UNITED STATES BANKRUPTCY COURT FOR THE MIDDLE DISTRICT OF TENNESSEE NASHVILLE DIVISION

In re:	Chapter 11
ORECK CORPORATION, *et al.*,[1]	Case No. 13-04006
Debtors.	Judge Lundin
	(Jointly Administered)

DISCLOSURE STATEMENT FOR JOINT PLAN OF LIQUIDATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE PROPOSED BY THE DEBTORS AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

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Dated: August 13, 2014

[1] The Debtors are as follows: O Corp Corporation f/k/a Oreck Corporation, ASP O Inc. f/k/a ASP Oreck, Inc., O Direct, LLC f/k/a Oreck Direct, LLC, O Merchandising, LLC f/k/a Oreck Merchandising, LLC, O Homecare, LLC f/k/a Oreck HomeCare, LLC, O Call Center, LLC f/k/a Vecteur, LLC, Oreck Holdings, LLC f/k/a Oreck Holdings, LLC, O Manufacturing Company f/k/a Oreck Manufacturing Company, and O Sales, LLC f/k/a Oreck Sales, LLC.

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ARTICLE I.
INTRODUCTION

Oreck Corporation and its affiliated debtor entities, as debtors and debtors-in-possession (collectively, the "**Debtors**" as set forth below), and the Official Committee of Unsecured Creditors (the "**Committee**"), submit this Disclosure Statement ("**Disclosure Statement**") for the Joint Plan of Liquidation for the resolution of outstanding Claims against and Interests in the Debtors (as it may be further amended and modified, the "**Plan**"), pursuant to the provisions of chapter 11 of the title 11 of the United States Code (the "**Bankruptcy Code**").

Unless otherwise noted, all capitalized terms used herein have the meanings ascribed to such terms in the Plan.

In accordance with section 1126(f) of the Bankruptcy Code, only Classes of Claims and Interests that are impaired under a plan may vote to accept or reject a plan. Unimpaired Classes are conclusively presumed to have accepted the Plan. A Class is Impaired if the legal, equitable or contractual rights attaching to Claims or Interests in that Class are modified other than by curing defaults and reinstating maturity of obligations or payment in full in Cash. Ballots for acceptance or rejection of the Plan are being provided only to the Holders of Claims in Class 2 and Class 3.

Under the Plan, Allowed Administrative Expense Claims, Priority Tax Claims, and Non-Tax Priority Claims are unimpaired by the Plan. Holders of Priority Tax Claims are unimpaired by the Plan except to the extent authorized by the Bankruptcy Code. The acceptance of the Plan by holders of the foregoing categories of Claims is not required and the Debtors and Committee are not soliciting votes from such Holders.

The Holders of General Unsecured Claims are impaired under the Plan and are entitled to vote. Under the Plan, each Holder of an Allowed General Unsecured Claim will receive in full and final satisfaction, settlement, release and discharge and in exchange for such Allowed General Unsecured Claim, its Pro Rata share of the Liquidating Trust Assets. The Debtors and Committee ask that the Holders of General Unsecured Claims vote to accept the Plan.

The Holders of Convenience Claims are impaired under the Plan and are entitled to vote. Under the Plan, each Holder of an Allowed Convenience Claim will receive in full and final satisfaction, settlement, release and discharge and in exchange for such Allowed Convenience Claim, Cash in the amount of fifty percent (50%) of its Allowed Convenience Claim, up to a maximum amount of $1,000. The Debtors and Committee ask that the Holders of Convenience Claims vote to accept the Plan.

The Plan cancels all Interests in the Debtors. Holders of Interests will receive no Distributions under the Plan and are deemed to have rejected the Plan.

The following table summarizes the treatment accorded creditors and shareholders of each Debtor under the Plan:

Oreck Corporation					
Class	**Description**	**Treatment**	**Entitled to Vote**	**Est. Amount of Allowed Claims**	**Est. Pct. Recovery**
	Administrative Expense Claims and Priority Tax Claims	Unimpaired	No	Not more than $72,892	100%
1	Non-Priority Tax Claims	Unimpaired	No	Not more than $15,055	100%
3	General Unsecured Claims	Impaired	Yes	Not more than $9,968,042	Between 10% and 18%
4	Interests	Impaired	No	N/A	No Distribution

ASP Oreck, Inc.					
Class	**Description**	**Treatment**	**Entitled to Vote**	**Est. Amount of Allowed Claims**	**Est. Pct. Recovery**
	Administrative Expense Claims and Priority Tax Claims	Impaired	No	Not more than $277	No Distribution
1	Non-Priority Tax Claims	Unimpaired	No	$0	No Distribution
3	General Unsecured Claims	Impaired	Yes	$15	No Distribution
4	Interests	Impaired	No	N/A	No Distribution

Oreck Direct, LLC					
Class	**Description**	**Treatment**	**Entitled to Vote**	**Est. Amount of Allowed Claims**	**Est. Pct. Recovery**
	Administrative Expense Claims and Priority Tax Claims	Impaired	No	Not more than $171,732	.6%
1	Non-Priority Tax	Impaired	No	Not more than	No Distribution

	Claims			$25,220	
3	General Unsecured Claims	Impaired	Yes	Not more than $2,527,769	No Distribution
4	Interests	Impaired	No	N/A	No Distribution

Oreck Merchandising, LLC					
Class	**Description**	**Treatment**	**Entitled to Vote**	**Est. Amount of Allowed Claims**	**Est. Pct. Recovery**
	Administrative Expense Claims and Priority Tax Claims	Impaired	No	Not more than $955	No Distribution
1	Non-Priority Tax Claims	Unimpaired	No	$0	No Distribution
3	General Unsecured Claims	Impaired	Yes	Not more than $233,553	No Distribution
4	Interests	Impaired	No	N/A	No Distribution

Oreck Home Care, LLC					
Class	**Description**	**Treatment**	**Entitled to Vote**	**Est. Amount of Allowed Claims**	**Est. Pct. Recovery**
	Administrative Expense Claims and Priority Tax Claims	Unimpaired	No	Not more than $326,051	100%
1	Non-Priority Tax Claims	Impaired	No	Not more than $144,725	Between 20% and 35.5%
3	General Unsecured Claims	Impaired	Yes	Not more than $3,044,227	No Distribution
4	Interests	Impaired	No	N/A	No Distribution

Vecteur, LLC					
Class	**Description**	**Treatment**	**Entitled to Vote**	**Est. Amount of Allowed Claims**	**Est. Pct. Recovery**
	Administrative Expense Claims and Priority Tax Claims	Unimpaired	No	$0	No Distribution
1	Non-Priority Tax Claims	Unimpaired	No	Not more than $806	100%
3	General Unsecured Claims	Impaired	Yes	Not more than $584,129	Between 0% and 1.1%
4	Interests	Impaired	No	N/A	No Distribution

Oreck Holdings, LLC					
Class	**Description**	**Treatment**	**Entitled to Vote**	**Est. Amount of Allowed Claims**	**Est. Pct. Recovery**
	Administrative Expense Claims and Priority Tax Claims	Unimpaired	No	$0	No Distribution
1	Non-Priority Tax Claims	Unimpaired	No	$0	No Distribution
3	General Unsecured Claims	Unimpaired	Yes	Not more than $562,839	100%
4	Interests	Impaired	No	N/A	No Distribution

Oreck Manufacturing Company					
Class	**Description**	**Treatment**	**Entitled to Vote**	**Est. Amount of Allowed Claims**	**Est. Pct. Recovery**
	Administrative Expense Claims and Priority Tax Claims	Unimpaired	No	Not more than $509,216	100%
1	Non-Priority Tax Claims	Unimpaired	No	Not more than $64,105	100%
3	General Unsecured Claims	Impaired	Yes	Not more than $9,927,988	Between 7% and 11.2%
4	Interests	Impaired	No	N/A	No Distribution

Oreck Sales, LLC					
Class	**Description**	**Treatment**	**Entitled to Vote**	**Est. Amount of Allowed Claims**	**Est. Pct. Recovery**
	Administrative Expense Claims and Priority Tax Claims	Unimpaired	No	Not more than $1,467	100%
1	Non-Priority Tax Claims	Unimpaired	No	NONE	NONE
3	General Unsecured Claims	Impaired	Yes	Not more than $157,484	.7%
4	Interests	Impaired	No	N/A	No Distribution

Each Holder of a Claim or Interest should read this Disclosure Statement and the Plan. If you are entitled to vote on the Plan, you should complete and sign the enclosed ballot and return such ballot in the envelope provided. In order to be counted, your ballot must be **actually received** by **Lowenstein Sandler LLP, 65 Livingston Avenue, Roseland, New Jersey 07068, Attention: Sharon L. Levine, Esq. or S. Jason Teele, Esq.**, on or before **4:00 p.m. (prevailing Eastern time) on October 14, 2011** (the "Voting Deadline"). Other forms of personal delivery of ballots including overnight delivery service, courier service, and delivery by hand are acceptable. **Facsimile transmissions are not acceptable. Electronic mail transmissions are not acceptable.** There is no need to file your ballot with the Clerk of the Bankruptcy Court. If your ballot is damaged or lost, or if you are entitled to vote on the Plan but do not receive a

ballot, you may request a ballot by contacting **Lowenstein Sandler LLP, 65 Livingston Avenue, Roseland, New Jersey 07068, Attention: Nicole Stefanelli, Esq.** or by telephone at **973.597.2500**.

Only actual votes will be counted. A failure to return a ballot will not be counted either as a vote for or against the Plan. Improperly completed or late ballots will not be counted. Any ballot that indicates both an acceptance and rejection of the Plan will be deemed a vote to accept the Plan. If a Creditor casts more than one ballot voting the same Claim before the Voting Deadline, the latest dated ballot received before the Voting Deadline will be deemed to reflect the voter's intent and thus to supersede any prior ballots. Creditors must vote all of their Claims within a particular Class under the Plan either to accept or reject the Plan and may not split their votes within a particular Class; thus, a ballot (or a group of ballots) within a particular Class received from a single Creditor that partially rejects and partially accepts the Plan will be deemed to have voted to accept the Plan.

A. *Disclosure Statement Enclosures.*

Accompanying this Disclosure Statement are copies of: (i) the Plan (Exhibit A); (ii) a liquidation analysis (Exhibit B); and (iii) the Court's order approving this Disclosure Statement (Exhibit C). In addition, those parties eligible to vote will receive a ballot for voting on the Plan.

B. *Confirmation of the Plan.*

Your vote on the Plan is important. In order for the Plan to be accepted, of those parties entitled to vote, the affirmative vote of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the relevant Class is required.

If certain Classes vote against the Plan or are deemed by operation of law to have rejected the Plan by, the Bankruptcy Court may still confirm the Plan if the Court finds that the Plan does not unfairly discriminate against the impaired Class or Classes voting against the Plan and accords fair and equitable treatment to those impaired Class or Classes. The Debtors and Committee intend to request such a "cramdown" confirmation if any Class does not vote in favor of the Plan.

The Bankruptcy Court has scheduled a hearing on confirmation of the Plan for **_____ (prevailing Central time) on _____, 2014** at the United States Bankruptcy Court for the Middle District of Tennessee (Nashville Division), 701 Broadway, Nashville, TN 37203, before the Honorable Keith M. Lundin, United States Bankruptcy Judge. Any party in interest may object to confirmation of the Plan. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan, be served upon: (i) counsel to the Debtors, Bradley Arant Boult Cummings LLP, 1600 Roundabout Plaza, Nashville, TN 37203 (Attn: William L. Norton, III., Esq. and Alexandra E. Dugan, Esq.); (ii) counsel to the Committee, Lowenstein Sandler LLP, 65 Livingston Avenue, Roseland, NJ 7068 (Attn: Sharon Levine, Esq., S. Jason Teele, Esq., and Nicole Stefanelli, Esq.); and (iii) the United States Trustee, 701 Broadway, Room 318, Nashville, TN 37203 (Attn: Lloyd Mueller, Esq.), on or before **4:00 p.m. (prevailing Eastern Time) on _____, 2014.**

The Confirmation Hearing may be adjourned from time to time without further notice other than by announcement in open court.

DISCLAIMER

The Bankruptcy Court's approval of this Disclosure Statement does not constitute either a guaranty of the accuracy of the information contained herein or an endorsement of the Plan by the Bankruptcy Court. This Disclosure Statement is the only document authorized by the Bankruptcy Court to be used in connection with the solicitation of votes accepting the Plan. No representations other than those explicitly set forth in this Disclosure Statement are authorized concerning the Debtors, including the value of their assets or the Claims of their Creditors. The information contained in this Disclosure Statement is for purposes of soliciting acceptances of the Plan and may not be relied upon for any other purposes.

