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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

LSC Wind Down, LLC, *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 17-10124 (KJC)
)
) (Jointly Administered)
)

**DISCLOSURE STATEMENT WITH RESPECT TO
JOINT CHAPTER 11 PLAN OF LIQUIDATION OF
LSC WIND DOWN, LLC F/K/A LIMITED STORES COMPANY, LLC AND ITS
DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

AUGUST 16, 2017

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¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: LSC Wind Down, LLC f/k/a Limited Stores Company, LLC (6463), LS Wind Down, LLC f/k/a Limited Stores, LLC (0165), and TLSGC Wind Down, LLC f/k/a The Limited Stores GC, LLC (6094).

DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT RELATES TO THE JOINT CHAPTER 11 PLAN OF LIQUIDATION OF LSC WIND DOWN, LLC F/K/A LIMITED STORES COMPANY, LLC, LS WIND DOWN, LLC F/K/A LIMITED STORES, LLC, AND TLSGC WIND DOWN, LLC F/K/A THE LIMITED STORES GC, LLC, AND IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, OTHER EXHIBITS ANNEXED OR REFERRED TO IN THE PLAN, AND THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(C) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER LAWS GOVERNING DISCLOSURE OUTSIDE THE CONTEXT OF CHAPTER 11. THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE “SEC”), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OR CLAIMS OF LSC WIND DOWN, LLC F/K/A LIMITED STORES COMPANY, LLC, LS WIND DOWN, LLC F/K/A LIMITED STORES, LLC, AND TLSGC WIND DOWN, LLC F/K/A THE LIMITED STORES GC, LLC SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

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

LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTORS.

THIS DISCLOSURE STATEMENT SUMMARIZES CERTAIN PROVISIONS OF THE PLAN, STATUTORY PROVISIONS, DOCUMENTS RELATED TO THE PLAN, EVENTS IN THE CHAPTER 11 CASES OF THE DEBTORS, AND FINANCIAL INFORMATION. THE DEBTORS ARE SOLELY RESPONSIBLE FOR ALL STATEMENTS IN THIS DISCLOSURE STATEMENT. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS UNLESS OTHERWISE NOTED. ALTHOUGH THE DEBTORS BELIEVE THAT THE PLAN AND RELATED DOCUMENT SUMMARIES ARE FAIR AND ACCURATE, SUCH INFORMATION IS QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF THE PLAN, SUCH DOCUMENTS OR ANY STATUTORY PROVISIONS THAT MAY BE REFERENCED THEREIN. THE DEBTORS BELIEVE THAT THE INFORMATION CONTAINED HEREIN IS CORRECT, BUT MAKE NO REPRESENTATION WITH RESPECT TO ITS ACCURACY OR COMPLETENESS.

1. INTRODUCTION

1.1 Purpose of Disclosure Statement.

LSC Wind Down, LLC f/k/a Limited Stores Company, LLC, LS Wind Down, LLC f/k/a Limited Stores, LLC, and TLSGC Wind Down, LLC f/k/a The Limited Stores GC, LLC (collectively, the “**Debtors**”), provide this Disclosure Statement (the “**Disclosure Statement**”) to the Office of the United States Trustee and to all of the Debtors’ known Claimholders and Interestholders pursuant to section 1125(b) of Title 11 of the United States Code (the “**Bankruptcy Code**”) for the purpose of soliciting acceptances of the *Joint Chapter 11 Plan of Liquidation of LSC Wind Down, LLC f/k/a Limited Stores Company, LLC and its Debtor Affiliates* (the “**Plan**”), which has been filed with the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”). By Order dated [●], 2017, the Disclosure Statement was approved by the Bankruptcy Court as containing “adequate information” under section 1125 of the Bankruptcy Code.

The Debtors strongly urge you to read this Disclosure Statement because it contains a summary of the Plan and important information concerning the Debtors’ history and operations. The Disclosure Statement also provides information as to alternatives to the Plan. A copy of the Plan accompanies this Disclosure Statement as a separate document.

PLEASE NOTE THAT MUCH OF THE INFORMATION CONTAINED HEREIN HAS BEEN TAKEN, IN WHOLE OR IN PART, FROM INFORMATION CONTAINED IN THE DEBTORS’ BOOKS AND RECORDS AND FROM MOTIONS AND OTHER PAPERS FILED WITH THE BANKRUPTCY COURT BY THE DEBTORS AND OTHER PARTIES-IN-INTEREST. ALTHOUGH THE DEBTORS HAVE ATTEMPTED TO BE ACCURATE IN ALL MATERIAL RESPECTS, THEY ARE UNABLE TO WARRANT OR REPRESENT THAT ALL OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS WITHOUT ERROR.

Unless otherwise defined herein, capitalized terms contained in this Disclosure Statement shall have the same meanings as ascribed to them in the Plan. All capitalized terms used in this Disclosure Statement and not defined herein or in the Plan, but that are defined in the Bankruptcy Code, shall have the respective meanings ascribed to them in the Bankruptcy Code. All capitalized terms used in this Disclosure Statement and not defined herein, in the Plan or in the Bankruptcy Code, but that are defined in the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**” or “**Bankruptcy Rule**”), shall have the respective meanings ascribed to them in the Bankruptcy Rules. Holders of Claims or Interests receiving this Disclosure Statement should carefully review the Plan in conjunction with their review of this Disclosure Statement.

PLEASE REVIEW THE PLAN IN ITS ENTIRETY IN DETAIL.

NO REPRESENTATION CONCERNING THE DEBTORS OR THE VALUE OF THEIR ASSETS HAS BEEN AUTHORIZED BY THE BANKRUPTCY COURT OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT OR ANY OTHER DISCLOSURE STATEMENT APPROVED BY THE BANKRUPTCY COURT. THE

DEBTORS ARE NOT RESPONSIBLE FOR ANY INFORMATION, REPRESENTATION OR INDUCEMENT MADE TO OBTAIN YOUR ACCEPTANCE, WHICH IS OTHER THAN, OR INCONSISTENT WITH, INFORMATION CONTAINED HEREIN AND IN THE PLAN.

The purpose of this Disclosure Statement is to provide Claimholders and Interestholders, to the extent they are entitled to vote, with information determined by the Bankruptcy Court to be adequate to enable them to make an informed decision to vote to accept or reject the Plan.

1.2 Brief Summary of the Plan

As described in more detail in this Disclosure Statement, during the course of the Debtors' bankruptcy cases, the Debtors sold substantially all of their remaining Assets, which included the Debtors' intellectual property and related assets and remaining inventory. The net proceeds received by the Debtors upon the sale of substantially all of their remaining Assets were used to indefeasibly pay the DIP Facility Claim and Prepetition Term Secured Claim in full. The remaining proceeds of the sales of the Debtors Assets and the collection and liquidation of remaining Assets of the Debtors will be used to make payments, to the extent of Available Cash, to Holders of Allowed Claims in the order of priority under section 507 of the Bankruptcy Code, including Allowed Administrative Claims (including Professional Fee Claims), Allowed Priority Tax Claims and Allowed Claims in Class 1, Class 2, Class 3, Class 4, Class 5, and Class 6. To the extent of any Available Cash, if any, after payment of Allowed Administrative Claims (including Professional Fee Claims), Allowed Priority Tax Claims and Allowed Claims in Class 1, Class 2, Class 3, Class 4, Class 5, and Class 6 and to the extent of any proceeds of GUC Avoidance Actions, the GUC Trustee shall make Pro Rata Distributions to holders of General Unsecured Claims in Class 7 from such sums.

1.3 Confirmation of Plan.

1.3.1 Requirements. The requirements for Confirmation of the Plan are set forth in detail in section 1129 of the Bankruptcy Code. The following summarizes some of the pertinent requirements:

(a) **Acceptance by Impaired Classes.** Except to the extent that the cramdown provisions of section 1129(b) of the Bankruptcy Code may be invoked, each Class of Claims must either vote to accept the Plan or be deemed to accept the Plan because the Claims or Interests of such Class are not Impaired.

(b) **Feasibility.** The Bankruptcy Court is required to find that the Plan is likely to be implemented and that parties required to perform or pay monies under the Plan will be able to do so.

(c) **"Best Interest" Test.** The Bankruptcy Court must find that the Plan is in the "best interest" of all Claimholders. To satisfy this requirement, the Bankruptcy Court must determine that each Holder of a Claim against the Debtors: (i) has accepted the Plan; or (ii) will receive or retain under the Plan money or other property which, as of the Effective

Date, has a value not less than the amount such holder would receive if the Debtors' property was liquidated under Chapter 7 of the Bankruptcy Code on such date.

(d) **“Cramdown” Provisions.** Under the circumstances which are set forth in detail in section 1129(b) of the Bankruptcy Code, the Bankruptcy Court may confirm the Plan even though a Class of Claims or Interests has not accepted the Plan, so long as one Impaired Class of Claims has accepted the Plan, excluding the votes of Insiders (as defined in the Bankruptcy Code), if the Plan is fair and equitable and does not discriminate unfairly against such non-accepting Classes. The Debtors will invoke the “cramdown” provisions of section 1129(b) of the Bankruptcy Code as to holders of Interests since under the Plan, the Class in which Interests reside are deemed to have rejected the Plan. Should any voting Class fail to accept the Plan, the Debtors will also invoke the “cramdown” provision as to such Class.

1.3.2 **Procedure.** To confirm the Plan, the Bankruptcy Court must hold a hearing to determine whether the Plan meets the requirements of section 1129 of the Bankruptcy Code (the **“Confirmation Hearing”**). The Bankruptcy Court has set [●] [●], 2017 at [●] [●].m. Eastern Time, for the Confirmation Hearing.

