that fails to object to the applicable Cure Amount listed on the Cure Schedule within fifteen (15) calendar days of the filing thereof, shall be forever barred, estopped and enjoined from disputing the Cure Amount set forth on the Cure Schedule (including a Cure Amount of $0.00) and/or from asserting any Claim against the applicable Debtor or the Reorganized Debtor arising under section 365(b)(1) of the Bankruptcy Code except as set forth on the Cure Schedule. In the event of a dispute (each, a "Cure Dispute") regarding: (i) the Cure Amount; (ii) the ability of the Reorganized Debtor to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed; or (iii) any other matter pertaining to the proposed assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving such Cure Dispute and approving the assumption. To the extent a Cure Dispute relates solely to the Cure Amount, the Debtor may assume and/or assume and assign the applicable contract or lease prior to the resolution of the Cure Dispute provided that the Debtor reserves Cash in an amount sufficient to pay the full amount asserted as the required cure payment by the non-Debtor party to such contract or lease (or such smaller amount as may be fixed or estimated by the Bankruptcy Court). To the extent the Cure Dispute is resolved or determined unfavorably to the applicable Debtor or the Reorganized Debtor, as applicable, the Debtor or the Reorganized Debtor, as applicable, may reject the applicable executory contract or unexpired lease after such determination and the Reorganized Debtor shall have until thirty (30) days after entry of a Final Order regarding the Cure Dispute, or as may otherwise be agreed to by the parties to the Cure Dispute.

6.6.3 Claims for Damages. Each Person that is a party to a rejected executory contract or unexpired lease, and only such Person, shall be entitled to file a proof of Claim for damages alleged to have arisen from the rejection of the contract or lease to which such Person is a party. Any Claims based upon rejection of an executory contract or unexpired lease must be filed with the Bankruptcy Court and served on the Reorganized Debtor such that they are actually received within fifteen (15) days from the latter of (a) of the entry of a Final Order rejecting such contract or lease and (b) entry of the Confirmation Order. Objections to any such proof of Claim shall be filed not later than thirty (30) days after receipt of such Claim. The Bankruptcy Court shall determine any such objections, unless they are otherwise resolved. All Allowed Claims for rejection damages shall be treated as an Unsecured Claim against the Reorganized Debtor. Any Claim not filed within such time will be forever barred from assertion against the Debtor, the Reorganized Debtor or the Estate.

6.7 Effect of Plan Confirmation.

6.7.1 Binding Effect. On and after the Effective Date, the provisions of the Plan shall be binding upon the Debtor, the Reorganized Debtor, and any holder of a Claim against, or Interest in, the Debtor and such holder's respective successors and assigns, whether or not the Claim or Interest of such holder is impaired under the Plan and whether or not such holder has accepted the Plan.

6.7.2 Discharge of Claims Against and Interests in the Debtor. Upon the Effective Date and in consideration of the Plan Distributions and the other terms and provisions

of the Plan, except as otherwise expressly provided herein or in the Confirmation Order, each Person that is a holder (as well as any trustees and agents on behalf of such Person) of a Claim or Interest shall be deemed to have forever waived, released, and discharged the Debtor of and from any and all Claims, Interests, rights, and liabilities that arose prior to the Effective Date. Except as otherwise provided herein, upon the Effective Date, all such holders of Claims and Interests shall be forever precluded and enjoined, pursuant to sections 105, 524, 1141 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Interest in the Debtor or Reorganized Debtor.

6.7.3 Term of Pre-Confirmation Injunctions or Stays. Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays arising prior to the Confirmation Date in accordance with sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

6.7.4 Injunction.

(a) Except as otherwise provided in the Plan or the Confirmation Order, as of the Confirmation Date, but subject to the occurrence of the Effective Date, all Persons who have held, hold or may hold Claims against or Interests in the Debtor or the Estate are, solely with respect to such Claims or Interests, permanently enjoined after the Confirmation Date from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtor, the Reorganized Debtor, the Estate or any of their property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including, without limitation, any prejudgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against the Debtor, the Reorganized Debtor, or the Estate or any of their property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons, or any property of any such transferee or successor; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtor, the Reorganized Debtor, or the Estate or any of their property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan to the full extent permitted by applicable law; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan; *provided*, *however*, that nothing contained herein shall preclude such Persons from exercising their rights, or obtaining benefits, pursuant to and consistent with the terms of the Plan and the documents and agreements entered into with respect to the Plan.

(b) By accepting Plan Distributions, each holder of an Allowed Claim or Interest will be deemed to have specifically consented to the injunctions set forth in this Section.

6.7.5 Releases.

(a) Releases by the Debtor. For good and valuable consideration, the adequacy of which is hereby confirmed, and except as otherwise provided in the Plan or the Confirmation Order, as of the Effective Date, the Debtor and Reorganized Debtor, in their individual capacities and as debtor in possession on behalf of the Estate, shall be deemed to forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of the Debtor or Reorganized Debtor to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder) against the Released Parties, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the Reorganized Debtor, the Released Parties, this Reorganization Case, the Plan or this Disclosure Statement, and that could have been asserted by or on behalf of the Debtor or its Estates or Reorganized Debtor, whether directly, indirectly, derivatively or in any representative or any other capacity, other than claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities arising out of or relating to any act or omission of a Released Party or a former officer or director of the Debtor that constitutes fraud or willful misconduct.

In addition, notwithstanding any other provision of the Plan, neither the Debtor, the Reorganized Debtor, nor any other representative of or successor to the Estate shall retain, and each of them is hereby deemed to waive and release, any and all claims, causes of action and other rights against the holders of Classes 3 and 4 Claims based on section 547 of the Bankruptcy Code or any similar law providing for the avoidance and/or recovery of preferences.

(b) Releases by Holders of Claims and Interests. Except as otherwise provided in the Plan or the Confirmation Order, on the Effective Date, in consideration for the obligations of the Debtor and Reorganized Debtor under the Plan and the terms and provisions of the Plan (including, without limitation, the settlements and compromises embodied in the Plan), shall be deemed to have consented to the Plan for all purposes and the restructuring embodied herein and deemed to forever release, waive and discharge all claims, demands, debts, rights, Causes of Action or liabilities (other than the right to enforce the obligations of any party under the Plan and the contracts, instruments, releases, agreements and documents delivered under or in connection with the Plan) against the Released Parties, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, this Reorganized Debtor, the Reorganization Case, the Plan or the Disclosure Statement.

(c) Releases by DQ. In addition to the release provided by DQ above, on the Effective Date, DQ shall be deemed to forever release, waive and discharge all claims it's has with respect to (or arising under) the DQ Guaranty which relate to amounts owed by (or obligations of) the Debtor pursuant to, and in connection with, franchise and/or license agreements that existed prior to the Petition Date.

(d) Exceptions to Releases. Notwithstanding anything to the contrary contained herein: (i) except to the extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date, the releases provided for in Section ___ of the Plan shall not release any non-Debtor entity from any liability arising under (x) the Internal Revenue Code, or (y) any criminal laws of the United States or any state, city or municipality; and (ii) the releases set forth in Section 9.5 of the Plan shall not release any (x) claims against any Person to the extent such Person asserts a crossclaim, counterclaim and/or claim for setoff which seeks affirmative relief against the Debtor or any of its officers, directors, or representatives and (y) claims against any Person arising from or relating to such Person's fraud or willful misconduct, each as determined by a Final Order of the Bankruptcy Court.

(e) As to the United States of America, its agencies, departments, or agents (collectively, the "**United States**"), nothing in the Plan or Confirmation Order shall limit or expand the scope of any discharge, release or injunction to which the Debtor or Reorganized Debtor are entitled under the Bankruptcy Code. The discharge, release and injunction provisions contained in the Plan and Confirmation Order are not intended and shall not be construed to bar the United States from, subsequent to the Confirmation Order, pursuing any police or regulatory action, except to the extent those discharge and injunctive provisions bar a Governmental Unit (as defined by section 101(27) of the Bankruptcy Code) from pursuing Claims.

(f) Accordingly, notwithstanding anything contained in the Plan or Confirmation Order to the contrary, nothing in the Plan or Confirmation Order shall discharge, release, impair or otherwise preclude: (1) any liability to the United States that is not a "claim" within the meaning of section 101(5) of the Bankruptcy Code; (2) any Claim of the United States arising on or after the Confirmation Date; (3) any valid right of setoff or recoupment of the United States against any of the Debtor; or (4) any liability of the Debtor or the Reorganized Debtor under environmental law to any Governmental Unit as the owner or operator of property that such entity owns or operates after the Confirmation Date, except those obligations to reimburse costs expended or paid by a Governmental Unit before the Petition Date or to pay penalties owing to a Governmental Unit for violations of environmental laws or regulations that occurred before the Petition Date. Nor shall anything in the Plan or Confirmation Order: (i) enjoin or otherwise bar the United States or any Governmental Unit from asserting or enforcing, outside the Bankruptcy Court, any liability described in the preceding sentence; or (ii) divest any court of jurisdiction to determine whether any liabilities asserted by the United States or any Governmental Unit are discharged or otherwise barred by the Plan, Confirmation Order, or the Bankruptcy Code.

