

IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re:)	
)	Case No. 17-47541-659
)	CHAPTER 11
ARMSTRONG ENERGY, INC., <i>et al.</i> , ¹)	
)	Joint Administration Requested
)	
Debtors.)	
)	

DEBTORS' JOINT CHAPTER 11 PLAN

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¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Armstrong Energy, Inc. (4058); Armstrong Air, LLC (2017); Armstrong Coal Company, Inc. (0349); Armstrong Coal Sales, LLC (8643); Armstrong Energy Holdings, Inc. (5664); Armstrong Logistics Services, LLC (0392); Thoroughfare Mining, LLC (7890); Western Diamond LLC (9356); Western Land Company, LLC (9821). The location of the Debtors' service address is: 7733 Forsyth Boulevard, Suite 1625, St. Louis, Missouri 63105.

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Armstrong Energy, Inc., along with its debtor affiliates, as debtors and debtors in possession, propose the following joint plan pursuant to chapter 11 of title 11 of the United States Code. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in Article I.A hereof.

The Plan is supported by the Debtors' three primary stakeholders: the Supporting Senior Noteholders, Thoroughbred Resources, L.P., for itself and on behalf of its Affiliates and subsidiaries, and Rhino Resource Partners Holdings LLC. The Plan also has the support of Knight Hawk Holdings, LLC, a contemplated investor in NewCo for purposes of consummating the sale and related transactions contemplated by the Transaction Agreement and the Restructuring Support Agreement and as further provided for herein. The Plan, if consummated, will effectuate the terms of the Sale Transaction as well as facilitate a wind-down and liquidation of the Debtors' remaining operations and assets.

The Debtors have requested consolidation for procedural purposes only for the Chapter 11 Cases. Holders of Claims and Interests may refer to the Disclosure Statement for a discussion of the Debtors' history, businesses, results of operations, historical financial information, and a summary and analysis of the Plan and certain related matters. Each of the Debtors is a proponent of the Plan within the meaning of section 1129 of the Bankruptcy Code.

ARTICLE I
DEFINED TERMS, RULES OF INTERPRETATION,
COMPUTATION OF TIME, AND GOVERNING LAW

A. *Defined Terms.*

As used in this Plan, capitalized terms have the meanings and effect as set forth below.

1. "Adequate Protection Claims" has the meaning assigned to such term in the Cash Collateral Order.
2. "Administrative Claim" means a Claim for costs and expenses of administration of the Debtors' Estates pursuant to sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Estates and operating the businesses of the Debtors; (b) Allowed Professional Fee Claims; and (c) all Allowed requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code. Notwithstanding anything to the contrary herein, any NewCo Cure Costs or Debtor Cure Costs with respect to any Executory Contracts or Unexpired Leases that are assumed by the Debtors and assigned to NewCo pursuant to the Plan and the Transaction Agreement shall not constitute Administrative Claims for any purpose under the Plan.
3. "Administrative Claims Bar Date" means the first Business Day that is 30 days following the Effective Date, except as specifically set forth in the Plan or a Final Order, including the Bar Date Order.
4. "Affiliate" has the meaning set forth in section 101(2) of the Bankruptcy Code.
5. "Allowed" means with reference to any Claim (a) any Claim that has been listed on the Schedules as liquidated in amount and not Disputed or contingent and for which (i) no contrary Proof of Claim has been Filed, (ii) no objection to allowance, request for estimation, or other challenge has been interposed, and (iii) no motion to deem the Schedules amended has been Filed, (b)(1) any Proof of Claim that is timely Filed by the applicable Claims Bar Date, as to which no litigation (whether stayed or unstayed) is pending and to which no objection or other challenge has been or is interposed in accordance with the Plan or such other applicable period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules, the Bankruptcy Local Rules, or the Bankruptcy Court, if any, and (2) any Claim that is not subject to any applicable Claims Bar Date, as to which no objection or other challenge has been or is interposed in accordance with the Plan or such other applicable period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, if any, (c) any Claim expressly allowed by a Final Order or under the Plan, (d) any Claim that is compromised, settled, or otherwise resolved pursuant to the authority granted to the Debtors pursuant to a Final Order or under the Plan, (e) any Claim arising from the recovery of property in accordance with sections 550 and 553 of the Bankruptcy Code and Allowed in accordance with

section 502(h) of the Bankruptcy Code (unless such Claim is otherwise Disputed), and/or (f) any Claim allowed by stipulation approved by the Bankruptcy Court. Notwithstanding anything to the contrary herein and to the maximum extent provided by applicable law, no Claim of any Entity subject to section 502(d) of the Bankruptcy Code shall be deemed Allowed unless and until such Entity pays in full the amount that it owes such Debtor, as applicable. Except as otherwise provided in the Plan, for purposes of determining the amount of an “Allowed Claim,” there shall be deducted therefrom an amount equal to the amount of any Claim that the Debtors may hold against the Holder thereof, to the extent such Claim may be offset pursuant to applicable non-bankruptcy law or subject to recoupment. Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not constitute “Allowed Claims” under the Plan unless otherwise specified in the Plan or by order of the Bankruptcy Court. For any purpose under the Plan, unless specifically provided for in the Plan, a Claim that has been Allowed shall not include amounts constituting interest, penalties, or late charges arising from or relating to the period from and after the Petition Date. Any Claim that has been or is hereafter listed in the Schedules as disputed, contingent, or unliquidated for which no Proof of Claim or Interest has been timely Filed and which is not included in subsections (a)-(f) herein, is not considered an Allowed Claim and shall be expunged without further action by the Debtors and without any further notice to or action, order, or approval of the Bankruptcy Court.

6. “Armstrong” means Armstrong Energy, Inc.
7. “Assumed Liabilities” shall have the meaning set forth in the Transaction Agreement.
8. “Avoidance Actions” means any and all actual or potential claims and causes of action to avoid a transfer of property or an obligation incurred by the Debtors pursuant to any applicable section of the Bankruptcy Code, including sections 502, 510, 542, 544, 545, 547–553, and 724(a) of the Bankruptcy Code or under similar or related state or federal statutes and common law, including fraudulent transfer laws.
9. “Bankruptcy Code” means title 11 of the United States Code, 11 U.S.C. §§ 101–1532.
10. “Bankruptcy Court” means the United States Bankruptcy Court for the Eastern District of Missouri having jurisdiction over the Chapter 11 Cases and, to the extent of the withdrawal of any reference under 28 U.S.C. § 157, pursuant to section 151 of the Judicial Code, the United States District Court for the Eastern District of Missouri.
11. “Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure promulgated under section 2075 of the Judicial Code and the general, local, and chamber rules of the Bankruptcy Court.
12. “Business Day” means any day, other than a Saturday, Sunday, or “legal holiday” (as defined in Bankruptcy Rule 9006(a)).
13. “Cash” means the legal tender of the United States or the equivalent thereof.
14. “Cash Collateral Motion” means the motion seeking approval of the Cash Collateral Order by the Bankruptcy Court, which shall be in form and substance reasonably acceptable to the Required Supporting Senior Noteholders.
15. “Cash Collateral Order” means any order entered in the Chapter 11 Cases authorizing the consensual use of cash collateral (whether interim or final), which shall be in form and substance acceptable to the Required Supporting Senior Noteholders.
16. “Cash Consideration” means any proceeds paid or payable in Cash by NewCo to the Debtors in connection with the Sale Transaction (other than NewCo Cure Costs); *provided* that, for the avoidance of doubt, Cash Consideration includes any Cash or Cash equivalents returned (whether before or after the Effective Date) to the Debtors or their Estates, including, but not limited to, (a) the return of any deposits of Cash or Cash equivalents and (b) the release of Cash or Cash equivalents used to collateralize any of the Debtors’ surety bonds or insurance policies or any of the Debtors’ coal sale or coal supply agreements or other similar contracts or utility contracts.

17. “Causes of Action” means, subject to the releases, exculpations, and injunctions set forth in the Plan, any claim, cause of action (including any Avoidance Action), controversy, right of setoff, cross claim, counterclaim, or recoupment and any claim on contracts or for breaches of duties imposed by law or in equity, demand, right, action, Lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, power, privilege, license, and franchise of any kind or character whatsoever, known, unknown, fixed or contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity, or pursuant to any other theory of law, which was not conveyed to NewCo in connection with the Sale Transaction and which was property of the Debtors or in which the Debtors held rights as of the Effective Date.

18. “Certificate” means any instrument evidencing a Claim or Interest.

19. “Chapter 11 Cases” means (a) when used with reference to a particular Debtor, the chapter 11 case pending for that Debtor under chapter 11 of the Bankruptcy Code in the Bankruptcy Court and (b) when used with reference to all Debtors, the procedurally consolidated chapter 11 cases pending for the Debtors in the Bankruptcy Court.

20. “Claim” means any “claim” (as defined in section 101(5) of the Bankruptcy Code) against a Debtor.

21. “Claims Bar Date” means the bar date by which a Proof of Claim must be or must have been Filed, as established by (a) a Final Order of the Bankruptcy Court, including the Claims Bar Date Order, or (b) pursuant to the Plan.

22. “Claims Bar Date Order” means the *Order Establishing Bar Dates For Filing Proofs Of Claim And Approving Form And Manner Of Notice Thereof*.

23. “Claims Objection Bar Date” means, for each Claim, the later of (a) 365 days after the Effective Date and (b) such other period of limitation as may be specifically fixed by an order of the Bankruptcy Court for objecting to such Claims, as the same may be modified or extended from time to time by the Bankruptcy Court or on motion of a party in interest approved by the Bankruptcy Court.

24. “Claims Register” means the official register of Claims maintained by the Clerk of the Bankruptcy Court.

25. “Class” means a category of Holders of Claims or Interests as set forth in Article III of the Plan in accordance with section 1122(a) of the Bankruptcy Code.

26. “Collateral” means any property or interest in property of the estate of any Debtor subject to a lien, charge, or other encumbrance to secure the payment or performance of a Claim, which lien, charge, or other encumbrance is not subject to a Final Order ordering the remedy of avoidance on any such lien, charge, or other encumbrance under the Bankruptcy Code.

27. “Committee” means the official committee of unsecured creditors appointed in the Chapter 11 Cases pursuant to section 1102(a) of the Bankruptcy Code, if any.

28. “Confirmation” means the entry of the Confirmation and Sale Order on the docket of the Chapter 11 Cases.

29. “Confirmation Date” means the date upon which the Bankruptcy Court enters the Confirmation and Sale Order.