This Disclosure Statement contains summaries of certain provisions of the Plan, certain statutory provisions, certain documents related to the Plan, certain events in the case and certain financial information. Although the Debtors and Committee believe that the Disclosure Statement and related document summaries are fair and accurate, they are qualified to the extent that they do not set forth the entire text of the Plan, such underlying documents or any statutory provisions. The terms of the Plan govern in the event of any inconsistency with this Disclosure Statement. All exhibits to the Disclosure Statement are incorporated into and are a part of this Disclosure Statement as if set forth in full herein. The statements contained in this Disclosure Statement are made as of the date hereof, unless otherwise specified, and the Committee disclaims any obligation to update any such statements after the hearing on the approval of the Disclosure Statement.

Except as otherwise specifically noted, the financial information contained herein has not been audited by a certified public accountant and has not necessarily been prepared in accordance with generally accepted accounting principles.

All parties in interest are encouraged to read the entire Disclosure Statement carefully, including the Plan and other exhibits, before deciding to vote either to accept or reject the Plan. Holders of Claims should, however, not construe the contents of this Disclosure Statement as providing any legal, business, financial, or tax advice and should consult with their own advisors.

ARTICLE II.
BACKGROUND

A. *In General*

On May 6, 2013 (the "**Petition Date**"), the Debtors filed their voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. Since the Petition Date, the Debtors have operated their businesses and managed their properties as Debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

On May 16, 2013, the United States Trustee appointed the Committee. The members of

the Committee are: Johnson Electric; TruEffect, Inc.; Karlen Williams Graybill Advertising, Inc.; Zhao Hui Filters (US), Inc.; Entec Polymers; and DDR Corp.

B. *Events Leading to the Chapter 11 Cases*

Prior to the Petition Date, the Debtors were in the business of manufacturing, marketing and selling vacuum cleaners and related products. The Debtors' corporate offices are located in Nashville, Tennessee and the Debtors' manufacturing and call centers are located in Cookeville, Tennessee. As of the Petition Date, the Debtors had approximately 70 employees in its corporate staff in Nashville and approximately 250 employees at its plant in Cookeville. Additionally, the Debtors had approximately 325 employees operating their 96 company owned and managed retail stores. The Debtors also sold inventory to large retailers and approximately 250 independently owned and operated Oreck branded specialty retail stores.

Since 2010, the Debtors' sales have declined due to increased competition in vacuum cleaner products, the decline of the specialty retail market for vacuum cleaners, and greater delay and costs than anticipated in converting the Debtors' marketing and product strategy from direct to consumer advertising and sales to large retail store distribution. The Debtors ran out of funding to support their operations during this transition. As a result, the Debtors commenced the Chapter 11 Cases to preserve the value of their estates and pursue a sale of their assets.

C. *The Debtors' Prepetition Capital Structure*

Prior to the Petition Date, substantially all of the Debtors' assets were subject to liens securing the Debtors' obligations under a revolving line of credit, dated August 29, 2012, in the maximum amount of $20 million, issued by GSC Recovery III, L.P. (as successor in interest to Wells Fargo Bank, National Association) (the "**Prepetition First Lien Lender**").

The Debtors' assets were also allegedly subject to subordinate liens securing the Debtors' obligations under a revolving line of credit in the original amount of $5,467,897, issued by Gleacher Products Corp., as administrative agent, and certain lenders party thereto (collectively, the "**Prepetition Second Lien Lenders**"). The rights of the Prepetition Second Lien Lenders, were subject to the terms of an Intercreditor Agreement, dated March 19, 2010, in which the Prepetition Second Lien Lenders waived, in writing, all rights they had as a junior lien creditors, including use of cash collateral under 11 U.S.C. § 363, DIP Financing under 11 U.S.C. § 364, and any "carve out" consented to by the Prepetition First Lien Lender.

The Debtors also owed approximately $15 million on an unsecured basis to trade creditors and other general unsecured creditors.

D. *Significant Events During The Chapter 11 Cases*

1. Post-Petition Financing

On the Petition date, the Debtors filed a Motion for Interim and Final Orders (I) Authorizing (A) The Debtors To Obtain Postpetition Financing On A Senior Secured Superpriority Basis Pursuant To 11 U.S.C. §§ 105, 361, 362, 363, and 364; (B) To Utilized Cash Collateral Pursuant To 11 U.S.C. § 363; (II) Granting Adequate Protection To Prepetition

Secured Lenders Pursuant To 11 U.S.C. § 361, 363, and 364; (III) Scheduling Final Hearing Pursuant To Bankruptcy Rules 4001(b) and (c) and (IV) Granting Related Relief [Docket No. 10] (the "**First DIP Motion**").

On May 10, 2013, the Bankruptcy Court entered an order [Docket No. 56] denying the First DIP Motion.

On May 17, 2013, the Debtors filed a *Second Motion for Interim and Final Orders (I) Authorizing (A) The Debtors To Obtain Postpetition Financing On A Senior Secured Superpriority Basis Pursuant To 11 U.S.C. §§ 105, 361, 362, 363, and 364; (B) To Utilized Cash Collateral Pursuant To 11 U.S.C. § 363; (II) Granting Adequate Protection To Prepetition Secured Lenders Pursuant To 11 U.S.C. § 361, 363, and 364; (III) Scheduling Final Hearing Pursuant To Bankruptcy Rules 4001(b) and (c) and (IV) Granting Related Relief* [Docket No. 120] (the "**Second DIP Motion**").

Pursuant to the Second DIP Motion, Black Diamond Commercial Finance, L.L.C., as agent and lender, and GSC Recovery III, L.P. as lender, agreed to provide the Debtors with post-petition financing in the maximum amount of $9,500,000 on the terms and conditions set forth in the DIP Credit Agreement (as defined in, and filed as an exhibit to, the Second DIP Motion).

2. Sale of Assets

Procedures; and (B) Schedule a Sale Approval Hearing [Docket No. 93] (the "**Sale Motion**"). On June 20, 2013, the Court entered an order authorizing the sale procedures proposed by the Debtors [Docket No. 361] (the "**Sale Procedures Order**"). Pursuant to the Sale Procedures Order, the Debtors conducted a sale process and auction, the result of which was the selection of the bid of OAC Acquisition Company, LLC (together with any of its assignees or designees, the "**Purchaser**") for $17,250,000, as the winning bidder for the Debtors' assets.

On July 22, 2013, the Court entered an order approving the sale of the Debtors' assets to the Purchaser [Docket No. 617] (the "**Sale Order**"). The sale closed on or about July 24, 2013.

3. Significant Post-Petition Litigation

(a) Adversary Proceeding No. 13-90482

On or about December 24, 2014, the Purchaser commenced an adversary proceeding (Adversary Proceeding No. 13-90482) against the Debtors seeking declaratory judgment that certain merchandise sold by the Debtors to QVC, Inc. prior to the closing of the sale of substantially all the assets of the Debtors' estates to the Purchaser, which merchandise was returned by QVC, Inc. after the closing with Purchaser, should be determined to be property of the estate.

On February 25, 2014, the Bankruptcy Court entered an order granting the Purchaser summary judgment with respect to the claims asserted in the complaint. In the same order, the Bankruptcy Court denied the Debtors' motion for summary judgment. The Debtors timely appealed the Bankruptcy Court's order and the appeal is pending.

In addition to these claims, the Debtors' claims against QVC regarding the return of the merchandise have yet to be resolved.

(b) Adversary Proceeding No. 14-90264

On July 7, 2014, the Debtors commenced an adversary proceeding (Adversary Proceeding No. 14-90264) against Coastal Sales Associates *dba* Coordinated Strategic Alliances seeking the return of $140,276.80. This matter is pending before the Bankruptcy Court.

(c) Settlement of Class Action Claims against Debtors

By Agreed Order entered April 7, 2014, the Bankruptcy Court approved a settlement of certain class action claims pending prepetition in federal court in the Central District of California whereby the lead plaintiffs sought to represent approximately 200,000 consumers who allegedly purchased vacuum cleaners and/or air purifies from the Debtors on the basis of allegedly false and misleading advertising.

4. Retention of Professionals

During the Chapter 11 Cases, the Debtors retained the following professionals with the approval of the Bankruptcy Court: (i) Bradley Arant Boult Cummings LLP to serve as lead restructuring counsel; (ii) Carl Marks Advisory Group LLC to provide the services of Michael Robbins to act as Interim President and Chief Restructuring Officers of the Debtors and Jeffery K. Kies to act as Interim Chief Financial Officer of the Debtors; (iii) BMC Group to act as claims and noticing agent for the Debtors; (iv) Camille Fowler as accountant for the Debtors; (v) DVL Public Relations and Advertising to provide public relations services; and (vi) Sawaya Segalas & Co. as investment bankers.

In addition, the Committee retained the following professionals with the approval of the Bankruptcy Court: (i) Lowenstein Sandler LLP as lead bankruptcy counsel; (ii) Puryear Law Group as Tennessee counsel; and (iii) Gavin/Solmonese LLC as financial advisor.

E. *Summary of Assets Available for Distribution to Creditors*

Upon the closing of the sale of assets with the Purchaser, the Debtors fully repaid their obligations to the pre-petition and post-petition secured lenders. Thereafter, following the payment of sale-related expenses and accrued ordinary course administrative expenses shown below, as of July 31, 2014, there remains $4,483,599.27 in the Debtors' cash accounts.

As of June 30, 2014:	
Proceeds from Asset Sale	$4,383,229.63
Investment Banker Fees	($517,689.29)
Net Stalking Horse Reimbursement	($1,118,889.28)
Transfer of Remaining Debtors Cash Post Sale	$2,364,998.69
Operating Receipts Post Sale	$2,786,052.31
Payment of Operating Expenses Post Sale	($138,786.48)
Professional Fees Paid, Post Sale	($2,514,564.22)

Distributions - Administrative and Priority Claims	($765,955.79)

Unresolved claims in addition to the litigation currently pending as discussed above, include a resolution of the amount of any Make Whole Adjustment that Purchaser owes to the Debtors under the Asset Purchase Agreement approved by the Sale Order.

ARTICLE II.
DESCRIPTION OF THE PLAN

This section summarizes the most salient provisions of the Plan. The Plan is annexed to this Disclosure Statement as **Exhibit A**. Parties are encouraged to review the Plan in its entirety for a full understanding of its provisions and impact on Creditors and Interest Holders.

Under the Plan, all Claims and all Interests except Administrative Expense Claims and Priority Tax Claims are placed into the Classes set forth below. Pursuant to section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims, as described below, are not classified in the Plan. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of such Claim or Interest falls within the description of such other Classes. A Claim or Interest is also placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Interest in that Class and such Claim has not been paid, discharged, released or otherwise settled prior to the Effective Date.

Except for Priority Tax Claims, which are impaired only to the extent permitted by the Bankruptcy Code, unclassified Claims are not impaired by the Plan. Each Holder of an Unclassified Claim is conclusively presumed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject the Plan. The following Claims are unclassified: Administrative Expense Claims and Priority Tax Claims.

The categories listed below classify Claims and Interests for all purposes, including without limitation, voting, Confirmation and Distributions under the Plan and under sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest shall be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class. A Claim or Interest is in a particular Class only to the extent that such Claim or Interest is allowed in that Class and has not been paid or otherwise settled before the Effective Date.

ARTICLE III.
TREATMENT OF UNCLASSIFIED CLAIMS
ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS

In accordance with section 1123(a)(l) of the Bankruptcy Code, Administrative Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of

Claims and Interests set forth in Article III.

A. *Administrative Claims*

1. Administrative Claims

Except with respect to Administrative Claims that are Fee Claims and except to the extent that a Holder of an Allowed Administrative Claim and the Debtors agree to less favorable treatment with respect to such Holder, each Holder of an Allowed Administrative Claim shall be paid in full in Cash on or as soon as reasonably practicable after the Effective Date. The Liquidating Trustee shall pay Entities in the ordinary course of business for any work performed on and after the Effective Date in furtherance of the Plan or as authorized hereunder; *provided, however,* that all U.S. Trustee fees due and owing under 28 U.S.C. 1930(a)(6) shall continue to accrue until these Chapter 11 Cases are closed, dismissed or converted. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be Filed with respect to an Administrative Claim previously Allowed by Final Order.

2. Professional Compensation

(a) Fee Claims

Professionals asserting a Fee Claim for services rendered before the Effective Date must File and serve on the Debtors and such other Entities who are designated by the Bankruptcy Rules, the Confirmation Order, the Interim Compensation Order or any other applicable order of the Bankruptcy Court, an application for final allowance of such Fee Claim no later than 30 days after the Effective Date; *provided, however,* that any Professional who may receive compensation or reimbursement of expenses pursuant may continue to receive such compensation or reimbursement of expenses for services rendered before the Effective Date, without further Bankruptcy Court order. Objections to any Fee Claim must be Filed and served on the Liquidating Trustee and the requesting party no later than 50 days after the Effective Date.