6.7.6 Exculpation and Limitation of Liability. None of the Released Parties shall have or incur any liability to any holder of any Claim or Interest or any other Person for any act or omission in connection with, or arising out of the Debtor's restructuring, including (without limitation) the negotiation, implementation and execution of the Plan, this Reorganization Case, the Disclosure Statement, the solicitation of votes for and the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, including, without limitation, all documents ancillary thereto, all decisions, actions, inactions and alleged negligence or misconduct relating thereto and all activities leading to the promulgation and confirmation of the Plan except for fraud or willful misconduct, each as determined by a Final Order of the Bankruptcy Court; *provided*,

however, that nothing in this section shall affect any Person's rights to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder.

6.7.7 Injunction Related to Releases and Exculpation. As of the Effective Date, the Confirmation Order shall permanently enjoin the commencement or prosecution by any Person, whether directly, derivatively or otherwise, of any claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action or liabilities released pursuant to the Plan, including (but not limited to) the claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action or liabilities released in Sections ___ and ___ of the Plan.

6.7.8 Retention of Causes of Action/Reservation of Rights. Subject to Section 9.5 of the Plan and except as expressly set forth herein, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights, claims or Causes of Action, rights of setoff, or other legal or equitable defenses that the Debtor had immediately prior to the Effective Date on behalf of the Estate or itself in accordance with any provision of the Bankruptcy Code or any applicable non-bankruptcy law. The Reorganized Debtor shall have, retain, reserve, and be entitled to assert all such claims, Causes of Action, rights of setoff, or other legal or equitable defenses as fully as if this Reorganization Case had not been commenced, and all of the Debtor's legal and/or equitable rights respecting any Claim left unimpaired, as set forth in Section 2.4 of the Plan, may be asserted after the Confirmation Date to the same extent as if this Reorganization Case had not been commenced.

The Debtor has conducted a preliminary analysis of potential Causes of Action and have reached a preliminary conclusion that potential Causes of Action are *de minimis* at best as they do not represent significant recovery for the Estate. Specifically, upon a review of the Debtor's Statement of Financial Affairs, transfers or payments made to creditors within ninety (90) days of the Petition Date were made to trade vendors and employees. Parties may request copies of the Debtor's Statement of Financial Affairs by submitting a written request to Vickie Driver at vickie.driver@huschblackwell.com.

6.7.9 Indemnification Obligations. Notwithstanding anything to the contrary contained herein, including Section 8.1 of the Plan, subject to the occurrence of the Effective Date, the obligations of the Debtor under the Debtor's operating agreements, other formation documents, board resolutions, or contracts to indemnify, defend, reimburse, exculpate, advance fees and expenses to, or limit the liability of Debtor's current and former directors, officers, equity holders, managers, employees, attorneys, other professionals and agents of the Debtor and such persons' respective affiliates, against any liability, including but not limited to, Causes of Action, remain unaffected thereby after the Effective Date and are not discharged. The Debtor's/Reorganized Debtor's governance documents on or after the Effective Date will provide for the indemnification, defense, reimbursement, exculpation, and/or limitation of liability of, and advancement of fees and expenses to the Reorganized Debtor's current and former directors, equity holders, officers, employees, or agents, and such persons' respective affiliates, to the fullest extent permitted by law and at least to the same extent as the organizational documents of the Debtor as of the commencement of this Reorganization Case. On and after the Effective Date, the Reorganized Debtor shall not terminate or otherwise reduce the coverage under any directors' and officers' insurance policies in effect on the Petition Date,

and all directors and officers of the Debtor at any time shall be entitled to the full benefits of any such policy for the full term of such policy, regardless of whether such directors and/or officers remain in such positions after the Effective Date.

ARTICLE VII.
CONFIRMATION OF THE PLAN OF REORGANIZATION

7.1 Confirmation Hearing. Section 1128(a) of the Bankruptcy Code requires the bankruptcy court, after appropriate notice, to hold a hearing on confirmation of a Chapter 11 plan. The Confirmation Hearing with respect to the Plan is scheduled to commence on April ___, 2018 at 1:00 p.m. (prevailing Eastern Time). The hearing may be adjourned or continued from time to time by the Debtor or the Bankruptcy Court without further notice except for an announcement of the adjourned or continued date made at the Confirmation Hearing (or an appropriate filing with the Bankruptcy Court) or any subsequent adjourned or continued Confirmation Hearing.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a Chapter 11 plan of reorganization. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the Debtor, the basis for the objection and the specific grounds therefor, and must be filed with the Clerk of the Bankruptcy Court electronically using the Bankruptcy Court's Case Management/Electronic Case File ("**CM/ECF**") System at _____________ (a CM/ECF password will be required), and by mailing a hard copy of such objection to the chambers of the Honorable Mark X. Mullin, United States Bankruptcy Judge for the Northern District of Texas, United States Bankruptcy Court, ______________________, together with proof of service, and served upon: (i) Husch Blackwell LLP, 2001 Ross Avenue, Suite 2000, Dallas Texas, 75201; (ii) Office of the United States Trustee for the Northern District of Texas, ____________________; (iii) counsel to Cadence ______________________; and (iv) counsel to DQ ______________________. Bankruptcy Rule 9014 governs objections to confirmation of the Plan. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

7.2 Confirmation. At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of section 1129(a) of the Bankruptcy Code have been satisfied with respect to the Plan.

7.2.1 Confirmation Requirements. Confirmation of a Chapter 11 plan under section 1129(a) of the Bankruptcy Code requires, among other things, that: (i) the plan complies with the applicable provisions of the Bankruptcy Code; (ii) the proponent of the plan 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 plan payment made or to be made by the proponent under the plan for services or for costs and expenses in, or in connection with, the Chapter 11 case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable; (v) the proponent has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor

participating in the plan with the debtor, or a successor to the debtor under the plan. The appointment to, or continuance in, such office by such individual must be consistent with the interests of creditors and equity security holders and with public policy and the proponent must have disclosed the identity of any insider that the reorganized debtor will employ or retain, and the nature of any compensation for such insider; (i) with respect to each impaired class of claims or interests, either each holder of a claim or interest of such class has accepted the plan, or will receive or retain under the plan, on account of such claim or interest, property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor were liquidated on such date under Chapter 7 of the Bankruptcy Code; (ii) subject to the "cramdown" provisions of section 1129(b) of the Bankruptcy Code, each class of claims or interests has either accepted the plan or is not impaired under the plan; (iii) except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that allowed administrative expenses and priority claims will be paid in full on the effective date (except that holders of priority tax claims may receive deferred Cash payments of a value, as of the effective date of the plan, equal to the allowed amounts of such claims and that holders of priority tax claims may receive on account of such claims deferred Cash payments, over a period not exceeding 5 years after the date of assessment of such claims, of a value, as of the effective date, equal to the allowed amount of such claims); (iv) if a class of claims is impaired, at least one (1) impaired class of claims has accepted the plan, determined without including any acceptance of the plan by any insider holding a claim in such class; and (v) 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 Debtor believes that (i) the Plan satisfies all of the statutory requirements of Chapter 11 of the Bankruptcy Code; (ii) the Debtor, as the proponents of the Plan, have complied or will have complied with all of the requirements of Chapter 11 of the Bankruptcy Code; and (iii) the Plan has been proposed in good faith.

Set forth below is a summary of certain relevant statutory confirmation requirements.

(a) <u>Acceptance.</u> Claims in Classes 1, 3, 4, 5, and 6 are impaired under the Plan and are entitled to vote to accept or reject the Plan. Class 2 is unimpaired and, therefore, is conclusively presumed to have voted to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code. Class 7 is impaired and not receiving any property under the Plan, and thus is deemed to have rejected the Plan.

Because certain Classes are deemed to have rejected the Plan, the Debtor will request confirmation of the Plan under section 1129(b) of the Bankruptcy Code; *provided, however*, that Class 6 shall not be deemed or treated as an accepting impaired class for purposes of cramdown. The Debtor reserves the right to alter, amend, modify, revoke or withdraw the Plan, any exhibit, or schedule thereto or any Plan Document in order to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary. The Debtor believes that the Plan satisfies the "cramdown" requirements of section 1129(b) of the Bankruptcy Code with respect to Claims and Interests in Class 7.

The Debtor also will seek confirmation of the Plan over the objection of any individual holders of Claims who are members of an accepting Class. There can be no assurance, however, that the Bankruptcy Court will determine that the Plan meets the requirements of section 1129(b) of the Bankruptcy Code.

(b) Unfair Discrimination and Fair and Equitable Test. To obtain nonconsensual confirmation of the Plan, it must be demonstrated to the Bankruptcy Court that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to each impaired, non-accepting Class. The Bankruptcy Code provides a non-exclusive definition of the phrase "fair and equitable" for, respectively, secured creditors, unsecured creditors and holders of equity interests. In general, section 1129(b) of the Bankruptcy Code permits confirmation notwithstanding non-acceptance by an impaired class if that class and all junior classes are treated in accordance with the "absolute priority" rule, which requires that the dissenting class be paid in full before a junior class may receive anything under the plan.

A Chapter 11 plan does not "discriminate unfairly" with respect to a non-accepting class if the value of the Cash and/or other consideration, including New Member Interests, to be distributed to the non-accepting class is equal to, or otherwise fair when compared to, the value of the distributions to other classes whose legal rights are the same as those of the non-accepting class. The Debtor believes the Plan will not discriminate unfairly against any non-accepting Class.