30. “Confirmation Hearing” means the hearing held by the Bankruptcy Court to consider entry of a Confirmation and Sale Order pursuant to section 1129 of the Bankruptcy Code.

31. “Confirmation Hearing Date” means the date on which the Confirmation Hearing commences.
32. “Confirmation and Sale Order” means the order approving, among other things, the Transaction Agreement and the Sale Transaction, and confirming the Plan pursuant to section 1129 of the Bankruptcy Code, which shall be reasonably acceptable in form and substance to (a) the Required Supporting Senior Noteholders, (b) with respect to those provisions involving the Royalty Agreements, to Thoroughbred, and (c) with respect to those provisions involving the Sale Transaction, to Knight Hawk.
33. “Consummation” means the occurrence of the Effective Date of the Plan.
34. “Contribution” shall have the meaning set forth in the Transaction Agreement.
35. “Cure Costs” means all amounts (or such lesser amount as may be agreed upon by the parties under an Executory Contract or Unexpired Lease) required to cure any monetary defaults and other obligations required to cure any non-monetary defaults (the performance required to cure such non-monetary defaults and the timing of such performance will be described in reasonable detail in a notice of proposed assumption and assignment) under any Executory Contract or Unexpired Lease that is to be assumed or assumed and assigned by the Debtors pursuant to sections 365 or 1123 of the Bankruptcy Code.
36. “Cure Notice” means any notice that sets forth the proposed Cure Costs under any Executory Contract or Unexpired Lease at the time such contract or lease is assumed or assumed and assigned by the Debtors under the Plan pursuant to sections 365 and 1123 of the Bankruptcy Code, as applicable, which notice shall include procedures for objecting to proposed assumptions or assignments of Executory Contracts and Unexpired Leases, Cure Costs to be paid in connection therewith, and procedures for resolution by the Bankruptcy Court of any related disputes.
37. “D&O Policies” means all insurance policies (including any “tail policy”) of any of the Debtors for directors, members, trustees, officers, and managers’ liability.
38. “Debtor Cure Costs” means any and all Cure Costs payable with funds provided by the Debtors pursuant to the terms and conditions of the Transaction Agreement whether directly or through NewCo.
39. “Debtors” means, collectively: (a) Armstrong; (b) Armstrong Air, LLC; (c) Armstrong Coal Company, Inc.; (d) Armstrong Coal Sales, LLC; (e) Armstrong Energy Holdings, Inc.; (f) Armstrong Logistics Services, LLC; (g) Thoroughfare Mining, LLC; (h) Western Diamond LLC; and (i) Western Land Company, LLC.
40. “Definitive Documents” means the Restructuring Support Agreement, the Cash Collateral Motion, the Cash Collateral Order, the Disclosure Statement, the Expense Reimbursement Motion, the Expense Reimbursement Order, the Plan, the Confirmation and Sale Order, the HoldCo/NewCo Documentation, the Transaction Agreement, and the various agreements and other documentation formalizing the Plan.
41. “Disclosure Statement” means the *Disclosure Statement for the Debtors’ Joint Chapter 11 Plan*, including all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code [Docket No. [●]], as amended, supplemented, or otherwise modified from time to time, including all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code, and which shall be reasonably acceptable to the Required Supporting Senior Noteholders.
42. “Disclosure Statement Order” means the order of the Bankruptcy Court approving the adequacy of the Disclosure Statement and certain procedures for solicitation of votes on the Plan and granting related relief, which shall be reasonably acceptable to the Required Supporting Senior Noteholders.
43. “Distribution Record Date” means the date for determining which Holders of Allowed Claims or Interests, other than Holders of Claims or Interests related to securities, are eligible to receive distributions hereunder, which shall be (a) the Confirmation Date or (b) such other date as designated in a Bankruptcy Court order. The Distribution Record Date for Holders of Allowed Claims related to securities shall be a date selected by

the Debtors to be on or before the Effective Date. Distributions to Holders of Claims or Interests related to securities shall be made to such Holders in exchange for such securities, which, subject to the terms and conditions of this Plan, shall be deemed cancelled as of the Effective Date.

44. “Distribution Reserve Accounts” means the Priority Claims Reserve, the Undeliverable Distribution Reserve, the Wind-Down Reserve, the Other Secured Claims Reserve, and the GUC Reserve established pursuant to this Plan.

45. “Disputed” means, with respect to any Claim or Interest, any Claim or Interest that is not yet Allowed. For the avoidance of doubt, a Disputed Claim or Interest shall not include any Claim or Interest that has been disallowed under the Plan or by Final Order.

46. “Effective Date” means, with respect to the Plan, the date that is a Business Day selected by the Debtors and acceptable to the Required Supporting Senior Noteholders and Knight Hawk on or after the Confirmation Date on which: (a) no stay of the Confirmation and Sale Order is in effect; and (b) all conditions precedent specified in Article XI.A of the Plan have been satisfied (or shall be satisfied simultaneously therewith) or waived (in accordance with the Plan). Any action to be taken on the Effective Date may be taken on or as soon as reasonably practicable after the Effective Date.

47. “Entity” shall have the meaning set forth in section 101(15) of the Bankruptcy Code.

48. “Estate” means, as to each Debtor, the estate created for each Debtor on the Petition Date pursuant to sections 301 and 541 of the Bankruptcy Code.

49. “Excluded Assets” shall have the meaning set forth in the Transaction Agreement.

50. “Executory Contract” means a contract to which a Debtor is a party that is subject to assumption, assumption and assignment, or rejection under sections 365 or 1123 of the Bankruptcy Code.

51. “Expense Reimbursement Motion” means the motion filed with the Bankruptcy Court seeking approval of the Expense Reimbursement Order, which shall be in form and substance reasonably acceptable to the Required Supporting Senior Noteholders and Knight Hawk.

52. “Expense Reimbursement Order” means an order by the Bankruptcy Court approving Expense Reimbursement relating to the Sale Transaction, which shall be in form and substance acceptable to the Required Supporting Senior Noteholders and Knight Hawk.

53. “Federal Judgment Rate” means the federal judgment rate in effect as of the Effective Date.

54. “File,” “Filed,” or “Filing” means file, filed, or filing in the Chapter 11 Cases with the Bankruptcy Court or, with respect to the filing of a Proof of Claim or Proof of Interest, the Notice and Solicitation Agent.

55. “Final Order” means an order or judgment of the Bankruptcy Court (or any other court of competent jurisdiction) entered by the Clerk of the Court (or the clerk of such other court) on the docket in the Chapter 11 Cases (or the docket of such other court), which has not been reversed, stayed, modified, amended, or vacated, and as to which (a) the time to appeal, petition for certiorari, or move for a new trial, stay, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or motion for new trial, stay, reargument, or rehearing shall be pending or (b) if an appeal, writ of certiorari, new trial, stay, reargument, or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court (or other court of competent jurisdiction) shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, stay, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari, or move for a new trial, stay, reargument, or rehearing shall have expired, as a result of which such order shall have become final in accordance with rule 8002 of the Bankruptcy Rules; *provided* that the possibility that a motion under rule 60 of the Federal Rules of Civil Procedure, or any

analogous rule under the Bankruptcy Rules, may be filed relating to such order, shall not cause an order not to be a Final Order.

56. “General Account” means a general account: (a) into which shall be deposited revenues and proceeds of all assets of the Debtors and Cash in an amount in excess of the amount required to adequately maintain the Distribution Reserve Accounts as described in Article VIII.H (*provided* that the General Account shall not include funds required to be deposited into the Distribution Reserve Accounts); (b) from which shall be made payments to any Distribution Reserve Account (other than GUC Reserve) in an amount sufficient to adequately maintain such Distribution Reserve Account as described in Article VIII.H; and (c) from which payments shall be made according to the priority set forth in Article VIII.G.

57. “General Unsecured Claim” means any Claim that is not paid in full during the Chapter 11 Cases and is not: (a) an Other Secured Claim; (b) a Senior Notes Secured Claim; (c) an Administrative Claim; (d) a Priority Tax Claim; (e) an Other Priority Claim; (f) an Intercompany Claim; (g) a Professional Fee Claim; or (h) a Section 510(b) Claim; *provided* that, for the avoidance of doubt, General Unsecured Claims shall include the Senior Notes Deficiency Claims.

58. “Governmental Unit” shall have the meaning set forth in section 101(27) of the Bankruptcy Code.

59. “GUC Distribution Proceeds” means that portion of (a) the Remaining Collateral Proceeds, if any, available for distribution to the Holders of Allowed General Unsecured Claims as provided in Article VIII.G, (b) the Remaining Available Assets Proceeds, if any, available for distribution to the Holders of Allowed General Unsecured Claims as provided in Article VIII.G, and (c) any funds in the General Account, to the extent any such funds are available for distribution to the Holders of Allowed General Unsecured Claims as provided in Article VIII.G, in each case to be distributed by the Plan Administrator in accordance with Article VIII.G hereof.

60. “GUC Reserve” means a separate, segregated account to be established and maintained by the Plan Administrator and funded with the GUC Distribution Proceeds pursuant to Article VIII.F hereof.

61. “HoldCo” means a Delaware limited liability company to be formed by Armstrong, as further described in Article IV.B.

62. “HoldCo/NewCo Documentation” means any and all documentation, filings, forms, and other administrative or ministerial actions relating thereto, that are reasonably necessary or desirable with respect to the formation of HoldCo or NewCo and to effectuate the Sale Transaction, including the Operating Agreement, which HoldCo/NewCo Documentation shall be in form and substance acceptable to the Required Supporting Senior Noteholders and Knight Hawk.

63. “HoldCo Common Equity” means the common equity interests of HoldCo to be authorized pursuant to the Operating Agreement.

64. “HoldCo Equity” means the HoldCo Common Equity and the HoldCo Preferred Equity.

65. “HoldCo Preferred Equity” means the preferred equity interests of HoldCo to be authorized pursuant to the Operating Agreement.

66. “Holder” means any Entity holding a Claim or an Interest.

67. “Impaired” means, with respect to a Class of Claims or Interests, a Class of Claims or Interests that is not Unimpaired.

68. “Initial Distribution Date” means the date on which the Debtors or the Plan Administrator make initial distributions to Holders of Allowed Claims pursuant to the Plan.

69. “Intercompany Claim” means any Claim against a Debtor held by another Debtor.