(b) Post-Effective Date Fees and Expenses

Except as otherwise specifically provided in the Plan, from and after the Effective Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and, subject to the terms of the Liquidating Trust Agreement, the Liquidating Trustee may employ and pay any Professional for services rendered or expenses incurred after the Effective Date in the ordinary course of business without any further notice to any party or action, order or approval of the Bankruptcy Court.

3. Administrative Claim Bar Date

Except as otherwise provided in this Article II.A, requests for payment of Administrative Claims must be Filed on or before the Administrative Claims Bar Date. Holders of Administrative Claims that are required to, but do not, File and serve a request for payment of such Administrative Claims by such date shall be forever barred, estopped and enjoined from asserting such Administrative Claims against the Debtors' property to be distributed under the

Plan. Objections to such requests, if any, must be Filed and served on the Liquidating Trustee and the requesting party no later than 30 days after the Effective Date, unless such objection deadline is extended by order of the Bankruptcy Court.

B. *Secured Claims*

To the extent not already satisfied, as of the Effective Date, any Secured Claims shall be Allowed and deemed to be Allowed Claims in the full and shall (1) be paid indefeasibly in Cash in full or (2) receive such other treatment as agreed by the Debtors and Committee and the applicable Holder of a Secured Claim.

C. *Priority Tax Claims*

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in settlement and satisfaction of each Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim due and payable on or before the Effective Date shall receive, on the Distribution Date, at the option of the Proponents, one of the following treatments: (1) Cash in an amount equal to the amount of such Allowed Priority Tax Claim, plus interest at the rate determined under applicable nonbankruptcy law and to the extent provided for by section 511 of the Bankruptcy Code or (2) such other treatment as may be agreed upon by such Holder and the Debtors and the Committee, or otherwise determined upon an order of the Bankruptcy Court.

D. *Statutory Fees*

On the Distribution Date, the Debtors shall pay, in full in Cash, any fees due and owing to the U.S. Trustee at the time of Confirmation. On and after the Effective Date, the Liquidating Trustee shall pay the applicable U.S. Trustee fees until the entry of a final decree in such Debtors' Chapter 11 Cases or until such Chapter 11 Cases are converted or dismissed.

ARTICLE IV.
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. *Classification of Claims and Interests*

Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims and Interests. All Claims and Interests, except for Administrative Claims, Secured Claims and Priority Tax Claims, are classified in the Classes set forth in this Article III. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim also is classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and has not been paid, released or otherwise satisfied before the Effective Date.

B. *Claims Against and Interests in Oreck*

1. Oreck- Priority Non-Tax Claims

2. Oreck -Unsecured Claims

3. Oreck- Interests

C. *Claims Against and Interests in the Debtor.*

1. ASP- Priority Non-Tax Claims

2. ASP -Unsecured Claims

3. ASP- Interests in U.S. Inc.

D. *Claims Against and Interests in Oreck Direct*

1. Oreck Direct- Priority Non-Tax Claims

2. Oreck Direct - Unsecured Claims

3. Oreck Direct - Interests in Oreck Direct

E. *Claims Against and Interests in Oreck Merchandising*

1. Oreck Merchandising- Priority Non-Tax Claims

2. Oreck Merchandising - Unsecured Claims

3. Oreck Merchandising - Interests in Oreck Merchandising

F. *Claims Against and Interests in Oreck HomeCare*

1. Oreck HomeCare- Priority Non-Tax Claims

2. Oreck HomeCare -Unsecured Claims

3. Oreck HomeCare - Interests in Oreck HomeCare

G. *Claims Against and Interests in Vecteur*

1. Vecteur- Priority Non-Tax Claims

2. Vecteur -Unsecured Claims

3. Vecteur - Interests in Vecteur

H. *Claims Against and Interests in Oreck Holdings*

1. Oreck Holdings- Priority Non-Tax Claims

2. Oreck Holdings -Unsecured Claims

3. Oreck Holdings- Interests in Oreck Holdings

I. *Claims Against and Interests in Oreck Manufacturing*

1. Oreck Manufacturing- Priority Non-Tax Claims

2. Oreck Manufacturing -Unsecured Claims

3. Oreck Manufacturing - Interests in Oreck Manufacturing

J. *Claims Against and Interests in Oreck Sales*

1. Oreck Sales -Priority Non-Tax Claims

2. Oreck Sales -Unsecured Claims

3. Oreck Sales - Interests in Oreck Sales

K. *Claims Against and Interests in Oreck, Inc.*

1. Oreck, Inc.- Priority Non-Tax Claims

2. Oreck, Inc. -Unsecured Claims

3. Oreck, Inc.- Interests

L. *Treatment of Claims and Interests in Oreck*

1. Oreck Class 1 - Priority Non-Tax Claims Against Oreck

(b) *Classification:* Oreck Class 1 consists of Priority Non-Tax Claims against this Debtor.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Priority Non-Tax Claim against this Debtor, each Holder of such Allowed Priority Non-Tax Claim against the Debtor shall be paid in full in Cash on or as soon as practicable after the Effective Date. Allowed Priority Non-Tax Claims shall be paid as soon as reasonably practicable after the reconciliation of all Disputed Priority Non-Tax Claims.

(c) *Voting:* This Class is Unimpaired by the Plan, and each Holder of a Priority Non-Tax Claim against the Debtor is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Priority Non-Tax Claims are not entitled to vote to accept or reject the Plan.

2. Oreck Class 2 -Unsecured Claims

(a) *Classification:* Oreck Class 2 consists of Unsecured Claims against Oreck.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Unsecured Claim against the Debtor agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Unsecured Claim, each Holder of such Allowed Unsecured Claim against the Debtor shall receive its Pro Rata share (not to exceed the amount of the Allowed Unsecured Claim against the Debtor) of the Liquidating Trust Interests issued on account of this Debtor's Liquidating Trust Assets on the First Distribution Date.

(c) *Voting:* This Class is Impaired by the Plan. Therefore, Holders of are entitled to vote to accept or reject the Plan.

3. Oreck Class 3- Interests in Oreck

(a) *Classification:* Oreck Class 3 consists of Interests in Oreck.

(b) *Treatment:* Holders of Interests in this Debtor shall not receive any distribution on account of such Interests. On the Effective Date, Interests in the Debtor shall be cancelled.

(c) *Voting:* This Class is Impaired and each Holder is conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Interests in this Debtor are not entitled to vote to accept or reject the Plan.

M. *Treatment of Claims and Interests in the Debtor*

1. ASP Class 1 - Priority Non-Tax Claims Against ASP

(a) *Classification:* ASP Class 1 consists of Priority Non-Tax Claims against this Debtor.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Priority Non-Tax Claim against this Debtor, each Holder of such Allowed Priority Non-Tax Claim against the Debtor shall be paid in full in Cash on or as soon as practicable after the Effective Date. Allowed Priority Non-Tax Claims shall be paid as soon as reasonably practicable after the reconciliation of all Disputed Priority Non-Tax Claims.

(c) *Voting:* This Class is Unimpaired by the Plan, and each Holder of a Priority Non-Tax Claim against this Debtor is conclusively presumed to

have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of any of these Priority Non-Tax Claims are not entitled to vote to accept or reject the Plan.

2. ASP Class 2 -Unsecured Claims

(a) *Classification:* ASP Class 2 consists of Unsecured Claims against the Debtor.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Unsecured Claim against the Debtor agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Unsecured Claim, each Holder of such Allowed Unsecured Claim against the Debtor shall receive its Pro Rata share (not to exceed the amount of the Allowed Unsecured Claim against the Debtor) of the Liquidating Trust Interests issued on account of this Debtor's Liquidating Trust Assets on the First Distribution Date.

(c) *Voting:* This Class is Impaired by the Plan. Therefore, Holders of are entitled to vote to accept or reject the Plan.

3. ASP Class 3 - Interests in the Debtor

(a) *Classification:* ASP Class 3 consists of Interests in the Debtor.

(b) *Treatment:* Holders of Interests in this Debtor shall not receive any distribution on account of such Interests. On the Effective Date, Interests in the Debtor shall be cancelled.

(c) *Voting:* This Class is Impaired and each Holder is conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Interests in this Debtor are not entitled to vote to accept or reject the Plan.

N. *Treatment of Claims and Interests in Oreck, Inc.*

1. Oreck Direct Class 1 - Priority Non-Tax Claims Against Oreck Direct

(a) *Classification:* Oreck, Inc. Class 1 consists of Priority Non-Tax Claims against this Debtor.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Priority Non-Tax Claim against this Debtor, each Holder of such Allowed Priority Non-Tax Claim against the Debtor shall be paid in full in Cash on or as soon as practicable after the Effective Date. Allowed Priority Non-Tax Claims shall be paid as soon as

reasonably practicable after the reconciliation of all Disputed Priority Non-Tax Claims.

(c) *Voting:* This Class is Unimpaired by the Plan, and each Holder of a Priority Non-Tax Claim against this Debtor is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of any of these Priority Non-Tax Claims are not entitled to vote to accept or reject the Plan.

2. Oreck , Inc. Class 2 - Unsecured Claims

(a) *Classification:* Oreck, Inc. Class 2 consists of Unsecured Claims against this Debtor.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Unsecured Claim against this Debtor agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Unsecured Claim, each Holder of such Allowed Unsecured Claim against this Debtor shall receive its Pro Rata share (not to exceed the amount of the Allowed Unsecured Claim against the Debtor) of the Liquidating Trust Interests issued on account of this Debtor's Liquidating Trust Assets on the First Distribution Date.

(c) *Voting:* This Class is Impaired by the Plan. Therefore, Holders of are entitled to vote to accept or reject the Plan.

3. Oreck, Inc. Class 3- Interests in Oreck, Inc.

(a) *Classification:* ASP Class 3 consists of Interests in this Debtor.

(b) *Treatment:* Holders of Interests in this Debtor shall not receive any distribution on account of such Interests. On the Effective Date, Interests in the Debtor shall be cancelled.

(c) *Voting:* This Class is Impaired and each Holder is conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Interests in this Debtor are not entitled to vote to accept or reject the Plan.

O. *Treatment of Claims and Interests in Oreck Direct*

1. Oreck Direct Class 1- Priority Non-Tax Claims Against Oreck Direct

(a) *Classification:* Oreck Direct Class 1 consists of Priority Non-Tax Claims against this Debtor.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, in exchange for settlement

and satisfaction of each Allowed Priority Non-Tax Claim against this Debtor, each Holder of such Allowed Priority Non-Tax Claim against the Debtor shall be paid in full in Cash on or as soon as practicable after the Effective Date. Allowed Priority Non-Tax Claims shall be paid as soon as reasonably practicable after the reconciliation of all Disputed Priority Non-Tax Claims.

(c) *Voting:* This Class is Unimpaired by the Plan, and each Holder of a Priority Non-Tax Claim against this Debtor is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of any of these Priority Non-Tax Claims are not entitled to vote to accept or reject the Plan.

2. Oreck Direct Class 2 -Unsecured Claims

(a) *Classification:* Oreck Direct Class 2 consists of Unsecured Claims against this Debtor.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Unsecured Claim against this Debtor agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Unsecured Claim, each Holder of such Allowed Unsecured Claim against this Debtor shall receive its Pro Rata share (not to exceed the amount of the Allowed Unsecured Claim against the Debtor) of the Liquidating Trust Interests issued on account of this Debtor's Liquidating Trust Assets on the First Distribution Date.

(c) *Voting:* This Class is Impaired by the Plan. Therefore, Holders of are entitled to vote to accept or reject the Plan.

3. Oreck Direct Class 3 - Interests in Oreck Direct

(a) *Classification:* ASP Class 3 consists of Interests in the Debtor.

(b) *Treatment:* Holders of Interests in this Debtor shall not receive any distribution on account of such Interests. On the Effective Date, Interests in the Debtor shall be cancelled.

(c) *Voting:* This Class is Impaired and each Holder is conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Interests in this Debtor are not entitled to vote to accept or reject the Plan.

P. *Treatment of Claims and Interests in Oreck Merchandising*

1. Oreck Merchandising Class 1 - Priority Non-Tax Claims Against Oreck Merchandising

(a) *Classification:* Oreck Merchandising Class 1 consists of Priority Non-Tax Claims against this Debtor.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Priority Non-Tax Claim against this Debtor, each Holder of such Allowed Priority Non-Tax Claim against the Debtor shall be paid in full in Cash on or as soon as practicable after the Effective Date. Allowed Priority Non-Tax Claims shall be paid as soon as reasonably practicable after the reconciliation of all Disputed Priority Non-Tax Claims.

(c) *Voting:* This Class is Unimpaired by the Plan, and each Holder of a Priority Non-Tax Claim against this Debtor is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of any of these Priority Non-Tax Claims are not entitled to vote to accept or reject the Plan.