1.3.3 **Objection to Confirmation.** Any party-in-interest may object to Confirmation of the Plan and appear at the Confirmation Hearing to pursue such objection. The Bankruptcy Court has set [●] [●], 2017 at [●] [●].m. Eastern Time, as the deadline for filing and serving upon Debtors' counsel, the United States Trustee's Office, and counsel to the Creditors' Committee objections to Confirmation of the Plan. Objections to Confirmation must be filed with the Bankruptcy Court at the following address:

U.S. Bankruptcy Court for the District of Delaware
824 Market Street
Wilmington, Delaware 19801

with a copy served upon counsel to the Debtors:

Domenic E. Pacitti, Esquire
Michael Yurkewicz, Esquire
Klehr Harrison Harvey Branzburg LLP
919 N. Market Street, Suite 1000
Wilmington, DE 19801

and a copy served upon the Office of the United States Trustee:

United States Trustee
844 King Street, Room 2311
Lockbox 35
Wilmington, DE 19801

and a copy served upon counsel to the Creditors' Committee:

James S. Carr, Esquire
Kristin S. Elliott, Esquire
Kelley Drye & Warren LLP
101 Park Avenue
New York, NY 10178

- and -

James E. O'Neill, Esquire
Pachulski Stang Ziehl & Jones LLP
919 North Market Street, 17th Floor
P.O. Box 8705
Wilmington, DE 19899-8705

1.3.4 ***Effect of Confirmation.*** Except as otherwise provided in the Plan or in the Confirmation Order, upon the Effective Date, the Debtors and each of their Estates shall irrevocably vest in the applicable Liquidating Debtor for purposes of administration, by the Plan Administrator, of all of their respective rights, title, and interest in and to all Revested Assets. The Plan provides for the wind down of the Debtors' affairs, continued liquidation and conversion of all of the Debtors' remaining assets to Cash and the distribution of the net proceeds realized therefrom, in addition to Cash on hand on the Effective Date of the Plan, to creditors holding Allowed Claims as of the Record Date in accordance with the relative priorities established in the Bankruptcy Code. The Plan does not provide for a distribution to holders of Subordinated Claims or Interests, and their votes are not being solicited. The Plan contemplates the appointment of a Plan Administrator to, among other things, finalize the wind down of the Debtors' affairs, resolve Disputed Claims (other than Disputed General Unsecured Claims), pursue any unreleased Causes of Action (other than GUC Trust Avoidance Actions), defend the WARN Action, implement the terms of the Plan and make Distributions to holders of Allowed Claims other than holders of Allowed General Unsecured Claims. The Plan also contemplates the appointment of a GUC Trustee to, among other things, resolve Disputed General Unsecured Claims, pursue any unreleased GUC Trust Avoidance Actions, implement the terms of the Plan as it relates to the GUC Trust and the GUC Trust Agreement and make Distributions to Allowed General Unsecured Claims and administer the GUC Trust Assets in accordance with Treasury Regulation section 301.7701-4(d). The Plan Administrator may affect the dissolution of one or more of the Debtors at any time after the Effective Date. Confirmation serves to make the Plan binding upon the Debtors, all Creditors, Interestholders and other parties-in-interest, regardless of whether they cast a ballot ("***Ballot***") to accept or reject the Plan.

1.4 Voting on the Plan.

1.4.1 ***Impaired Claims or Interest.*** Pursuant to section 1126 of the Bankruptcy Code, only the holders of Claims in Classes "Impaired" by the Plan and receiving distributions or other treatment under the Plan may vote on the Plan. Pursuant to section 1124 of the Bankruptcy Code, a Class of Claims may be "Impaired" if the Plan alters the legal, equitable or contractual rights of the holders of such Claims or Interests treated in such Class. Claimholders not Impaired by the Plan are deemed to accept the Plan and do not have the right to vote on the Plan.

The Claimholders in any Class that will not receive any payment or distribution or retain any property pursuant to the Plan are deemed to reject the Plan and do not have the right to vote.

1.4.2 **Eligibility.** In order to vote on the Plan, a Claimholders must have timely filed or been assigned a timely filed proof of Claim, unless its Claim is scheduled by the Debtors and is not identified as disputed, unliquidated or contingent on the Debtors' Schedules of Assets and Liabilities (the "**Schedules**"). Claimholders having a Claim in more than one Class may vote in each Class in which they hold a separate Claim by casting a Ballot in each Class.

1.4.3 **Binding Effect.** Whether a Claimholder votes on the Plan or not, such Person will be bound by the terms of the Plan if the Plan is confirmed by the Bankruptcy Court. Absent some affirmative act constituting a vote, a Claimholder will not be included in the vote: (i) for purposes of accepting or rejecting the Plan; or (ii) for purposes of determining the number of Persons voting on the Plan.

1.4.4 **Procedure.** Members of Classes 3, 5, 6 and 7 may vote to accept or reject the Plan. Classes 1, 2, and 4 are not Impaired by the Plan and are deemed, therefore, to accept the Plan. Classes 8 and 9 are Impaired by the Plan and are deemed to have rejected the Plan because the Claims in Class 8 and Interests in Class 9 will receive no distributions under the Plan. In order for your vote to count, you must complete, date, sign and properly mail the enclosed Ballot (please note that envelopes have been included with the Ballot) to:

Donlin, Recano & Co., Inc.
6201 15th Avenue
Brooklyn, NY 11219
Attn: [●]

Pursuant to Bankruptcy Rule 3017, the Bankruptcy Court has ordered that original Ballots for the acceptance or rejection of the Plan must be received by mail or overnight delivery by Donlin, Recano & Co., Inc. (the "**Balloting Agent**") at the address set forth above on or before **4:00 p.m. Eastern Time on [●] [●], 2017**. Once you have delivered your Ballot, you may not change your vote, except for cause shown to the Bankruptcy Court after notice and hearing.

Any Ballot received that is incomplete in any way shall be deemed to be cast as follows:

(i) Ballots received that do not evidence the amount or evidence an incorrect amount of such Creditor's Claim shall be completed or corrected, as the case may be, based upon the Schedules filed by the Debtors if no proof of Claim has been filed by such Creditor, or based upon timely filed proofs of Claim, and counted as a vote to accept or reject the Plan upon request to the Court by either the Debtors or such Creditor;

(ii) Ballots received that do not identify the Creditor, whether or not signed by the Creditor, shall not be counted as a vote to accept or reject the Plan;

(iii) Ballots received that do not reflect in which Class such Ballot is cast or incorrectly classify such Creditor's Claim and that are otherwise properly completed may

be completed or corrected, as the case may be, and counted as a vote to accept or reject the Plan upon request to the Court by either the Debtors or such Creditor; and

(iv) Ballots that are completed, except that such Creditor failed to vote to accept or reject the Plan, shall not be counted as a vote to accept the Plan.

1.5 Acceptance of the Plan.

1.5.1 Claimholder Acceptance. As a Claimholder, your acceptance of the Plan is important. In order for the Plan to be accepted by an Impaired Class of Claims, a majority in number and two-thirds in dollar amount of the Claims voting (of each Impaired Class of Claims) must vote to accept the Plan, or the Plan must qualify for “cramdown” of any non-accepting Class pursuant to section 1129(b) of the Bankruptcy Code. At least one impaired Class of Creditors, excluding the votes of Insiders, must actually vote to accept the Plan. You are urged to complete, date, sign and promptly mail the enclosed Ballot. Please be sure to complete the Ballot properly and legibly identify the exact amount of your Claim and the name of the Claimholder.

1.5.2 Cramdown Election. If all Classes do not accept the Plan, but at least one Impaired Class votes to accept the Plan, excluding the votes of Insiders, the Debtors may attempt to invoke the “cramdown” provisions of the Bankruptcy Code. Cramdown may be an available remedy, because the Debtors believe that, with respect to each Impaired Class, the Plan is fair and equitable within the meaning of section 1129(b)(2) of the Bankruptcy Code and does not discriminate unfairly.

1.6 Sources of Information.

The information contained in this Disclosure Statement has been obtained from the Debtors’ books and records and from motions and other papers filed with the Bankruptcy Court by the Debtors and other parties-in-interest. Every reasonable effort has been made to present accurate information and such information is believed to be correct as of the date hereof. Any value given as to the Assets of the Debtors is based upon an estimation of such value. You are strongly urged to consult with your financial and legal advisors to understand fully the Plan and Disclosure Statement.

The financial information contained in this Disclosure Statement is given as of the date hereof, unless otherwise specified. The delivery of this Disclosure Statement does not, under any circumstance, imply that there has been no change in the facts set forth herein since such date. This Disclosure Statement is intended, among other things, to summarize the Plan and must be read in conjunction with the Plan and its exhibits. If any conflicts exist between the Plan and Disclosure Statement, the terms of the Plan shall control.

1.7 Additional Information.

Should you have any questions regarding the Plan or this Disclosure Statement, or require clarification of any information presented herein, please contact:

Domenic E. Pacitti, Esquire
Michael Yurkewicz, Esquire
Klehr Harrison Harvey Branzburg LLP
919 Market Street, Suite 1000
Wilmington, DE 19801
Telephone: (302) 426-1189

2. THE DEBTORS

2.1 *Description of the Debtors.*

On January 17, 2017 (the “*Petition Date*”), each of the Debtors filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. Each Debtor is authorized to operate its business and manage its properties as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On January 18, 2017, the Bankruptcy Court entered an order providing for the joint administration of the Debtors’ Chapter 11 cases.

The Debtors were a multi-channel retailing company and operated under the name “The Limited,” which specialized in the sale of women’s clothing. Founded in 1963 as a single store in Upper Arlington, Ohio, the Debtors focused on selling women’s sportswear at moderate prices, and it enjoyed quick success. The Debtors expanded over the past five decades to become a household name throughout the United States for women’s apparel. In its early days, The Limited marketed to the baby-boomer generation, offering casual sportswear and adding career clothing when the baby-boomers entered the workforce. In 1969, The Limited business, then comprising six stores, went public as The Limited, Inc. (now L Brands, Inc. - “L Brands”). By 1976, there were 100 The Limited stores.

Over the next several decades, The Limited pioneered vertically integrated specialty retailing, where it controlled every element of the process, including design, production, marketing, selling, and customer service. Through this strategy, The Limited was able to inexpensively produce goods and quickly respond to fashion trends by utilizing rapid response inventory and distribution strategies. The Limited grew in the 1980s by identifying popular fashion trends that it could then deliver at lower prices. By 1985, The Limited had carved out a 5 percent market share of the women’s apparel market in the United States.

In 1980, L Brands expanded by launching Limited Express, a younger, more fashion-forward store. Over the next decade, L Brands expanded by acquiring or launching a number of other companies, including Victoria’s Secret (a brand specializing in intimate apparel), Lane Bryant (a retailer specializing in plus-size women’s clothing), Lerner New York (a budget women’s clothing chain), Henri Bendel (an upscale women’s department store), Limited Too (a “tween” young women’s retailer), and Abercrombie & Fitch (a casual sportswear retailer). This continued in the 1990s with Structure, later branded as Express Men (a store specializing in contemporary clothing for younger men at a moderate price) and Cacique (a women’s intimates brand). In addition, L Brands acquired a majority interest in Galyan’s Trading Company, a sporting goods and outdoor apparel company, and also launched White Barn Candle Company and Bath & Body Works.

In 2007, certain affiliates of Sun Capital Partners, Inc. (“**Sun**”) acquired a 75 percent interest in The Limited from L Brands (and purchased the remaining 25 percent from L Brands in 2010), leaving the majority of the other brands acquired by L Brands over the years behind in operations wholly separate from those of The Limited. Sun subsequently invested \$50 million into the business and the Debtors also arranged a \$75 million credit facility to, among other things, provide capital to reenergize their brand and build a long-term platform for growth. Under Sun’s ownership, the Debtors expanded their e-commerce business, increased their use of email, and developed a social media presence

At its peak, the Debtors operated approximately 750 brick and mortar retail store locations in the United States, but in recent years the Debtors’ operations comprised approximately 250 retail locations across 42 states—primarily in leased mall-based locations—as well as an e-commerce channel, which was accessible through the Debtors’ website at www.TheLimited.com.