70. “Intercompany Interest” means an Interest in any Debtor other than Armstrong; *provided that*, for the avoidance of doubt, any Interest held by a Debtor in HoldCo or NewCo shall not constitute an Intercompany Interest.

71. “Interest” means any interest, equity, or share in the Debtors, including all options, warrants, or other rights to obtain such an interest or share in such Debtor, whether or not certificated, transferable, preferred, common, voting, or denominated “stock” or a similar security, including any Claim subject to subordination under section 510(b) of the Bankruptcy Code arising therefrom.

72. “Interim Compensation Order” means the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals*.

73. “Judicial Code” means title 28 of the United States Code, 28 U.S.C. §§ 1–4001.

74. “Knight Hawk” means Knight Hawk Holdings, LLC.

75. “Lien” shall have the meaning set forth in section 101(37) of the Bankruptcy Code.

76. “NewCo” means one or more a Delaware limited liability companies to be formed by Armstrong, as further described in Article IV.B.

77. “NewCo Cure Costs” means any and all Cure Costs payable by NewCo with funds provided by Knight Hawk pursuant to the Transaction Agreement and does not include any Debtor Cure Costs.

78. “Noteholder Equity Issuance Consideration” shall have the meaning set forth in the Transaction Agreement.

79. “Notice and Solicitation Agent” means Donlin, Recano & Company, Inc., in its capacity as such.

80. “Operating Agreement” means the initial limited liability company operating agreement for HoldCo, as the same shall be amended and restated as of the Effective Date, in a form consistent with the term sheet dated as of the date of the Transaction Agreement (or as otherwise agreed) between Knight Hawk and the Required Supporting Senior Noteholders or otherwise mutually acceptable to Knight Hawk and the Required Supporting Senior Noteholders as contemplated in the Transaction Agreement.

81. “Ordinary Course Professional” means an Entity (other than a Professional) retained and compensated by the Debtors in accordance with the Ordinary Course Professionals Order.

82. “Ordinary Course Professionals Order” means the *Order Authorizing the Debtors to Retain and Compensate Professionals Utilized in the Ordinary Course of Business*.

83. “Other Priority Claim” means any Claim against any Debtor entitled to priority in right of payment under section 507 of the Bankruptcy Code, other than an Administrative Claim, a Priority Tax Claim, a Senior Notes Claim, or a Professional Fee Claim.

84. “Other Secured Claim” means any Secured Claim against any of the Debtors which was senior in priority to or *pari passu* with any Senior Notes Secured Claims (in each case as of the Petition Date), other than an Allowed Senior Notes Secured Claim or an Adequate Protection Claim.

85. “Other Secured Claims Reserve” means the account to be established and maintained by the Plan Administrator and funded with the Other Secured Claims Reserve Amount pursuant to Article VIII.E.

86. “Other Secured Claims Reserve Amount” means Cash in an amount to be determined by the Debtors, in consultation with the Required Supporting Senior Noteholders, which amount shall be funded by the

Debtors and used by the Plan Administrator for the payment of Allowed Other Secured Claims to the extent that such Other Secured Claims have not been satisfied pursuant to Article III.B.2 on or before the Effective Date.

87. “Permitted Encumbrance” shall have the meaning set forth in the Transaction Agreement.

88. “Petition Date” means November 1, 2017.

89. “Plan” means this *Debtors’ Joint Chapter 11 Plan*, including the Plan Supplement which is incorporated herein by reference and made part of this Plan as if set forth herein, as each may be modified, supplemented, or waived from time to time in accordance with the respective terms thereof, which shall be in form and substance reasonably acceptable to the Required Supporting Senior Noteholders, Knight Hawk and, with respect to those provisions of the Plan that involve the Royalty Agreements, to Thoroughbred.

90. “Plan Administrator” means the Debtors’ chief restructuring officer, or such other Person to be agreed upon before the Confirmation Hearing by the Debtors, the Required Supporting Senior Noteholders, and the Committee, if any.

91. “Plan Supplement” means the compilation of documents and forms of documents, schedules, and exhibits to the Plan, as amended, supplemented, or otherwise modified from time to time in accordance with the terms hereof, each of which shall be in form and substance reasonably acceptable to the Required Supporting Senior Noteholders, Knight Hawk and, with respect to those documents that involve the Royalty Agreements, to Thoroughbred, substantially final forms of which shall be filed at least 14 days prior to the Voting Deadline, including: (a) the Schedule of Assumed Executory Contracts and Unexpired Leases; (b) the identity of the Plan Administrator and the compensation of the Plan Administrator; (c) the Retained Causes of Action; (d) the amounts of the Distribution Reserve Accounts; (e) the Wind-Down Budget; and (f) the HoldCo/NewCo Documentation.

92. “Post-Effective Date Debtor” means reorganized Armstrong Air, LLC.

93. “Post-Effective Date Debtor Assets” means: (a) the Remaining Collateral and the Remaining Collateral Proceeds; (b) the Remaining Available Assets; (c) the Remaining Available Assets Proceeds; and (d) the Distribution Reserve Accounts. For the avoidance of doubt, the Post-Effective Date Debtor Assets shall not include: (w) the Transferred Assets; (x) any claims or Causes of Action released pursuant to the Plan; or (y) the Professional Fee Escrow.

94. “Priority Claims” means, collectively the: (a) Priority Tax Claims; and (b) Other Priority Claims.

95. “Priority Claims Reserve” means the account to be established and maintained by the Plan Administrator and funded with the Priority Claims Reserve Amount pursuant to Article VIII.C hereof.

96. “Priority Claims Reserve Amount” means Cash in an amount to be determined by the Debtors, in consultation with the Required Supporting Senior Noteholders, which amount shall be funded by the Debtors and used by the Plan Administrator for the full payment in Cash of Allowed Priority Claims and Allowed Administrative Claims payable pursuant to Article II.A to the extent that such Priority Claims and Administrative Claims have not been paid in full on or before the Effective Date.

97. “Priority Tax Claim” means any Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

98. “Professional” means an entity employed pursuant to a Bankruptcy Court order in accordance with sections 327, 363, or 1103 of the Bankruptcy Code and to be compensated for services rendered before or on the Confirmation Date, pursuant to sections 326, 327, 328, 329, 330, 331, or 363 of the Bankruptcy Code.

99. “Professional Fee Claims” means all Administrative Claims for the compensation of Professionals and the reimbursement of expenses incurred by such Professionals through and including the Effective Date to the extent such fees and expenses have not been previously paid.

100. “Professional Fee Escrow” means an interest-bearing escrow account to hold and maintain an amount of Cash equal to the Professional Fee Escrow Amount funded by the Debtors as soon as reasonably practicable after the Confirmation Date and no later than the Effective Date solely for the purpose of paying all remaining Allowed and unpaid Professional Fee Claims. Such Cash shall remain subject to the jurisdiction of the Bankruptcy Court.

101. “Professional Fee Escrow Amount” means the aggregate unpaid Professional Fee Claims through the Effective Date as estimated in accordance with Article II.B of the Plan.

102. “Proof of Claim” means a proof of Claim Filed against any of the Debtors in the Chapter 11 Cases.

103. “Proof of Interest” means a proof of Interest Filed against any of the Debtors in the Chapter 11 Cases.

104. “Reinstated” means, with respect to Claims and Interests, that the Claim or Interest shall be rendered Unimpaired in accordance with section 1124 of the Bankruptcy Code.

105. “Released Party” means collectively, and in each case in its capacity as such: (a) the Debtors and the Post-Effective Date Debtor; (b) the Debtors’ current and former officers and directors; (c) the Creditors’ Committee; (d) the Supporting Senior Noteholders; (e) RRPB; (f) the Senior Notes Trustee; (g) Knight Hawk; (h) Thoroughbred; (i) the parties to the Restructuring Support Agreement; (j) NewCo; (k) HoldCo; and (l) with respect to each of the foregoing entities in clauses (a) through (k), such entities’ predecessors, successors and assigns, subsidiaries, affiliates, managed accounts or funds, current or former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals, and such entities’ respective heirs, executors, estates, servants, and nominees, in each case, solely in their capacity as such.

106. “Releasing Parties” means collectively, and in each case in its capacity as such: (a) the Debtors; (b) the Supporting Senior Noteholders; (c) RRPB; (d) the Senior Notes Trustee; (e) Knight Hawk; (f) Thoroughbred; (g) the parties to the Restructuring Support Agreement (h) all Holders of Claims; (i) all Holders of Interests; (j) NewCo; (k) HoldCo; and (l) with respect to the Debtors, and each of the foregoing Entities in clauses (a) through (k), each such Entity’s current and former Affiliates, and each such Entity’s and their current and former Affiliates’ current and former directors, managers, officers, principals, members, employees, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, assigns, subsidiaries, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals.

107. “Remaining Adequate Protection Claims” has the meaning assigned to such term in Article VIII.G.

108. “Remaining Available Assets” means all Excluded Assets that are not Remaining Collateral including, for the avoidance of doubt: (a) certain Causes of Action not previously sold, settled, exculpated, or released by the Debtors or their Estates (including certain Avoidance Actions); (b) the Debtors’ rights under the Transaction Agreement, including all rights of recovery under the Transaction Agreement and any ancillary agreements among parties thereto (other than the Cash Consideration); and (c) all other assets of the Debtors or of the Estates existing on the Effective Date that are not Remaining Collateral. For the avoidance of doubt, the Remaining Available Assets shall not include: (w) the Transferred Assets; (x) any claims or Causes of Action released pursuant to the Plan; or (y) the Professional Fee Escrow.

109. “Remaining Available Assets Proceeds” means the net Cash proceeds of any Remaining Available Assets after payment of all Allowed Administrative Claims and the funding of the Priority Claims Reserve, the Other Secured Claims Reserve, the Professional Fee Escrow, and the Wind-Down Reserve, available for distribution under Article VIII.G hereof.

110. “Remaining Collateral” means the (a) Cash Consideration and (b) all Excluded Assets that constitute Senior Noteholder Collateral.

111. “Remaining Collateral Proceeds” means the net Cash proceeds of any Remaining Collateral after payment of all Allowed Administrative Claims and the funding of the Priority Claims Reserve, the Other Secured Claims Reserve, the Professional Fee Escrow, and the Wind-Down Reserve, available for distribution under Article VIII.G hereof.

112. “Required Supporting Senior Noteholders” means holders of a majority of the principal amount of Senior Notes held by all Supporting Senior Noteholders at any given time.