2. Oreck Merchandising Class 2 -Unsecured Claims

(a) *Classification:* Oreck Merchandising Class 2 consists of Unsecured Claims against this Debtor.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Unsecured Claim against this Debtor agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Unsecured Claim, each Holder of such Allowed Unsecured Claim against this Debtor shall receive its Pro Rata share (not to exceed the amount of the Allowed Unsecured Claim against the Debtor) of the Liquidating Trust Interests issued on account of this Debtor's Liquidating Trust Assets on the First Distribution Date.

(c) *Voting:* This Class is Impaired by the Plan. Therefore, Holders of are entitled to vote to accept or reject the Plan.

3. Oreck Merchandising Class 3 - Interests in Oreck Direct

(a) *Classification:* Oreck Merchandising Class 3 consists of Interests in Oreck Merchandising.

(b) *Treatment:* Holders of Interests in this Debtor shall not receive any distribution on account of such Interests. On the Effective Date, Interests in the Debtor shall be cancelled.

(c) *Voting:* This Class is Impaired and each Holder is conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Interests in this Debtor are not entitled to vote to accept or reject the Plan.

Q. *Treatment of Claims and Interests in Oreck HomeCare*

1. Oreck HomeCare Class 1 - Priority Non-Tax Claims Against Oreck HomeCare

(a) *Classification:* Oreck HomeCare Class 1 consists of Priority Non-Tax Claims against this Debtor.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Priority Non-Tax Claim against this Debtor, each Holder of such Allowed Priority Non-Tax Claim against the Debtor shall be paid in full in Cash on or as soon as practicable after the Effective Date. Allowed Priority Non-Tax Claims shall be paid as soon as reasonably practicable after the reconciliation of all Disputed Priority Non-Tax Claims.

(c) *Voting:* This Class is Unimpaired by the Plan, and each Holder of a Priority Non-Tax Claim against this Debtor is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of any of these Priority Non-Tax Claims are not entitled to vote to accept or reject the Plan.

2. Oreck HomeCare Class 2 -Unsecured Claims

(a) *Classification:* Oreck HomeCare Class 2 consists of Unsecured Claims against this Debtor.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Unsecured Claim against this Debtor agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Unsecured Claim, each Holder of such Allowed Unsecured Claim against this Debtor shall receive its Pro Rata share (not to exceed the amount of the Allowed Unsecured Claim against the Debtor) of the Liquidating Trust Interests issued on account of this Debtor's Liquidating Trust Assets on the First Distribution Date.

(c) *Voting:* This Class is Impaired by the Plan. Therefore, Holders of are entitled to vote to accept or reject the Plan.

3. Oreck HomeCare Class 3 - Interests in Oreck Direct

(a) *Classification*: Oreck HomeCare Class 3 consists of Interests in Oreck HomeCare.

(b) *Treatment*: Holders of Interests in this Debtor shall not receive any distribution on account of such Interests. On the Effective Date, Interests in the Debtor shall be cancelled.

(c) *Voting*: This Class is Impaired and each Holder is conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Interests in this Debtor are not entitled to vote to accept or reject the Plan.

R. *Treatment of Claims and Interests in Vecteur*

1. Vecteur Class 1 - Priority Non-Tax Claims Against Vecteur

(a) *Classification*: Vecteur Class 1 consists of Priority Non-Tax Claims against this Debtor.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Priority Non-Tax Claim against this Debtor, each Holder of such Allowed Priority Non-Tax Claim against the Debtor shall be paid in full in Cash on or as soon as practicable after the Effective Date. Allowed Priority Non-Tax Claims shall be paid as soon as reasonably practicable after the reconciliation of all Disputed Priority Non-Tax Claims.

(c) *Voting*: This Class is Unimpaired by the Plan, and each Holder of a Priority Non-Tax Claim against this Debtor is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of any of these Priority Non-Tax Claims are not entitled to vote to accept or reject the Plan.

S. *Treatment of Claims and Interests in Oreck Holdings*

1. Oreck Holdings Class 1 - Priority Non-Tax Claims Against Oreck Holdings

(a) *Classification:* Oreck Holdings Class 1 consists of Priority Non-Tax Claims against this Debtor.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Priority Non-Tax Claim against this Debtor, each Holder of such Allowed Priority Non-Tax Claim against the Debtor shall be paid in full in Cash on or as soon as practicable after the Effective Date. Allowed Priority Non-Tax Claims shall be paid as soon as reasonably practicable after the reconciliation of all Disputed Priority Non-Tax Claims.

(c) *Voting:* This Class is Unimpaired by the Plan, and each Holder of a Priority Non-Tax Claim against this Debtor is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of any of these Priority Non-Tax Claims are not entitled to vote to accept or reject the Plan.

2. Oreck Holdings Class 2 -Unsecured Claims

(a) *Classification:* Oreck Holdings Class 2 consists of Unsecured Claims against this Debtor.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Unsecured Claim against this Debtor agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Unsecured Claim, each Holder of such Allowed Unsecured Claim against this Debtor shall receive its Pro Rata share (not to exceed the amount of the Allowed Unsecured Claim against the Debtor) of the Liquidating Trust Interests issued on account of this Debtor's Liquidating Trust Assets on the First Distribution Date.

(c) *Voting:* This Class is Impaired by the Plan. Therefore, Holders of are entitled to vote to accept or reject the Plan.

3. Oreck Holdings Class 3- Interests in Oreck Direct

(a) *Classification:* Oreck Holdings Class 3 consists of Interests in Oreck Holdings.

(b) *Treatment:* Holders of Interests in this Debtor shall not receive any distribution on account of such Interests. On the Effective Date, Interests in the Debtor shall be cancelled.

(c) *Voting:* This Class is Impaired and each Holder is conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Interests in this Debtor are not entitled to vote to accept or reject the Plan.

T. *Treatment of Claims and Interests in Oreck Manufacturing*

1. Oreck Manufacturing Class 1 - Priority Non-Tax Claims Against Oreck Manufacturing

(a) *Classification:* Oreck Manufacturing Class 1 consists of Priority Non-Tax Claims against this Debtor.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Priority Non-Tax Claim against this

Debtor, each Holder of such Allowed Priority Non-Tax Claim against the Debtor shall be paid in full in Cash on or as soon as practicable after the Effective Date. Allowed Priority Non-Tax Claims shall be paid as soon as reasonably practicable after the reconciliation of all Disputed Priority Non-Tax Claims.

(c) *Voting:* This Class is Unimpaired by the Plan, and each Holder of a Priority Non-Tax Claim against this Debtor is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of any of these Priority Non-Tax Claims are not entitled to vote to accept or reject the Plan.

2. Oreck Manufacturing Class 2 -Unsecured Claims

(a) *Classification:* Oreck Manufacturing Class 2 consists of Unsecured Claims against this Debtor.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Unsecured Claim against this Debtor agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Unsecured Claim, each Holder of such Allowed Unsecured Claim against this Debtor shall receive its Pro Rata share (not to exceed the amount of the Allowed Unsecured Claim against the Debtor) of the Liquidating Trust Interests issued on account of this Debtor's Liquidating Trust Assets on the First Distribution Date.

(c) *Voting:* This Class is Impaired by the Plan. Therefore, Holders of are entitled to vote to accept or reject the Plan.

3. Oreck Manufacturing Class 3 - Interests in Oreck Direct

(a) *Classification:* Oreck Manufacturing Class 3 consists of Interests in Oreck Manufacturing.

(b) *Treatment:* Holders of Interests in this Debtor shall not receive any distribution on account of such Interests. On the Effective Date, Interests in the Debtor shall be cancelled.

(c) *Voting:* This Class is Impaired and each Holder is conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Interests in this Debtor are not entitled to vote to accept or reject the Plan.

U. *Treatment of Claims and Interests in Oreck Sales*

1. Oreck Sales Class 1 - Priority Non-Tax Claims Against Oreck Sales

(a) *Classification*: Oreck Sales Class 1 consists of Priority Non-Tax Claims against this Debtor.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Priority Non-Tax Claim against this Debtor, each Holder of such Allowed Priority Non-Tax Claim against the Debtor shall be paid in full in Cash on or as soon as practicable after the Effective Date. Allowed Priority Non-Tax Claims shall be paid as soon as reasonably practicable after the reconciliation of all Disputed Priority Non-Tax Claims.

(c) *Voting*: This Class is Unimpaired by the Plan, and each Holder of a Priority Non-Tax Claim against this Debtor is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of any of these Priority Non-Tax Claims are not entitled to vote to accept or reject the Plan.

2. Oreck Sales Class 2 -Unsecured Claims

(a) *Classification:* Oreck Sales Class 2 consists of Unsecured Claims against this Debtor.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Unsecured Claim against this Debtor agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Unsecured Claim, each Holder of such Allowed Unsecured Claim against this Debtor shall receive its Pro Rata share (not to exceed the amount of the Allowed Unsecured Claim against the Debtor) of the Liquidating Trust Interests issued on account of this Debtor's Liquidating Trust Assets on the First Distribution Date.

(c) *Voting:* This Class is Impaired by the Plan. Therefore, Holders of are entitled to vote to accept or reject the Plan.

3. Oreck Sales Class 3 - Interests in Oreck Direct

(a) *Classification:* Oreck Sales Class 3 consists of Interests in Oreck Sales.

(b) *Treatment:* Holders of Interests in this Debtor shall not receive any distribution on account of such Interests. On the Effective Date, Interests in the Debtor shall be cancelled.

(c) *Voting:* This Class is Impaired and each Holder is conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Interests in this Debtor are not entitled to vote to accept or reject the Plan.

V. *Treatment of Claims and Interests in Oreck, Inc.*

1. Oreck, Inc. Class 1 - Priority Non-Tax Claims Against Oreck, Inc.

(a) *Classification:* Oreck, Inc. Class 1 consists of Priority Non-Tax Claims against this Debtor.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Priority Non-Tax Claim against this Debtor, each Holder of such Allowed Priority Non-Tax Claim against the Debtor shall be paid in full in Cash on or as soon as practicable after the Effective Date. Allowed Priority Non-Tax Claims shall be paid as soon as reasonably practicable after the reconciliation of all Disputed Priority Non-Tax Claims.

(c) *Voting:* This Class is Unimpaired by the Plan, and each Holder of a Priority Non-Tax Claim against the Debtor is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Priority Non-Tax Claims are not entitled to vote to accept or reject the Plan.

2. Oreck, Inc. Class 2 -Unsecured Claims

(a) *Classification:* Oreck, Inc. Class 2 consists of Unsecured Claims against Oreck, Inc..

(b) *Treatment:* Except to the extent that a Holder of an Allowed Unsecured Claim against the Debtor agrees to a less favorable treatment, in exchange for settlement and satisfaction of each Allowed Unsecured Claim, each Holder of such Allowed Unsecured Claim against the Debtor shall receive its Pro Rata share (not to exceed the amount of the Allowed Unsecured Claim against the Debtor) of the Liquidating Trust Interests issued on account of this Debtor's Liquidating Trust Assets on the First Distribution Date.

(c) *Voting:* This Class is Unimpaired by the Plan. Therefore, Holders of are entitled to vote to accept or reject the Plan.

3. Oreck, Inc. Class 3- Interests in Oreck, Inc.

(a) *Classification:* Oreck, Inc. Class 3 consists of Interests in Oreck, Inc..

(b) *Treatment:* Holders of Interests in this Debtor shall not receive any distribution on account of such Interests. On the Effective Date, Interests in the Debtor shall be cancelled.

(c) *Voting:* This Class is Unimpaired and each Holder is conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Interests in this Debtor are not entitled to vote to accept or reject the Plan.

W. *Special Provision Governing Claims that are Not Impaired*

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights in respect of any Claims that are not Impaired, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Claims that are not Impaired.

X. *Acceptance or Rejection of the Plan*

1. Presumed Acceptance of the Plan

Class 1 for each of Oreck Corporation, ASP, Oreck, Inc., Oreck Direct, Oreck Merchandising, Oreck HomeCare, Vecteur, Oreck Holdings, Oreck Manufacturing Company, and Oreck Sales, as each may be or may have been renamed from time to time, are Unimpaired under the Plan, and the Holders in such Classes are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

2. Voting Class.

Class 2 for each of Oreck, ASP, Oreck, Inc., Oreck Direct, Oreck Merchandising, Oreck HomeCare, Vecteur, Oreck Holdings, Oreck Manufacturing Company, and Oreck Sales, as each may be or may have been renamed from time to time, are Impaired under the Plan and are entitled to vote to accept or reject the Plan; *provided, however,* that Holders of Intercompany Claims in each of these Classes, as proponents of the Plan, shall not vote and are deemed to accept the Plan.