2.2 *The Debtors’ Operations and Financial Difficulties.*

2.2.1 *Corporate Structure.*

LSC Wind Down, LLC f/k/a Limited Stores Company, LLC (“**LSC**”), is the direct or indirect parent of the other Debtor entities. LSC holds 100% of the membership interests in LS Wind Down, LLC f/k/a Limited Stores, LLC (0165) (“**LS**”) and LS holds 100% of the membership interests in TLSC Wind Down, LLC f/k/a The Limited Stores GC, LLC.

2.2.2 *The Debtors’ Debt Structure.*

As of the Petition Date, the Debtors had consolidated outstanding funded debt obligations in the aggregate principal amount of approximately \$13.4 million, primarily consisting of the Prepetition Term Secured Credit Facility (described below). Historically, the Debtors also had outstanding obligations pursuant to a Prepetition Revolving Secured Credit Facility (described below), which were satisfied shortly before commencing these chapter 11 cases.

Limited Stores, LLC, as lead borrower, The Limited Stores GC, LLC, as borrower, Limited Stores Company, LLC as facility guarantor, Bank of America, N.A. as administrative agent and collateral agent, certain lenders from time to time, and Banc of America Securities LLC, as lead arranger and bookrunner, were parties to that certain Credit Agreement, dated as of August 24, 2007 (as amended, amended and restated, supplemented, or otherwise modified, refinanced, or replaced from time to time prior to the Petition Date, the “**Prepetition Revolving Secured Credit Agreement**”). The Prepetition Revolving Secured Credit Agreement provided for a senior secured revolving credit facility (the “**Prepetition Revolving Secured Credit Facility**”) in an amount of up to \$50 million, subject to certain terms and conditions. Obligations under the Prepetition Revolving Secured Credit Facility were secured by a first priority lien on substantially all of the Debtors’ assets. Pursuant to the terms of that certain Payoff Letter, dated as of January 4, 2017 (the “**Payoff Letter**”), all prepetition obligations owed by the Debtors under the Prepetition Revolving Secured Credit Agreement were repaid in full as set forth

therein. Thus, as of the Petition Date, no amounts remained outstanding under the Prepetition Revolving Secured Credit Facility.

Incidental to the satisfaction of all other prepetition obligations owed by the Debtors under the Prepetition Revolving Secured Credit Agreement, and in connection with the execution of the Payoff Letter, the Debtors cash collateralized outstanding letters of credit issued pursuant to the Prepetition Revolving Secured Credit Agreement and funded an indemnity reserve required under the Prepetition Revolving Secured Credit Agreement by depositing approximately \$1,127,560 (the “*BofA Cash*”) in that certain bank account ending in –0010 maintained with Bank of America, N.A., and subject to a security interest granted to Bank of America, N.A. As a result, Bank of America, N.A. retains a first priority lien on the BofA Cash in connection with any obligations that may arise on account of such outstanding letters of credit, including any draws thereon.

Limited Stores, LLC, as lead borrower, The Limited Stores GC, LLC, as borrower, Limited Stores Company, LLC as facility guarantor, Cerberus Business Finance, LLC, as administrative agent and collateral agent (in such capacity, the “*Prepetition Term Secured Agent*”), and certain lenders from time to time are parties to that certain Term Loan Agreement (the “*Prepetition Term Secured Lenders*”), dated as of December 20, 2011, (as amended, amended and restated, supplemented, or otherwise modified, refinanced, or replaced from time to time prior to the Petition Date, the “*Prepetition Term Secured Credit Agreement*”). The aggregate Prepetition Term Secured Credit Agreement commitment was \$35 million, subject to certain terms and conditions. Obligations under the Prepetition Term Secured Credit Agreement were secured by a first priority lien (formerly a second priority lien prior to execution of the Payoff Letter) on substantially all of the Debtors’ assets (other than the BofA Cash, which lien is junior to Bank of America’s lien), including cash collateral and the assets that are the subject of the Sale. As of the Petition Date, approximately \$13.4 million in principal amount remained outstanding under the Prepetition Term Secured Credit Agreement.

2.2.3 *Events Leading to the Filings.*

Despite years of popularity, the Debtors, like the rest of the retail industry, faced a challenging commercial environment over the last several years, brought on by increased competition, particularly with regard to large fast fashion retailers, and the shift away from shopping at brick and mortar stores. The increase in online shopping and decrease in mall traffic particularly affected mall-based retailers, such as the Debtors, who maintained significant rent and payroll obligations to operate their brick and mortar stores, despite the decreasing sales in those locations. Given the Debtors’ substantial brick and mortar presence, and the accompanying expenses associated therewith, the Debtors’ business was heavily dependent on consumer traffic at its mall-based locations, and resulting sales conversion, to meet their sales and profitability targets. The combination of the above factors, and others plaguing the retail industry as a whole, contributed to the Debtors falling short of their targeted sales and profitability performance, and contributed to increasing operational losses.

Specifically, and stemming from an 8.3% decrease in mall traffic from 2015 through November 2016, the Debtors’ sales dropped 15.6% in stores and 8.1% overall,, 7.9% below the

company's 2016 projections. As a direct result, the company's EBITDA declined approximately 93% from 2015 to 2016, 95% below the company's 2016 projections.

As a result of the decreased operating performance described above, the Debtors were unable to comply with various covenants in their debt documents, including the Term Loan Agreement and Prepetition Secured Credit Agreement. Consequently, the Debtors entered into various amendments to the Term Loan Agreement over the course of 2015 and 2016, including the fourth, fifth, sixth, and seventh amendments to the Term Loan Agreement, dated March 11, 2015, February 24, 2016, August 25, 2016, and November 11, 2016, respectively. The Debtors also entered into amendments to the Prepetition Secured Credit Agreement during 2015 and 2016, including the fourth and fifth amendments to the Credit Agreement, dated May 27, 2015, and August, 26, 2016, respectively.

These events placed significant strain on the Debtors' business and liquidity, ultimately necessitating these chapter 11 cases to effectuate an orderly and efficient liquidation and wind down process.

2.2.4 The Debtors' Solicitation and Marketing Efforts.

In light of the broader market downturn and the Debtors' declining financial performance, in September 2016 the Debtors elected to revisit the potential to monetize their intellectual property—a concept they had first explored in mid-2015. In a marketing process led by Guggenheim Securities, LLC ("***Guggenheim***"), the Debtors thoroughly marketed all of their assets, including their intellectual property, over the ensuing nearly five months. Although the Debtors believed at the time, and continue to believe now, that selling or otherwise monetizing the intellectual property was the most likely path to maximizing the value of the Debtors' assets for the benefit of their stakeholders, the Debtors also solicited proposals from potentially interested parties for the sale of the Debtors' entire business. Despite the Debtors' best efforts and anticipated potential transactions, a going concern transaction involving the Debtors' brick and mortar business ultimately could not be realized. Subsequently, the written indications of interest the Debtors received generally contemplated the liquidation of the Debtors' existing inventory coupled with a separate sale of their intellectual property and e-commerce assets.

As a result, the Debtors, in consultation with their advisors, determined that a pre-filing liquidation of the Debtors' inventory, coupled with a separate sale of the Debtors' intellectual property and e-commerce assets, was the best and most efficient alternative to maximize the value of the Debtors' estates.

With respect to the inventory liquidation, the Debtors solicited proposals in early-December from various entities that specialize in conducting liquidation sales of retail inventory, some of whom had previously partnered with parties interested in the Debtors' intellectual property assets. After reviewing the proposals they received, on December 12, 2016, the Debtors engaged Hilco to assist with the liquidation of their existing brick and mortar store inventory. With Hilco's assistance, the Debtors commenced liquidation sales in their brick and mortar stores on December 14, 2016. The pace of these sales exceeded the Debtors' expectations, and by January 8, 2017, the Debtors had sold through substantially all of their brick and mortar inventory, and had ceased operations at, and vacated the premises of all stores shortly

thereafter. In addition, prior to the Petition Date, the Debtors ceased operating their e-commerce business.

Contemporaneously with the engagement of Hilco, the Debtors continued their marketing process with respect to their intellectual property and e-commerce assets. The Debtors received several written, non-binding indications of interest for their intellectual property and related e-commerce assets. Of those, two parties entered into formal asset purchase agreement negotiations with the Debtors. After several weeks of negotiations and extensive due diligence by the parties, the process culminated in a bidding contest between those parties, and Limited IP Acquisition LLC ultimately prevailed as the successful bidder and entered into an asset purchase agreement prepetition for the Debtors' intellectual property and related assets, subject to higher and better offers through a section 363 sale process. Shortly thereafter, the Debtors commenced these chapter 11 cases.

2.3 *The Debtors' Bankruptcy Proceedings.*

2.3.1 *Employment of Professionals.* The Debtors requested and obtained authority to employ the following professionals: (i) Klehr Harrison Harvey Branzburg LLP as counsel; (ii) Timothy D. Boates of RAS Management Advisors, LLC as Chief Restructuring Officer; and (iii) Guggenheim Securities, LLC as investment banker.

2.3.2 *DIP Financing/Debtors' Use of Cash Collateral.* Cerberus Business Finance LLC in its capacity as DIP Agent ("***DIP Agent***") for various lenders (the "***DIP Lenders***") under the Senior Secured and Superpriority Debtor-in-Possession Credit Agreement governing the DIP Facility, date as of January 18, 2017 among the Debtors, the DIP Agent and the DIP Lenders (as amended, restated, supplemented or otherwise modified from time to time) (the "***DIP Facility Credit Agreement***") agreed to allow the Debtors to use Cash Collateral and to provide the Debtors with a \$6.0 million senior-secured debtor in possession credit facility (the "***DIP Facility***"). Although the Debtors, through their advisors, searched for alternative financing arrangements, the Debtors were unable to find any alternatives. The Bankruptcy Court approved the DIP Facility by final order entered on February 16, 2017 [Docket No. 233] (the "***DIP Order***"). Among other things, the DIP Order established deadlines for parties in interest to file challenges to the claims and liens of the Prepetition Term Secured Lenders. The Challenge Period (defined in the DIP Order) has expired and was resolved pursuant to the *Stipulation (I) Resolving Committee's Challenge Rights Under Final DIP Order; and (II) Releasing Funds Escrowed For the Benefit of the DIP Agent and the Pre-Petition Agent* [Docket No. 428]

To implement its proposed sale processes and continue to retain and inspire confidence in its business partners, access to liquidity was critical. The authorization to use Cash Collateral and the DIP Facility provided liquidity that the Debtors believed was necessary to conclude the sale processes on an expedited basis and wind down the Debtors' affairs.