113. “Restructuring Support Agreement” means that certain Restructuring Support Agreement dated as of October 5, 2017, by and among the Debtors, Knight Hawk, RRPB, Thoroughbred, and the Supporting Senior Noteholders, as may be modified, amended, or supplemented from time to time in accordance with the terms thereof.

114. “Restructuring Transactions” means those mergers, amalgamations, consolidations, arrangements, continuances, restructurings, transfers, conversions, dispositions, liquidations, dissolutions, or other corporate transactions that the Debtors determine, with the consent (not to be unreasonably withheld) of the Required Senior Supporting Noteholders and Knight Hawk, to be necessary or desirable to implement the terms of the Definitive Documents.

115. “Retained Causes of Action” means all claims and causes of action of the Debtors identified in the Plan Supplement.

116. “Royalty Agreements” means all existing mineral right agreements between certain of the Debtors and Thoroughbred (exclusive of that certain Coal Mining Lease and Sublease, dated as of February 28, 2014, by and between Thoroughbred Resources, LLC, as Lessor, and Thoroughfare Mining, LLC, as Lessee), as the same may be amended or restated to the extent contemplated by the Transaction Agreement.

117. “RRPB” means Rhino Resource Partners Holdings LLC.

118. “Sale Transaction” means the transfer of the Transferred Assets to NewCo and the assumption by NewCo of the Assumed Liabilities free and clear of all of all Liens, Claims, charges, and other encumbrances (other than the Permitted Encumbrances, in each case, and Assumed Liabilities) pursuant to sections 363(f) and/or 1123 of the Bankruptcy Code on the terms and conditions set forth in the Transaction Agreement.

119. “Schedule of Assumed Executory Contracts and Unexpired Leases” means the schedule of those Executory Contracts and Unexpired Leases to be assumed by the Debtors or assumed and assigned by the Debtors to NewCo pursuant to the Plan, as set forth in the Plan Supplement, which (with respect to such Executory Contracts and Unexpired Leases to be assumed and assigned by the Debtors to NewCo) shall be in form and substance reasonably acceptable to the Required Supporting Senior Noteholders and Knight Hawk, subject to amendment by the Debtors with the consent of the Required Supporting Senior Noteholders and Knight Hawk (with respect to such Executory Contracts and Unexpired Leases to be assumed and assigned by the Debtors to NewCo) from time to time in accordance with the Transaction Agreement and this Plan. For the avoidance of doubt, the Debtors shall assume and assign to NewCo, as part of the Sale Transaction, the Executory Contracts and Unexpired Leases that are required to be assigned to NewCo pursuant to the Transaction Agreement, including all Royalty Agreements, as amended.

120. “Schedules” means, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases, and statements of financial affairs to be Filed by the Debtors pursuant to section 521 of the Bankruptcy Code.

121. “Section 510(b) Claims” means any Claim subject to subordination under section 510(b) of the Bankruptcy Code.

122. “Secured” means, when referring to a Claim, a Claim that is: (a) secured by a Lien on property in which the applicable Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the creditor’s interest in such Estate’s interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code and Bankruptcy Rule 3012, as applicable; or (b) Allowed pursuant to the Plan or a Final Order as a Secured Claim.

123. “Secured Tax Claim” means any Secured Claim that, absent its secured status, would be entitled to priority in right of payment under section 507(a)(8) of the Bankruptcy Code (determined irrespective of time limitations), including any related Secured Claim for penalties.

124. “Security” shall have the meaning set forth in section 101(49) of the Bankruptcy Code.

125. “Senior Noteholders” means the Holders of Senior Notes.

126. “Senior Noteholder Collateral” means “Collateral,” as such term is defined in the Cash Collateral Order.

127. “Senior Notes” means the 11.75% Senior Secured Notes due 2019.

128. “Senior Notes Claim” means any Claim derived from or based upon the Senior Notes Indenture, which Claims shall be Allowed in an aggregate amount not less than \$221,149,347.22, plus all accrued but unpaid interest and fees payable in respect thereof.

129. “Senior Notes Deficiency Claim” means any Senior Notes Claim that is not a Secured Claim.

130. “Senior Notes Indenture” means that certain indenture, dated as of December 21, 2012, as supplemented and in effect from time to time, by and among Armstrong and the Senior Notes Trustee, pursuant to which Armstrong issued \$200,000,000 in aggregate principal amount of the Senior Notes.

131. “Senior Notes Secured Claim” means any Senior Notes Claim that is a Secured Claim.

132. “Senior Notes Trustee” means Wells Fargo Bank, National Association, in its capacity as indenture trustee of the Senior Notes Indenture, and any successor thereto.

133. “Solicitation Date” means the date upon which the Debtors commence the solicitation process in accordance with the Disclosure Statement Order.

134. “Solicitation Procedures” means that form of solicitation procedures approved by and attached as an exhibit to the Disclosure Statement Order.

135. “Subsequent Distribution Date” means the date following the Initial Distribution Date on which the Plan Administrator in its reasonable discretion elects to make distributions to Holders of Allowed Claims pursuant to the Plan.

136. “Supporting Senior Noteholders” means the beneficial holders or investment managers or advisors for such beneficial holders of the Senior Notes that are party to the Restructuring Support Agreement.

137. “Thoroughbred” means, collectively, Thoroughbred Resources, L.P., for itself and its Affiliates and subsidiaries.

138. “Transaction Agreement” means that certain transaction agreement dated as of November 1, 2017, by and among the Debtors, the Supporting Senior Noteholders, and Knight Hawk (including all exhibits and schedules thereto), as the same may be amended, modified, or supplemented from time to time in accordance with the terms thereof.

139. “Transferred Assets” shall have the meaning set forth in the Transaction Agreement.

140. “Undeliverable Distribution Reserve” means a segregated account established by the Plan Administrator established in accordance with Article VIII.B hereof.

141. “Unexpired Lease” means a lease to which one or more of the Debtors is a party that is subject to assumption, assumption and assignment, or rejection under sections 365 or 1123 of the Bankruptcy Code.

142. “Unimpaired” means, with respect to a Class of Claims or Interests, a Claim or an Interest that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

143. “United States” means the United States of America, its agencies, departments, or agents.

144. “U.S. Trustee” means the Office of the United States Trustee for the Eastern District of Missouri.

145. “U.S. Trustee Fees” means fees arising under 28 U.S.C. § 1930(a)(6) and, to the extent applicable, accrued interest thereon arising under 31 U.S.C. § 3717.

146. “Voting Deadline” means [] prevailing Central Time on [].

147. “Wind Down” means the wind down and dissolution of the Debtors’ Estates following the Effective Date as set forth in Article VIII.B hereof.

148. “Wind-Down Amount” means Cash in an amount to be determined by the Debtors and acceptable to the Required Supporting Senior Noteholders, which amount shall be funded by the Debtors and used by the Plan Administrator to fund the Wind Down in accordance with the Wind-Down Budget.

149. “Wind-Down Budget” means a budget for the reasonable activities and expenses to be incurred in winding down the Chapter 11 Cases and administering the Remaining Collateral and Remaining Available Assets, which budget, activities, and reasonable expenses shall be agreed by the Required Supporting Senior Noteholders and the Debtors and may provide for incentive opportunities for certain of the Debtors’ existing employees that will assist the Plan Administrator. The Wind-Down Budget shall include line item estimates for, among other things, post-Effective Date professional fees and U.S. Trustee fees, and will be financed by the Wind-Down Amount.

150. “Wind-Down Reserve” means a segregated account established by the Plan Administrator established in accordance with Article VIII.D.

B. Rules of Interpretation.

For purposes herein: (1) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (2) except as otherwise provided, any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (3) except as otherwise provided, any reference herein to an existing document or exhibit having been Filed or to be Filed shall mean that document or exhibit, as it may thereafter be amended, restated, supplemented, or otherwise modified in accordance with the terms of the Plan; (4) unless otherwise specified, all references herein to “Articles” are references to Articles of the Plan or hereto; (5) unless otherwise stated, the words “herein,” “hereof,” and “hereto” refer to the Plan in its entirety rather than to a particular portion of the Plan; (6) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (7) the words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation, and shall be deemed to be followed by the words “without limitation;” (8) unless otherwise specified, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (9) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the

Bankruptcy Code or the Bankruptcy Rules, as the case may be; (10) any docket number references in the Plan shall refer to the docket number of any document Filed with the Bankruptcy Court in the Chapter 11 Cases; (11) references to “Proofs of Claim,” “Holders of Claims,” “Disputed Claims,” and the like shall include “Proofs of Interest,” “Holders of Interests,” “Disputed Interests,” and the like as applicable; (12) references to “shareholders,” “directors,” and/or “officers” shall also include “members” and/or “managers,” as applicable, as such terms are defined under the applicable state limited liability company laws; (13) any immaterial effectuating provisions may be interpreted by the Debtors or the Plan Administrator in such a manner that is consistent with the overall purpose and intent of the Plan all without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity; and (14) except as otherwise provided, any references to the Effective Date shall mean the Effective Date or as soon as reasonably practicable thereafter.

C. Computation of Time.

The provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed in the Plan or Confirmation and Sale Order. If the date on which a transaction may occur pursuant to the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

D. Governing Law.

Except to the extent the Bankruptcy Code or Bankruptcy Rules apply, and subject to the provisions of any contract, lease, instrument, release, indenture, or other agreement or document entered into expressly in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to conflict of laws principles.

E. Reference to Monetary Figures.

All references in the Plan to monetary figures shall refer to the legal tender of the United States, unless otherwise expressly provided.

F. Controlling Document.

In the event of an inconsistency between the Plan and the Disclosure Statement, the terms of the Plan shall control in all respects. In the event of an inconsistency between the Plan, the Disclosure Statement, the Plan Supplement, and the Transaction Agreement, the Transaction Agreement shall control. In the event of any inconsistency between the Transaction Agreement and the Confirmation and Sale Order, the Confirmation and Sale Order shall control.