(c) Feasibility; Financial Projections. The Bankruptcy Code permits a plan to be confirmed only if confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan. For purposes of determining whether the Plan meets this requirement, the Debtor has analyzed the ability of the Reorganized Debtor to meet its obligations under the Plan and retain sufficient liquidity and capital resources to conduct its business. Under the terms of the Plan, the Allowed Claims potentially being paid in whole or in part in Cash are the Cadence DIP Claim, Allowed Administrative Expense Claims, Allowed Fee Claims, U.S. Trustee Fees, Allowed Priority Tax Claims, Allowed Priority Non-Tax Claims, Allowed Cadence Prepetition Claims, Allowed Administrative Convenience Claims, Allowed General Unsecured Claims and Allowed DQ Claims. The Debtor has estimated the total amount of these Cash payments to be approximately $_________ and expect sufficient liquidity from Cash on hand on the Effective Date, the proceeds of sale of the New Member Interests and post-Effective Date operations and future sales of assets to fund these Cash payments as and when they become due.

In connection with developing the Plan, the Debtor has prepared detailed financial projections (the "**Financial Projections**"), attached as **Exhibit C** hereto, which detail, among other things, the financial feasibility of the Plan. The Financial Projections indicate, on a pro forma basis, that the projected level of Cash flow is sufficient to satisfy all of the Reorganized Debtor's future debt and debt related interest cost, research and development, capital expenditure and other obligations during this period. Accordingly, the Debtor believes that confirmation of the Plan is not likely to be followed by the liquidation or further reorganization of the Reorganized Debtor.

THE FINANCIAL PROJECTIONS, INCLUDING THE UNDERLYING ASSUMPTIONS, SHOULD BE CAREFULLY REVIEWED IN EVALUATING THE PLAN. WHILE DEBTOR BELIEVES THE ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS, WHEN CONSIDERED ON AN OVERALL BASIS, WERE REASONABLE WHEN PREPARED IN LIGHT OF CURRENT CIRCUMSTANCES AND EXPECTATIONS, NO ASSURANCE CAN BE GIVEN THAT THE FINANCIAL PROJECTIONS WILL BE REALIZED. THE DEBTOR MAKES NO REPRESENTATION OR WARRANTY AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS. THE PROJECTIONS ARE SUBJECT TO A NUMBER OF RISKS, UNCERTAINTIES AND ASSUMPTIONS, INCLUDING THOSE DESCRIBED BELOW UNDER ARTICLE XI. IN LIGHT OF THESE RISKS AND UNCERTAINTIES, ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THE FINANCIAL PROJECTIONS.

The Debtor prepared the Financial Projections based upon certain assumptions that it believes to be reasonable under the circumstances. The Financial Projections have not been examined or compiled by independent accountants. Moreover, such information is not prepared in accordance with accounting principles generally accepted in the United States ("**GAAP**"). The Debtor makes no representation as to the accuracy of the Financial Projections or their ability to achieve the projected results. Many of the assumptions on which the Financial Projections are based are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtor and its management. Inevitably, some assumptions will not materialize and unanticipated events and circumstances may affect the actual financial results. Therefore, the actual results achieved may vary from the projected results and the variations may be material. All holders of Claims that are entitled to vote to accept or reject the Plan are urged to examine carefully all of the assumptions on which the Financial Projections are based in connection with their evaluation of the Plan.

7.2.2 Valuation of the Debtor. In conjunction with formulating the Plan, the Debtor determined it was necessary to estimate the going concern value of the Reorganized Debtor (the "Valuation Analysis"). The Valuation Analysis was performed by Mastodon Ventures, LLC.

THE VALUATION ANALYSIS AS DESCRIBED IN THIS SECTION REPRESENTS A HYPOTHETICAL VALUATION OF THE REORGANIZED DEBTOR, WHICH ASSUMES THAT SUCH REORGANIZED DEBTOR CONTINUES AS AN OPERATING BUSINESS. THE ESTIMATED VALUE SET FORTH IN THE VALUATION ANALYSIS DOES NOT PURPORT TO CONSTITUTE AN APPRAISAL OR NECESSARILY REFLECT THE ACTUAL MARKET VALUE THAT MIGHT BE REALIZED THROUGH A SALE OR LIQUIDATION OF THE REORGANIZED DEBTOR, ITS MEMBER INTERESTS OR ITS ASSETS, WHICH MAY BE MATERIALLY DIFFERENT THAN THE ESTIMATE SET FORTH IN THE VALUATION ANALYSIS. ACCORDINGLY, SUCH ESTIMATED VALUE IS NOT NECESSARILY INDICATIVE OF THE PRICES AT WHICH ANY MEMBER INTERESTS OF THE REORGANIZED DEBTOR MAY TRADE AFTER GIVING EFFECT TO THE TRANSACTIONS SET FORTH IN THE PLAN. ANY SUCH PRICES MAY BE MATERIALLY DIFFERENT THAN INDICATED BY THE VALUATION ANALYSIS.

The Debtor considered several methodologies to estimate the value of the equity in the Reorganized Debtor at consummation:

(a) Multiples of Operating Results: The Debtor's operating results for the year ending December 31, 2017 and the financial projections for the period ending March 31, 2018 show show negative operating income and negative EBITDA. Thus, applying a multiple of operating income or EBITDA does not produce a valid result.

(b) Book Value of Equity: As of December 31, 2017, and as projected at Plan confirmation, the consolidated book value of the equity of the Sponsor, shows a negative amount.

(c) Acquisition Value: A comparable transaction would be the purchase of ____ locations by the Debtor in 2013 for approximately $_____ million. Applying the multiple of revenue implied by this transaction to the latest twelve months of revenue of the Debtor indicates a value at or below the secured debt and administrative claims of the Debtor, which would equate to an equity value of essentially zero. In addition, DQ's right of approval of a buyer severely limits the pool of potential buyers, further dampening the potential acquisition price.

(d) Market Value of Assets:

- Equipment: The equipment is of limited value in a sale in its current state and location.
  - The Debtor has tried previously sold equipment from closed stores, yielding minimal value.
  - The Debtor does not have current appraisal values.
- Real Estate: The Debtor owns no real estate. The Debtor's leaseholds, valued at current market indications, have negative value in the aggregate.
  - The prices at which leasehold interests may be sold is based on estimated preliminary valuations for transactions currently contemplated.
  - The Debtor does not have current appraisal values.

In addition, there are a number of significant risks to achieving the Debtor's business plan, both inside and outside of the Debtor's control. Although the above discussion would point to an equity value of zero, the equity can be viewed as an option or contingency such that if the business plan were achieved over the next three years, the equity would ultimately have some value. This value cannot be quantified at this time.

7.2.3 Best Interests Test. The "best interests" test requires that the Bankruptcy Court find either: (i) that all members of each impaired class have accepted the plan; or (ii) that each holder of an allowed claim or interest in each impaired class of claims or interests will receive or retain under the plan on account of such claim or interest, property of a value, as of the effective date of the plan, that is not less than the amount such holder would receive or retain if the debtor were liquidated under Chapter 7 of the Bankruptcy Code on such date.

To determine what the holders of Claims and Interests in each impaired Class would receive if the Debtor were liquidated under Chapter 7 on the Confirmation Date, the Bankruptcy

Court must determine the dollar amount that would have been generated from the liquidation of the Debtor's assets and properties in a liquidation under Chapter 7 of the Bankruptcy Code.

The Cash that would be available for satisfaction of Claims and Interests would consist of the proceeds from the disposition of the assets and properties of the Debtor, augmented by the Cash held by the Debtor. Such Cash amount would be: (i) first, reduced by the amount of the Cadence DIP Claim and the secured portion of the Cadence Prepetition Claims; (ii) second, reduced by the costs and expenses of liquidation under Chapter 7 (including the fees payable to a Chapter 7 trustee and the fees payable to professionals that such trustee might engage) and such additional administrative claims that might result from the termination of the Debtor's business; and (iii) third, reduced by the amount of the Allowed Administrative Expense Claims, U.S. Trustee Fees, Allowed Priority Tax Claims, and Allowed Priority Non-Tax Claims. Any remaining net Cash would be allocated to creditors and stakeholders in strict order of priority contained in section 726 of the Bankruptcy Code. Additional claims would arise by reason of the breach or rejection of obligations under unexpired leases and executory contracts.

To determine if the Plan is in the best interests of each impaired Class, the present value of the distributions from the proceeds of a liquidation of the Debtor's assets and properties, after subtracting the amounts discussed above, must be compared with the value of the property offered to each such Class of Claims under the Plan.

After considering the effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in this Reorganization Case, the Debtor has determined that confirmation of the Plan will provide each holder of an Allowed Claim with a recovery that is not less than such holder would have received pursuant to the liquidation of the Debtor under Chapter 7.

Moreover, the Debtor believes that the value of distributions to each Class of Allowed Claims in a Chapter 7 case would be materially less than the value of distributions under the Plan. It is likely that a liquidation of the Debtor's assets could take more than six months to complete, and distribution of the proceeds of the liquidation could be delayed for six months or more after the completion of such liquidation to resolve claims and prepare for distributions. In the likely event litigation was necessary to resolve claims asserted in the Chapter 7 case, the delay could be prolonged.

The Debtor, with the assistance of its advisors, has prepared a liquidation analysis that summarizes the Debtor's best estimate of recoveries by creditors and equity interest holders in the event of liquidation as of December 31, 2018 (the "**Liquidation Analysis**"), which is attached hereto as **Exhibit D**. The Liquidation Analysis provides: (a) a summary of the liquidation values of the Debtor's assets, assuming a Chapter 7 liquidation in which a trustee appointed by the Bankruptcy Court would liquidate the assets of the Estates, and (b) the expected recoveries of the Debtor's creditors and equity interest holders under the Plan. The Liquidation Analysis contains estimates and assumptions that, although developed and considered reasonable by the Debtor's management, are inherently subject to significant economic uncertainties and contingencies beyond the control of the Debtor and its management. Accordingly, the values reflected might not be realized. The Chapter 7 liquidation period is assumed to last six months following the appointment of a Chapter 7 trustee, allowing for, among other things, the

discontinuation and wind-down of operations, the sale of the fixed equipment and properties as individual assets and the collection of miscellaneous amounts owed. All holders of Claims that are entitled to vote to accept or reject the Plan are urged to examine carefully all of the assumptions on which the Liquidation Analysis is based in connection with their evaluation of the Plan.

