

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

In re:

ADARA ENTERPRISES CORP.,¹

Debtor.

Chapter 11

Case No. 21-10736 (JKS)

Re D.I.: 8 & 42

**NOTICE OF COMMENCEMENT OF CASE AND SUMMARY OF
PREPACKAGED CHAPTER 11 PLAN AND NOTICE OF HEARING TO
CONSIDER (A) DEBTOR'S COMPLIANCE WITH DISCLOSURE
REQUIREMENTS AND (B) CONFIRMATION OF PLAN**

***PLEASE BE ADVISED* RELEASE, EXCULPATION AND INJUNCTION PROVISIONS ARE FOUND IN ARTICLE 11 OF THE PLAN. YOU ARE ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING THE RELEASE, EXCULPATION AND INJUNCTION PROVISIONS, AS YOUR RIGHTS MAY BE EFFECTED.**

NOTICE IS HEREBY GIVEN as follows:

1. On April 22, 2021 (the "Petition Date"), Adara Enterprises Cop. (the "Debtor") filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

2. On the Petition Date, the Debtor filed a proposed prepackaged plan (the "Plan")² and a proposed disclosure statement (the "Disclosure Statement") pursuant to sections 1125 and 1126(b) of the Bankruptcy Code. The proposed sponsor of the Plan is ESW Holdings, Inc. ("ESW"). Copies of the Plan and Disclosure Statement may be obtained by visiting the Bankruptcy Court's website at www.deb.uscourts.gov, or free of charge by visiting the website maintained by the Debtor's claims and noticing agent, Donlin Recano & Company, Inc. (the "Claims Agent"), at www.donlinrecano.com/aec. Copies of the Plan may also be obtained by contacting the Claims Agent at 1-866-406-2286, or by contacting Debtor's counsel, (a) Loeb & Loeb LLP, 345 Park Avenue, New York, New York 10154 (Attn: Daniel Besikof, Esq., dbesikof@loeb.com and Bethany Simmons, Esq., bsimmons@loeb.com), and (b) Gellert, Scali, Busenkell & Brown, LLC, 1201 N. Orange Street, Suite 300, Wilmington, Delaware 19801 (Attn: Ronald Gellert, Esq., rgellert@gsbblaw.com).

3. The Debtor is proposing a financial restructuring that, pursuant to the Plan, contemplates a comprehensive in-court restructuring of Claims against and Equity Interests in the

¹ The last four digits of the Debtor's federal tax identification number are 8502. The Debtor's address is 411 E 57th Street Suite 1-A, New York, New York 10022.

² All capitalized terms used but not otherwise defined herein shall have the meaning ascribed in the Plan.

Debtor that will deleverage the Debtor's capital structure and preserve the going-concern value of the Debtor's business, maximize recoveries available to all constituents, and provide for a distribution to the Debtor's stakeholders. Generally, the Plan provides for, among other things, (1) the reorganization of the Debtor by retiring, cancelling, extinguishing, and/or discharging the Debtor's prepetition Equity Interests and issuing (i) 50% of the New Equity in the Reorganized Debtor to the Preferred Equity Interest Holder in exchange for the Preferred Equity Interests, and (ii) 50% of the New Equity to the Prepetition Secured Lender, in exchange for a portion of the Prepetition Secured Lender Claim; (2) the remittal of the Consideration to the Debtor on the Effective Date; and (3) the distribution of the Consideration to holders of Allowed Claims and Other Equity Interests in accordance with the priority scheme established by the Bankruptcy Code or as otherwise agreed (as each capitalized term is defined in the Plan).