**ARTICLE II
ADMINISTRATIVE CLAIMS, PROFESSIONAL FEE CLAIMS, AND PRIORITY TAX CLAIMS**

A. Administrative Claims.

Except with respect to Professional Fee Claims or as otherwise set forth herein, subject to the provisions of sections 327, 330(a), and 331 of the Bankruptcy Code, and except to the extent that a Holder of an Allowed Administrative Claim and, as applicable, the Debtors or the Plan Administrator agree to less favorable treatment or such Holder has been paid by any applicable Debtor prior to the Effective Date, the Debtors or the Plan Administrator shall pay each Holder of an Allowed Administrative Claim the full unpaid amount of such Allowed Administrative Claim in Cash: (1) if an Administrative Claim is Allowed on or prior to the Effective Date, on the Effective Date or as soon as reasonably practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due or as soon as reasonably practicable thereafter); (2) if an Administrative Claim is Allowed after the Effective Date, on the date such Administrative Claim is Allowed or as soon as reasonably practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due) with a Cash distribution from the Priority Claims Reserve by the Plan Administrator; (3) at such time and upon such terms as may be agreed upon by such Holder and the Debtors or the Plan Administrator, as applicable; or (4) at such time and upon such

terms as set forth in an order of the Bankruptcy Court; *provided* that any Allowed Administrative Claim that has been expressly assumed by NewCo under the Transaction Agreement shall not be an obligation of the Debtors; *provided further* that notwithstanding anything to the contrary contained herein, the Senior Noteholders shall be entitled to retain all payments made by the Debtors during the Chapter 11 Cases pursuant to the Cash Collateral Order, and the Senior Noteholders shall be entitled to assert the Remaining Adequate Protection Claims, if any, in accordance with Article III.G.

1. Administrative Claims Bar Date.

Except as otherwise provided by a Final Order previously entered by the Bankruptcy Court (including the Bar Date Order) or as provided by this Article II.B, unless previously Filed, requests for payment of Administrative Claims, other than requests for payment of Professional Fee Claims, must be Filed and served on the Debtors no later than the Administrative Claims Bar Date pursuant to the procedures specified in the Confirmation and Sale Order and the notice of entry of the Confirmation and Sale Order. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims that do not File and serve such a request by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors, their Estates, or the Plan Administrator, and such Administrative Claims shall be deemed compromised, settled, and released as of the Effective Date. Objections to such requests must be Filed and served on the requesting party by the Administrative Claims Objection Bar Date.

2. Priority Claims Reserve.

As soon as reasonably practicable after the Confirmation Date and no later than the Effective Date, the Debtors shall fund the Priority Claims Reserve in Cash as described in Article VIII.C hereof. Any amounts remaining in the Priority Claims Reserve after payment of all Allowed Priority Claims shall promptly be transferred to the General Account and shall be distributed according to the priority set forth in Article VIII.G without any further action or order of the Court.

B. Professional Compensation.

1. Final Fee Applications and Payment of Professional Fee Claims.

All final requests for payment of Professional Fee Claims incurred during the period from the Petition Date through the Effective Date, shall be Filed no later than 60 days after the Effective Date. All such final requests will be subject to approval by the Court after notice and a hearing in accordance with the procedures established by the Bankruptcy Code, Bankruptcy Rules and prior Bankruptcy Court orders, including the Interim Compensation Order, and once approved by the Court, shall be promptly paid from the Professional Fee Escrow up to the full Allowed amount. To the extent that funds held in the Professional Fee Escrow are unable to satisfy the amount of Professional Fee Claims owing to the Professionals, such Professionals shall have an Allowed Administrative Claim for any such deficiency, which shall be satisfied in accordance with Article II.A of the Plan.

2. Professional Fee Escrow Amount.

On the Effective Date, the Debtors or the Post-Effective Date Debtor, as applicable, shall establish and fund the Professional Fee Escrow with Cash equal to the Professional Fee Escrow Amount. The Professional Fee Escrow shall be maintained in trust for the Professionals. Such funds shall not be considered property of the Debtors' Estates or of the Post-Effective Date Debtor. The amount of Professional Fee Claims owing to the Professionals shall be paid in Cash to such Professionals from funds held in the Professional Fee Escrow as soon as reasonably practicable after such Claims are Allowed by a Final Order. When all such Allowed amounts owing to Professionals have been paid in full, any remaining amount in the Professional Fee Escrow Account shall promptly be transferred to the General Account and shall be distributed according to the priority set forth in Article VIII.G without any further action or order of the Court.

3. Estimation of Fees and Expenses.

Professionals shall reasonably estimate their unpaid Professional Fee Claims and other unpaid fees and expenses incurred before and as of the Effective Date and shall deliver such estimate to the Debtors no later than five Business Days prior to the Effective Date; *provided* that such estimate shall not be considered an admission with respect to the fees and expenses of such Professional and such Professionals are not bound to any extent by the estimates. If a Professional does not provide an estimate, the Debtors may estimate the unbilled fees and expenses of such Professional.

4. Post-Effective Date Fees and Expenses.

Except as otherwise specifically provided in the Plan, from and after the Effective Date, the Debtors shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable and documented legal, professional, or other fees and expenses related to implementation and Consummation of the Plan incurred by the Debtors. Upon the Effective Date, any requirement that Professionals and Ordinary Course Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code, the Interim Compensation Order, or the Ordinary Course Professionals Order, in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors may employ and pay any Professional or Ordinary Course Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

5. Substantial Contribution.

Except as otherwise specifically provided in the Plan, any Entity that requests compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code must file an application and serve such application on counsel for the Debtors and as otherwise required by the Bankruptcy Court, the Bankruptcy Code, and the Bankruptcy Rules on or before the Administrative Claims Bar Date.

C. Costs and Expenses of the Senior Notes Trustee and Supporting Senior Noteholders.

Notwithstanding anything to the contrary contained herein, any Claim related to the reasonable and documented fees and expenses, contribution or indemnification obligations (including, for the avoidance of doubt, those that may accrue before or after the Effective Date (including in any appellate proceedings related to these Chapter 11 Cases)) of the Senior Notes Trustee or the Supporting Senior Noteholders and their respective professionals payable pursuant to the Cash Collateral Order, shall constitute Allowed Administrative Claims and shall be paid on a current basis in full in Cash on the Effective Date, or to the extent accrued after the Effective Date, on a current basis in full in Cash as invoiced. Nothing herein shall require the Senior Notes Trustee or the Supporting Senior Noteholders, or their respective professionals, to file applications, a Proof of Claim or otherwise seek approval of the Court as a condition to the payment of such Allowed Administrative Claims.

D. Priority Tax Claims.

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, and release of and in exchange for each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code. In the event an Allowed Priority Tax Claim is also a Secured Tax Claim, such Claim shall, to the extent it is Allowed, be treated as an Other Secured Claim if such Claim is not otherwise paid in full. On the Effective Date, any Liens securing any Allowed Priority Tax Claims shall be deemed released, terminated, and extinguished, in each case 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.

E. U.S. Trustee.

The Debtors or the Plan Administrator, as applicable, shall timely pay all U.S. Trustee Fees for each quarter under 28 U.S.C. § 1930(a)(6), plus interest due and payable under 31 U.S.C. § 3717 on all disbursements, including Plan payments and disbursements in and outside the ordinary course of the Debtors’ businesses, until the entry of a Final Order, dismissal of the Chapter 11 Cases, or conversion of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code. Following Confirmation, the Debtors shall file with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the U.S. Trustee.

**ARTICLE III
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS**

A. Summary of Classification.

This Plan constitutes a separate chapter 11 plan of reorganization for each Debtor. Except for the Claims addressed in Article II above (or as otherwise set forth herein), all Claims against and Interests in a particular Debtor are placed in Classes for each of the Debtors. In accordance with section 1123(a)(1) of the Bankruptcy Code, the Debtors have not classified Administrative Claims, Priority Tax Claims, and Professional Fee Claims as described in Article II.

The categories of Claims and Interests listed below classify Claims and Interests for all purposes, including, voting, Confirmation, and distribution pursuant hereto and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. The Plan deems a Claim or Interest to be classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class. A Claim or an Interest is in a particular Class only to the extent that any such Claim or Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

Class	Claims and Interests	Status	Voting Rights
Class 1	Other Priority Claims	Unimpaired	Not Entitled to Vote (Presumed to Accept)
Class 2	Other Secured Claims	Unimpaired	Not Entitled to Vote (Presumed to Accept)
Class 3	Senior Notes Secured Claims	Impaired	Entitled to Vote
Class 4	General Unsecured Claims	Impaired	Entitled to Vote
Class 5	Intercompany Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 6	Interests in Armstrong	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 7	Intercompany Interests	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 8	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)

B. Treatment of Claims and Interests.

Except to the extent that the Debtors and a Holder of an Allowed Claim or Interest, as applicable, agrees to a less favorable treatment, such Holder shall receive under the Plan the treatment described below in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for such Holder’s Allowed Claim or Interest. Unless otherwise indicated, each Holder of an Allowed Claim or Interest, as applicable, shall receive such treatment on the Effective Date (or, if payment is not then due, in accordance with its terms in the ordinary course)

or as soon as reasonably practicable thereafter, the timing of which shall be subject to the reasonable discretion of the Debtors or the Plan Administrator, as applicable.

1. Class 1—Other Priority Claims.

- (a) *Classification:* Class 1 consists of all Other Priority Claims.
- (b) *Treatment:* Except to the extent that a Holder of an Allowed Other Priority Claim and the Debtor against which such allowed Other Priority Claim is asserted agree to less favorable treatment for such Holder, in full satisfaction of each allowed Other Priority Claim against the Debtors, each Holder thereof shall receive payment in full in Cash from the Priority Claims Reserve or other treatment rendering such Claim Unimpaired.
- (c) *Voting:* Class 1 is Unimpaired under the Plan. Each Holder of an Allowed Other Priority Claim is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, each Holder of an Allowed Other Priority Claim is not entitled to vote to accept or reject the Plan.

2. Class 2—Other Secured Claims.

- (a) *Classification:* Class 2 consists of all Other Secured Claims, including all Secured Tax Claims.
- (b) *Treatment:* Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full satisfaction of each allowed Other Secured Claim against the Debtors, each Holder thereof shall receive, at the Plan Administrator's election:
 - (i) payment in full in Cash of such Holder's Allowed Class 2 Other Secured Claim with a distribution from the Other Secured Claims Reserve;
 - (ii) the Post-Effective Date Debtor's interest in the Collateral securing such Holder's Allowed Class 2 Other Secured Claims; or
 - (iii) such other treatment rendering such Holder's Allowed Other Secured Claim Unimpaired.
- (c) *Voting:* Class 2 is Unimpaired under the Plan. Each Holder of an Allowed Other Secured Claim is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, each Holder of an Allowed Other Secured Claim is not entitled to vote to accept or reject the Plan.