The Liquidation Analysis is based on certain assumptions, including, but not limited to, the following:

(a) The operations likely cannot be sold as a going concern, especially given a contracted period to market the Debtor's operations and close a transaction.

- DQ's right of approval of a buyer severely limits the pool of potential buyers.
- For the same reasons described in the Valuation Analysis regarding the going concern valuation, a buyer is not likely to be willing to pay a premium in excess of the amount of the secured debt and administrative expenses, and bear the risk of an additional capital investment, if needed.

(b) The equipment is of limited value in a sale in its current state and location.

- The Debtor has previously sold equipment from closed stores yielding minimal proceeds.

(c) Claims are held constant although likely to be higher as a result of the expenses which would be incurred by a Chapter 7 trustee in carrying out the duties to liquidate the estate.

The combined proceeds of sale, net of the expenses of a Chapter 7 case, are projected to be significantly below the amount of the Cadence DIP Claim, the Cadence Prepetition Claims and the Administrative Expense Claims and other classes before the General Unsecured Claims. The General Unsecured Claims would receive no recovery.

7.3 Standards Applicable to Releases. Article IX of the Plan provides for releases for certain claims against non-Debtor in consideration of services provided to the Debtor and the contributions made by the Released Parties to the Debtor's Chapter 11 case. The Released Parties are: (a) the Debtor; (b) Cadence; (c) DQ; and (d) each of the foregoing parties' and each of such entities' predecessors, successor and assigns, subsidiaries, funds, portfolio companies, affiliates, respective attorneys, and each of their respective officers, directors, employees, managers, financial advisors or other professionals or representatives; *provided*, *however*, that such attorneys and professional advisors shall only include those that provided services related to the Reorganization Case and the transactions contemplated by the Plan; provided, further, that no

Person shall be a Released Party if it objects to and/or opts out of the releases provided for in Article IX of the Plan.

As set forth in the Plan, the releases are given by (i) the Debtor; (ii) each of the Released Parties; (iii) each holder of a Claim or Interest entitled to vote on the Plan that did not "opt out" of the releases provided in Section 9.5 of the Plan in a timely submitted Ballot; and (iv) to the fullest extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date, all holders of Claims and Interests. The released claims and exculpated claims are limited to those claims or causes of action that may have arisen in connection with, related to or arising out of the Plan, this Disclosure Statement, the Plan Supplement, any other Plan Document, the Debtor or this Reorganization Case.

The Debtor believes that the releases set forth in the Plan are appropriate because, among other things, the releases are narrowly tailored to the Debtor's restructuring proceedings, and each of the Released Parties has provided value to the Debtor and aided in the reorganization process, including, with respect to certain Released Parties, by entry into the Cadence DIP Facility and permitting assumption of franchise agreements, which facilitated the Debtor's ability to propose and pursue confirmation of the Plan. The Debtor believes that each of the Released Parties has played an integral role in this Reorganization Case and has expended significant time and resources analyzing and negotiating the issues presented by the Debtor's prepetition capital structure.

The United States Court of Appeals for the Second Circuit has determined that releases of non-debtor may be approved as part of a Chapter 11 plan of reorganization if there are "unusual circumstances" that render the release terms important to the success of the plan. *Deutsche Bank AG v. Metromedia Fiber Network Inc. (In re Metromedia Fiber Network, Inc.)*, 416 F.3d 136, 143 (2d Cir. 2005). Courts have approved releases of non-debtor when, for example, (a) the estate received substantial consideration; (b) the enjoined claims were channeled to a settlement fund rather than extinguished; (c) the enjoined claims would indirectly impact the reorganization by way of indemnity or contribution; (d) the plan otherwise provided for the full payment of the enjoined claims; and (e) the affected creditors consented to the release. *Id.* at 142. Before a determination can be made as to whether releases are appropriate as warranted by "unusual circumstances," a court must address the threshold jurisdictional question of whether a court has subject matter jurisdiction to grant such releases. *In re Johns-Manville Corp.*, 517 F.3d 52, 65 (2d Cir. 2008); *see also In re Dreier LLP*, 429 B.R. 112, 132 (Bankr. S.D.N.Y. 2010) (finding no jurisdiction to approve releases of claims that did not affect the estate*); In re Metcalf & Mansfield Alternative Investments*, 421 B.R. 685, 695 (Bankr. S.D.N.Y. 2010) (discussing and approving releases in a case under Chapter 15 of the Bankruptcy Code).

Courts have jurisdiction over a third party cause of action or claim if it will "directly and adversely impact the reorganization." *Dreier*, 429 B.R. at 132. Conversely, the court may lack jurisdiction if the released claim is one that would "not affect the property of the estate or the administration of the estate." *Id.* at 133. Here, each of the non-Debtor Released Parties contributed significantly to the Debtor's reorganization process, including, among other things, through provision of the DIP Facility or the Postpetition License. Absent those actions, the Debtor could not have filed for Chapter 11 protection with a clear path to reorganization and emergence. Additionally, parties entitled to vote on the Plan may elect to opt-out of providing

non-Debtor releases consistent with applicable law. Accordingly, the Debtor contends that the circumstances of the Debtor's Chapter 11 case satisfy the *Metromedia* requirements.

Further, the Debtor is not aware of any cognizable claims of any material value against the Released Parties that the Debtor or the Estate would be releasing in connection with Section 9.5(a) of the Plan.

7.4 Classification of Claims and Interests. The Debtor believes that the Plan complies with the classification requirements of the Bankruptcy Code, which require that a Chapter 11 plan place each claim and interest into a class with other claims or interests that are "substantially similar."

7.5 Consummation. The Plan will be consummated on the Effective Date. The Effective Date will occur on the first Business Day on which the conditions precedent to the effectiveness of the Plan, as set forth in Section 10 of the Plan, have been satisfied or waived pursuant to the Plan.

7.6 Exemption from Certain Transfer Taxes. To the fullest extent permitted by applicable law, all sale transactions consummated by the Debtor and approved by the Bankruptcy Court on and after the Confirmation Date, including any transfers effectuated under the Plan, the sale by the Debtor of any owned property pursuant to section 363(b) of the Bankruptcy Code, and any assumption, assignment, and/or sale by the Debtor of its interests in unexpired leases of non-residential real property or executory contracts pursuant to section 365(a) of the Bankruptcy Code, shall constitute a "transfer under a plan" within the purview of section 1146 of the Bankruptcy Code, and shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

7.7 Termination of Professionals. On the Effective Date, the engagement of each Professional Person retained by the Debtor shall be terminated without further order of the Bankruptcy Court or act of the parties; *provided*, *however*, such Professional Persons shall be entitled to prosecute their respective Fee Claims and represent their respective constituents with respect to applications for payment of such Fee Claims. Nothing in the Plan shall preclude the Reorganized Debtor from engaging a former Professional Person on and after the Effective Date in the same capacity as such Professional Person was engaged prior to the Effective Date.

7.8 Amendments. The Plan may be amended, modified, or supplemented by the Debtor with the consent of the Consent Parties in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law, without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as otherwise ordered by the Bankruptcy Court. In addition, after the Confirmation Date, so long as such action does not materially and adversely affect the treatment of holders of Allowed Claims pursuant to the Plan, the Debtor may make appropriate technical adjustments, remedy any defect or omission or reconcile any inconsistencies in the Plan, the Plan Documents and/or the Confirmation Order, with respect to such matters as may be necessary to carry out the purposes and effects of the Plan, and any holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan as amended, modified, or supplemented.

7.9 Revocation or Withdrawal of the Plan. The Debtor reserves the right to revoke or withdraw the Plan prior to the Effective Date. If the Debtor revokes or withdraws the Plan, in accordance with the preceding sentence, prior to the Effective Date or if prior to confirmation or consummation, then: (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or leases affected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void; and (c) nothing contained in the Plan shall (i) constitute a waiver or release of any Claims by or against, or any Interests in, the Debtor or any other Person, (ii) prejudice in any manner the rights of the Debtor or any other Person or (iii) constitute an admission of any sort by the Debtor or any other Person.