Summary of the Plan³

4. The following chart summarizes the treatment provided by the Plan to each class of Claims against and Equity Interests in the Debtor, and indicates the voting status of each class. This chart is only a summary of the classification of Claims and Equity Interests under the Plan. References should be made to the entire Disclosure Statement and the Plan for complete description.

| Class | Designation | Plan Treatment for Allowed Claims and Interests | Status | Voting Rights |
|-------|-----------------------------------|--|------------|------------------|
| 1 | Prepetition Secured Lender Claims | Each holder of an Allowed Prepetition Secured Lender Claim against the Debtor shall receive on or as soon as reasonably practicable after the Effective Date, on account of such Allowed Secured Claim (i) 50% of the New Equity in the Reorganized Debtor in full and complete settlement, release and discharge of, and in exchange for \$2,000,000 of the Prepetition Secured Lender Claim, and (ii) the remainder of the Prepetition Secured Lender Claim shall be treated as a continuing obligation of the Reorganized Debtor upon the terms set forth in the Plan Supplement, and shall not be deemed extinguished, discharged, cancelled, released or otherwise satisfied under the Plan; provided that the GlassBridge Guaranty and the GlassBridge Pledge shall be terminated, and GlassBridge shall be discharged and released of all obligations thereunder, as of the Effective Date. | Impaired | Entitled to vote |
| 2 | Other Secured Claims | Each holder of an Allowed Other Secured Claim against the Debtor shall receive on or as soon as reasonably practicable after the Effective Date, on account of and in full and complete settlement, release and discharge of, and in exchange for, such Allowed Other Secured Claim, at the option of the Debtor and Plan Sponsor: (i) payment in full in Cash; (ii) the collateral securing its Allowed Other Secured Claim and payment of any interest required under section 506(b) of the Bankruptcy Code; | Unimpaired | Deemed to Accept |

³ The statements contained herein are summaries of the provisions contained in the Disclosure Statement and the Plan and do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred to therein. For a more detailed description of the Plan, please refer to the Disclosure Statement.

| Class | Designation | Plan Treatment for Allowed Claims and Interests | Status | Voting Rights |
|-------|----------------------------|---|------------|------------------|
| | | (iii) reinstatement of such Allowed Other Secured Claim; or (iv) such other treatment rendering such Allowed Other Secured Claim unimpaired. | | |
| 3 | Other Priority Claims | On or as soon as reasonably practicable after the Effective Date, each holder of an Allowed Other Priority Claim shall receive, on account of and in full and complete settlement, release and discharge of, and in exchange for its Allowed Other Priority Claim, (i) Cash equal to the amount of such Allowed Other Priority Claim on the Effective Date; or (ii) such other treatment to the holder of an Allowed Other Priority Claim as to which the Debtor, the Plan Sponsor and the holder of such Allowed Other Priority Claim shall have agreed upon in writing. | Unimpaired | Deemed to Accept |
| 4 | General Unsecured Claims | On or as soon as reasonably practicable after the Effective Date, each holder of an Allowed General Unsecured Claim, on account of and in full and complete settlement, release and discharge of, and in exchange for its General Unsecured Claim shall receive (i) payment in full in Cash, plus any interest necessary to cause such Allowed General Unsecured Claim to be unimpaired; or (ii) such other treatment to the holder of an Allowed General Unsecured Claims as to which the Debtor, Plan Sponsor and the holder of such Allowed General Unsecured Claim shall have agreed upon in writing. | Unimpaired | Deemed to Accept |
| 5 | Preferred Equity Interests | On or as soon as reasonably practicable after the Effective Date, the Preferred Equity Interest Holder, on account of and in full and complete settlement, release and discharge of, and in exchange for, its Allowed Preferred Equity Interest shall receive 50% of the New Equity in the Reorganized Debtor. On the Effective Date, all Preferred Equity Interests shall be deemed automatically cancelled, released, and extinguished without further action by the Debtor or the Reorganized Debtor, and any and all obligations of the Debtor and the Reorganized Debtor thereunder shall be discharged. For the avoidance of doubt, the Allowed Preferred Equity Interest Holder shall not receive any portion of Remaining Cash. | Impaired | Entitled to vote |
| 6 | Other Equity Interests | On or as soon as reasonably practicable after the Effective Date, the holder of Allowed Other Equity Interests will receive on account of its Other Equity Interests (i) all Remaining Cash and (ii) the IP Grant. On the Effective Date, all Other Equity Interests shall be deemed automatically cancelled, released, and extinguished without further action by the Debtor or the Reorganized Debtor, and any and all obligations of the Debtor and the Reorganized Debtor thereunder shall be discharged. | Impaired | Entitled to vote |