2.3.3 *The Creditors' Committee.* On January 24, 2017, the Office of the United States Trustee appointed an official committee of the Debtors' unsecured creditors (the "***Creditors' Committee***") pursuant to section 1102(a) of the Bankruptcy Code. The Creditors' Committee consists of five of the Debtors' largest unsecured creditors: LF Centennial PTE LTD;

LLS Freight/aka Mast Logistics Services, Inc.; Tru Fragrance & Beauty LLC; Simon Property Group, Inc.; and GGP Limited Partnership. The CIT Group/Commercial Services, Inc. is also an *ex officio* member of the Creditors' Committee. The Creditors' Committee retained (i) Kelley Drye & Warren LLP and Pachulski Stang Ziehl & Jones LLP, as lead and local co-counsel respectively, and (ii) CBIZ Accounting, Tax & Advisory of New York, LLC as financial advisor.

2.3.4 *The Sale of Substantially All of the Remaining Debtors' Assets.* The Debtors determined that the best method to realize value was to pursue a section 363 sale on an expedited basis for the Debtors intellectual property and related assets.

On February 23, 2017 the Court entered the *Order (A) Approving the Asset Purchase Agreement Between the Debtors and the Purchaser, (B) Authorizing the Sale of Certain of the Debtors' Assets Free and Clear of Liens, Claims, Encumbrances, and Interests, (C) Authorizing the Assumption and Assignment of Contracts; and (D) Granting Related Relief* [Docket No. 276] (the "**IP Asset Sale Order**") approving the sale of the Debtors' intellectual property and related assets to Limited IP Acquisition LLP for a purchase price of \$26.75 million. The Debtors closed the sale under the IP Asset Sale Order on February 24, 2017 and a portion of the cash proceeds of the sale was used to repay the DIP Facility and the balance due under the Prepetition Term Secured Credit Facility.

2.4 *Claims Against the Debtors.*

2.4.1 *Administrative Claims – Substantial Contribution Claims.* As of the date of this Disclosure Statement there have been no Administrative Claims - Substantial Contribution Claims filed against the Debtors. The Debtors estimate that a maximum of approximately \$0.00 in Administrative Substantial Contribution Claims will be allowed and remain unpaid as of the Effective Date of the Plan.

2.4.2 *Administrative Claims - 503(b)(9) Claims.* The amount of Administrative Claims – 503(b)(9) Claims filed against the Debtors to date is approximately \$[*to be completed prior to approval of Disclosure Statement*]. The Debtors estimate that a maximum of approximately \$0.00 in Administrative 503(b)(9) Claims will be allowed and unpaid as of the Effective Date of the Plan.

2.4.3 *Administrative Claims – Tax Claims.* The amount of Administrative Claims – Tax Claims filed against the Debtors is approximately \$[*to be completed prior to approval of Disclosure Statement*]. The Debtors estimate that a maximum of approximately \$0.00 in Administrative Tax Claims will be allowed and unpaid as of the Effective Date of the Plan.

2.4.4 *Priority Non-Tax Claims.* The amount of Priority Non-Tax Claims filed against the Debtors to date is approximately \$[*to be completed prior to approval of Disclosure Statement*]. The Debtors estimate that a maximum of approximately \$0.00 in Priority Non-Tax Claims will be allowed and unpaid as of the Effective Date of the Plan.

2.4.5 *Priority Tax Claims.* The Debtors have scheduled \$[*to be completed prior to approval of Disclosure Statement*] for Priority Tax Claims and the amount of Priority

Tax Claims filed against the Debtors to date is approximately \$[*to be completed prior to approval of Disclosure Statement*]. The Debtors estimate that a maximum of approximately \$[*to be completed prior to approval of Disclosure Statement*] in Priority Tax Claims will be allowed and unpaid as of the Effective Date of the Plan.

2.4.6 *Miscellaneous Secured Claims.* The Debtors have scheduled \$0.00 for Miscellaneous Secured Claims and the amount of Miscellaneous Secured Claims filed against the Debtors to date is approximately \$[*to be completed prior to approval of Disclosure Statement*]. The Debtors estimate that a maximum of approximately \$0.00 in Miscellaneous Secured Claims will be allowed and unpaid as of the Effective Date of the Plan.

2.4.7 *General Unsecured Claims.* The Debtors' Schedules reflect General Unsecured Claims against the Debtors in the approximate aggregate amount of approximately \$[*to be completed prior to approval of Disclosure Statement*]. The amount of General Unsecured Claims filed against the Debtors is approximately amount of \$[*to be completed prior to approval of Disclosure Statement*]. Many claims filed against the Debtors are duplicative, erroneously classified, unsupportable and/or for contingent/unliquidated amounts and will be the subject of claims objections filed by the Debtors or GUC Trustee. The Debtors estimate that a maximum of approximately \$[*to be completed prior to approval of Disclosure Statement*] in General Unsecured Claims could be allowed.

2.4.8 *Subordinated Claims.* The Debtors have scheduled \$0.00 for Subordinated Claims. The Debtors presently are unable to estimate the amount of Claims that will be subordinated.

3. SUMMARY OF THE PLAN OF REORGANIZATION

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTING THE PLAN AND OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT AND TO THE EXHIBITS ATTACHED THERETO.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS.

THE PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN CONTROL THE ACTUAL TREATMENT OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS UNDER THE PLAN AND WILL, UPON THE EFFECTIVE DATE, BE BINDING UPON HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS AND OTHER PARTIES IN INTEREST.

3.1 *In General.*

The Plan is proposed by the Debtors as consolidated entities. The Allowed Claims of Claimholders will be paid in accordance with priorities set forth in the Bankruptcy Code, a structure that the Debtors believe will produce a fundamentally equitable outcome for all creditors.

3.1.1 ***Assets.*** On the Effective Date, the Debtors' Assets not sold pursuant to the section 363 sale processes and not distributed pursuant to other provisions of the Plan or Orders of the Bankruptcy Court (other than the GUC Initial Fund of \$25,000.00) shall be deemed Revested Assets, and administered by the Plan Administrator pursuant to the Plan.

3.1.2 ***Plan Administrator.*** As of the Effective Date, the Plan Administrator shall be vested with full legal power, capacity and authority, and shall be directed to administer, collect and liquidate the Debtors' remaining Assets and to implement the Plan.

3.1.3 ***Preserved Claims.*** Subject to the provisions of the Plan, the Plan Administrator may, but is not required to, pursue any Preserved Claims not otherwise released under the Plan, DIP Order or other Order of the Bankruptcy Court by informal demand and/or by commencing litigation.

3.1.4 ***GUC Trust Avoidance Actions.*** Subject to the provisions of the Plan, the GUC Trustee may, but is not required to, pursue any GUC Trust Avoidance Actions not otherwise released under the Plan, DIP Order or other Order of the Bankruptcy Court by informal demand and/or by commencing litigation.

3.2 *Classification of Claims and Interests.*

3.2.1 ***Class 1.*** Class 1 consists of the Prepetition Revolving Secured Claim. Class 1 is impaired by the Plan.

3.2.2 ***Class 2.*** Class 2 consists of the Prepetition Term Secured Claim. Class 2 is impaired by the Plan.

3.2.3 ***Class 3.*** Class 3 consists of the Liberty Mutual Secured Claim. Class 3 is impaired by the Plan.

3.2.4 ***Class 4.*** Class 4 consists of all Miscellaneous Secured Claims. Class 3 is not impaired by the Plan.

3.2.5 ***Class 5.*** Class 5 consists of the Priority WARN Claims. Class 5 is impaired by the Plan.

3.2.6 ***Class 6.*** Class 6 consists of all Priority Non-Tax Claims. Class 6 is impaired by the Plan.

3.2.7 **Class 7.** Class 7 consists of all General Unsecured Claims, including all Deficiency Claims and any Unsecured Claim under the WARN Action. Class 7 is impaired by the Plan.

3.2.8 **Class 8.** Class 8 consists of all Subordinated Claims. Class 8 is impaired by the Plan.

3.2.9 **Class 9.** Class 9 consists of all Interests. Class 9 is impaired by the Plan.

3.3 Treatment of Claims and Interests.

3.3.1 **Class 1 (Prepetition Revolving Secured Claim).** The holder of the Prepetition Revolving Secured Claim was indefeasibly paid in full, in Cash, prior to the Petition Date. The holder of the Prepetition Revolving Secured Claim has no further Claim against the Debtors and will not receive any Distributions under the Plan.

3.3.2 **Class 2 (Prepetition Term Secured Claim).** The holder of the Prepetition Term Secured Claim was indefeasibly paid in full, in Cash, by the Debtors. The holder of the Prepetition Term Secured Claim has no further Claim against the Debtors and will not receive any Distributions under the Plan.

3.3.3 **Class 3 (Liberty Mutual Secured Claim).** Except to the extent that a holder of an Allowed Class 3 Liberty Mutual Secured Claim agrees to a less favorable treatment, as a compromise with respect to Liberty Mutual Secured Claim and the in full satisfaction of the Liberty Mutual Secured Claim, Liberty Mutual shall receive the agreed sum of \$[●] from the Cash held by Liberty Mutual to collateralize the Liberty Mutual Secured Claim and the balance of such Cash held by Liberty Mutual shall be paid to the Liquidating Debtors or Plan Administrator, as applicable

3.3.4 **Class 4 (Miscellaneous Secured Claims).** Except to the extent that a holder of an Allowed Class 4 Claim agrees to a less favorable treatment, the holder of each Allowed Class 3 Claim shall receive at the discretion of the Plan Administrator: (i) Cash in an amount equal to the lesser of (a) the amount of Allowed Secured Claim and (b) the value of the Debtors' property securing such Allowed Secured Claim currently in the possession of the Debtors or GUC Trust minus the amount of claims secured by such property with legal priority senior to the lien priority of the holder of such Allowed Class 4 Claim; (ii) delivery of the property securing such Allowed Class 4 Claim; or (iii) other treatment such that the Allowed Class 4 Claim shall be rendered Unimpaired. Any Allowed Deficiency Claim of a Holder of an Allowed Class 4 Claim shall be treated as a Class 7 General Unsecured Claim.

3.3.5 **Class 5 (Priority WARN Claims).** Except to the extent that a holder of Class 5 Priority WARN Claim agrees to a less favorable treatment, the holder of each Class 5 Priority WARN Claim shall receive at the discretion of the Plan Administrator and after payment of all Allowed Administrative Claims, including Professional Claims, Allowed Claims in Class 1, Class 2, Class 3, and Class 4, either: (i) Cash in the amount of the Allowed Priority WARN Claim as may be agreed upon by the Plan Administrator and the holders of Allowed Priority

WARN Claims; (ii) its Pro Rata share of Cash in the amount of \$[●]; or (iii) Cash in the amount of each Allowed Priority WARN Claim as may be fixed by Final Order of the Bankruptcy Court.