7.10 Post-Confirmation Jurisdiction of the Bankruptcy Court. Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction, pursuant to 28 U.S.C. §§ 1334 and 157, over all matters arising in, arising under, or related to this Reorganization Case for, among other things, the following purposes:

(a) To hear and determine applications for the assumption or rejection of executory contracts or unexpired leases and the Cure Disputes resulting therefrom;

(b) To determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on the Confirmation Date or commenced after the Confirmation Date in connection with any of the terms and provisions of, deadlines created by or obligations created by the Plan or any other Final Order of the Bankruptcy Court;

(c) To hear and resolve any disputes arising from or relating to (i) any orders of the Bankruptcy Court granting relief under Bankruptcy Rule 2004, or (ii) any protective orders entered by the Bankruptcy Court in connection with the foregoing;

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

(e) To consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim, including any Administrative Expense Claim;

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

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

(h) To hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement, or any order of the Bankruptcy Court,

including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(i) To hear and determine all Fee Claims;

(j) To resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof;

(k) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated hereby, or any agreement, instrument, or other document governing or relating to any of the foregoing;

(l) To take any action and issue such orders, including any such action or orders as may be necessary after occurrence of the Effective Date and/or consummation of the Plan, as may be necessary to construe, enforce, implement, execute, and consummate the Plan or other rulings entered in connection with this Reorganization Case, including any release or injunction provisions set forth herein, or to maintain the integrity of the Plan following consummation;

(m) To determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(n) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(o) To hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code;

(p) To resolve any disputes concerning whether a Person had sufficient notice of the Reorganization Case, the Disclosure Statement Hearing, the Confirmation Hearing, any applicable Bar Date, or the deadline for responding or objecting to a Cure Amount, for the purpose of determining whether a Claim or Interest is discharged hereunder, or for any other purpose;

(q) To recover all assets of the Debtor and property of the Estate, wherever located; and

(r) To enter a final decree closing this Reorganization Case.

ARTICLE VIII.
ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not consummated, the Debtor's capital structure will remain over-leveraged and the Debtor will be unable to satisfy in full their debt obligations. Accordingly, if the Plan is not confirmed and consummated, the alternatives include:

8.1 Liquidation Under Chapter 7 of the Bankruptcy Code. The Debtor could be liquidated under Chapter 7 of the Bankruptcy Code. A discussion of the effect a Chapter 7 liquidation would have on the recoveries of the holders of Claims is set forth in Article VII of this Disclosure Statement. The Debtor believes that liquidation would result in lower aggregate distributions being made to creditors than those provided for in the Plan, which is demonstrated by the Liquidation Analysis set forth in Article VII and attached as **Exhibit D** to this Disclosure Statement.

8.2 Alternative Plan(s) of Reorganization. The Debtor believes that failure to confirm the Plan will lead inevitably to an expensive and protracted Reorganization Case, whereas the Plan will enable the Debtor to emerge from Chapter 11 successfully and expeditiously, preserving their business and allowing creditors to realize the highest recoveries under the circumstances. In a liquidation under Chapter 11 of the Bankruptcy Code, the assets of the Debtor would be sold in an orderly fashion over a more extended period of time than in a liquidation under Chapter 7, and a trustee need not be appointed. Accordingly, creditors would receive greater recoveries than in a Chapter 7 liquidation. Although a Chapter 11 liquidation may be preferable to a Chapter 7 liquidation, the Debtor believes that a liquidation under Chapter 11 is a much less attractive alternative to holders of Claims and Interests than the Plan because the Plan provides for a greater return to holders of Claims and Interests.

Moreover, the prolonged continuation of this Reorganization Case is likely to adversely affect the Debtor's business and operations. So long as the Reorganization Case continues, Debtor's management will be required to spend a significant amount of time and effort dealing with the Debtor's reorganization instead of focusing exclusively on business operations. Prolonged continuation of this Reorganization Case will also make it more difficult to attract and retain management and other key personnel necessary to the success and growth of the Debtor's business. In addition, the longer the Reorganization Case continues, the more likely it is that the Debtor's customers, vendors and suppliers will lose confidence in the Debtor's ability to reorganize its business successfully and will seek to establish alternative commercial relationships. Furthermore, so long as the Reorganization Case continues, the Debtor will be required to incur substantial costs for professional fees and other expenses associated with this Reorganization Case.

The Debtor believes that not only does the Plan fairly adjust the rights of various Classes of Claims, but also that the Plan provides superior recoveries over any alternative capable of rational consideration (such as a Chapter 7 liquidation), thus enabling stakeholders to maximize their returns. Rejection of the Plan in favor of some alternative method of reconciling the Claims and Interests will require, at the very least, an extensive and time-consuming process (including the possibility of protracted and costly litigation) and will not result in a better recovery for any Class of Claims or Interests.

THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN IS PREFERABLE TO ANY ALTERNATIVE BECAUSE THE PLAN MAXIMIZES THE AMOUNT OF DISTRIBUTIONS TO ALL HOLDERS OF CLAIMS AND ANY ALTERNATIVE TO CONFIRMATION OF THE PLAN WILL RESULT IN SUBSTANTIAL DELAYS IN THE DISTRIBUTION OF ANY RECOVERIES. THEREFORE, THE DEBTOR

RECOMMENDS THAT ALL HOLDERS OF IMPAIRED CLAIMS ENTITLED TO VOTE ON THE PLAN VOTE TO ACCEPT THE PLAN.

8.3 Dismissal of the Reorganization Case. Dismissal of this Reorganization Case would have the effect of restoring (or attempting to restore) all parties to the *status quo ante*. Upon dismissal of this Reorganization Case, the Debtor would lose the protection of the Bankruptcy Code, thereby requiring, at the very least, an extensive and time consuming process of negotiations with its creditors, possibly resulting in costly and protracted litigation in various jurisdictions. Moreover, holders of Secured Claims may be permitted to foreclose upon the assets that are subject to their Liens, which is likely all of the Debtor's assets, including all of their Cash. Dismissal may also permit certain unpaid unsecured creditors to obtain and enforce judgments against the Debtor. The Debtor believes that these actions would seriously undermine their ability to obtain financing and could lead ultimately to the liquidation of the Debtor under Chapter 7 of the Bankruptcy Code. Therefore, the Debtor believes that dismissal of this Reorganization Case is not a viable alternative to the Plan.

ARTICLE IX.
SUMMARY OF VOTING PROCEDURES

This Disclosure Statement, including all exhibits hereto and the related materials included herewith, is being furnished to the holders of Claims in Classes 1, 3, 4, 5, and 6, which are the only Claims entitled to vote on the Plan.

All votes to accept or reject the Plan must be cast by using the Ballot(s) enclosed with this Disclosure Statement. No other votes will be counted. Consistent with the provisions of Bankruptcy Rule 3018, the Debtor has fixed ___________, 201__, at 4:00 p.m. (prevailing Central Time) as the Voting Record Date. Ballots must be RECEIVED by counsel for the Debtor no later than the Voting Deadline, **4:00 p.m. (prevailing Central Time) on ________, 2018**, unless the Debtor, at any time, in its sole discretion, extends such date by oral or written notice, in which event the period during which Ballots will be accepted will terminate at 4:00 p.m. (prevailing Central Time) on such extended date. *See* Section 1.4 "*Voting; Holders of Claims Entitled to Vote*" above for additional disclosures regarding voting.

Ballots previously delivered may be withdrawn or revoked at any time prior to the Voting Deadline by the claimant who completed the original Ballot. A Ballot may be revoked or withdrawn either by submitting a superseding Ballot or by providing written notice to counsel for the Debtor.

To be effective, notice of revocation or withdrawal must: (a) be received on or before the Voting Deadline by counsel for the Debtor at their address specified in Section 1.4 above; (b) specify the name of the holder of the Claim whose vote on the Plan is being withdrawn or revoked; (c) contain the description of the Claim as to which a vote on the Plan is withdrawn or revoked; and (d) be signed by the holder of the Claim in the same manner as such holder signed the original Ballot. The foregoing procedures should also be followed with respect to a person entitled to vote on the Plan who wishes to change (rather than revoke or withdraw) its vote.

ARTICLE X.
DESCRIPTION AND HISTORY OF REORGANIZATION CASE

10.1 General Case Background. On October 30, 2017, the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Honorable Mark X. Mullin is presiding over the Debtor's bankruptcy case. The Debtor continues to operate its business and manage its properties as debtor and debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

The following is a brief description of certain significant events that have occurred during the pendency of the Debtor's bankruptcy case.

10.2 Retention of Professionals. To assist them in carrying out its duties as debtor in possession, to represent their interests in this bankruptcy case and as otherwise required pursuant to the terms of the Plan Term Sheet, the Debtor, on November 29, 2017, filed with the Bankruptcy Court a motion seeking entry of an order authorizing the Debtor to retain Mastodon Ventures, LLC as its financial advisor. On November 29, 2017, the Debtor also filed (i) an application seeking entry of orders authorizing the Debtor to retain Husch Blackwell, LLP. On ___________ ___, 2017, the Bankruptcy Court entered an order authorizing the Debtor to retain Mastodon Ventures, LLC the Debtor's financial advisor. On _________ ___, 2017, the Bankruptcy Court entered an order approving the retention of Husch Blackwell, LLC as counsel to the Debtor.

10.3 Employment Obligations. The Debtor believes that it has a valuable asset in its workforce, and that the efforts of the Debtor's employees are critical to a successful reorganization. On the Petition Date, the Debtor filed with the Bankruptcy Court a motion for an order authorizing the Debtor to pay certain prepetition employee wage and benefit obligations [Docket No. 10] (the "**Employee Wage Motion**"). In the Employee Wage Motion, the Debtor requested to, among other things, satisfy certain of its prepetition obligations to its current employees, reimburse employees for business expenses incurred on behalf of the Debtor, pay prepetition payroll-related taxes and withholdings associated with the Debtor's employee wage claims and the employee benefit obligations, and other similar tax obligations, and to continue employee programs in the ordinary course of business and consistent with the Debtor's past practices. On November 2, 2017, the Bankruptcy Court entered an order approving the Employee Wage Motion [Docket No. 60].