3. Presumed Rejection of Plan

Class 3 for each of Oreck Corporation, ASP, Oreck, Inc., Oreck Direct, Oreck Merchandising, Oreck HomeCare, Vecteur, Oreck Holdings, Oreck Manufacturing Company, and Oreck Sales, as each may be or may have been renamed from time to time, are Impaired and shall receive no distribution under the Plan. The Holders of Interests in such Classes are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

Y. *Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code(Cramdown)*

At least one (1) Impaired Class of Claims must vote to accept the Plan in order for the Plan to be confirmed under section 1129(a)(10) of the Bankruptcy Code. If any Impaired Class of Claims does not accept the Plan, the Proponents request Confirmation hereof under section 1129(b) of the Bankruptcy Code.

Z. Subordinated Claims

Except as expressly provided herein, the allowance, classification and treatment of all Allowed Claims and Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise.

ARTICLE III.
MEANS FOR IMPLEMENTATION OF THE PLAN

A. Implementation of the Plan

This Plan shall be implemented by, through and at the direction of the Liquidating Trustee in a manner consistent with the terms and conditions set forth herein and in the Liquidating Trust Agreement.

B. Cancellation of Instruments and Stock

On the Effective Date, (i) all Interests in the Debtors; (ii) any and all stock options (including, but not limited to, all stock options granted to the Debtors' employees); (iii) any and all warrants; and (iv) any instrument evidencing or creating any indebtedness or obligation of the Debtors, except such instruments that are reinstated (or amended and restated) under the Plan, shall automatically be cancelled and extinguished. Additionally, as of the Effective Date, all Interests in the Debtors, and any and all warrants, options, rights, or interests with respect to any existing or prospective equity Interest in the Debtors that have been authorized to be issued but that have not been issued automatically shall be deemed cancelled and extinguished without any further action of any party.

C. Dissolution of Debtors as Corporate Entities

On the Effective Date, each of the Debtors shall be dissolved as a corporate entity under the applicable state law without any further action by the Debtors, the Liquidating Trustee, the Bankruptcy Court, any federal or state governmental unit, or any other person.

D. Establishment of Liquidating Trust

Any and all of the Debtors' assets shall remain assets of the Debtors' estates pursuant to section 1123(b)(3)(B) of the Bankruptcy Code and on the Effective Date, only after payment in full in Cash of Administrative Claims, Priority Tax Claims, Priority Non-Tax Claims and Other Secured Claims that are Allowed as of the Effective Date, shall be transferred to and vest in the Liquidating Trust. On the Effective Date, the Liquidating Trust shall be established pursuant to the Liquidating Trust Agreement for the purpose of, among other things, (1) investigating and, if appropriate, pursuing Causes of Action not otherwise released under the Plan, (2) administering and pursuing the Liquidating Trust Assets, (3) resolving all Disputed Claims and (4) making Distributions from the Liquidating Trust as provided for in the Plan and the Liquidating Trust Agreement. The Liquidating Trustee shall be required to segregate and keep a record of the

Liquidating Trust Assets transferred to the Liquidating Trust by each Debtor and to make Distributions to Holders of Allowed Claims only from the Liquidating Trust Assets allocated to the Debtor against which such Holder holds its Claim. As set forth in the Liquidating Trust Agreement, the Liquidating Trustee shall have the authority to segregate the Liquidating Trust Assets attributable to each Debtor by whatever means it determines is reasonable, including by the establishment of separate Liquidating Trusts for each Debtor. The Liquidating Trust shall be entitled to enforce all defenses and counterclaims to all Claims asserted against the Debtors and their Estates, including setoff, recoupment and any rights under section 502(d) of the Bankruptcy Code.

Upon execution of the Liquidating Trust Agreement, the Liquidating Trustee shall be authorized to take all steps necessary to complete the formation of the Liquidating Trust; *provided*, that, prior to the Effective Date, the Debtors, the Committee or the Liquidating Trustee, as applicable, may act as organizers of the Liquidating Trust and take such steps in furtherance thereof as may be necessary, useful or appropriate under applicable law to ensure that the Liquidating Trust shall be formed and in existence as of the Effective Date.

Other than as set forth in the Plan, no Person other than the Liquidating Trustee may pursue Liquidating Trust Assets on or after the Effective Date. The Liquidating Trustee shall be deemed hereby substituted as plaintiff, defendant, or in any other capacity for the Debtors in any Causes of Action not otherwise released pursuant to the Plan pending before the Bankruptcy Court or any other court that relates to a Liquidating Trust Asset without the need for filing any motion for such relief. On the Effective Date, the Debtors and the Liquidating Trustee shall execute the Liquidating Trust Agreement and shall have established the Liquidating Trust pursuant to the Plan. In the event of any conflict between the terms of Article IV of the Plan and the terms of the Liquidating Trust Agreement, the terms of the Liquidating Trust Agreement shall control.

E. Treatment of Liquidating Trust for Federal Income Tax Purposes; No Successor-in-Interest

The Liquidating Trust shall be established for the primary purpose of liquidating and distributing the assets transferred to it, in accordance with Treas. Reg. § 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidating Trust. Accordingly, the Liquidating Trustee shall, in an expeditious but orderly manner, liquidate and convert to Cash the Liquidating Trust Assets, make timely distributions to the Liquidating Trust Beneficiaries and not unduly prolong its duration. The Liquidating Trust shall not be deemed a successor-in-interest of the Debtors for any purpose other than as specifically set forth in the Plan or in the Liquidating Trust Agreement. The record holders of beneficial interests shall be recorded and set forth in a register maintained by the Liquidating Trustee expressly for such purpose.

The Liquidating Trust is intended to qualify as a "grantor trust" for federal income tax purposes with the Liquidating Trust Beneficiaries treated as grantors and owners of the Liquidating Trust. For all federal income tax purposes, all parties (including the Debtors, the Liquidating Trustee, and the Liquidating Trust Beneficiaries) shall treat the transfer of the

Liquidating Trust Assets by the Debtors to the Liquidating Trust, as set forth in the Liquidating Trust Agreement, as a transfer of such assets by the Debtors to the Holders of Allowed Claims entitled to distributions from the Liquidating Trust Assets, followed by a transfer by such Holders to the Liquidating Trust. Thus, the Liquidating Trust Beneficiaries shall be treated as the grantors and owners of a grantor trust for federal income tax purposes.

As soon as practicable after the Effective Date, the Liquidating Trustee shall make a good faith determination of the fair market value of the Debtors' assets as of the Effective Date, *provided, however,* that the Liquidating Trustee shall not be required to hire an expert to make such a valuation. This valuation shall be used consistently by all parties (including the Proponents, the Liquidating Trustee; and the Holders of Unsecured Claims) for all federal income tax purposes. The Bankruptcy Court shall resolve any dispute regarding the valuation of the Liquidating Trust Assets.

The right and power of the Liquidating Trustee to invest the Liquidating Trust Assets, the proceeds thereof, or any income earned by the Liquidating Trust, shall be limited to the right and power that a liquidating trust, within the meaning of Section 301.7701-4(d) of the Treasury Regulations, is permitted to hold, pursuant to the Treasury Regulations, or any modification in the IRS guidelines, whether set forth in IRS rulings or other IRS pronouncements, and to the investment guidelines of section 345 of the Bankruptcy Code. The Liquidating Trustee may expend the Cash of the Liquidating Trust (1) as reasonably necessary to meet contingent liabilities and to maintain the value of the respective assets of the Liquidating Trust during liquidation, (2) to pay the respective reasonable administrative expenses (including, but not limited to, any taxes imposed on the Liquidating Trust) and (3) to satisfy other respective liabilities incurred by the Liquidating Trust in accordance with the Plan and the Liquidating Trust Agreement (including, without limitation, the payment of any taxes).

F. Creation of the Liquidating Trust

On the Effective Date, the Liquidating Trust shall be formed pursuant to the Plan and the Liquidating Trust Agreement, and the Liquidating Trust Assets and the Debtors' liabilities shall be transferred to and vest in the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries pursuant to the terms hereof and Liquidating Trust Agreement. In the event of any inconsistencies or conflict between the Liquidating Trust Agreement and the Plan, the terms and provisions of the Liquidating Trust Agreement shall control.

G. Transfer of Liquidating Trust Assets

On the Effective Date, all of the Debtors' right, title, and interest in all Assets, including, without limitation, all Cash, accounts receivable and the Preserved Causes of Action, shall vest in the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries and shall become and be deemed for all purposes to be Liquidating Trust Assets without any further Bankruptcy Court order, action, or notice to any Person.

H. Preservation of Causes of Action

On the Effective Date, the Liquidating Trustee, on behalf of the Liquidating Trust, shall be vested with authority and standing to prosecute the Preserved Causes of Action and to

compromise, settle, or litigate the Preserved Causes of Action. The Professionals retained by the Debtors, the Committee and individual Committee members, the Liquidating Trustee, and all of their existing and former directors, managers, officers, attorneys, and other professional advisors, shall have no liability for pursuing or failing to pursue any Causes of Action. For the avoidance of doubt, a list of all known potential defendants and the nature of the Preserved Causes of Action against each will be disclosed in the Plan Supplement.

I. Plan is Motion to Transfer Liquidating Trust Assets.

The Plan shall be considered a motion pursuant to sections 105, 363(b) and (f), and 365 of the Bankruptcy Code to transfer to, and vest in, the Liquidating Trust, for the benefit of the Liquidating Trust Beneficiaries, the Liquidating Trust Assets as of the Effective Date. The transfers, and vesting of the Liquidating Trust Assets in the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries shall be free and clear of all Liens and Claims except as set forth in the Plan, and the Confirmation Order shall so provide. Any objections to such transfer, assignment, and vesting must be made as an objection to Confirmation hereof to be heard at the Confirmation Hearing. Notwithstanding the foregoing, after the Effective Date, the Liquidating Trustee may present an Order or Orders to the Bankruptcy Court, suitable for filing in the records of every county or governmental agency where any Assets of the Debtors are or were located, to designate all Liens, Claims, encumbrances, or other interests which appear of record and from which the property is being transferred, assigned, and vested free and clear.

J. Liquidating Trust Interests

On the Effective Date, each Holder of an Allowed General Unsecured Claim shall, by operation of the Plan, receive its Pro Rata Share of the Liquidating Trust Interests attributable to the Liquidating Trust Assets contributed to the Liquidating Trust by the Debtor against which such Holder has a Claim. Liquidating Trust Interests shall be reserved for Holders of Disputed General Unsecured Claims and issued by the Liquidating Trust to, and held by the Liquidating Trustee in, the Disputed Claims Reserve pending allowance or disallowance of such Claims. No other entity shall have any interest, legal, beneficial, or otherwise, in the Liquidating Trust.

K. The Liquidating Trustee

The appointment of the Liquidating Trustee shall be approved in the Confirmation Order, and the Liquidating Trustee's duties shall commence as of the Effective Date. The Person designated as Liquidating Trustee shall file an affidavit demonstrating that such Person is disinterested as defined by section 101(14) of the Bankruptcy Code. The Liquidating Trustee shall administer the Plan and the Liquidating Trust and shall serve as a representative of the Debtors' estates under section 1123(b) of the Bankruptcy Code for the purpose of enforcing Causes of Action belonging to the Estates and not otherwise released pursuant to the Plan.

In accordance with the Liquidating Trust Agreement, the Liquidating Trustee shall serve in such capacity through the earlier of (1) the date that the Liquidating Trust is dissolved and (2) the date such Liquidating Trustee resigns, is terminated is otherwise unable to serve; *provided, however,* that, in the event that the Liquidating Trustee resigns, is terminated, or is otherwise unable to serve, the Liquidating Trustee shall appoint a successor to serve as the Liquidating

Trustee in accordance with the Liquidating Trust Agreement. To the extent that the Liquidating Trustee does not appoint a successor within the time periods specified in the Liquidating Trust Agreement, then the Bankruptcy Court, upon the motion of any party-in-interest, including counsel to the Liquidating Trust, shall approve a successor to serve as the Liquidating Trustee. Any such successor Liquidating Trustee shall serve in such capacity until the Liquidating Trust is dissolved.

1. Insurance; Bond

The Liquidating Trustee shall not be required to obtain insurance coverage with respect to the liabilities and obligations of the Liquidating Trustee under the Liquidating Trust Agreement (in the form of an errors and omissions policy or otherwise) unless the Liquidating Trustee determines that such insurance shall not be required. Notwithstanding any state law to the contrary, the Liquidating Trustee (including any successor) shall be exempt from giving any bond or other security in any jurisdiction.

2. Fiduciary Duties of the Liquidating Trustee

Pursuant to the Plan and the Liquidating Trust Agreement, the Liquidating Trustee shall act in a fiduciary capacity on behalf of the interests of all Holders of Claims that will receive Distributions pursuant to the terms of the Plan.

3. Compensation

The Liquidating Trustee shall be compensated on reasonable terms and as set forth in the Plan Supplement.