Notice Regarding Release, Exculpation and Injunction Provisions in the Plan

5. PLEASE BE ADVISED THAT THE PLAN CONTAINS CERTAIN RELEASE, EXCULPATION AND INJUNCTION PROVISIONS, INCLUDING:

a. Discharge of the Debtor

To the fullest extent provided under section 1141(d)(1)(A) and other applicable provisions of the Bankruptcy Code, except as otherwise expressly provided by the Plan or the Confirmation Order, all Distributions under the Plan will be in exchange for, and in full and complete satisfaction, settlement, discharge, and release of, all Claims and causes of action, whether known or unknown, including any interest accrued on such Claims from and after the Petition Date, against, liabilities of, Liens on, obligations of, rights against, and Equity Interests in, the Debtor or any of its assets or properties, and regardless of whether any property will have been distributed or retained pursuant to the Plan on account of such Claims or Equity Interests. Except as otherwise expressly provided by the Plan or the Confirmation Order, upon the Effective Date, the Debtor and its Estate will be deemed discharged and released under and to the fullest extent provided under section 1141(d)(1)(A) and other applicable provisions of the Bankruptcy Code from any and all Claims and Equity Interests of any kind or nature whatsoever, including, but not limited to, demands and liabilities that arose before the Confirmation Date, and all debts of the kind specified in section 502(g), 502(h), or 502(i) of the Bankruptcy Code. The Confirmation Order shall be a judicial determination of the discharge of all Claims against, and Equity Interests in, the Debtor, subject to the occurrence of the Effective Date.

b. Discharge Injunction

Except as otherwise expressly provided in the Plan, the discharge and releases set forth in Section 11.1 hereof shall also operate as an injunction permanently prohibiting and enjoining the commencement or continuation of any action or the employment of process with respect to, or any act to collect, recover from, or offset (a) any Claim discharged and released in Section 11.1 hereof, or (b) any cause of action, whether known or unknown, based on the same subject matter as any Claim discharged and released in Section 11.1 hereof; *provided, however*, that such injunction shall only operate for the benefit of the Debtor and the Reorganized Debtor, their successors and assigns, and their assets, properties, and interests in property. Except as otherwise expressly provided in the Plan, all Persons shall be precluded and forever barred from asserting against the Debtor and the Reorganized Debtor, their successors or assigns, or their assets, properties, or interests in property, any other or further Claims, or any other right to legal or equitable relief, regardless of whether such right can be reduced to a right to payment, based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, whether or not the facts of or legal bases therefor were known or existed prior to the Effective Date.

c. Exculpation and Limitation of Liability

The Exculpated Parties will neither have nor incur any liability to any entity for any claims or causes of action arising on or after the Petition Date and prior to or on the Effective Date for any act taken or omitted to be taken in connection with, or related to formulating, negotiating, preparing, disseminating, implementing, administering, confirming, or effecting the consummation of the RSA, Plan, the Disclosure Statement, or any other contract, instrument, release, or other agreement or document created or entered into in connection with the Plan or any other act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtor, the entry into the RSA, the prosecution of the Debtor's chapter 11 case, the approval of the Disclosure Statement, or confirmation or consummation of the Plan, the distribution of property under the Plan or any other related agreement; *provided, however*, that the foregoing provisions will have no effect on the liability of any entity that results from any such act or omission that is determined in a Final Order of the Bankruptcy Court or other court of competent jurisdiction to have constituted gross negligence or willful misconduct; *provided further* that the Exculpated Parties shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan and shall retain any defense available under applicable law regarding its entitlement to rely upon the advice of counsel concerning its duties pursuant to, or in connection with, the above referenced documents, actions, or inactions.