10.4 Cash Management System. The Debtor believes it would be disruptive to it operations if they were forced to change their cash management system significantly upon the commencement of its bankruptcy case. Accordingly, on the Petition Date, the Debtor filed with the Bankruptcy Court a motion seeking entry of an order authorizing the Debtor to maintain their current cash management system and bank accounts [Docket No. 11] (the "**Cash Management Motion**"). On November 2, 2017, the Bankruptcy Court entered an order granting the Cash Management Motion [Docket No. 56].

10.5 Utilities. On November 3, 2017, the Debtor filed with the Bankruptcy Court a motion for an order (a) prohibiting utilities from altering or discontinuing services; (b) providing utility companies with adequate assurance of payment; and (c) establishing procedures for

resolving requests for additional assurance of payment [Docket No. 71] (the "**Utilities Motion**"). On November 20, 2017, the Bankruptcy Court entered an order granting the Utilities Motion [Docket No. 137, 184].

10.6 Plan Term Sheet Motion. On November 24, 2017, filed its motion for an order authorizing the Debtor to enter into and perform the RSA and Plan Term Sheet (the "**Plan Term Sheet Motion**"). On ______________ ___, 2017, the Bankruptcy Court entered an order granting the Plan Term Sheet Motion [Docket No. ___].

10.7 The DIP Facilities. On the Petition Date, the Debtor filed its motion for entry of interim and final orders (i) authorizing the Debtor to obtain postpetition financing, (ii) authorizing use of cash collateral, (iii) granting adequate protection to prepetition lender, and (iv) granting liens and superpriority claims (the "**DIP Motion**"). On November 2, 2017, the Bankruptcy Court entered an interim order [Docket No. 57] authorizing, on an interim basis, the DIP Motion. On __________ ___, 2017, the Bankruptcy Court entered a final order [Docket No. ___] authorizing, on a final basis, the DIP Motion. The DIP Credit Facilities comprise a $1.0 million asset-based revolving loan.

10.8 Schedules and Statements. The Debtor filed its Schedules of Assets and Liabilities and Statements of Financial Affairs on December 5, 2017.

10.9 Formation of Committee and Retention of Committee Counsel. On November 9, 2017, the United States Trustee appointed an official committee of unsecured creditors for the Debtor's bankruptcy case comprised of the following entities: (i) Southcrest Consulting, Inc.; (ii) Ware Seagraves Assoc., LLC; and (iii) Wilport, LLC (the "**Official Committee**").

On November 21, 2017, the Official Committee filed its Application for an Order Authorizing and Approving the Employment and Retention of Gray Reed & McGraw LLP as Counsel to the Official Committee of Unsecured Creditors of Vasari, LLC, Effective as of November 9, 2017 [Docket. No. 144], which is currently pending the entry of an order.

ARTICLE XI.
CERTAIN RISK FACTORS TO BE CONSIDERED

11.1 Certain Bankruptcy Considerations.

11.1.1 General. Although the Plan is designed to implement the restructuring transactions contemplated thereby and provide distributions to creditors in an expedient and efficient manner, it is impossible to predict with certainty the amount of time that the Debtor may spend in bankruptcy or to assure parties in interest that the Plan will be confirmed.

If the Debtor is unable to obtain confirmation of the Plan on a timely basis because of a challenge to confirmation of the Plan or a failure to satisfy the conditions to consummation of the Plan, it may be forced to operate in bankruptcy for an extended period while it tries to develop a different Chapter 11 plan that can be confirmed. Such a scenario could jeopardize the Debtor's relationships with their key vendors and suppliers, customers and employees, which, in turn, would have an adverse effect on the Debtor's operations. A material deterioration in the Debtor's operations likely would diminish recoveries under any subsequent Chapter 11 plan.

Further, in such event, the Debtor may not have sufficient liquidity to operate in bankruptcy for such an extended period.

11.1.2 Failure to Receive Requisite Acceptances. Claims in Classes 1, 3, 4, 5, and 6 are the only Claims that are entitled to vote to accept or reject the Plan. Although the Debtor believes it will receive the requisite acceptances, the Debtor cannot provide assurances that the requisite acceptances to confirm the Plan will be received for at least one of these Classes. If the requisite acceptances are not received for at least one of these Classes, the Debtor will not be able to seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code because at least one impaired Class will not have voted in favor of the Plan as required by section 1129(a)(10) of the Bankruptcy Code. In such a circumstance, the Debtor may seek to accomplish an alternative restructuring of their capitalization and obligations to creditors and obtain acceptances of an alternative plan of reorganization for the Debtor, or otherwise, may be required to liquidate thee Estate under Chapter 7 or 11 of the Bankruptcy Code. There can be no assurance that the terms of any such alternative restructuring arrangement or plan would be similar to, or as favorable to the Debtor's creditors as, those proposed in the Plan.

11.1.3 Failure to Secure Confirmation of the Plan. Even if the requisite acceptances are received, the Debtor cannot provide assurances that the Bankruptcy Court will confirm the Plan. A non-accepting creditor or equity interest holder of the Debtor might challenge the balloting procedures and results as not being in compliance with the Bankruptcy Code or the Bankruptcy Rules. Even if the Bankruptcy Court determined that the Disclosure Statement and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, a finding by the Bankruptcy Court that the confirmation of the Plan is not likely to be followed by a liquidation or a need for further financial reorganization and that the value of distributions to non-accepting holders of claims and interests within a particular class under the Plan will not be less than the value of distributions such holders would receive if the debtor were liquidated under Chapter 7 of the Bankruptcy Code. While the Debtor cannot provide assurances that the Bankruptcy Court will conclude that these requirements have been met, the Debtor believes that the Plan will not be followed by a need for further financial reorganization and that non-accepting holders within each Class under the Plan will receive distributions at least as great as would be received following a liquidation under Chapter 7 of the Bankruptcy Code when taking into consideration all administrative claims and the costs and uncertainty associated with any such Chapter 7 case.

If the Plan is not confirmed, the Plan will need to be revised and it is unclear whether a restructuring of the Debtor could be implemented and what distribution holders of Claims ultimately would receive with respect to their Claims. If an alternative reorganization could not be agreed to, it is possible that the Debtor would have to liquidate its assets, in which case it is likely that holders of Claims would receive substantially less favorable treatment than they would receive under the Plan. There can be no assurance that the terms of any such alternative restructuring arrangement or plan would be similar to or as favorable to the Debtor's creditors as those proposed in the Plan.

11.1.4 Failure to Consummate the Plan. Section 10.1 of the Plan contains various conditions to consummation of the Plan, including the Confirmation Order having become final and non-appealable, and all conditions precedent to effectiveness of certain agreements having been satisfied or waived in accordance with the terms thereof. As of the date of this Disclosure Statement, there can be no assurance that these or the other conditions to consummation will be satisfied or waived. Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated and the restructuring completed. If the Plan is not consummated and the restructuring completed, this Reorganization Case will be prolonged and the Debtor may lack sufficient liquidity to effect a successful restructuring under Chapter 11 of the Bankruptcy Code.

11.1.5 Objections to Treatment of Claims. Section 1129(b) of the Bankruptcy Code provides that a plan of reorganization must not discriminate unfairly with respect to each class of Claims or Interests. Holders of Claims or Interests may argue that the Plan discriminates unfairly with respect to their Claims or Interests. The Debtor believes that the treatment of each class of Claims or Interests complies with the requirements set forth in the Bankruptcy Code. There can be no assurance, however, that the Bankruptcy Court will reach the same conclusion.

11.1.6 Objections to Classification of Claims. Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtor believes that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code. There can be no assurance, however, that the Bankruptcy Court will reach the same conclusion.

11.1.7 The Debtor May Object to the Amount or Classification of Your Claim. The Debtor reserves the right to object to the amount or classification of any Claim. It is the Debtor's position that the estimates set forth in this Disclosure Statement cannot be relied on by any creditor whose Claim or Interest is subject to an objection. Any such Claim holder may not receive its specified share of the estimated distributions described in this Disclosure Statement.

11.1.8 The Debtor May Adjourn Certain Deadlines. In certain circumstances, the Debtor may deem it appropriate to adjourn either or both of the Voting Deadline and/or the Confirmation Hearing. While the Debtor estimates that the Effective Date will occur on or around __________ ___, 2018, it cannot provide assurances that applicable dates related to the foregoing will not be extended and the Effective Date will not be delayed.

11.2 Risks Relating to the Capital Structure of the Reorganized Debtor.

11.2.1 Variances from Financial Projections. The Financial Projections included as **Exhibit C** to this Disclosure Statement reflect numerous assumptions, which involve significant levels of judgment and estimation concerning the anticipated future performance of the Reorganized Debtor, as well as assumptions with respect to the prevailing market, economic and competitive conditions, which are beyond the control of the Reorganized Debtor, and which may not materialize, particularly given the current difficult economic environment. Any significant differences in actual future results versus estimates used to prepare the Financial Projections, such as lower sales, lower pricing, increases in costs, technological changes,

environmental or safety issues, workforce disruptions, competition or changes in any applicable regulatory environment, could result in significant differences from the Financial Projections. The Debtor believes that the assumptions underlying the Financial Projections are reasonable. However, unanticipated events and circumstances occurring subsequent to the preparation of the Financial Projections may affect the Debtor's and the Reorganized Debtor's ability to initiate the endeavors and meet the financial benchmarks contemplated by the Plan. Therefore, the actual results achieved throughout the period covered by the Financial Projections necessarily will vary from the projected results, and these variations may be material and adverse.