3.3.6 Class 6 (Priority Non-Tax Claims). Except to the extent that a holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, each holder of such Allowed Priority Non-Tax Claim shall either: (a) be paid in full in Cash to the extent that there is sufficient Available Cash to pay such Allowed Priority Non-Tax Claims in full after payment in full of all Allowed Administrative Claims, including Professional Claims, Allowed Priority Tax Claims and Allowed Claims in Class 1, Class 2, Class 3, Class 5 and Class 6; or (b) to the extent that there are not sufficient GUC Trust Assets to pay Allowed Priority Non-Tax Claims in full, each Holder of such Allowed Priority Non-Tax Claim shall receive its Pro Rata share of the Available Cash after payment in full of all Allowed Administrative Claims, including Professional Claims, Allowed Priority Tax Claims and Allowed Claims in Class 1, Class 2, Class 3, Class 4 and Class 5. Allowed Priority Non-Tax Claims shall be paid as soon as reasonably practicable after the Effective Date and after the reconciliation of all Disputed Priority Non-Tax Claims, unless the Plan Administrator, in his, her or its sole discretion, determines that an earlier Distribution is practicable consistent with the Plan.

3.3.7 Class 7 (General Unsecured Claims). Except to the extent that a holder of an Allowed Class 7 General Unsecured Claim agrees to a less favorable treatment, each holder of an Allowed Class 7 General Unsecured Claim shall receive its Pro Rata share of GUC Trust Interests after payment in full of (or reserve for) GUC Trust Expenses, all Allowed Administrative Claims (including Professional Fee Claims), Allowed Priority Tax Claims and Allowed Claims in Class 1, Class 2, Class 3, Class 4, Class 5 and Class 6. Distributions on Account of Allowed Class 7 General Unsecured Claims shall be made as soon as reasonably practicable after the Effective Date and after the reconciliation of all Disputed General Unsecured Claims, unless the GUC Trustee, in his, her or its sole discretion, determines that an earlier Distribution is practicable consistent with the Plan.

3.3.8 Class 8 (Subordinated Claims). The holders of Allowed Class 8 Subordinated Claims shall not be entitled to, and shall not receive or retain any property or interest in property under the Plan, on account of such Subordinated Claims

3.3.9 Class 9 (Interests). The holders of Interests in Class 9 shall have their Interests against the Debtors extinguished as of the Effective Date and shall receive no Distributions under this Plan.

3.4 Treatment of Unclassified Claims.

3.4.1 Administrative Claims - Professional Claims.

(a) **Final Professional Fee Applications.** All final requests for payment of Professional Fee Claims pursuant to Bankruptcy Code sections 327, 328, 330, 331, 363, 503(b), or 1103 must be made by application Filed with the Bankruptcy Court and served on counsel to the Plan Administrator, counsel to the Prepetition Agent, and counsel to the U.S. Trustee no later than forty-five (45) calendar days after the Effective Date, unless otherwise ordered by the Bankruptcy Court (the “**Professional Fee Claim Bar Date**”). Objections to such applications

must be Filed and served on counsel to the Plan Administrator, counsel to the Creditors' Committee, counsel to the U.S. Trustee, and the requesting Professional on or before the date that is fifteen (15) calendar days after the date on which the applicable application was served (or such longer period as may be allowed by order of the Bankruptcy Court or by agreement with the requesting Professional).

(b) **Payment of Interim Amounts.** The provisions of the Professional Fee Order shall remain in effect as to amounts owing to Professionals prior to the Effective Date.

(c) **Payment of Professional Fee Claims.** All Professional Fee Claims shall be paid by the Plan Administrator to the extent approved by order of the Bankruptcy Court within five (5) Business Days after entry of such order. On the Effective Date, the Plan Administrator shall establish the Professional Fee Claim Reserve. The Professional Fee Claim Reserve shall vest in the Plan Administrator and shall be maintained by the Plan Administrator in accordance with the Plan. The Plan Administrator shall fully fund the Professional Fee Claim Reserve on the Effective Date in an amount that is agreed upon by the Debtors, the Prepetition Agent, and the Creditors' Committee prior to the Confirmation Date and that approximates the total projected amount of unpaid Professional Fee Claims on the Effective Date. If the Debtors, the Prepetition Agent, and the Creditors' Committee are unable to agree on an amount by which the Professional Fee Claim Reserve is to be funded, then any of those parties may submit the issue to the Bankruptcy Court, which, following notice and a hearing, shall fix the amount of the required funding. All Professional Fee Claims that have not previously been paid, otherwise satisfied, or withdrawn shall be paid from the Professional Fee Claim Reserve. Any excess funds in the Professional Fee Claim Reserve shall be released to the Plan Administrator to be used for other purposes consistent with the Plan.

(d) **Post-Effective Date Services.** After the Effective Date, any requirement that Professionals comply with the Professional Fee Order or sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate. The Plan Administrator shall pay any Professionals for Post-Effective Date services requested by the Plan Administrator. The GUC Trustee shall pay any Professionals for Post-Effective Date services requested by the GUC Trustee.

3.4.2 Administrative Claims - Substantial Contribution Compensation and Expenses Bar Date. Any person or entity who requests compensation or expense reimbursement for making a substantial contribution ("**Substantial Contribution Claim**") in the Chapter 11 Cases pursuant to sections 503(b)(3), (4) and (5) of the Bankruptcy Code must file an application with the clerk of the Bankruptcy Court on or before a date that is thirty (30) days subsequent to the Effective Date (the "**Section 503 Deadline**") and serve such application on counsel for the GUC Trustee and on all other parties as otherwise required by the Bankruptcy Court and the Bankruptcy Code on or before the Section 503 Deadline, or be forever barred from seeking such compensation or expense reimbursement. All Allowed Substantial Contribution Claims shall be paid by the Plan Administrator within thirty (30) days of allowance by the Bankruptcy Court.

3.4.3 Administrative Claims – Allowed Claims under section 503(b)(9) of the Bankruptcy Code. Allowed Section 503(b)(9) Claims shall be paid in full in Cash by the Plan Administrator as soon as reasonably practicable after the Effective Date.

3.4.4 Administrative Claims – Allowed Administrative Tax Claims under section 503(b)(1)(B) and (C) of the Bankruptcy Code. Allowed Administrative Claims under section 503(b)(1)(B) and (C) of the Bankruptcy Code shall be paid in full in Cash by the Plan Administrator as soon as reasonably practicable after the Effective Date.

3.4.5 Other Administrative Claims Bar Date. All requests for payment of an Administrative Claim other than Professional Claims, DIP Facility Claims, Administrative Tax Claims under sections 503(b)(1)(B) and (C), amounts owed to the U.S. Trustee, Substantial Contribution Claims and Section 503(b)(9) Claims must be filed with the Bankruptcy Court and served on counsel to the Plan Administrator no later than thirty (30) days after the Effective Date. Unless the Plan Administrator objects to an Administrative Claim on or prior to the Claims Objection Deadline (subject to extension by consent or court order) such Administrative Claim shall be deemed an Allowed Administrative Claim in the amount requested. All such Allowed Administrative Claims shall be paid in full in Cash by the Plan Administrator as soon as reasonably practicable after the Effective Date.

3.4.6 Priority Tax Claims. In full satisfaction, settlement, and release of and in exchange for such Claims, Allowed Priority Tax Claims shall be paid by the Plan Administrator, at the Plan Administrator's option, as follows: (a) Cash equal to the unpaid portion of the Face Amount of such Allowed Priority Tax Claim on the later of the Effective Date or thirty (30) calendar days following the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim; (b) in regular installment payments in Cash over a period not exceeding three (3) years after the Petition Date, plus interest on the unpaid portion thereof at the rate determined under applicable non-bankruptcy law as of the calendar month in which the Confirmation Date occurs (*provided* that such election shall be without prejudice to the right to prepay any such Allowed Priority Tax Claim in full or in part without penalty); or (c) such other treatment as to which the Holder of an Allowed Priority Tax Claim and the Plan Administrator shall have agreed upon in writing.

3.4.7 DIP Facility Claim. The DIP Facility has been indefeasibly paid in full in cash, and the DIP Agent and DIP Lender have no Claims against the Debtors or the Debtors' Assets.

3.5 Implementation of the Plan.

3.5.1 In General. The Plan is a liquidating plan and provides for the liquidation of the Debtors' Assets and the payment of the proceeds generated therefrom to holders of Allowed Claims in accordance with the priorities set forth in the Bankruptcy Code. The Plan Administrator may, but is not required to, pursue any Preserved Claims not otherwise released under the Plan, DIP Order or other Order of the Bankruptcy Court by informal demand and/or by the commencement of litigation in any court of competent jurisdiction, with the Net Recoveries of such Preserved Claims to be distributed in accordance with the Plan. The GUC Trustee may, but is not required to, pursue any GUC Trust Avoidance Actions not otherwise released under

the Plan, DIP Order or other Order of the Bankruptcy Court by informal demand and/or by commencing litigation.

3.5.2 *Means of Implementing the Plan.* The primary means by which the Debtors will implement the Plan is through the Plan Administrator and the GUC Trustee. The Plan Administrator may affect the dissolution of any one or more of the Debtors at any time after the Effective Date, regardless of whether Final Distributions have been made.

3.5.3 *Transfer Taxes.* Any transfer of the Debtors' Assets or GUC Trust Assets prior to or on the Effective Date and pursuant to the Plan will constitute a "transfer under a plan" within the purview of section 1146(c) of the Bankruptcy Code and will not be subject to transfer, stamp or similar taxes.

3.5.4 *Estimated Plan Distribution.* The Allowed Administrative Claims, including Professional Fee Claims, Substantial Contribution Claims, Allowed Priority Non Tax Claims and the Allowed Priority Tax Claims will be paid pursuant to priorities set forth in the Bankruptcy Code from the Available Cash from the Revested Assets or Preserved Claims. The amount of the Plan distribution on account of Class 7 General Unsecured Claims cannot be determined with certainty. The following table provides a summary of the classification and treatment of Claims and Interests and the potential distributions to Holders of Allowed Claims and Interests under the Plan.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND ARE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS, REFERENCE SHOULD BE MADE TO ARTICLE III OF THE PLAN.