3. Class 3—Senior Notes Secured Claims.

- (a) *Classification:* Class 3 consists of all Senior Notes Secured Claims.
- (b) *Treatment:* With respect to that portion of the Allowed Senior Notes Claims that are Senior Notes Secured Claims, except to the extent that a Holder of an Allowed Senior Notes Secured Claim agrees to a less favorable treatment, in full satisfaction of each Allowed Senior Notes Secured Claim, each Holder of an Allowed Senior Notes Secured Claim will receive, on or as soon as reasonably practicable after the Effective Date, its *pro rata* share of: (i) one hundred (100%) percent of the HoldCo Equity as of the Effective Date (before dilution on account of the HoldCo Equity issued to Knight Hawk in exchange for the Contribution as described in the Transaction Agreement) in satisfaction of the Noteholder Equity Issuance Consideration, and (ii) the Remaining

Collateral Proceeds available for distribution from time to time as provided in Article VIII.G hereof, until such Allowed Senior Notes Secured Claims are paid in full.

- (c) *Voting:* Class 3 is Impaired under the Plan. Each Holder of an Allowed Senior Notes Secured Claim is entitled to vote to accept or reject the Plan.

4. Class 4—General Unsecured Claims.

- (a) *Classification:* Class 4 consists of all General Unsecured Claims.
- (b) *Treatment:* Except to the extent that a Holder of an Allowed General Unsecured Claim agrees to a less favorable treatment, in full satisfaction of each allowed General Unsecured Claim, until paid in full, each Holder of a General Unsecured Claim will receive its *pro rata* share of the GUC Distribution Proceeds as provided in Article VIII.G hereof.
- (c) *Voting:* Class 4 is Impaired. Each Holder of an Allowed General Unsecured Claim is entitled to vote to accept or reject the Plan.

5. Class 5—Intercompany Claims.

- (a) *Classification:* Class 5 consists of all Intercompany Claims.
- (b) *Treatment:* Intercompany Claims will be canceled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and each Holder of a Class 5 Claim will not receive any distribution on account of such Claim.
- (c) *Voting:* Class 5 is Impaired. Each Holders of an Intercompany Claim is deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and is not entitled to vote to accept or reject the Plan.

6. Class 6—Interests in Armstrong

- (a) *Classification:* Class 6 consists of all Interests in Armstrong.
- (b) *Treatment:* Interests in Armstrong will be canceled, released, and extinguished, and will be of no further force or effect, and each Holder of an Interest in Armstrong will not receive any distribution on account of such Interest.
- (c) *Voting:* Class 6 is Impaired. Each Holder of an Interest in Armstrong is deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and is not entitled to vote to accept or reject the Plan.

7. Class 7—Intercompany Interests.

- (a) *Classification:* Class 7 consists of all Intercompany Interests.
- (b) *Treatment:* Intercompany Interests will be canceled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and each Holder of an Intercompany Interest will not receive any distribution on account of such Interest.
- (c) *Voting:* Class 7 is Impaired. Each Holder of an Intercompany Interest is deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and is not entitled to vote to accept or reject the Plan.

8. Class 8—Section 510(b) Claims.

- (a) *Classification:* Class 8 consists of all Section 510(b) Claims.
- (b) *Treatment:* Section 510(b) Claims will be canceled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and each Holder of a Section 510(b) Claim will not receive any distribution on account of such Section 510(b) Claim. The Debtors are not aware of any valid Section 510(b) Claims and believe that no such Section 510(b) Claims exist.
- (c) *Voting:* Class 8 is Impaired. Each Holder of a Section 510(b) Claims is deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and is not entitled to vote to accept or reject the Plan.

C. Special Provision Governing Unimpaired Claims.

Except as otherwise provided in the Plan, nothing under the Plan shall affect, diminish, or impair the rights of the Plan Administrator, the Debtors, or the Debtors' Estates in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

D. Acceptance or Rejection of the Plan.

1. Presumed Acceptance of Plan.

Classes 1 and 2 are Unimpaired under the Plan and are, therefore, presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

2. Voting Classes.

Each Holder of an Allowed Claim in each of Classes 3 and 4 shall be entitled to vote to accept or reject the Plan.

3. Presumed Rejection of Plan.

Classes 5, 6, 7, and 8 shall receive no distribution under the Plan on account of their Interests and Claims and are, therefore, presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

4. Controversy Concerning Impairment.

If a controversy arises as to whether any Claims or Interests, or any Class thereof, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

E. Elimination of Vacant Classes.

Any Class of Claims that is not occupied as of the date of commencement of the Confirmation Hearing by the Holder of an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 (*i.e.*, no Ballots are cast in a Class entitled to vote on the Plan) shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptances or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

F. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code

Acceptance of the Plan by either Class 3 or 4 will satisfy section 1129(a)(10) of the Bankruptcy Code. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests. The Debtors reserve the right to modify the Plan in accordance with Article

XII hereof to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a Class of Claims or Interests to render such Class of Claims or Interests Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules.

G. Subordinated Claims.

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors reserve the right to re-classify any Allowed Claim or Allowed Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

**ARTICLE IV
MEANS FOR IMPLEMENTATION OF THE PLAN**

A. Sources of Plan Consideration.

The HoldCo Equity, the Remaining Collateral, the Remaining Available Assets, the Priority Claims Reserve, the Other Secured Claims Reserve, the GUC Reserve, the Debtors' rights under the Transaction Agreement, and all Causes of Action not previously settled, released, or exculpated under the Plan, if any, shall be used to fund the distributions to Holders of Allowed Claims against the Debtors in accordance with the treatment of such Claims and subject to the terms provided herein.

B. Armstrong Sale Transaction.

1. Creation of NewCo and HoldCo.

Following the Petition Date, Armstrong shall form or cause to be formed (i) HoldCo, a Delaware limited liability company, which shall be wholly owned by Armstrong, and (ii) NewCo, one or, if designated by Knight Hawk and the Required Senior Supporting Noteholders, more than one new Delaware limited liability companies, which shall be wholly owned by HoldCo.

Pursuant to the Transaction Agreement, Armstrong shall cause (i) HoldCo to be treated as a disregarded entity for U.S. federal and applicable state and local income tax purposes and (ii) NewCo to be treated as a disregarded entity for U.S. federal and applicable state and local income tax purposes unless otherwise directed in writing by the Supporting Senior Noteholders and Knight Hawk, in which case Armstrong will cooperate (including by filing an IRS Form 8832 in connection with the Sale Transaction) to elect to treat NewCo as a corporation for U.S. federal and applicable state and local income tax purposes.

2. Transaction Agreement.

Subject to the terms of the Transaction Agreement, on the Effective Date, the Debtors shall consummate the Sale Transaction by, among other things, transferring the Transferred Assets to NewCo free and clear of all Liens, Claims, charges, and other encumbrances (other than Permitted Encumbrances and Assumed Liabilities) pursuant to sections 363 and 1123 of the Bankruptcy Code, this Plan and the Confirmation and Sale Order. Upon entry of the Confirmation and Sale Order by the Bankruptcy Court, all matters provided for under the Transaction Agreement and the Plan, and any documents in connection herewith and therewith, shall be deemed authorized and approved without any requirement of further act or action by the Debtors, the Debtors' shareholders or boards of directors, or any other Entity or Person. The Debtors are authorized to execute and deliver, and to consummate the transactions contemplated by, the Transaction Agreement and this Plan, as well as to execute, deliver, file, record and issue any note, documents, or agreements in connection therewith, 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 Entity.

The transactions contemplated by the Transaction Agreement and this Plan are undertaken by the Debtors, HoldCo, NewCo, the Supporting Senior Noteholders and Knight Hawk without collusion and in good faith, as that term is defined in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided therein to consummate the transactions contemplated thereunder and hereunder shall not affect the validity of such transactions (including the assumption, assignment and/or transfer of any Executory Contract or Unexpired Lease to NewCo). NewCo is a good faith purchaser within the meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to the full protections of section 363(m) of the Bankruptcy Code as applicable.

3. HoldCo Equity.

On the Effective Date, HoldCo is authorized to issue or cause to be issued and shall issue the HoldCo Equity for distribution to the holders of Allowed Senior Notes Secured Claims in accordance with the terms of this Plan and to Knight Hawk as set forth in the Transaction Agreement, in each case 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. All of the shares of HoldCo Equity issued pursuant to the Plan, as contemplated by the Transaction Agreement, shall be duly authorized and validly issued. Other than as contemplated through the issuance of HoldCo Equity pursuant to this Plan and the Transaction Agreement, there shall exist on the Effective Date no other equity securities, warrants, options, or other agreements to acquire any equity interest in HoldCo.

4. Restructuring Transactions.

Before, on, and after the Effective Date, the Debtors, or the Post-Effective Date Debtor, as applicable, are authorized, without further order of the Bankruptcy Court, to take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Restructuring Transactions under or in connection with the Plan, including: (1) the execution and delivery of all appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution, or liquidation containing terms that are consistent with the terms of the Plan, and that satisfy the requirements of applicable law and any other terms to which the applicable Entities may agree with the consent (not to be unreasonably withheld) of the Required Supporting Senior Noteholders and Knight Hawk; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms to which the applicable Entities agree with the consent (not to be unreasonably withheld) of the Required Supporting Senior Noteholders and Knight Hawk; (3) rejection or assumption, or assumption and assignment, as applicable, of Executory Contracts and Unexpired Leases; (4) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, or dissolution pursuant to applicable state law; and (5) subject to the occurrence of the Effective Date, the consummation of the transactions contemplated by the Transaction Agreement.

5. Payment of Cure Costs and Other Amounts.

On or as soon as reasonably practicable after the Effective Date, (i) NewCo (or an Affiliate thereof), with funds provided by Knight Hawk, shall pay all NewCo Cure Costs, and (ii) the Debtors shall pay (either directly or through NewCo) all Debtor Cure Costs, in each case that are required to be paid (if any) pursuant to and in accordance with sections 365 or 1123 of the Bankruptcy Code with respect to any Executory Contracts or Unexpired Leases that are assumed by the Debtors and assigned to NewCo pursuant to the Transaction Agreement and this Plan. The Debtors and the Post-Effective Date Debtor (a) shall not have any obligation to make any payment or other distribution on account of any NewCo Cure Costs, and (b) shall have the obligation to pay NewCo for any amounts that are accrued as of the closing under the Transaction Agreement prorated per diem as of such closing not yet due and payable with respect to any Executory Contracts or Unexpired Leases that are assumed by the Debtors and assigned to NewCo pursuant to the Transaction Agreement and this Plan. NewCo, HoldCo, the Supporting Senior Noteholders, and Knight Hawk shall not have any obligation to make any payment or other distribution on account of any Debtor Cure Costs, except for Debtor Cure Costs paid through NewCo.