11.2.2 Leverage. Although the Reorganized Debtor will have less burdensome indebtedness than the Debtor, the Reorganized Debtor will still have a significant amount of secured indebtedness. On the Effective Date, after giving effect to the transactions contemplated by the Plan, in addition to payment of Claims, if any, that require payment beyond the Effective Date and ordinary course debt, the Reorganized Debtor will, on a consolidated basis, have approximately $11,600,000 in secured indebtedness.

The degree to which the Reorganized Debtor will be leveraged could have important consequences because:

- it could affect the Reorganized Debtor's ability to satisfy their obligations under their secured indebtedness following the Effective Date;
- a portion of the Reorganized Debtor's Cash flow from operations will be used for debt service and unavailable to support operations, or for working capital, capital expenditures, expansion, or general corporate or other purposes;
- the Reorganized Debtor's ability to obtain additional debt financing or equity financing in the future may be limited; and
- the Reorganized Debtor's operational flexibility in planning for, or reacting to, changes in their businesses may be severely limited.

11.2.3 Ability to Service Debt. Although the Reorganized Debtor will have less burdensome indebtedness than the Debtor, the Reorganized Debtor will still have significant interest expense and principal repayment obligations. The Reorganized Debtor's ability to make payments on and to refinance its debt will depend on its future financial and operating performance and their ability to generate cash in the future. This, to a certain extent, is subject to general economic, business, financial, competitive, legislative, regulatory and other factors that are beyond the control of the Reorganized Debtor.

Although the Debtor believes the Plan is feasible, there can be no assurance that the Reorganized Debtor will be able to generate sufficient cash flow from operations or that

sufficient future borrowings will be available to pay off the Reorganized Debtor's debt obligations. The Reorganized Debtor may need to refinance all or a portion of its debt on or before maturity; however, there can be no assurance that the Reorganized Debtor will be able to refinance any of their debt on commercially reasonable terms or at all.

11.2.4 Obligations Under Certain Financing Agreements. The Reorganized Debtor's obligations under certain financing agreements, including, but not limited to, the New Cadence Note, will be secured by liens on substantially all of the assets of the Reorganized Debtor (subject to certain exclusions set forth therein). If the Reorganized Debtor becomes insolvent or is liquidated, or if there is a default under the New Cadence Note, and payment on any obligation thereunder is accelerated, the lender under the New Cadence Note would be entitled to exercise the remedies available to a secured lender under applicable law, including foreclosure on the collateral that is pledged to secure the indebtedness thereunder, and it would have a claim on the assets securing the obligations under the applicable loan agreement(s) that would be superior to any claim of the holders of unsecured debt.

11.2.5 Risks Relating to Tax and Accounting Consequences of the Plan. The federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtor currently do not intend to seek any ruling from the Internal Revenue Service ("IRS") on the tax consequences of the Plan. Thus, there can be no assurance that the IRS will not challenge the various positions the Debtor has taken, or intends to take, with respect to the tax treatment in the Plan, or that a court would not sustain such a challenge.

11.3 Risks Associated with the Company's Businesses. **THE FOLLOWING PROVIDES A SUMMARY OF CERTAIN OF THE RISKS ASSOCIATED WITH THE COMPANY'S BUSINESSES. HOWEVER, THIS SECTION IS NOT INTENDED TO BE EXHAUSTIVE.**

11.3.1 The Debtor's Reorganization Case May Negatively Impact the Company's Future Operations. While the Debtor believes that it will be able to emerge from Chapter 11 relatively expeditiously, there can be no assurance as to timing for approval of the Plan or the Debtor's emergence from Chapter 11. Additionally, notwithstanding the support of the Consent Parties, this Reorganization Case may adversely affect the Debtor's ability to retain existing customers and suppliers, attract new customers and maintain contracts that are critical to its operations.

ARTICLE XII.
CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

12.1 Introduction. The following discussion summarizes certain federal income tax consequences to the Debtor or Reorganized Debtor expected to result from the consummation of the Plan. This discussion is only for general information purposes. It is not a complete analysis of all potential federal income tax consequences and does not address any tax consequences arising under any state, local or foreign tax laws or federal estate or gift tax laws. No opinion of counsel has been sought or obtained with respect to any tax consequences of the Plan. This discussion is based on the Internal Revenue Code of 1986, as amended ("IRC"), Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative

pronouncements of the IRS, all as in effect on the date of this Disclosure Statement. These authorities may change, possibly retroactively, resulting in federal income tax consequences different from those discussed below. No ruling has been or will be sought from the IRS, and no legal opinion of counsel will be rendered, with respect to the matters discussed below. There can be no assurance that the IRS will not take a contrary position regarding the federal income tax consequences resulting from the consummation of the Plan or that any contrary position would not be sustained by a court.

Additionally, a significant amount of time may elapse between the date of this Disclosure Statement and the receipt of a final distribution under the Plan. Events occurring after the date of this Disclosure Statement, could affect the U.S. federal income tax consequences of the Plan.

12.2 Federal Income Tax Consequences to the Debtor. It is anticipated that the, upon implementation of the Plan, the Debtor generally should realize cancellation of indebtedness income ("**COD Income**") to the extent the discharge of a debt obligation is in exchange for an amount of cash and other property having a fair market value less than the "adjusted issue price" of the debt that is discharged. The Debtor expects that the amount of COD Income realized upon consummation of the Plan could be significant; however, the ultimate amount of COD Income realized by the debtor is uncertain. Estimated recoveries for the Debtor's various Claims are set forth in Article II above. COD Income realized by a Debtor will be excluded from income if the discharge of debt occurs in a case brought under the Bankruptcy Code, the debtor is under the court's jurisdiction in such case and the discharge is granted by the court or is pursuant to a Chapter 11 plan approved by the court (the "**Bankruptcy Exception**"). Because the Bankruptcy Exception will apply to the transactions consummated pursuant to the Plan, the Debtor will not be required to recognize any COD Income realized as a result of the implementation of the Plan.

A debtor that does not recognize COD Income under the Bankruptcy Exception generally must reduce certain tax attributes by the amount of the excluded COD Income. Where the debtor joins in the filing of a consolidated U.S. federal income tax return, applicable Treasury Regulations require, in certain circumstances, that the tax attributes of the consolidated subsidiaries of the debtor and other members of the group also be reduced. Attributes subject to reduction include net operating losses ("**NOLs**"), NOL carryforwards and certain other losses, credits and carryforwards, and the debtor's tax basis in its assets. NOLs for the taxable year of the discharge and NOL carryovers to such year generally are the first attributes subject to reduction. However, a debtor may elect under IRC Section 108(b)(5) (the "**Section 108(b)(5) Election**") to reduce its basis in its depreciable property first. The reduction in tax attributes occurs at the beginning of the taxable year following the taxable year in which the discharge occurs. Any excess COD income over the amount of available tax attributes is not subject to U.S. federal income tax.

As of the filing of this Disclosure Statement, the Bar Date has not passed. Additionally, as of the filing of this Disclosure Statement, certain of the Debtor's outstanding indebtedness will be satisfied in exchange for property other than Cash under the Plan, the amount of COD income and accordingly the amount of tax attributes required to be reduced, will depend in part on the fair market value of the that property. These values cannot be known with certainty until after the Effective Date. Thus, although it is expected that the Debtor will be required to reduce

its tax attributes, the exact amount of such reduction will not be known until after the Effective Date.

12.3 Federal Income Tax Consequences to Holders of Certain Claims. **THE PLAN AND ITS RELATED TAX CONSEQUENCES ARE COMPLEX. THERE ALSO MAY BE STATE, LOCAL OR OTHER TAX CONSIDERATIONS APPLICABLE TO EACH CREDITOR. CREDITORS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF THE CONSUMMATION OF THE PLAN AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL OR FOREIGN TAX LAWS, OR ANY OTHER FEDERAL TAX LAWS. NOTHING IN THIS DISCLOSURE STATEMENT IS MEANT TO PROVIDE ANY TAX ADVICE TO ANY CREDITOR**

ARTICLE XIII.
PROCEDURES FOR DISTRIBUTIONS UNDER THE PLAN

13.1 Distributions. The Reorganized Debtor shall make all Plan Distributions to the appropriate holders of Allowed Claims in accordance with the terms of the Plan. The Reorganized Debtor is authorized to (i) effectuate all actions and execute all agreements, instruments, and other documents necessary to perform its distribution duties under the Plan; (ii) make all applicable Plan Distributions or payments contemplated hereby; (iii) employ professionals to represent them with respect to their responsibilities; and (iv) exercise such other powers as may be deemed by the Reorganized Debtor to be necessary and proper to implement the provisions hereof.

13.2 No Postpetition Interest on Claims. Other than with respect to the Cadence DIP Claim unless otherwise specifically provided for in the Plan, Confirmation Order or other order of the Bankruptcy Court, or required by applicable bankruptcy or non-bankruptcy law, postpetition interest shall not accrue or be paid on any prepetition Claim, and no holder of a prepetition Claim shall be entitled to interest accruing on such Claim on or after the Petition Date.

13.3 Date of Distributions. Unless otherwise provided herein, any Plan Distributions and deliveries to be made hereunder shall be made on the applicable distribution date provided herein; *provided*, *however*, that the Reorganized Debtor may utilize periodic distribution dates to the extent appropriate. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

13.4 Distribution Record Date. As of the close of business on the Distribution Record Date, the various lists of holders of Claims in each of the Classes, as maintained by the Debtor, or its agents, shall be deemed closed and there shall be no further changes in the record holders of any of the Claims after the Distribution Record Date. The Debtor shall not have any obligation to recognize any transfer of Claims occurring after the close of business on the Distribution Record Date. Additionally, with respect to payment of any Cure Claims in connection with the assumption and/or assignment of the Debtor's executory contracts and

unexpired leases, the Debtor shall not have any obligation to recognize or deal with any party other than the non-Debtor party to the applicable executory contract or unexpired lease, even if such non-Debtor party has sold, assigned or otherwise transferred its Cure Claim or any other Claim it may hold.