4. Retention of Liquidating Trustee Professionals and Compensation Procedure

On and after the Effective Date, subject to the terms of the Liquidating Trust Agreement, the Liquidating Trustee may engage such professionals and experts as may be deemed necessary and appropriate by the Liquidating Trustee to assist the Liquidating Trustee in carrying out the provisions of the Plan and the Liquidating Trust Agreement, including, but not limited to, Professionals retained prior to the Effective Date by either the Debtors or the Committee. Subject to the terms of the Liquidating Trust Agreement, for services performed from and after the Effective Date, Professionals retained by the Liquidating Trustee shall receive compensation and reimbursement of expenses in a manner to be determined by the Liquidating Trustee.

5. Duties and Powers

The duties and powers of the Liquidating Trustee shall include, but not be limited to, the following:

(a) to exercise all power and authority that may be necessary to implement the Plan and enforce all provisions hereof, commence and prosecute all proceedings that may be commenced and take all actions that may be taken by any officer, director or shareholder of the Debtors with like effect

as if authorized, exercised and taken by unanimous action of such officers, directors and shareholders, including consummating the Plan;

(b) to maintain all bank accounts, make Distributions and take other actions consistent with the Plan, including the maintenance of appropriate reserves (including the Disputed Claims Reserve), in the name of the Liquidating Trust;

(c) to incur reasonable and necessary expenses in connection with the implementation and consummation of the Plan;

(d) to make decisions without court approval, regarding the retention or engagement of professionals or other Persons, and to pay, without court approval, all reasonable fees and expenses of the Debtors and their estates accruing from and after the Effective Date;

(e) to collect and liquidate any assets of the Debtors remaining after the Effective Date;

(f) to prosecute and/or settle Causes of Action not otherwise released pursuant to the Plan, on behalf of and in the name of the Debtors;

(g) to seek a determination of Tax liability under section 505 of the Bankruptcy Code or otherwise and to pay, or cause to be paid, from the remaining assets of the Debtors, any Taxes incurred by the Liquidating Trustee on or after the Effective Date;

(h) to collect, or cause to be collected, any accounts receivable or other claims of the Debtors not otherwise disposed of pursuant to the Plan;

(i) to invest, or cause to be invested, Cash as deemed appropriate by the Liquidating Trustee;

(j) to enter, or cause to be entered, into any agreement or execute any document required by or consistent with the Plan and perform all of the obligations under the Plan;

(k) to abandon, or cause to be abandoned, in any commercially reasonable manner any assets that the Liquidating Trustee reasonably concludes are of no benefit to the Estates;

(l) to prepare and file post-Effective Date operating reports;

(m) to file, prosecute and/or settle objections to Proofs of Claim filed in these Chapter 11 Cases;

(n) to take all other actions not inconsistent with the provisions of the Plan which the Liquidating Trustee deems reasonably necessary or desirable in connection with the administration and consummation of the Plan; and

(o) to exercise such other powers as may be vested in the Liquidating Trustee by order of the Bankruptcy Court.

On and after the Effective Date, the Liquidating Trustee may exercise any of the foregoing powers without any further order of the Bankruptcy Court provided the Liquidating Trustee acts in conformity with the Plan, the Liquidating Trust Agreement and any applicable orders of the Bankruptcy Court.

On the Effective Date, the Debtors shall transfer to the Liquidating Trustee the Debtors' evidentiary privileges, including the attorney/client privilege, solely as they relate to Causes of Action not otherwise released pursuant to the Plan. This Plan shall be considered a motion pursuant to sections 105, 363 and 365 of the Bankruptcy Code for such relief. Upon such transfer, the Debtors and the Estates shall have no other further rights or obligations with respect thereto. Privileged communications may be shared among the Liquidating Trustee without compromising the privileged nature of such communications, in accordance with the "joint interest" doctrine.

L. Liability of Liquidating Trustee - Indemnification

Neither the Liquidating Trustee, nor its members, designees or professionals, or any duly designated agent or representative of the Liquidating Trustee, nor their respective employees, shall be liable for the act or omission of any other member, designee, agent, or representative of such Liquidating Trustee, nor shall such Liquidating Trustee, be liable for any act or omission taken or omitted to be taken in its capacity as Liquidating Trustee, other than for specific acts or omissions resulting from such Liquidating Trustee's or such member's willful misconduct, gross negligence, or fraud. The Liquidating Trustee shall be entitled to enjoy all of the rights, powers, immunities and privileges applicable to a chapter 7 trustee. The Liquidating Trustee may, in connection with the performance of its functions, and in its sole and absolute discretion, consult with its attorneys, accountants, financial advisors and agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such persons, regardless of whether such advice or opinions are provided in writing. Notwithstanding such authority, the Liquidating Trustee shall not be under any obligation to consult with its attorneys, accountants, financial advisors or agents, and their determination not to do so shall not result in the imposition of liability on the Liquidating Trustee, unless such determination is based on willful misconduct, gross negligence, or fraud. The Liquidating Trust shall indemnify and hold harmless the Liquidating Trustee, and professionals, and all duly designated agents and representatives thereof (in their capacity as such), from and against and in respect of all liabilities, losses, damages, claims, costs and expenses (including reasonable attorneys' fees, disbursements, and related expenses) which such parties may incur or to which such parties may become subject in connection with any action, suit, proceeding or investigation brought by or threatened against such parties arising out of or due to their acts or omissions, or consequences of such acts or omissions, with respect to the implementation or administration of the Liquidating Trust or the Plan or the discharge of their duties under the Liquidating Trust

Agreement; *provided, however,* that no such indemnification will be made to such persons for acts or omissions resulting from such person's willful misconduct, gross negligence, or fraud. Persons dealing with the Liquidating Trustee shall look only to the Liquidating Trust Assets to satisfy any liability incurred by the Liquidating Trustee to such person in carrying out the terms of the Liquidating Trust Agreement, and the Liquidating Trustee shall not have any personal obligation to satisfy any such liability.

M. Disputed Claims Reserve

Subject to the consent of the Committee, as applicable, the Liquidating Trustee shall maintain a Disputed Claims Reserve for each Debtor pending allowance or disallowance of such Disputed Claims, and withhold such Cash from Distributions to Holders of Allowed General Unsecured Claims. Upon the Final Distribution Date, the Liquidating Trustee shall distribute any Cash remaining in any Disputed Claims Reserve to Holders of Allowed Claims of the applicable Debtor in accordance with the respective priorities set forth in the Plan.

N. Termination of the Liquidating Trust

The Liquidating Trust will terminate on the earlier of: (1) final liquidation, administration and distribution of the Liquidating Trust Assets in accordance with the terms of the Liquidating Trust Agreement and the Plan, and its full performance of all other duties and functions as set forth in the Liquidating Trust Agreement or the Plan; and (2) the second anniversary of the Effective Date. Notwithstanding the foregoing, multiple fixed term extensions can be obtained so long as Bankruptcy Court approval is obtained within six months before the expiration of the term of the Liquidating Trust and each extended term. The aggregate of all such extensions shall not exceed three years, unless the Liquidating Trustee receives a favorable ruling from the IRS that any further extension would not adversely affect the status of the Liquidating Trust as a liquidating trust within the meaning of Section 301.7701-4(d) of the Treasury Regulations for federal income tax purposes. After (1) the Final Distributions pursuant to the Plan, (2) the filing by or on behalf of the Liquidating Trust of a certification of dissolution with the Bankruptcy Court and (3) any other action deemed appropriate by the Liquidating Trustee, the Liquidating Trust shall be deemed dissolved for all purposes without the necessity for any other or further actions.

O. Full and Final Satisfaction Against Liquidating Trust

On and after the Effective Date, the Liquidating Trust shall have no liability on account of any Claims or Equity Interests except as set forth in the Plan and in the Liquidating Trust Agreement. All payments and all Distributions made by the Liquidating Trustee under the Plan shall be in full and final satisfaction, settlement, and release of and in exchange for all Claims or Interests against the Debtors.

P. Funding of the Plan

This Plan shall be funded with Cash on the Effective Date (prior to giving effect to the Liquidating Trust) and the Liquidating Trust Assets.

Q. Direction to Parties

From and after the Effective Date, the Liquidating Trustee may apply to the Bankruptcy Court for an order directing any necessary party to execute or deliver or to join in the execution or delivery of any instrument required to effect a transfer of property contemplated by or necessary to effectuate the Plan, and to perform any other act, including the satisfaction of any Lien, that is necessary for the consummation of the Plan, pursuant to section 1142(b) of the Bankruptcy Code.

R. Winding Up Affairs

Following the Effective Date, the Debtors shall not engage in any business activities or take any actions, except those necessary to consummate the Plan, in each case as directed by and through the Liquidating Trustee.

S. Title to Accounts

Title to all of the Debtors' bank, brokerage and other accounts shall vest in the Liquidating Trust, effective as of the Effective Date, without any further order of the Bankruptcy Court or further action on the part of any Person or Entity. On and after the Effective Date, all such accounts shall be deemed to be accounts in the name of the Liquidating Trust without any further action by any Person or Entity or any further order of the Bankruptcy Court.

T. Cancellation of Equity Interests

On the Effective Date, all Equity Interests in the Debtors, and all agreements and other documents evidencing or creating rights of any Person or Entity against any of the Debtors related to or based upon any Equity Interests, including any options or warrants to purchase Equity Interests and any agreements or instruments obligating the Debtors to issue, transfer, redeem, make payment on or sell any Equity Interests, shall be deemed cancelled and null and void without any further action or filing by the Debtors, the Liquidating Trustee or any other Person or Entity.

U. Effectuating Documents; Further Transactions

On and after the Effective Date, the Liquidating Trustee is authorized to and may issue, execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement and further evidence the terms and conditions of the Plan without the need for any approvals, authorization or consents except those expressly required pursuant to the Plan.

V. Exemption from Certain Taxes and Fees

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant hereto shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct and be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other

documents pursuant to such transfers of property without the payment of any such tax or governmental assessment. Such exemption specifically applies, without limitation, to (1) the creation of any mortgage, deed of trust, lien or other security interest; (2) the making or assignment of any lease or sublease; (3) any restructuring transaction authorized by the Plan; or (4) the making or delivery of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan, including: (a) any merger agreements; (b) agreements of consolidation, restructuring, disposition, liquidation or dissolution; (c) deeds; (d) bills of sale; or (e) assignments executed in connection with any transaction occurring under the Plan.

ARTICLE IV.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Rejection of Executory Contracts and Unexpired Leases

On the Effective Date, all Executory Contracts and Unexpired Leases shall be deemed rejected as of the Effective Date, unless such Executory Contract or Unexpired Lease: (1) was assumed, assumed and assigned or rejected previously by the Debtors; (2) previously expired or terminated pursuant to its own terms; or (3) is the subject of a motion to assume or assume and assign Filed on or before the Confirmation Date.

Entry of the Confirmation Order shall constitute a Bankruptcy Court order approving the rejections of such Executory Contracts or Unexpired Leases as set forth in the Plan and the Assumed Executory Contract and Unexpired Leases List, pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated herein, assumptions or rejections of Executory Contracts and Unexpired Leases pursuant to the Plan are effective as of the Effective Date. Each Executory Contract or Unexpired Lease assumed or assumed and assigned pursuant to the Plan or by Bankruptcy Court order but not assigned to a third party before the Effective Date shall re-vest in and be fully enforceable by the Liquidating Trustee in accordance with its terms, except as such terms may have been modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. Any motions to assume or assume and assign Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order.

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

Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be filed with the Bankruptcy Court within 30 days after the effective date of such rejection. Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not Filed within such time will be automatically disallowed, forever barred from assertion and shall not be enforceable against the property to be distributed under the Plan without the need for any objection by the Liquidating Trustee or further notice to, or action, order or approval of the Bankruptcy Court. Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims and shall be treated in accordance with Article III of the Plan, as applicable.

Rejection Claims for which a Proof of Claim is not timely Filed will be forever barred from assertion against the Debtors, the Estates and the Debtors' property or the Liquidating Trustee unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein.

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

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

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

D. Reservation of Rights

Nothing contained in the Plan, shall constitute an admission by the Proponents that any contract or lease is in fact an Executory Contract or Unexpired Lease or that any the Liquidating Trustee has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of rejection, the Proponents or the Liquidating Trustee shall have 28 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

ARTICLE V.
PROVISIONS GOVERNING DISTRIBUTIONS

A. Timing and Calculation of Amounts to Be Distributed

Unless otherwise provided in the Plan, on each Distribution Date, each Holder of an Allowed Claim shall receive such distributions that the Plan provides for Allowed Claims in each applicable Class in accordance with Article III hereof. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII of the Plan. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest, dividends or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date. The Liquidating Trustee shall have no obligation to recognize any transfer of Claims or Interests occurring on or after the Confirmation Date.