SUMMARY OF EXPECTED RECOVERIES²

Class	Claim/Equity Interest	Treatment of Claim/Interest	Estimated Amount of Allowed Claims	Projected Recovery Under the Plan
N/A	Administrative Claims – Professional Fee Claims	All Professional Fee Claims shall be paid by the Plan Administrator to the extent approved by order of the Bankruptcy Court within five (5) Business Days after entry of such order. On the Effective Date, the Plan Administrator shall establish the Professional Fee Claim Reserve. The Professional Fee Claim Reserve shall vest in the Plan Administrator and shall be maintained by the Plan Administrator in accordance with the Plan. The Plan Administrator shall fully fund the Professional Fee Claim Reserve on the Effective Date in an amount that is agreed upon by the Debtors, the Prepetition Agent, and the Creditors' Committee prior to the Confirmation Date and that approximates the total projected amount of unpaid Professional Fee Claims on the Effective Date. If the Debtors, the Prepetition Agent, and the Creditors' Committee are unable to agree on an amount by which the Professional Fee Claim Reserve is to be funded, then any of those parties may submit the issue to the Bankruptcy Court, which, following notice and a hearing, shall fix the amount of the required funding. All Professional Fee Claims that have not previously been paid, otherwise satisfied, or withdrawn shall be paid from the Professional Fee Claim Reserve. Any excess funds in the Professional Fee Claim Reserve shall be released to the Plan Administrator to be used for other purposes consistent with the Plan.	Approximately \$[●]	Paid in full pursuant to Plan unless otherwise paid pursuant to sale or other Bankruptcy Court Order
N/A	Administrative Claims – Substantial Contribution Claims	Any person or entity who requests compensation or expense reimbursement for making a substantial contribution (“ Substantial Contribution Claim ”) in the Chapter 11 Cases pursuant to sections 503(b)(3), (4) and (5) of the Bankruptcy Code must file an application with the clerk of the Bankruptcy Court on or before a date that is thirty (30) days subsequent to the Effective Date (the “ Section 503 Deadline ”) and serve such application on counsel for the GUC Trustee and on all other parties as otherwise required by the Bankruptcy Court and the Bankruptcy Code on or before the Section 503 Deadline, or be forever barred from seeking such compensation or expense reimbursement. All Allowed Substantial Contribution Claims shall be paid by the Plan Administrator within thirty (30) days of allowance by the Bankruptcy Court.	\$0.00	No payments necessary
N/A	Administrative Claims – 503(b)(9) Claims	Allowed Section 503(b)(9) Claims shall be paid in full in Cash by the Plan Administrator as soon as reasonably practicable after the Effective Date	Approximately \$[●]	Paid in full pursuant to Plan unless otherwise paid pursuant to sale or other Bankruptcy Court Order
N/A	Administrative Claims – Administrative Tax Claims	Allowed Administrative Claims under section 503(b)(1)(B) and (C) of the Bankruptcy Code shall be paid in full in Cash by the Plan Administrator as soon as reasonably practicable after the Effective Date.	Approximately \$[●]	Paid in full pursuant to Plan unless otherwise paid pursuant to sale or other Bankruptcy Court Order
N/A	DIP Claims	The DIP Facility has been indefeasibly paid in full in cash, and the DIP Agent and DIP Lender have no Claims against the Debtors or the Debtors' Assets.	\$0.00	Has already been indefeasibly paid in full

² The recoveries set forth in this table may change based upon changes in the amount of Claims that are “Allowed” as well as other factors related to the Debtors’ business operations and general economic conditions. “Allowed” means with respect to any Claim, except as otherwise provided herein: (a) a Claim that is scheduled by the Debtors as neither disputed, contingent nor unliquidated and not disputed; (b) a Claim that either is not a Disputed Claim or has been allowed by a Final Order; (c) a Claim that is allowed (i) pursuant to the terms of the Plan, (ii) in any stipulation that is approved by the Bankruptcy Court or (iii) pursuant to any contract, instrument, indenture or other agreement entered into or assumed in connection herewith; (d) a Claim relating to a rejected Executory Contract or Unexpired Lease that either (i) is not a Disputed Claim or (ii) has been allowed by a Final Order; or (e) a Claim as to which a Proof of Claim has been timely Filed and as to which no objection has been Filed. Except for any Claim that is expressly Allowed herein, any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated or disputed, and for which no Proof of Claim has been Filed, is not considered Allowed and shall be deemed expunged upon entry of the Confirmation Order.

SUMMARY OF EXPECTED RECOVERIES²

N/A	Priority Tax Claims	On the Effective Date, or as soon as practicable after a Priority Tax Claim becomes an Allowed Claim if the date of allowance is later than the Effective Date, each holder of an Allowed Priority Tax Claim against any of the Debtors shall be paid by the Plan Trust from the Plan Trust Assets.	Approximately \$[●]	Paid in full pursuant to Plan unless otherwise paid pursuant to sale or other Bankruptcy Court Order
1	Prepetition Revolving Secured Claim	The holder of the Prepetition Revolving Secured Claim was paid in full, in Cash, prior to the Petition Date. The holder of the Prepetition Revolving Secured Claim has no further Claim against the Debtors and will not receive any Distributions under the Plan.	\$0.00	Has already been indefeasibly paid in full
2	Prepetition Term Secured Claim	The holder of the Prepetition Term Secured Claim was indefeasibly paid in full, in Cash, by the Debtors. The holder of the Prepetition Term Secured Claim has no further Claim against the Debtors and will not receive any Distributions under the Plan.	\$0.00	Has already been indefeasibly paid in full
3	Liberty Mutual Secured Claim	Except to the extent that a holder of an Allowed Class 3 Liberty Mutual Secured Claim agrees to a less favorable treatment, as a compromise with respect to Liberty Mutual Secured Claim and the in full satisfaction of the Liberty Mutual Secured Claim, Liberty Mutual shall receive the agreed sum of \$[●] from the Cash held by Liberty Mutual to collateralize the Liberty Mutual Secured Claim and the balance of such Cash held by Liberty Mutual shall be paid to the Liquidating Debtors or Plan Administrator, as applicable.	Approximately \$[●]	Application of agreed portion of Cash Collateral.
4	Miscellaneous Secured Claims	Except to the extent that a holder of an Allowed Class 4 Claim agrees to a less favorable treatment, the holder of each Allowed Class 3 Claim shall receive at the discretion of the Plan Administrator: (i) Cash in an amount equal to the lesser of (a) the amount of Allowed Secured Claim and (b) the value of the Debtors' property securing such Allowed Secured Claim currently in the possession of the Debtors or GUC Trust minus the amount of claims secured by such property with legal priority senior to the lien priority of the holder of such Allowed Class 4 Claim; (ii) delivery of the property securing such Allowed Class 4 Claim; or (iii) other treatment such that the Allowed Class 4 Claim shall be rendered Unimpaired. Any Allowed Deficiency Claim of a holder of an Allowed Class 4 Claim shall be treated as a Class 7 General Unsecured Claim.	Approximately \$[●]	Return of collateral or treatment as set forth in Plan
5	Priority WARN Claims	Except to the extent that a holder of Class 5 Priority WARN Claim agrees to a less favorable treatment, the holder of each Class 5 Priority WARN Claim shall receive at the discretion of the Plan Administrator and after payment of all Allowed Administrative Claims, including Professional Claims, Allowed Claims in Class 1, Class 2, Class 3, and Class 4, either: (i) Cash in the amount of the Allowed Priority WARN Claim as may be agreed upon by the Plan Administrator and the Holders of Allowed Priority WARN Claims; (ii) its Pro Rata share of Cash in the amount of \$[●]; or (iii) Cash in the amount of each Allowed Priority WARN Claim as may be fixed by Final Order of the Bankruptcy Court.	Approximately \$[●]	100% of agreed amount of claim or amount fixed by Bankruptcy Court
6	Priority Non-Tax Claims	Except to the extent that a holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, each holder of such Allowed Priority Non-Tax Claim shall either: (a) be paid in full in Cash to the extent that there is sufficient Available Cash to pay such Allowed Priority Non-Tax Claims in full after payment in full of all Allowed Administrative Claims, including Professional Claims, Allowed Priority Tax Claims and Allowed Claims in Class 1, Class 2, Class 3, Class 5 and Class 6; or (b) to the extent that there are not sufficient GUC Trust Assets to pay Allowed Priority Non-Tax Claims in full, each holder of such Allowed Priority Non-Tax Claim shall receive its Pro Rata share of the Available Cash after payment in full of all Allowed Administrative Claims, including Professional Claims, Allowed Priority Tax Claims and Allowed Claims in Class 1, Class 2, Class 3, Class 4 and Class 5. Allowed Priority Non-Tax Claims shall be paid as	Approximately \$[●]	Approx. [●]%

SUMMARY OF EXPECTED RECOVERIES²

		soon as reasonably practicable after the Effective Date and after the reconciliation of all Disputed Priority Non-Tax Claims, unless the Plan Administrator, in his, her or its sole discretion, determines that an earlier Distribution is practicable consistent with the Plan.		
7	General Unsecured Claims	Except to the extent that a holder of an Allowed Class 7 General Unsecured Claim agrees to a less favorable treatment, each holder of an Allowed Class 7 General Unsecured Claim shall receive its Pro Rata share of GUC Trust Interests after payment in full of (or reserve for) GUC Trust Expenses, all Allowed Administrative Claims (including Professional Fee Claims), Allowed Priority Tax Claims and Allowed Claims in Class 1, Class 2, Class 3, Class 4, Class 5 and Class 6. Distributions on Account of Allowed Class 7 General Unsecured Claims shall be made as soon as reasonably practicable after the Effective Date and after the reconciliation of all Disputed General Unsecured Claims, unless the GUC Trustee, in his, her or its sole discretion, determines that an earlier Distribution is practicable consistent with the Plan.	Approximately \$[●]	Approx. [●]%
8	Subordinated Claims	The holders of Allowed Class 8 Subordinated Claims shall not be entitled to, and shall not receive or retain any property or interest in property under the Plan, on account of such Subordinated Claims.	Approximately \$[●]	0%
9	Interests	The holders of Interests in Class 9 shall have their Interests against the Debtors extinguished as of the Effective Date and shall receive no Distributions under this Plan.	N/A	0%

3.5.5 *Time of Distributions.* Except as otherwise provided for herein, ordered by the Bankruptcy Court, or otherwise, Distributions under the Plan shall be made as soon as is reasonably practicable on the later to occur of (a) the Effective Date, (b) the date a Claim becomes an Allowed Claim, or (c) the date that Cash becomes available for Distribution to a particular Class pursuant to the treatment of such Class under the Plan. The Plan Administrator shall provide for a holdback of a sufficient amount of Cash, which holdback shall be estimated to be sufficient to satisfy incurred and anticipated Plan Administration Expenses incurred by the Plan Administrator and to provide for a hold-back with respect to Disputed Claims or Plan Administration Expenses before making Distributions under this Plan. The Plan Administrator may make additional Distributions of Cash and property received after the initial Distributions. Such additional Distributions may be made at such times and in such amounts as determined by the Plan Administrator. The GUC Trustee shall provide for a holdback of a sufficient amount of Cash, which holdback shall be estimated to be sufficient to satisfy incurred and anticipated GUC Trust Expenses incurred by the GUC Trustee and to provide for a hold-back with respect to Disputed Claims or GUC Trust Expenses before making Distributions under this Plan. The GUC Trustee may make additional Distributions of Cash and property received after the initial Distributions. Such additional Distributions may be made at such times and in such amounts as determined by the GUC Trustee.

3.6 *Funding and No Disbursing Agent.*

3.6.1 *Plan Predicated Upon Liquidation of the Debtors' Revested Assets and Net Recoveries from Preserved Claims.* The funding and treatment of Creditors as contemplated

in the Plan is predicated upon entry of the Confirmation Order and such Confirmation Order becoming a Final Order.