d. Releases by the Debtor

Notwithstanding anything to the contrary in the Plan or the Confirmation Order, effective as of the Effective Date, for good and valuable consideration provided by each of the Released Parties⁴, the adequacy of which is hereby acknowledged and confirmed, the Debtor will be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever provided a full discharge, waiver and release to the Released Parties (and each such Released Party so released shall be deemed forever released by the Debtor) and their respective properties from any and all claims that the Debtor would have been legally entitled to assert in its own right, on its own behalf, or on behalf of another party, against the Released Parties; *provided, however*, that the foregoing provisions of this release shall not operate to waive or release (i) the rights of the Debtor to enforce the Plan and the contracts, instruments, releases and other agreements or documents delivered under or in connection with the Plan or assumed pursuant to the Plan or assumed pursuant to final order of the Bankruptcy Court; and/or (ii) any defenses against a third party.

⁴ Released Parties as defined in the Plan means (a) the Debtor; (b) the Plan Sponsor and its affiliates, including without limitation, the Prepetition Secured Lender and the Preferred Equity Interest Holder; (c) GlassBridge and its affiliates and (d) the directors, officers, agents, attorneys, accountants, consultants, equity holders, financial advisors, investment bankers, professionals, experts, and employees of any of the foregoing, each in their respective capacities as such. Any affiliate or other party related to any Released Party shall also be a Released Party to the extent that such affiliate or related party is alleged or charged to be directly or indirectly liable on any derivative, vicarious liability, alter ego, or other theory for imposing liability on an affiliate or related party for the conduct or liability of the Released Party; provided that any holder of a Claim or Equity Interest that files an objection to the releases contained in the Plan shall not be a "Released Party."

The foregoing release shall be effective as of the Effective Date without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Person, and the Confirmation Order will permanently enjoin the commencement or prosecution by any person, whether directly, derivatively or otherwise, of any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities released pursuant to this release.

e. Releases by Third Parties

To the extent allowed by applicable law, on, and as of, the Effective Date and for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Released Parties shall be forever released from any and all claims, obligations, actions, suits, rights, debts, accounts, causes of action, remedies, avoidance actions, agreements, promises, damages, judgments, demands, defenses, or claims in respect of equitable subordination, and liabilities throughout the world under any law or court ruling through the Effective Date (including all claims based on or arising out of facts or circumstances that existed as of or prior to the Effective Date, including claims based on negligence or strict liability, and further including any derivative claims asserted on behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtor, its Estate, or the Reorganized Debtor would have been legally entitled by applicable law to assert in its own right, whether individually or collectively) which Creditors or other persons receiving or who are entitled to receive Distributions under the Plan may have against any of the Released Parties in any way related to the Chapter 11 Case or the Debtor (or its predecessors); *provided, however*, that the foregoing release of the Released Parties (other than the Debtor) is granted only by (a) Creditors and Interest Holders who are unimpaired and (b) the Releasing Parties⁵; *provided, further, however*, that the release provided in this Section shall not extend to any claims by any Governmental Unit with respect to criminal liability under applicable law, willful misconduct or bad faith under applicable law, or *ultra vires* acts under applicable law.

For the avoidance of doubt, nothing in this Article XI shall prevent the enforcement of the terms of the Plan.

RELEASE, EXCULPATION AND INJUNCTION PROVISIONS ARE FOUND IN ARTICLE 11 OF THE PLAN. YOU ARE ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING THE RELEASE, EXCULPATION AND INJUNCTION PROVISIONS, AS YOUR RIGHTS MAY BE EFFECTED.

⁵ Releasing Parties as defined in the Plan means each of (a) GlassBridge; (b) ESW Holdings, Inc.; (c) ESW Capital, LLC; and (d) the affiliates, subsidiaries, directors, officers, agents, attorneys, accountants, consultants, equity holders, financial advisors, investment bankers, professionals, experts, and employees of any of the foregoing, each in their respective capacities as such.