C. Vesting of Assets.

Except as otherwise provided in the Plan, the Transaction Agreement, or any agreement, instrument, or other document incorporated herein or therein, on the Effective Date: (a) the Transferred Assets shall be preserved and shall vest in NewCo, free and clear of all Liens, Claims, charges, and other encumbrances (other than the Permitted Encumbrances and the Assumed Liabilities); and (b) the Post-Effective Date Debtor Assets shall vest in the Post-Effective Date Debtor for the purpose of liquidating the Estates, free and clear of all Liens, Claims, charges, and other encumbrances other than the Permitted Encumbrances. On and after the Effective Date, except as otherwise provided in the Plan and subject in all respects to the Transaction Agreement and the Plan, the Debtors and the Post-Effective Date Debtor may operate their businesses and use, acquire, or dispose of property and, as applicable, compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. For the avoidance of doubt, following the Effective Date, HoldCo and NewCo may operate their businesses and use, acquire, or dispose of property, including the Transferred Assets, without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

D. General Settlement of Claims.

As discussed further in the Disclosure Statement and as otherwise provided herein, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims, Interests, Causes of Action, and controversies released, settled, compromised, discharged, or otherwise resolved pursuant to the Plan. The Plan shall be deemed a motion to approve the good-faith compromise and settlement of all such Claims, Interests, Causes of Action, and controversies pursuant to Bankruptcy Rule 9019, and the entry of the Confirmation and Sale Order shall constitute the Bankruptcy Court's approval of such compromise and settlement under section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, as well as a finding by the Bankruptcy Court that such settlement and compromise is fair, equitable, reasonable, and in the best interests of the Debtors and their Estates. Distributions made to Holders of Allowed Claims in any Class are intended to be final.

E. Senior Notes Indenture.

Effective as of the Effective Date, the Debtors' obligations under the Senior Notes Indenture shall be deemed terminated, canceled, and released. In full and final satisfaction, settlement, and release of and in exchange for each Holder's Allowed Senior Notes Claim, on the Effective Date or as soon as reasonably practicable thereafter, the Debtors or the Plan Administrator, as the case may be, may take such actions as are necessary to effectuate the transactions contemplated by Article III.B and Article VIII.G hereof and the Transaction Agreement, including to execute and deliver such other and further documents as may be reasonably requested by the Senior Notes Trustee. Notwithstanding anything in the Plan to the contrary, the Senior Notes Indenture shall continue in effect solely to the extent necessary to: (1) allow Holders of Allowed Senior Notes Claims to receive distributions pursuant to the Plan; (2) allow the Post-Effective Date Debtor to make distributions pursuant to the Plan; and (3) allow the Senior Notes Trustee to seek compensation, reimbursement, and/or indemnification of fees, expenses, and other costs in accordance with the Plan, the Cash Collateral Order, and the Senior Notes Indenture.

F. Post-Effective Date Debtor.

On and after the Effective Date, in accordance with the Wind-Down Budget, the Post-Effective Date Debtor shall continue in existence for purposes of (1) winding down the Debtors' businesses and affairs as expeditiously as reasonably possible, (2) resolving Disputed Claims, (3) paying Allowed Priority Tax Claims, Allowed Administrative Claims (including but not limited to Professional Fee Claims), Allowed Priority Claims, Allowed Senior Notes Claims, Allowed Other Secured Claims, Allowed General Unsecured Claims, and Debtor Cure Costs as provided hereunder, (4) establishing and funding the Distribution Reserve Accounts, (5) enforcing and prosecuting claims, interests, rights, and privileges under the Retained Causes of Action in an efficacious manner and only to the extent the benefits of such enforcement or prosecution are reasonably believed to outweigh the costs associated therewith, (6) filing appropriate tax returns, (7) complying with its continuing obligations under the Transaction Agreement (including with respect to the transfer of permits to NewCo as contemplated therein); and

(8) administering the Plan in an efficacious manner. The Post-Effective Date Debtor shall be deemed to be substituted as the party-in-lieu of the Debtors in all matters, including (a) motions, contested matters, and adversary proceedings pending in the Bankruptcy Court, and (b) all matters pending in any courts, tribunals, forums, or administrative proceedings outside of the Bankruptcy Court, in each case without the need or requirement for the Plan Administrator to file motions or substitutions of parties or counsel in each such matter.

G. Plan Administrator.

The Plan Administrator shall act for the Post-Effective Date Debtor in the same fiduciary capacity as applicable to a board of managers, directors, and officers, subject to the provisions hereof (and all certificates of formation, membership agreements, and related documents are deemed amended by the Plan to permit and authorize the same). On the Effective Date, the authority, power, and incumbency of the persons acting as managers and officers of the Post-Effective Date Debtor shall be deemed to have resigned, and a representative of the Plan Administrator shall be appointed as the sole manager and sole officer of the Post-Effective Date Debtor, and shall succeed to the powers of the Post-Effective Date Debtor's managers, directors, and officers. From and after the Effective Date, the Plan Administrator shall be the sole representative of, and shall act for, the Post-Effective Date Debtor as further described in Article VII hereof; *provided* that the Plan Administrator shall use commercially reasonable efforts to operate in a manner consistent with the Wind-Down Budget.

Notwithstanding anything herein to the contrary, the Post-Effective Date Debtor and the Plan Administrator shall be deemed to be fully bound by the terms of the Plan and the Confirmation and Sale Order.

H. Cancellation of Notes, Instruments, Certificates, and Other Documents.

On the Effective Date, except as otherwise specifically provided for in the Plan: (1) the obligations of any Debtor under any certificate, share, note, bond, indenture, purchase right, or other instrument or document, directly or indirectly evidencing or creating any indebtedness or obligation of or ownership interest, equity, or portfolio interest in the Debtors or any warrants, options, or other securities exercisable or exchangeable for, or convertible into, debt, equity, ownership, or profits interests in the Debtors giving rise to any Claim or Interest shall be cancelled and deemed surrendered as to the Debtors and shall not have any continuing obligations thereunder; and (2) the obligations of the Debtors pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, or certificates or articles of incorporation or similar documents governing the shares, certificates, notes, bonds, indenture, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of the Debtors shall be fully released, settled, and compromised.

I. Corporate Action.

Upon the Effective Date, by virtue of the solicitation of votes in favor of the Plan and entry of the Confirmation and Sale Order, all actions contemplated by the Plan and the Transaction Agreement (including any action to be undertaken by the Plan Administrator) shall be deemed authorized, approved, and, to the extent taken prior to the Effective Date, ratified without any requirement for further action by Holders of Claims or Interests, the Debtors, or any other Entity or Person. All matters provided for in the Plan involving the corporate structure of the Debtors, including the creation of HoldCo and NewCo, the consummation of the Sale Transaction and the issuance of HoldCo Equity to Holders of Allowed Supporting Senior Noteholders and Knight Hawk, in each case in accordance with the Plan and the Transaction Agreement, and any corporate action required by the Debtors in connection therewith, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the Debtors or the Debtors' Estates.

Upon the Effective Date or as soon as reasonably practicable thereafter, after making all distributions provided for under the Plan, the Debtors shall be deemed to have been dissolved and terminated, except as necessary satisfy their obligations under the Transaction Agreement. The directors, managers, and officers of the Debtors and the Plan Administrator, as applicable, shall be authorized to execute, deliver, File, or record such contracts, instruments, and other agreements or documents and take such other actions as they may deem necessary or appropriate in their sole discretion to implement the provisions of this Article IV.I.

The authorizations and approvals contemplated by this Article IV.I shall be effective notwithstanding any requirements under applicable nonbankruptcy law.

J. Dissolution and Board of the Debtors.

As of the Effective Date, the existing board of directors or managers, as applicable, of the Debtors shall be dissolved without any further action required on the part of the Debtors or the Debtors' officers, directors, managers, shareholders, or members, and any remaining officers, directors, managers, or managing members of any Debtor shall be dismissed without any further action required on the part of any such Debtor, the equity holders of the Debtors, the officers, directors, or managers, as applicable, of the Debtors, or the members of any Debtor. Subject in all respects to the terms of this Plan, the Debtors shall be dissolved as soon as practicable on or after the Effective Date, but in no event later than the closing of the Chapter 11 Cases.

As of the Effective Date, the Plan Administrator shall act as the sole officer, director, and manager, as applicable, of the Debtors with respect to its affairs other than matters substantially related to the transactions described in Article IV.B.1-2 of the Plan. Subject in all respects to the terms of this Plan, the Plan Administrator shall have the power and authority to take any action necessary to wind down and dissolve any of the Debtors, and shall: (a) file a certificate of dissolution for any of the Debtors, together with all other necessary corporate and company documents, to effect the dissolution of Armstrong under the applicable laws of its state of formation; and (b) complete and file all final or otherwise required federal, state, and local tax returns and shall pay taxes required to be paid for any of the Debtors, and pursuant to section 505(b) of the Bankruptcy Code, request an expedited determination of any unpaid tax liability of any of the Debtors or their Estates for any tax incurred during the administration of such Debtor's Chapter 11 Case, as determined under applicable tax laws.

The filing by the Plan Administrator of any of the Debtors' certificate of dissolution shall be authorized and approved in all respects without further action under applicable law, regulation, order, or rule, including any action by the stockholders, members, board of directors, or board of managers of Armstrong or any of its affiliates.

K. Release of Liens.

Except as otherwise expressly provided herein, on the Effective Date, all Liens on any property of any Debtors or the Post-Effective Date Debtor shall automatically terminate, all property subject to such Liens shall be automatically released, and all guarantees of any Debtors or the Post-Effective Date Debtor shall be automatically discharged and released.

L. Effectuating Documents; Further Transactions.

Prior to the Effective Date, the Debtors are, and on and after the Effective Date, the Post-Effective Date Debtors, the Plan Administrator, and the officers and members thereof are authorized to and may issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, without the need for any approvals, authorizations, notice, or consents, except for those expressly required pursuant to the Plan.