3.6.2 *No Separate Disbursing Agent.* The Plan Administrator shall serve as the Disbursing Agent under the Plan for all Creditors other than General Unsecured Creditors. The GUC Trustee shall serve as the Disbursing Agent under the Plan solely for General Unsecured Creditors

3.7 *Executory Contracts and Unexpired Leases.*

3.7.1 *Assumption/Rejection.* On the Effective Date, all Pre-Petition Date executory contracts, employment agreements and unexpired leases other than those leases and contracts that were previously assumed or rejected, except as set forth in Section 7.2 herein, shall be deemed automatically rejected as of that date or such earlier date as the Debtors may have unequivocally terminated such lease or contract. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejections, pursuant to section 365 of the Bankruptcy Code.

3.7.2 *Rejection Damages Bar Date.* If the rejection by the Debtors, pursuant to the Plan or otherwise, of an executory contract or unexpired lease results in a Claim, then such Claim shall be forever barred and shall not be enforceable against the Debtors, the Liquidating Debtors, the Plan Administrator, the GUC Trustee or the properties of any of them unless a proof of claim is filed with the clerk of the Bankruptcy Court and served upon counsel to the Plan Administrator and counsel to the GUC Trustee within thirty (30) days after entry of an Order authorizing the Debtors to reject an executory contract or unexpired lease; provided, however, that notwithstanding the foregoing, in the case of an executory contract or unexpired lease "deemed rejected" pursuant to Section 7.1 of this Plan which results in a Claim, such Claim shall be forever barred and shall not be enforceable against the Debtors, the Liquidating Debtors, the Plan Administrator, the GUC Trustee or the properties of any of them unless a proof of claim is filed with the clerk of the Bankruptcy Court and served upon counsel to the Plan Administrator and counsel to the GUC Trustee within thirty (30) days after the Effective Date.

3.8 *Modification of the Plan.*

3.8.1 *Plan May Be Modified.* The Debtors may alter, amend or modify the Plan or any Exhibits thereto under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Hearing, in consultation with the Creditors' Committee. After the Confirmation Date and prior to the Effective Date, the Debtors, with the consent of the Creditors' Committee, may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order, and such matters as may be necessary to carry out the purposes and effects of the Plan, so long as such proceedings do not materially adversely affect the treatment of Claimholders or Interestholders under the Plan; *provided, however*, that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or order of the Bankruptcy Court. From and after the Effective Date and prior to substantial consummation of the Plan (as defined in section 1101(2) of the Bankruptcy Code), the Plan

Administrator may seek non-material modification or amendment of the Plan pursuant to Section 13.2 of the Plan.

3.9 Plan Controls.

3.9.1 **Plan Provisions Control.** In the event and to the extent that any provision of the Plan is inconsistent with the provisions of this Disclosure Statement or any other agreement or instrument required or contemplated to be executed by the Debtors or the Plan Administrator, the provisions of the Plan will control.

3.10 Binding Effect.

3.10.1 **Provisions of Plan are Binding.** The provisions of the Plan and the Confirmation Order are binding and will inure to the benefit of the holders of Claims against, and Interests in, the Debtors and their respective successors, assigns, heirs and personal representatives, whether or not such persons voted to accept or reject the Plan.

3.11 Procedures For Resolving Disputed Claims and Interests.

3.11.1 **Objections to Claims.** Subsequent to Confirmation, the Plan Administrator will have the right to object to the allowance of any Claim other than a General Unsecured Claim and the GUC Trustee will have the exclusive right to object to the allowance of any General Unsecured Claim. Such Objections, if any, will be filed with the Bankruptcy Court no later than the first Business Day that is at least 180 calendar days after the Effective Date. For the avoidance of doubt, the Claim Objection Deadline may be extended one or more times by the Bankruptcy Court.

3.11.2 **No Distributions Pending Allowance.** Except as otherwise set forth in the Plan, no payments or distributions will be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim.

3.11.3 **Compromises and Settlements.** Pursuant to Bankruptcy Rule 9019(a), the Debtors may compromise and settle various (a) Claims against them, and (b) claims that they have against other Persons. The Debtors expressly reserve the right (with Bankruptcy Court approval, following appropriate notice and opportunity for a hearing) to compromise and settle, up to and including the Effective Date, Claims against them and claims that they may have against other Persons. After the Effective Date, such right will pass exclusively to the Plan Administrator to which such claims will be conveyed pursuant to the Plan.

3.11.4 **Procedures for Treating and Resolving Disputed Claims.** Except as set forth in Section 8.7(c) of the Plan, no payments or Distributions will be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim. All objections to Disputed Claims other than Disputed General Unsecured Claims must be filed by the Plan Administrator on or before the Claim Objection Deadline, unless such time period is extended by the Bankruptcy Court. All objections to

Disputed General Unsecured Claims must be filed by the GUC Trustee on or before the Claim Objection Deadline, unless such time period is extended by the Bankruptcy Court.

3.11.5 *Distribution Reserve.* The Plan Administrator will withhold the Distribution Reserve from the property to be distributed under the Plan to Claimholders other than Holders of General Unsecured Claims. The Plan Administrator may request estimation for any Disputed Claim that is contingent or unliquidated, and the Plan Administrator will withhold the Distribution Reserve based upon the estimated amount of each such Claim as determined by the Bankruptcy Court. If the Plan Administrator elects not to request such an estimation from the Bankruptcy Court with respect to a Disputed Claim that is contingent or unliquidated, the GUC Trustee will withhold the Distribution Reserve based upon the appropriate Pro Rata percentage Distribution of the Face Amount of such Claim. The GUC Trustee will withhold the Distribution Reserve from the property to be distributed under the Plan to Holders of General Unsecured Claims. The GUC Trustee may request estimation for any Disputed General Unsecured Claim that is contingent or unliquidated, and the GUC Trustee will withhold the Distribution Reserve based upon the estimated amount of each such Claim as determined by the Bankruptcy Court. If the GUC Trustee elects not to request such an estimation from the Bankruptcy Court with respect to a Disputed General Unsecured Claim that is contingent or unliquidated, the GUC Trustee will withhold the Distribution Reserve based upon the appropriate Pro Rata percentage Distribution of the Face Amount of such Claim.

3.11.6 *Distributions After Allowance.* Payments and Distributions from the Distribution Reserve on account of a Disputed Claim, to the extent that such Disputed Claim ultimately becomes an Allowed Claim, will be made in accordance with provisions of the Plan that govern the Class in which such Claim is classified. As soon as reasonably practicable after the date when the order or judgment of the Bankruptcy Court allowing all or part of such Claim becomes a Final Order, the Plan Administrator or GUC Trustee, as applicable, shall distribute to the holder of such Claim any Cash allocated to such Claim in the Distribution Reserve that would have been distributed on the dates Distributions were previously made on account of Allowed Claims had such Claim been an Allowed Claim on such dates. All Distributions made under this Section of the Plan on account of an Allowed Claim shall be made as if such Claim had been an Allowed Claim on the dates Distributions were previously made to Allowed Claims.

3.11.7 *Claims Allowable Against Multiple Debtors.* Notwithstanding anything herein or in the Schedules to the contrary, to the extent a Claimholder has a Claim that is an Allowed Claim against more than one of the Debtors based upon the same ground or theory of liability, such Claim shall only be counted once for determination of Distributions under the Plan.

3.12 *Retention of Claims Belonging to the Debtors.*

3.12.1 *Preserved Claims and GUC Avoidance Actions.* Except as previously waived or released, all Preserved Claims are preserved and retained for enforcement exclusively by the Plan Administrator subsequent to the Effective Date and all GUC Avoidance Actions and are preserved and retained for enforcement exclusively by the GUC Trustee subsequent to the Effective Date.

3.13 Tax Consequences.

3.13.1 *In General.* The Federal income tax consequences of the Plan to a Creditor or Interest Holder will depend upon a number of factors and can be complex. In general, a Creditor that receives cash in satisfaction of its Allowed Claim will generally receive a gain or loss with respect to the principal amount of the Allowed Claim equal to the difference between: (i) the Creditor's basis in the Claim (other than any Claim in respect to accrued interest); and (ii) the balance of the cash received after any allocation to the accrued interest. The Debtors have not determined the character of any gain or loss to be recognized by an Interest Holder with respect to any distribution, if any, such Interest Holder may receive under the Plan. **FOR THE FOREGOING REASONS, HOLDERS OF CLAIMS AND HOLDERS OF EQUITY INTERESTS ARE ADVISED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES (FOREIGN, FEDERAL, STATE AND LOCAL) OF THE PLAN. THE DEBTORS ARE NOT MAKING ANY REPRESENTATION REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE CONFIRMATION AND CONSUMMATION OF THE PLAN AS TO ANY CREDITOR OR INTEREST HOLDER, NOR ARE THE DEBTORS RENDERING ANY FORM OF LEGAL OPINION AS TO SUCH TAX CONSEQUENCES. CREDITORS AND INTEREST HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TREATMENT OF DISTRIBUTIONS MADE UNDER THE PLAN.**

4. POST-CONFIRMATION ISSUES

4.1 *Role of Creditors' Committee.* From and after the Effective Date, the Creditors' Committee shall not exist, except in accordance with Section 13.3 of the Plan.

4.2 Employment of Counsel and Fees.

4.2.1 *Employment of Professionals After Confirmation.* All professionals employed by the Debtors and the Creditors' Committee during the pendency of the Chapter 11 Cases shall continue to be employed, and will be entitled to compensation as holders of Administrative Claims for their services prior to the Effective Date. Upon the occurrence of the Effective Date, the Plan Administrator shall be deemed a judicial substitute for each of the Debtors and shall be empowered to retain and/or employ professionals.

4.3 Exculpation and Limitation of Liability; Releases; and Injunction

4.3.1 *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) 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 any Distribution to be made on account of such Allowed Claim and (b) a good faith compromise of all Claims and Causes of Action the Debtors, Creditors' Committee or any Person that could bring such Cause of Action on their behalf against the Released Parties. 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, (a) the Plan Administrator may compromise and settle Claims against the Debtors (other than General Unsecured Claims) and Causes of Action against other Entities and (b) the GUC Trustee may compromise and settle General Unsecured Claims against the Debtors and GUC Trust Avoidance Actions against other Entities.

4.3.2 Release of Liens. Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title and interest of any holder of such mortgages, deeds of trust, Liens, pledges or other security interests shall revert to the relevant Estates and its successors and assigns.