Hearing to Consider Compliance with Disclosure Requirements and Confirmation of the Plan

6. A combined hearing to consider compliance with the Bankruptcy Code's disclosure requirements and any objections thereto and to consider confirmation of the Plan and any objections thereto will be held before the Honorable J. Kate Stickles, United States Bankruptcy Judge, Room 7 of the United States Bankruptcy Court, 824 Market Street, Third Floor, Wilmington, Delaware 19801 on **June 9, 2021 at 11:00 am (prevailing Eastern Time)** or as soon thereafter as counsel may be heard (the "Combined Hearing"). The Combined Hearing may be adjourned from time to time without further notice other than by filing a notice on the Bankruptcy Court's docket indicating such adjournment and/or an announcement of the adjourned date or dates at the Combined Hearing. The adjourned date or dates will be available on the electronic case filing docket and the Claims Agent's website at www.donlinrecano.com/aec.

7. Any objections to the Plan or the Disclosure Statement must (a) be in writing, (b) conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, (c) state the name and address of the objecting party and the amount and nature of such party's claim or interest, (d) state with particularity the basis and nature of any objection to the Plan and, if practicable, a proposed modification to the Plan that would resolve such objection and (e) be filed, together with proof of service, with the Court and served upon the parties below, **in each case so as to be ACTUALLY RECEIVED on or before 4:00 p.m. (prevailing Eastern Time) on May 27, 2021**, by:

- a. the Debtor, 411 East 57th Street Suite 1-A, New York, New York 10022 (Attn: Daniel Strauss);
- b. proposed counsel for the Debtor, (i) Loeb & Loeb LLP, 345 Park Avenue, New York, New York 10154 (Attn: Daniel Besikof, Esq., dbesikof@loeb.com and Bethany Simmons, Esq., bsimmons@loeb.com), and (ii) Gellert, Scali, Busenkell & Brown, LLC, 1201 N. Orange Street, Suite 300, Wilmington, Delaware 19801 (Attn: Ronald Gellert, Esq., rgellert@gsbblaw.com);
- c. the Office of the United States Trustee, J. Caleb Boggs Federal Building, 844 King Street, Lockbox 35, Wilmington, Delaware 19801 (Attn: Joseph McMahon, Esq.);
- d. counsel to ESW Holdings, Inc. and ESW Capital, LLC, (i) Goulston & Storrs PC, 885 Third Avenue, 18th Floor, New York, New York 10022 (Attn: Trevor Hoffmann, Esq., thoffmann@goulstonstorrs.com) and (ii) Morris, Nichols, Arsht & Tunnell LLP, 1201 N. Market Street, 16th Floor, P.O. Box 1347, Wilmington, Delaware 19899 (Attn: Derek C. Abbott, Esq., DAbbott@MNAT.com);
- e. counsel to GlassBridge Enterprises, Inc., The Rosner Law Group, 824 N. Market Street, Suite 810, Wilmington, Delaware 19801 (Attn: Frederick R. Rosner, Esq., rosner@teamrosner.com); and

- f. counsel to the official committee of unsecured creditors appointed in this Chapter 11 Case, if any.

UNLESS AN OBJECTION IS TIMELY SERVED AND FILED IN ACCORDANCE WITH THIS NOTICE, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT AT THE COMBINED HEARING.

Section 341(a) Meeting

8. A meeting of creditors pursuant to section 341(a) of the Bankruptcy Code (the “Section 341(a) Meeting”) will be deferred until confirmation of the Plan. **The Section 341(a) Meeting will not be convened if the Plan is confirmed by June 16, 2021.** If the Section 341(a) Meeting will be convened, the Debtor will file, serve on the parties on whom it served this notice and any other parties entitled to notice pursuant to the Bankruptcy Rules, and post on the Claims Agent’s website at www.donlinrecano.com/aec not less than 21 days before the date scheduled for such meeting, a notice of, among other things, the date, time and place of the Section 341(a) Meeting.

Dated: April 27, 2021
Wilmington, Delaware

Respectfully submitted,

GELLERT SCALI BUSENKELL & BROWN LLC

/s/ Ronald S. Gellert

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– and –

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Proposed Counsel to the Debtor and Debtor in Possession