13.5 Delivery of Distribution. Subject to the provisions contained in this Article XI, the Reorganized Debtor will issue, or cause to be issued, and authenticate, as applicable, all Plan Consideration, and subject to Bankruptcy Rule 9010, make all Plan Distributions or payments to any holder of an Allowed Claim as and when required by the Plan at: (a) the address of such holder on the books and records of the Debtor or its agents; or (b) at the address in any written notice of address change delivered to the Debtor, including any addresses included on any filed proofs of Claim or transfers of Claim filed with the Bankruptcy Court. In the event that any Plan Distribution to any holder is returned as undeliverable, no distribution or payment to such holder shall be made unless and until the Reorganized Debtor has been notified of the then current address of such holder, at which time or as soon as reasonably practicable thereafter such Plan Distribution shall be made to such holder without interest, *provided*, *however*, such Plan Distributions or payments shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of the later of one year from: (i) the Effective Date; and (ii) the first distribution date after such holder's Claim is first Allowed.

13.6 Unclaimed Property. One year from the later of: (i) the Effective Date, and (ii) the date that a Claim is first Allowed, all unclaimed property or interests in property distributable hereunder on account of such Claim shall revert to the Reorganized Debtor or the successors or assigns of the Reorganized Debtor, and any claim or right of the holder of such Claim to such property or interest in property shall be discharged and forever barred. The Reorganized Debtor shall have no obligation to attempt to locate any holder of an Allowed Claim other than by reviewing the Debtor's books and records, and the proofs of Claim filed against the Debtor, as reflected on the claims register maintained by the Bankruptcy Court.

13.7 Satisfaction of Claims. Unless otherwise provided herein, any Plan Distributions and deliveries to be made on account of Allowed Claims hereunder shall be in complete settlement, satisfaction and discharge of such Allowed Claims.

13.8 Manner of Payment Under Plan. Except as specifically provided herein, at the option of the Reorganized Debtor, any Cash payment to be made hereunder may be made by a check or wire transfer or as otherwise required or provided in applicable agreements or customary practices of the Debtor or the Reorganized Debtor.

13.9 De Minimis Cash Distributions. The Reorganized Debtor, shall have no obligation to make a Plan Distribution that is less than $50.00 in Cash. Such Plan Distribution shall be included in any later Distribution that, with such inclusion, exceeds $50.

13.10 No Distribution in Excess of Amount of Allowed Claim. Notwithstanding anything to the contrary herein, no holder of an Allowed Claim shall, on account of such Allowed Claim, receive a Plan Distribution of a value in excess of the Allowed amount of such Claim plus any postpetition interest on such Claim, to the extent such interest is permitted by Section ____ of the Plan.

13.11 Setoffs and Recoupments. Except as expressly provided in the Plan, the Reorganized Debtor may, pursuant to section 553 of the Bankruptcy Code set off and/or recoup against any Plan Distributions to be made on account of any Allowed Claim, any and all claims, rights and Causes of Action that the Reorganized Debtor may hold against the holder of such Allowed Claim; *provided*, *however*, that neither the failure to effectuate a setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtor or its successor of any and all claims, rights and Causes of Action that the Reorganized Debtor or its successor may possess against the applicable holder.

13.12 Withholding and Reporting Requirements. In connection with the Plan and all Plan Distributions hereunder, the Reorganized Debtor shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all Plan Distributions hereunder shall be subject to any such withholding and reporting requirements. The Reorganized Debtor shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements, including, without limitation, liquidating a portion of any Plan Distribution to generate sufficient funds to pay applicable withholding taxes or establishing any other mechanisms the Debtor or Reorganized Debtor believes are reasonable and appropriate, including requiring a holder of a Claim to submit appropriate tax and withholding certifications. Notwithstanding any other provision of the Plan: (a) each holder of an Allowed Claim that is to receive a Plan Distribution under the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations on account of such distribution; and (b) no Plan Distributions shall be required to be made to or on behalf of such holder pursuant to the Plan unless and until such holder has made arrangements satisfactory to the Reorganized Debtor for the payment and satisfaction of such tax obligations or has, to the Reorganized Debtor's satisfaction, established an exemption therefrom

ARTICLE XIV.
PROCEDURES FOR RESOLVING CLAIMS

14.1 Objections to Claims. Other than with respect to Fee Claims, only the Reorganized Debtor shall be entitled to object to Claims after the Effective Date; *provided*, *however*, Cadence shall also be entitled to object to any Claims made by any Insider other than the Sponsor Affiliate Claims. Any objections to those Claims (other than Administrative Expense Claims), shall be served and filed on or before the later of: (a) the date that is 180 days after the Effective Date and (b) such other date as may be fixed by the Bankruptcy Court, whether fixed before or after the date specified in clause (a) hereof (the "**Claims Objection Deadline**"). Any Claims filed after the Bar Date or Administrative Bar Date, as applicable, shall be deemed Disallowed and expunged in their entirety without further order of the Bankruptcy Court or any action being required on the part of the Debtor or the Reorganized Debtor, unless the Person wishing to file such untimely Claim has received the Bankruptcy Court's authorization to do so. Notwithstanding any authority to the contrary, an objection to a Claim shall be deemed properly served on the claimant if the objecting party effects service in any of the following manners: (x) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004; (y) by first class mail, postage prepaid, on the signatory on the proof of claim as well as all other representatives identified in the proof of claim

or any attachment thereto; or (z) if counsel has agreed to or is otherwise deemed to accept service, by first class mail, postage prepaid, on any counsel that has appeared on the claimant's behalf in this Reorganization Case (so long as such appearance has not been subsequently withdrawn). From and after the Effective Date, the Reorganized Debtor may settle or compromise any Disputed Claim without approval of the Bankruptcy Court; *provided*, *however*, that the consent of the Consent Parties shall be necessary to settle or compromise any objection to any Claims made by any insider, other than the Sponsor Affiliate Claims.

14.2 Amendment to Claims. From and after the Effective Date, no proof of Claim may be amended to increase or assert additional claims not reflected in a previously timely filed Claim (or Claim scheduled on the Debtor's Schedules, unless superseded by a filed Claim), and any such Claim shall be deemed Disallowed and expunged in its entirety without further order of the Bankruptcy Court or any action being required on the part of the Debtor or the Reorganized Debtor unless the claimant has obtained the Bankruptcy Court's prior approval to file such amended or increased Claim.

14.3 Disputed Claims. Disputed Claims shall not be entitled to any Plan Distributions unless and until they become Allowed Claims.

14.4 Estimation of Claims. The Debtor and/or the Reorganized Debtor may request that the Bankruptcy Court enter an Estimation Order with respect to any Claim, pursuant to section 502(c) of the Bankruptcy Code, for purposes of determining the Allowed amount of such Claim regardless of whether any Person has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time (including during the pendency of any appeal with respect to the allowance or disallowance of such Claims). In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim for allowance purposes, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the objecting party may elect to pursue any supplemental proceedings to object to any ultimate allowance of such Claim. All of the objection, estimation, settlement, and resolution procedures set forth in the Plan are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, resolved or withdrawn by any mechanism approved by the Bankruptcy Court.

14.5 Expenses Incurred On or After the Effective Date. Except as otherwise ordered by the Bankruptcy Court, and subject to the written agreement of the Reorganized Debtor, the amount of any reasonable fees and expenses incurred by any Professional Person on or after the Effective Date in connection with implementation of the Plan, including without limitation, reconciliation of, objection to, and settlement of Claims, shall be paid in Cash by the Reorganized Debtor.

CONCLUSION

The Debtor believes that confirmation and implementation of the Plan is preferable to any of the alternatives described herein because it will provide the greatest recovery to holders of Claims. Other alternatives would involve significant delay, uncertainty and substantial

administrative costs and are likely to reduce any return to creditors who hold Claims. The Debtor urges the holders of Impaired Claims in Classes 1, 3, 4, 5 and 6 who are entitled to vote on the Plan to vote to accept the Plan and to evidence such acceptance by returning their Ballots to Debtor's counsel so that they will be received not later than 4:00 p.m. (prevailing Central Time) on ___________ ___, 2018.

Dated: December ____, 2017
Fort Worth, Texas

By: *\/s\/ Bill Spae*
Name: Bill Spae
Its: Chief Executive Officer

Filed by:

Vickie Driver
Husch Blackwell LLP
2001 Ross Avenue
Suite 2000
Dallas, TX 75201
Telephone: (214) 999-6100
Facsimile: (214) 999-6170
Email: Vickie.Driver@huschblackwell.com

- and -

Alex Terras
Husch Blackwell LLP
120 South Riverside Plaza
Suite 2200
Chicago, Illinois
Telephone: (312) 526-1537
Facsimile: (312) 655-1501
Email: Alex.Terras@huschblackwell.com

Counsel to the Debtor and Debtor in Possession

Table of Exhibits

Exhibit A – Debtor's Plan of Reorganization

Exhibit B – Chart Showing Prepetition Organizational Structure

Exhibit C – Detailed Financial Projections

Exhibit D – Liquidation Analysis