4.3.3 Releases by the Debtors. EFFECTIVE AS OF THE EFFECTIVE DATE OF THE PLAN, PURSUANT TO SECTION 1123(b) OF THE BANKRUPTCY CODE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, ON AND AFTER THE EFFECTIVE DATE, EACH RELEASED PARTY IS DEEMED CONCLUSIVELY, ABSOLUTELY, EXPRESSLY, UNCONDITIONALLY, IRREVOCABLY, GENERALLY AND INDIVIDUALLY AND COLLECTIVELY RELEASED, ACQUITTED AND DISCHARGED BY EACH AND ALL OF THE DEBTORS, THE DEBTORS' ESTATES, AND THE LIQUIDATING DEBTORS FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF EACH AND ALL OF THE DEBTORS, THE DEBTORS' ESTATES, OR THE LIQUIDATING DEBTORS, AS APPLICABLE, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, BY STATUTE OR OTHERWISE, THAT EACH AND ALL OF THE DEBTORS, THE DEBTORS' ESTATES, OR LIQUIDATING DEBTORS (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF THE HOLDER OF ANY CLAIM OR INTEREST OR OTHER ENTITY, EVER HAD, NOW HAS OR HEREFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, ANY OR ALL OF THE DEBTORS, THE DEBTORS' LIQUIDATION, THE CHAPTER 11 CASES, 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 THE CHAPTER 11 CASES, THE NEGOTIATION,

FORMULATION, PREPARATION, OR PERFORMANCE OF THE DIP FACILITY, THE ASSET SALE, THE PLAN, THE DISCLOSURE STATEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS OR ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE OF THE PLAN RELATING TO THE DEBTORS OR THE DEBTORS' ESTATES, EXCEPT FOR ANY CLAIMS AND CAUSES OF ACTION FOR ACTUAL FRAUD, WILLFUL MISCONDUCT OR GROSS NEGLIGENCE.

4.3.4 *Releases by Holders.* SUBJECT TO THE RIGHT OF EACH HOLDER OF A CLAIM AGAINST THE DEBTOR TO AFFIRMATIVELY 'OPT OUT' OF THE RELEASE SET FORTH BELOW BY NOTING SUCH "OPT OUT" ELECTION ON THE BALLOT TO VOTE ON THE PLAN, ON THE EFFECTIVE DATE OF THE PLAN, EACH AND ALL OF THE RELEASING PARTIES SHALL BE DEEMED TO CONCLUSIVELY, ABSOLUTELY, EXPRESSLY, UNCONDITIONALLY, IRREVOCABLY, GENERALLY AND INDIVIDUALLY AND COLLECTIVELY, RELEASE, ACQUIT AND DISCHARGE EACH AND ALL OF THE RELEASED PARTIES AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE AGAINST OR ON BEHALF OF ANY OR ALL OF THE RELEASED PARTIES, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, BY STATUTE OR OTHERWISE, THAT SUCH RELEASING PARTY (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, ANY OR ALL OF THE DEBTORS, THE DEBTORS' LIQUIDATION, THE CHAPTER 11 CASES, 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 THE CHAPTER 11 CASES, INCLUDING THE NEGOTIATION, FORMULATION, PREPARATION OR PERFORMANCE OF THE DIP FACILITY, THE ASSET SALE, THE PLAN, THE DISCLOSURE STATEMENT, OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS OR ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE OF THE PLAN RELATING TO THE DEBTORS OR THE DEBTORS' ESTATES, EXCEPT FOR ANY CLAIMS AND CAUSES OF ACTION FOR ACTUAL FRAUD, WILLFUL MISCONDUCT OR GROSS NEGLIGENCE.

4.3.5 *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 Effective

Date; (3) any liability to a Governmental Unit on the part of any Person or Entity other than the Debtors or GUC 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 from, after the Effective Date, pursuing any police or regulatory action.

4.3.6 *Exculpation.* EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE PLAN, NO EXCULPATED PARTY SHALL HAVE OR INCUR, AND EACH EXCULPATED PARTY IS HEREBY RELEASED AND EXCULPATED FROM ANY EXCULPATED CLAIM, OBLIGATION, CAUSE OF ACTION OR LIABILITY FOR ANY EXCULPATED CLAIM, EXCEPT FOR FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, BUT IN ALL RESPECTS SUCH ENTITIES SHALL BE ENTITLED TO REASONABLY RELY UPON THE ADVICE OF COUNSEL WITH RESPECT TO THEIR DUTIES AND RESPONSIBILITIES PURSUANT TO THE PLAN. THE DEBTORS (AND EACH OF THEIR RESPECTIVE AFFILIATES, AGENTS, DIRECTORS, OFFICERS, EMPLOYEES, ADVISORS AND ATTORNEYS) HAVE PARTICIPATED IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE LAWS AND PROVISIONS OF THE BANKRUPTCY CODE WITH REGARD TO THE SOLICITATION OF VOTES AND TRANSFER OF DEBTORS' ASSETS TO THE GUC TRUST PURSUANT TO THE PLAN AND, THEREFORE, ARE NOT, AND ON ACCOUNT OF SUCH TRANSFER 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 THE TRANSFER OF ASSETS PURSUANT TO THE PLAN.

4.3.7 *Injunction.* FROM AND AFTER THE EFFECTIVE DATE, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN OR RELATED DOCUMENTS, 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. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN 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 9.3 OR ARTICLE 9.4, OR ARE SUBJECT TO EXCULPATION PURSUANT TO ARTICLE 9.6 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; (4) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION, OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE FROM SUCH ENTITIES OR AGAINST THE PROPERTY OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS UNLESS SUCH HOLDER HAS FILED A MOTION REQUESTING THE RIGHT TO PERFORM SUCH SETOFF ON OR BEFORE THE EFFECTIVE DATE, AND NOTWITHSTANDING AN INDICATION OF A CLAIM OR INTEREST OR OTHERWISE THAT SUCH HOLDER ASSERTS, HAS, OR INTENDS TO PRESERVE ANY RIGHT OF SETOFF PURSUANT TO APPLICABLE LAW OR OTHERWISE; AND (5) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED OR SETTLED PURSUANT TO THE PLAN.

4.3.8 FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THIS ARTICLE IX, 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 THIS ARTICLE IX.

4.3.9 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 DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED.

4.3.10 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.

4.3.11 ALL ENTITIES SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THE DEBTORS' ESTATES, THE CREDITORS' COMMITTEE THE GUC 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. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ON OR AFTER THE EFFECTIVE DATE, EXCEPT AS OTHERWISE PROVIDED HEREIN OR IN A PRIOR ORDER OF THE BANKRUPTCY COURT, A CLAIM MAY NOT BE FILED OR AMENDED WITHOUT THE PRIOR AUTHORIZATION OF THE BANKRUPTCY COURT OR THE CONSENT OF THE GUC TRUSTEE. ABSENT SUCH AUTHORIZATION OR CONSENT, ANY NEW OR AMENDED CLAIM FILED SHALL BE DEEMED DISALLOWED IN FULL AND EXPUNGED WITHOUT FURTHER ORDER OF THE BANKRUPTCY COURT.

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

4.3.13 *No Liability for Solicitation or Participation.* As specified in section 1125(e) of the Bankruptcy Code, Persons that solicit acceptances or rejections of this Plan, in good faith and in compliance with the applicable provisions of the Bankruptcy Code are not liable, on account of such solicitation or participation, for violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan or the offer, issuance, sale or purchase of securities.

5. FEASIBILITY

5.1 *Financial Feasibility Analysis.*

5.1.1 *Bankruptcy Code Standard.* The Bankruptcy Code requires that, in order to confirm the Plan, the Bankruptcy Court must find that Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors unless contemplated by the Plan.

5.1.2 *No Need for Further Reorganization of Debtors.* The Plan provides for the liquidation of all of the Debtors' Assets. Accordingly, the Debtors believe that all Plan obligations will be satisfied without the need for further reorganization of the Debtors.

6. ALTERNATIVES TO PLAN

6.1 *Chapter 7 Liquidation.*

6.1.1 ***Bankruptcy Code Standard.*** Notwithstanding acceptance of the Plan by the requisite number of Creditors and Interest Holders of any Class, the Bankruptcy Court must still independently determine that the Plan provides each member of each Impaired Class of Claims and Interests a recovery that has a value at least equal to the value of the distribution that each such Person would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date.

6.1.2 ***Plan is in Best Interest of Creditors.*** The Debtors believe that the Plan satisfies this standard because the Plan provides for an orderly liquidation of the Assets. Furthermore, the Debtors believe that the Plan also provides Creditors with a degree of certainty that would not exist if the Assets were subject to liquidation outside of the Plan and eliminates the risks and expenses of the marketplace and continual administration of the Debtors. In this regard, in the event of a liquidation under Chapter 7, some administrative expenses may go unpaid, general unsecured creditors would likely receive no distribution, and the following is likely to occur:

1. Additional administrative expenses, including trustee's commissions, fees for trustee's accountant, attorneys and other professionals likely to be retained, would be incurred with priority over general unsecured claims under section 507(a)(1) of the Bankruptcy Code and would materially reduce Creditor recovery.

2. Distributions would likely be substantially delayed, while expenses of administration would continue to grow.

It is the Debtors' belief that in a Chapter 7 liquidation of the Debtors, the Unsecured Creditors would not receive a distribution. Accordingly, the Debtors believes that the Plan is in the best interests of Creditors. See Chapter 7 Liquidation Comparison attached hereto as Exhibit B.

6.2 *Risk Factors.*

6.2.1 There can be no assurance by the Debtors that any remaining liquidation proceeds will be generated from the liquidation of the Debtors' Assets. Even in the event of the liquidation of the Debtors' remaining Assets, there can be no assurance by the Debtors that such sale or sales will generate additional proceeds for distribution to the holders of Allowed General Unsecured Claims.

6.3 *Recommendations.*

6.3.1 It is the position of the Debtors that the Plan is substantially preferable to a liquidation under Chapter 7 of the Bankruptcy Code. Conversion of these Chapter 11 Cases would result in: (i) substantial delays in the distribution of any proceeds (if any) available under such alternative; (ii) increased uncertainty as to whether payments would be made to Unsecured Creditors; and (iii) substantially increased administrative costs.

THE DEBTORS RECOMMEND THAT YOU VOTE IN FAVOR OF THE PLAN.

7. CONCLUSION

It is important that you exercise your right to vote on the Plan. It is the Debtors' belief and recommendation that the Plan fairly and equitably provides for the treatment of all Claims against the Debtors and is substantially preferable to a liquidation under Chapter 7 of the Bankruptcy Code.

[Remainder of page intentionally left blank]

THIS DOCUMENT IS FOR SETTLEMENT DISCUSSION PURPOSES ONLY
AND IS SUBJECT TO FRE 408 IN ALL RESPECTS

IN WITNESS WHEREOF, the Debtors have executed this Disclosure Statement this 16th
day of August, 2017.

Respectfully submitted,

LSC Wind Down, LLC f/k/a Limited Stores
Company, LLC
LS Wind Down, LLC f/k/a Limited Stores,
LLC
TLSGC Wind Down, LLC f/k/a The
Limited Stores GC, LLC

By: /s/
Timothy D. Boates
Chief Restructuring Officer

EXHIBIT A

Chapter 7 Liquidation Comparison

[To Be Supplied Prior to Disclosure Statement Hearing]