B. Disbursing Agent

Distributions under the Plan shall be made by the Disbursing Agent on (1) the Effective Date with respect to Allowed Administrative, Priority Tax, and Priority Non-Tax Claims and (2) the First Distribution Date, Subsequent Distribution Dates, and Final Distribution Date, as applicable with respect to Holders of Liquidating Trust Interests. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. For the avoidance of doubt, the Debtors shall be the Disbursing Agent with respect to Distributions made on the Effective Date on account of the Allowed Administrative, Priority Tax, Priority Non-Tax and Other Secured Claim.

C. Rights and Powers of Disbursing Agent

1. Powers of the Disbursing Agent

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

2. Expenses Incurred On or After the Effective Date

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and out-of-pocket expenses incurred by the Disbursing Agent on or after the Effective Date (including taxes) and any reasonable compensation and out-of-pocket expense reimbursement claims (including reasonable attorney fees and expenses) made by the Disbursing Agent shall be paid in Cash by the Liquidating Trustee Pro Rata from the Liquidating Trust Assets contributed by each Debtor pursuant to the terms of the Liquidating Trust Agreement.

D. Delivery of Distributions and Undeliverable or Unclaimed Distributions

1. Delivery of Distributions

(a) Delivery of Distributions in General

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be made to holders of record as of the Distribution Record Date by the Disbursing Agent, as appropriate: (i) to the signatory set forth on any of the Proofs of Claim Filed by such Holder or other representative identified therein (or at the last known addresses of such Holder if no Proof of Claim is Filed or if the Debtors have been notified in writing of a change of address); (ii) at the addresses set forth in any written notices of address changes delivered to the applicable Disbursing Agent, as appropriate, after the date of any related Proof of Claim; (iii) at the addresses reflected in the Schedules if no Proof of Claim has been Filed and the applicable Disbursing Agent, as appropriate, has not received a written notice of a change of address; or (iv) on any counsel that has appeared in these Chapter 11 Cases on the Holder's behalf. Subject to this Article VI, distributions under the Plan on account of Allowed Claims shall not be subject to

levy, garnishment, attachment or like legal process, so that each Holder of an Allowed Claim shall have and receive the benefit of the distributions in the manner set forth in the Plan. The Disbursing Agent shall not incur any liability whatsoever on account of any distributions under the Plan except for acts or omissions resulting from the Disbursing Agent's gross negligence or willful misconduct.

(b) Liquidating Trust Interests Held by Debtors

Any Distribution to be made on account of a Liquidating Trust Interest held by any Debtor shall constitute Liquidating Trust Assets contributed to the Liquidating Trust by such Debtor and shall be distributed to Holders of Claims in accordance with the provisions of Article III and Article VI of the Plan.

2. Minimum Distributions

Notwithstanding any other provision of the Plan, the Disbursing Agent will not be required to make distributions of Cash less than $50 in value.

3. Undeliverable Distributions and Unclaimed Property

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Disbursing Agent has determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; *provided, however,* that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one year from the Effective Date. After such date, all unclaimed property or interests in property shall revert to the Liquidating Trust automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial or state escheat, abandoned or unclaimed property laws to the contrary). In the event the total amount held by the Liquidating Trust becomes, in the sole discretion of the Liquidating Trustee, to small to cost effectively make further distributions, the Liquidating Trustee may make a charitable donation of the funds to the American Bankruptcy Institute Endowment Fund.

E. Compliance with Tax Requirements

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

F. Allocations

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

G. Setoffs and Recoupment

The Debtors may, but shall not be required to, set off against or recoup from any Claims of any nature whatsoever that the Debtors may have against the claimant, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Liquidating Trustee of any such Claim it may have against the Holder of such Claim.

H. Claims Paid or Payable by Third Parties

1. Claims Paid by Third Parties

The Liquidating Trustee shall reduce in full a Claim, and such Claim shall be disallowed without a Claim objection having to be Filed and without any further notice to or action, order or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor or the Liquidating Trustee.

2. Claims Payable by Third Parties

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

3. Applicability of Insurance Policies

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

ARTICLE VI.
PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED AND DISPUTED CLAIMS

A. Allowance of Claims

After the Effective Date, the Liquidating Trustee shall have and retain any and all rights and defenses such Debtor had with respect to any Claim or Interest immediately before the Effective Date.

B. Claims Administration Responsibilities

Except as otherwise specifically provided in the Plan, after the Effective Date, the Liquidating Trustee shall have the authority: (1) to File, withdraw or litigate to judgment objections to Claims or Interests; (2) to settle or compromise any Disputed Claim without any further notice to or action, order or approval by the Bankruptcy Court; and (3) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order or approval by the Bankruptcy Court; *provided, however,* that the Liquidating Trustee may not compromise, without further order of the Bankruptcy Court, any Disputed Claim to the extent that it is a Fee Claim and the U.S. Trustee has objected to such Fee Claim.

C. Estimation of Claims

Before or after the Effective Date, the Proponents or Liquidating Trustee, as applicable, may (but are not required to) at any time request that the Bankruptcy Court estimate any Disputed Claim that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or Interest or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim or Interest, including during the litigation of any objection to any Claim or Interest or during the appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim or Interest, that estimated amount shall constitute a maximum limitation on such Claim or Interest for all purposes under the Plan (including for purposes of distributions), and the Liquidating Trustee may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim or Interest.

D. Reserve for Disputed Administrative Claims

On and after the Effective Date, the Liquidating Trustee shall hold in the Disputed Claims Reserve established for each Debtor, Cash in an aggregate amount sufficient to pay to each Holder of a Disputed Administrative, Priority Tax, Priority Non-Tax and Other Secured Claim against the applicable Debtor, the amount of

Cash that such Holder would have been entitled to receive under the Plan if such Claim

had been an Allowed Claim on the Effective Date in an amount determined by the Liquidating Trustee in its reasonable discretion. For the avoidance of doubt, the amount reserved by the Liquidating Trustee pursuant to this Article VII.D shall not be deemed an admission as to the allowability or amount of any Claim in whole or in part.

E. Fee Claim Reserve

On and after the Effective Date, the Liquidating Trustee shall set aside and withhold from Distribution, Cash in an aggregate amount sufficient to pay all Fee Claims attributable to each Debtor not paid as of the Effective Date, in an amount determined by the Liquidating Trustee in its reasonable discretion. For the avoidance of doubt, the amount reserved by the Liquidating Trustee pursuant to this Article VILE shall not be deemed an admission as to the allowability or amount of any Claim in whole or in part.

F. Adjustment to Claims Without Objection

Any Claim or Interest that has been paid or satisfied, or any Claim or Interest that has been amended or superseded, cancelled or otherwise expunged (including pursuant to the Plan), may be adjusted or expunged (including on the Claims Register, to the extent applicable) by the Liquidating Trustee without a Claims objection having to be Filed and without any further notice to or action, order or approval of the Bankruptcy Court.

G. Time to File Objections to Claims

Any objections to Claims shall be Filed on or before the Claims Objection Deadline.

H. Disallowance of Claims

Except as otherwise provided herein, any Claims held by Entities from which property is recoverable under section 542, 543, 550 or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549 or 724(a) of the Bankruptcy Code, shall be deemed disallowed pursuant to section 502(d) of the Bankruptcy Code, and Holders of such Claims may not receive any distributions on account of such Claims until such time as such Causes of Action against that Entity have been settled or a Bankruptcy Court order with respect thereto has been entered and all sums due, if any, to the Debtors by that Entity have been turned over or paid to the Liquidating Trustee. All Claims Filed on account of an employee benefit shall be deemed satisfied and expunged from the Claims Register as of the Effective Date to the extent the Liquidating Trustee elect to honor such employee benefit (or assume the agreement(s) providing such employee benefit are assumed under the Plan), without any further notice to or action, order or approval of the Bankruptcy Court.

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

ORDER.

I. Amendments to Claims

On or after the Effective Date, a Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court or the Liquidating Trustee. Absent such authorization, any new or amended Claim Filed shall be deemed disallowed in full and expunged without any further action.

J. No Distributions Pending Allowance

If an objection to a Claim or portion thereof is Filed as set forth in Article VII.B, no payment or distribution provided under the Plan shall be made on account of such Claim or portion thereof unless and until such Disputed Claim becomes an Allowed Claim.

K. Distributions After Allowance

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

L. Compromise and Settlement of Claims, Interests and Controversies

Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal and subordination rights that a Holder of a Claim may have with respect to any Allowed Claim or Interest or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates and Holders, and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date, the Liquidating Trustee may compromise and settle Claims against them and Causes of Action against other Entities.

M. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the Case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the

Estates shall be fully released as to the collateral, and all of the right, title and interest of any Holder of such mortgages, deeds of trust, Liens, pledges or other security interests shall revert to the Reorganized Debtor and its successors and assigns.

N. Release of Debtors

ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, EACH HOLDER OF A CLAIM IN CLASSES 1 AND 2 FOR EACH DEBTOR SHALL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY, INDIVIDUALLY AND COLLECTIVELY, RELEASED AND ACQUITTED THE RELEASED PARTIES (INCLUDING THE RELEASED PARTIES PREDECESSORS, SUCCESSORS AND ASSIGNS, SUBSIDIARIES, AFFILIATES, MANAGED ACCOUNTS OR FUNDS, CURRENT AND FORMER OFFICERS, DIRECTORS, PRINCIPALS, SHAREHOLDERS, DIRECT AND INDIRECT EQUITY HOLDERS, MEMBERS, PARTNERS (GENERAL AND LIMITED), EMPLOYEES, AGENTS, ADVISORY BOARD MEMBERS, FINANCIAL ADVISORS, ATTORNEYS, ACCOUNTS, INVESTMENT BANKERS, CONSULTANTS, REPRESENTATIVES, MANAGEMENT COMPANIES, FUND ADVISORS AND OTHER PROFESSIONALS) AND THE RELEASED PARTIES FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, THAT SUCH HOLDER (WHETHER INDIVIDUALLY OR COLLECTIVELY) EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' LIQUIDATION, THESE CHAPTER 11 CASES, THE PURCHASE, SALE OR RESCISSION OF THE PURCHASE OR SALE OF ANY SECURITY OF THE DEBTORS, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS AND ANY RELEASED PARTY, THE RESTRUCTURING OF CLAIMS AND INTERESTS BEFORE OR DURING THESE CHAPTER 11 CASES, INCLUDING THE NEGOTIATION, FORMULATION OR PREPARATION OF THE PLAN SUPPORT AGREEMENT, THE PLAN, THE DISCLOSURE STATEMENT, OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS OR ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT OR OTHER OCCURRENCE RELATING TO THE DEBTORS TAKING PLACE ON OR BEFORE THE CONFIRMATION DATE OF THE PLAN, EXCEPT FOR ANY CLAIMS AND CAUSES OF ACTION FOR ACTUAL FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

O. Liabilities to, and Rights of Governmental Units

Nothing in the Plan or Confirmation Order shall discharge, release, or preclude: (1) any liability to a Governmental Unit that is not a Claim; (2) any Claim of a Governmental Unit arising on or after the Confirmation Date; (3) any liability to a Governmental Unit on the part of

any Person or Entity other than the Debtors or Liquidating Trustee; (4) any valid right of setoff or recoupment by a Governmental Unit; or (5) any criminal liability. Nothing in the Plan or Confirmation Order shall enjoin or otherwise bar any Governmental Unit from asserting or enforcing, outside the Bankruptcy Court, any liability described in the preceding sentence. The discharge and injunction provisions contained in the Plan and Confirmation Order are- not intended and shall not be construed to bar any Governmental Unit, after the Confirmation Date, from pursuing any police or regulatory action.

P. Exculpation

EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE PLAN OR PLAN SUPPLEMENT, NO EXCULPATED PARTY SHALL HAVE OR INCUR, AND EACH EXCULPATED PARTY IS HEREBY RELEASED AND EXCULPATED FROM ANY EXCULPATED CLAIM OR LIABILITY FOR ANY EXCULPATED CLAIM, EXCEPT FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THE DEBTORS (AND THEIR RESPECTIVE AFFILIATES, AGENTS, DIRECTORS, OFFICERS, EMPLOYEES, ADVISORS AND ATTORNEYS) HAVE PARTICIPATED IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE WITH REGARD TO THE SOLICITATION AND DISTRIBUTIONS PURSUANT TO THE PLAN AND, THEREFORE, ARE NOT, AND ON ACCOUNT OF SUCH DISTRIBUTIONS SHALL NOT BE, LIABLE AT ANY TIME FOR THE VIOLATION OF ANY APPLICABLE LAW, RULE OR REGULATION GOVERNING THE SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE PLAN OR SUCH DISTRIBUTIONS MADE PURSUANT TO THE PLAN.

Q. Injunction

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY CAUSE OF ACTION RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN OR THE CONFIRMATION ORDER.

FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN ARTICLE VIII, THE DEBTORS AND HOLDERS OF CLAIMS OR INTERESTS SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO ARTICLE VIII.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT OR RELATED DOCUMENTS, OR IN OBLIGATIONS ISSUED PURSUANT TO THE PLAN, ALL ENTITIES WHO HAVE HELD, HOLD OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED OR DISCHARGED PURSUANT TO ARTICLE VIII.C OR ARTICLE VIII.D, OR ARE SUBJECT TO EXCULPATION PURSUANT TO ARTICLE VIII.F ARE PERMANENTLY ENJOINED, FROM AND AFTER

THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (1) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (2) ENFORCING, ATTACHING, COLLECTING OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE OR ORDER AGAINST SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (3) CREATING, PERFECTING OR ENFORCING ANY ENCUMBRANCE OF ANY KIND

AGAINST SUCH ENTITIES OR THE PROPERTY OR ESTATE OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (4) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED OR SETTLED PURSUANT TO THE PLAN.

THE RIGHTS AFFORDED IN THE PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTORS OR ANY OF THEIR ASSETS, PROPERTY OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED, AND THE INTERESTS SHALL BE CANCELLED.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR HEREIN OR IN OBLIGATIONS ISSUED PURSUANT HERETO FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS SHALL BE FULLY RELEASED, AND THE INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER SECTION 502(G) OF THE BANKRUPTCY CODE.

ALL ENTITIES SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THEIR ESTATES, THE LIQUIDATING TRUSTEE, EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS AND EACH OF THEIR ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS OR ANY ACT OR OMISSION, TRANSACTION OR OTHER ACTIVITY OF ANY KIND 'OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

R. No Discharge

Notwithstanding any other provision of the Plan, pursuant to section 1141(d)(3) of the Bankruptcy Code, the Debtors shall not receive a discharge.

S. Reservation of Causes of Action/Reservation of Rights

Except with respect to the exculpation in Article VIII.F of the Plan and the releases in Article VIII.B of the Plan, nothing contained in the Plan shall be deemed to be a waiver or the

relinquishment of any Causes of Action that the Debtors or the Liquidating Trust, as applicable, may have or may choose to assert against any Person.

T. Term of Injunctions or Stays

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

ARTICLE VII.
CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THIS PLAN

A. Conditions Precedent to Confirmation

It shall be a condition to Confirmation that all provisions, terms and conditions hereof are approved in the Confirmation Order.

B. Conditions Precedent to the Effective Date

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

1. The Confirmation Order (a) shall have been duly entered and be a Final Order and shall be in form and substance otherwise reasonably acceptable to the Proponents.

2. Any amendments, modifications or supplements to the Plan (including the Plan Supplement), if any, shall be reasonably acceptable to the Proponents.

3. All actions, documents, certificates and agreements necessary to implement the Plan shall have been effected or executed and delivered to the required parties and, to the extent required, Filed with the applicable Governmental Units in accordance with applicable laws.

4. The Debtors shall have completed all going out of business sales at the Debtors' business locations pursuant to the Store Closing Approval Order.

C. Waiver of Conditions

The conditions to Confirmation and to Consummation set forth in this Article IX may be waived by the Proponents, without notice, leave or order of the Bankruptcy Court or any formal action other than proceeding to confirm or consummate the Plan.

D. Effect of Failure of Conditions

If the Consummation of the Plan does not occur, the Plan shall be null and void in all

respects and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Claims by the Debtors, any Holders or any other Entity; (2) prejudice in any manner the rights of the Debtors, any Holders or any other Entity; or (3) constitute an admission, acknowledgment, offer or undertaking by the Debtors, any Holders or any other Entity in any respect.

ARTICLE VIII.
MODIFICATION, REVOCATION OR WITHDRAWAL OF THE PLAN

A. Modification and Amendments

Except as otherwise specifically provided in the Plan, the Debtors and Committee reserve the right to modify the Plan, whether such modification is material or immaterial, and seek Confirmation consistent with the Bankruptcy Code. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 (as well as those restrictions on modifications set forth in the Plan), the Proponents, expressly reserve their respective rights to revoke or withdraw, to alter, amend or modify the Plan with respect to such Debtor, one or more times, after Confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend or modify the Plan, or remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan.

B. Effect of Confirmation on Modifications

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

C. Revocation or Withdrawal of Plan

The Debtors and Committee reserve the right to revoke or withdraw the Plan before the Confirmation Date and to file subsequent plans. If the Debtors and Committee revoke or withdraw the Plan, or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of the Claims or Interests or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of such Debtor, any Holder or any other Entity; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort by such Debtor, any holder or any other Entity.

ARTICLE IX.
RISK FACTORS

Holders of Claims against and Interests in the Debtor who are entitled to vote to accept or reject the Plan should carefully consider the risk factors set forth below prior to voting to accept

or reject the Plan.

A. Failure to Receive Requisite Accepting Votes.

In order for the Plan to be accepted, of those Holders of Claims and Interests who cast ballots, the affirmative vote of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of Allowed Claims and Allowed Interests in each voting class is required. If the requisite votes are not received to accept the Plan, and if the Plan is not confirmed by the Bankruptcy Court pursuant to the so-called "cram down" provision of section 1129(b) of the Bankruptcy Code, the Debtor may seek to liquidate the Estate in accordance with chapter 7 of the Bankruptcy Code. There can be no assurance that the terms of a liquidation under chapter 7 of the Bankruptcy Code would be similar to or as favorable to Holders of Claims and Interests as those proposed in the Plan. The Committee believes that the financial results would not be as favorable to such Holders in a proceeding under chapter 7 of the Bankruptcy Code.

B. Risk of Non-Confirmation of the Plan.

Although the Committee believes that the Plan satisfies all legal requirements necessary for Confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will confirm the Plan. There can also be no assurance that modifications to the Plan will not be required for Confirmation or that such modifications would not necessitate re-solicitation of votes to accept or reject the Plan.

C. ***Risk of Additional or Larger Claims.***

The Disclosure Statement and its attached exhibits necessarily include estimates, including estimates of future events. These estimates include, but are not limited to estimates of future income and expenses, estimates as to the total amount of Claims that will be asserted against the Debtor and the outcome of Disputed Claims. The Committee believes that the estimates presented are reasonable and appropriate under the circumstances. Nevertheless, there is a risk that unforeseen future events may cause one or more of these estimates to be materially inaccurate. Among the potential risks are the risk that additional prepetition or Administrative Expense Claims may be asserted, that Disputed Claims may be resolved at higher amounts than expected or that the resolution of such Claims may require the expenditure of unanticipated professional fees. If one or more of these estimates proves to be inaccurate, the amount of funds available for Distribution pursuant to the Plan may be reduced.

ARTICLE X.
FEASIBILITY OF THE PLAN

As a condition to Confirmation, section 1129(a)(11) of the Bankruptcy Code requires that the proponents of a plan show that confirmation is not likely to be followed by the liquidation of the Debtor or the need for further financial reorganization, unless such liquidation or reorganization is a component of the Plan. The Plan provides for the Net Sale Proceeds to be distributed for the benefit of Holders of Claims in the manner and on the terms set forth in the Plan. Accordingly, the Committee submits that the requirements of section 1129(a)(11) of the Bankruptcy Code are inapplicable in these chapter 11 cases.

ARTICLE XI.
BEST INTERESTS TEST

Notwithstanding acceptance of a chapter 11 plan by each impaired class, to confirm a plan the Bankruptcy Court must determine that the plan is in the best interests of each holder of an impaired claim or interest that has not voted to accept the plan. Accordingly, if an impaired class does not unanimously accept the plan, the best interests test of Bankruptcy Code section 1129(a)(7) requires that the Bankruptcy Court find that the plan provides to each Holder of such Claim or Interest a recovery on account thereof that has a value at least equal to the amount that such holder would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code.

To estimate the recovery of an impaired holder of a claim or interest under a chapter 7 liquidation, the Bankruptcy Court first determines the aggregate dollar amount that would be available if the chapter 11 cases were converted to a chapter 7 case and the assets of the Debtor liquidated by a chapter 7 trustee. The liquidation value would consist of the net proceeds of the disposition of the Debtor's assets and cash held by the Debtor, reduced by the additional increased costs of liquidation and the administrative claims that would arise in a chapter 7 liquidation case but that do not arise in a chapter 11 case.

The additional costs and expenses of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a chapter 7 trustee and compensation for services rendered and reimbursement of disbursements incurred on behalf of such trustee's counsel and other professionals, disposition expenses, litigation costs, and claims arising during the pendency of the chapter 7 liquidation case. The liquidation itself may trigger certain priority claims, which must be paid out of liquidation proceeds before the balance is made available to pay other claims.

In a chapter 7 liquidation, Holders of Claims would likely receive a lesser distribution from the Debtor than under the Plan. As more fully set forth in the liquidation analysis, the Committee believes that creditors will receive a distribution of approximately ____ in a chapter 7 liquidation versus _____ under the Plan. Therefore, because the Plan calls for the payment of a greater distribution to Holders of Claims than would be paid in a chapter 7 liquidation, the Committee believes that the Plan is the more favorable alternative. Accordingly, the Committee submits that the Plan satisfies the best interests test set forth in section 1129(a)(7) of the Bankruptcy Code.

A liquidation analysis is annexed hereto as Exhibit B to assist interested parties in ascertaining whether the Plan satisfies the requirements of section 1129(a)(7) of the Bankruptcy Code.

ARTICLE XII.
TAX CONSEQUENCES

A. Vesting of Property

Upon the Effective Date, all Assets of the Debtors shall vest in the Creditor Trust free and clear of all Liens, security interests, Interests, and Claims of Creditors, except obligations pursuant to the Plan and Confirmation Order.

B. Tax Consequences of Confirmation

Confirmation may have federal income tax consequences for the Debtor and Holders of Claims or Interests. The Committee has not obtained and does not intend to request a ruling from the IRS, nor has the Committee obtained an opinion of counsel with respect to any tax matters. Any federal income tax matters raised by Confirmation of the Plan are governed by the Internal Revenue Code and the regulations promulgated thereunder. Creditors and Holders of Interests are urged to consult their own counsel and tax advisors as to the consequences to them, under federal and applicable state, local and foreign tax laws, of the Plan. The following is intended to be a summary only and not a substitute for careful tax planning with a tax professional. The federal, state and local tax consequences of the Plan may be complex in some circumstances and, in some cases, uncertain. Accordingly, each Holder of a Claim or Interest is strongly urged to consult with his or her own tax advisor regarding the federal, state and local tax consequences of the Plan.

1. Tax Consequences to the Debtor.

The Debtors may not recognize income as a result of the discharge of debt pursuant to the Plan because section 108 of the Internal Revenue Code provides that taxpayers in bankruptcy proceedings do not recognize income from the discharge of debt. However, a taxpayer is required to reduce its "tax attributes" by the amount of the debt discharged. Tax attributes are reduced in the following order: (i) net operating losses; (ii) general business credits; (iii) capital loss carryovers; (iv) basis in assets; and (v) foreign tax credits.

2. Tax Consequences to Unsecured Creditors.

An unsecured Creditor that receives only Cash in satisfaction of its Claim may recognize gain or loss, with respect to the principal amount of the Claim, equal to the difference between (i) the Creditor's basis in the Claim (other than the portion of the Claim, if any, attributable to accrued interest), and (ii) the balance of the Cash received after any allocation to accrued interest. The character of the gain or loss as capital gain or loss, or ordinary income or loss, will generally be determined by whether the Claim is a capital asset in the Creditor's hands. A Creditor will also recognize ordinary income or loss in respect of consideration received for accrued interest on the Claim.

3. Disclaimer.

Holders of Claims or Interests should not rely on this Disclosure Statement with respect to the tax consequences of the Plan. They should consult with their own tax counsel or advisor. The discussion of tax consequences in this Disclosure Statement is not intended to be a complete discussion or analysis.

ARTICLE XIII.
CONCLUSION

Based on the information in this Disclosure Statement, the Debtors and Committee believe that confirmation of the Plan is in the best interests of the Debtors, their Estates and Holders of Claims against and Interests in the Debtors. Accordingly, the Debtors and Committee

ask that Creditors vote in favor of the Plan on the enclosed ballot and return the ballot as described above and on the ballot.

RECOMMENDATION

THE DEBTORS AND COMMITTEE RECOMMEND THAT YOU VOTE TO "ACCEPT" THE PLAN.

THE DEBTORS AND COMMITTEE BELIEVE THAT CONFIRMATION OF THE PLAN IS PREFERABLE TO ANY OF THE ALTERNATIVES DESCRIBED ABOVE AND THAT THE PLAN IS DESIGNED TO PROVIDE GREATER RECOVERIES THAN THOSE AVAILABLE IN ANY OTHER FORM OF LIQUIDATION. ANY OTHER ALTERNATIVE WOULD CAUSE SIGNIFICANT DELAY AND UNCERTAINTY, AS WELL AS ADDITIONAL ADMINISTRATIVE COSTS.

Respectfully submitted,

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