M. Exemption from Certain Taxes and Fees.

To the maximum extent provided by section 1146(a) of the Bankruptcy Code, any post-Confirmation transfer from any Entity pursuant to, in contemplation of, or in connection with the Plan, the Sale Transaction or the Transaction Agreement or pursuant to: (1) the issuance, distribution, transfer, or exchange of any debt, equity security, or other interest in the Debtors; or (2) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instruments of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, in each case to the extent permitted by applicable

bankruptcy law, and the appropriate state or local government officials or agents shall forego collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

N. Causes of Action.

Other than Causes of Action against an Entity that are waived, relinquished, exculpated, released, compromised, settled, assigned, and/or otherwise conveyed under the Plan, the Transaction Agreement, or any Final Order (including, for the avoidance of doubt, any claims or Causes of Action released pursuant to Article X hereof), the Debtors reserve and, as of the Effective Date, assign to the Post-Effective Date Debtor the Causes of Action, which shall include, for the avoidance of doubt, those Causes of Action identified as being retained in the Plan Supplement. On and after the Effective Date, the Plan Administrator may pursue the Causes of Action on behalf of and for the benefit of the applicable beneficiaries. On the Effective Date, except as expressly set forth in the Plan Supplement, all Avoidance Actions shall be deemed waived, relinquished, and extinguished, and no Avoidance Actions shall revert to creditors of the Debtors.

No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any such Cause of Action against them as any indication that the Debtors or the Plan Administrator will not pursue any and all available Causes of Actions against them. No preclusion doctrine, including the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Debtors or the Post-Effective Date Debtor, as applicable, reserve any such Causes of Action (other than waived Avoidance Actions) being retained by the Debtors as provided herein, notwithstanding the rejection of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. Prior to the Effective Date, the Debtors, and on and after the Effective Date, the Plan Administrator, shall retain and shall have, including through their authorized agents or representatives, the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

O. Closing the Chapter 11 Cases.

Upon the occurrence of the Effective Date, the Plan Administrator shall be permitted to close all of the Chapter 11 Cases except for the Chapter 11 Case of Armstrong, and all contested matters relating to each of the Debtors, including objections to Claims, shall be administered and heard in the Chapter 11 Case of Armstrong.

When all Disputed Claims have become Allowed or Disallowed and all remaining Cash has been distributed in accordance with the Plan, the Plan Administrator shall seek authority from the Bankruptcy Court to close the Chapter 11 Case of Armstrong in accordance with the Bankruptcy Code and the Bankruptcy Rules.

**ARTICLE V
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

A. Assumption and Rejection of Executory Contracts and Unexpired Leases.

On the Effective Date, except as otherwise provided herein, each Executory Contract and Unexpired Lease not previously rejected, assumed, or assigned, including any employee benefit plans, severance plans, and other Executory Contracts under which employee obligations arise, shall be deemed automatically rejected pursuant to sections 365 and 1123 of the Bankruptcy Code, unless such Executory Contract or Unexpired Lease: (1) is specifically described in the Plan as to be assumed in connection with confirmation of the Plan, or is specifically scheduled to be assumed or assumed and assigned pursuant to the Plan or the Plan Supplement; (2) is subject to a pending motion to assume such Unexpired Lease or Executory Contract as of the Effective Date; (3) is to be assumed by the Debtors or assumed by the Debtors and assigned to NewCo or another third party, as

applicable, in connection with the Sale Transaction; (4) is a contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan; (5) is a D&O Policy; or (6) is the Transaction Agreement or the HoldCo/NewCo Documentation. Entry of the Confirmation and Sale Order by the Bankruptcy Court shall constitute approval of such assumptions, assignments, and rejections, including the assumption and assignment of the Executory Contracts or Unexpired Leases as provided in the Transaction Agreement and the Plan Supplement, pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated, assumptions or rejections of Executory Contracts and Unexpired Leases pursuant to the Plan or Transaction Agreement are effective as of the Effective Date. Any motions to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by a Final Order of the Bankruptcy Court on or after the Effective Date.

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

Unless otherwise provided by an order of the Bankruptcy Court, any Proofs of Claim based on the rejection of the Debtors' Executory Contracts or Unexpired Leases pursuant to the Plan or otherwise, must be Filed with Bankruptcy Court and served on the Debtors or, after the Effective Date, the Plan Administrator, as applicable, no later than 30 days after the earlier of the Effective Date or the effective date of rejection of such Executory Contract or Unexpired Lease. In addition, any objection to the rejection of an Executory Contract or Unexpired Lease must be Filed with the Bankruptcy Court and served on the Debtors or, after the Effective Date, the Plan Administrator, as applicable, no later than 14 days after service of the Debtors' proposed rejection of such Executory Contract or Unexpired Lease.

Any Holders of Claims arising from the rejection of an Executory Contract or Unexpired Lease for which Proofs of Claims were not timely Filed shall not (1) be treated as a creditor with respect to such Claim, (2) be permitted to vote to accept or reject the Plan on account of any Claim arising from such rejection, or (3) participate in any distribution in the Chapter 11 Cases on account of such Claim, and any Claims arising from the rejection of an Executory Contract or Unexpired Lease not Filed with the Bankruptcy Court within such time will be automatically Disallowed, forever barred from assertion, and shall not be enforceable against the Debtors, the Debtors' Estates, the Post-Effective Date Debtor, or the property for any of the foregoing without the need for any objection by the Debtors or the Plan Administrator, as applicable, or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully compromised, settled, and released, notwithstanding anything in the Schedules or a Proof of Claim to the contrary. All Allowed Claims arising from the rejection of the Debtors' prepetition Executory Contracts or prepetition Unexpired Leases shall be classified as General Unsecured Claims against the appropriate Debtor, or upon the Effective Date, the Post-Effective Date Debtor, except as otherwise provided by order of the Bankruptcy Court.

C. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases.

Any monetary defaults under an Executory Contract or Unexpired Lease to be assumed by the Debtors as set forth in Article V.A, as reflected on the Cure Notice shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of such Cure Costs in Cash on or about the Effective Date, subject to the limitations described below and the allocation of Cure Costs between the Debtors and NewCo set forth in the Transaction Agreement and Article IV.B herein, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (1) the Cure Costs, (2) the ability of NewCo or any assignee, to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (3) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption, and the Debtors will retain adequate cash to pay for potential Debtor Cure Costs and other amounts to be paid by the Debtors under the Transaction Agreement.

Unless otherwise provided by an order of the Bankruptcy Court or in the Transaction Agreement, at least 14 days before the Voting Deadline, the Debtors shall cause Cure Notices of proposed assumption to be sent to applicable counterparties. Any objection by such counterparty must be Filed, served, and actually received by the Debtors not later than the deadline by which objections to confirmation of the Plan are due. Any counterparty to an

Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption or cure amount will be deemed to have assented to such assumption.

In any case, if the Bankruptcy Court determines that the Allowed Cure Cost with respect to any Executory Contract or Unexpired Lease is greater than the amount set forth in the applicable Cure Notice, the Debtors or, with respect to those Executory Contracts and Unexpired Leases to be assumed by the Debtors and assigned to NewCo under the Transaction Agreement, the Required Supporting Senior Noteholders and Knight Hawk (in accordance with the Transaction Agreement) will have the right to remove such Executory Contract or Unexpired Lease from the relevant Schedule of Assumed Executory Contracts and Unexpired Leases (and, if applicable, the list of Assigned Contracts (as defined in the Transaction Agreement)), in which case such Executory Contract or Unexpired Lease will be deemed rejected as the Effective Date. Notwithstanding the foregoing, upon the closing under the Transaction Agreement, all Royalty Agreements, as amended or restated as contemplated by the Transaction Agreement, shall be assumed and assigned to NewCo or otherwise conveyed to NewCo and all monetary defaults thereunder cured by NewCo or the Debtors, in each case as provided in the Transaction Agreement.

Assumption (or assumption and assignment) of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed (or assumed and assigned) Executory Contract or Unexpired Lease at any time before the date that the Debtors assume such Executory Contract or Unexpired Lease. **All liabilities reflected in the Schedules and any Proofs of Claim Filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed Disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.**

D. D&O Policies.

The D&O Policies shall be assumed by the Debtors on behalf of the applicable Debtor and assigned to the Post-Effective Date Debtor effective as of the Effective Date, pursuant to sections 365 and 1123 of the Bankruptcy Code, unless such insurance policy previously was rejected by the Debtors or the Debtors' Estates pursuant to a Bankruptcy Court order or is the subject of a motion to reject pending on the Effective Date, and coverage for defense and indemnity under any of the D&O Policies shall remain available to all individuals within the definition of "Insured" in any of the D&O Policies.

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

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

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

F. Reservation of Rights.

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Schedule of Assumed Executory Contracts and Unexpired Leases, nor anything contained in the Plan or Transaction Agreement, shall constitute an admission by the Debtors or any other Entity, as applicable, that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that either any Debtor or any other Entity, as applicable, has any liability thereunder. In the event of a dispute regarding whether a contract or lease is or was executory or unexpired

at the time of assumption or rejection, the Debtors or the Plan Administrator, as applicable, shall have 90 days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease as otherwise provided in the Plan. Notwithstanding anything else to the contrary herein, all Royalty Agreements, as amended or restated as contemplated by the Transaction Agreement, shall be assumed and assigned to NewCo or otherwise conveyed to NewCo and all monetary defaults thereunder cured by NewCo or the Debtors, in each case as provided in the Transaction Agreement, on or prior to the Effective Date.

G. Nonoccurrence of Effective Date.

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code.

**ARTICLE VI
PROVISIONS GOVERNING DISTRIBUTIONS**

A. Timing and Calculation of Amounts to Be Distributed.

Unless otherwise provided in the Plan, on the Effective Date or as soon as reasonably practicable thereafter (or, if a Claim is not an Allowed Claim on the Effective Date, on the date that such Claim becomes Allowed or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim against the Debtors shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class from the Debtors or the Plan Administrator on behalf of the Debtors, as applicable. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, in which case such payment shall be deemed to have occurred when due. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article IX hereof. Notwithstanding anything to the contrary in the Plan, no Holder of an Allowed Claim shall, on account of such Allowed Claim, receive a distribution in excess of the Allowed amount of such Claim plus any interest accruing on such Claim that is actually payable in accordance with the Plan.

B. Rights and Powers of the Plan Administrator.

1. Powers of the Debtors and the Plan Administrator.

Except as otherwise set forth herein, all distributions under the Plan shall be made on the Effective Date or as soon as reasonably practicable thereafter by the Debtors or the Plan Administrator (or its designee(s)), the timing of which shall be subject to the reasonable discretion of the Debtors or the Plan Administrator, as applicable.

On and after the Effective Date, the Plan Administrator and its designees or representatives shall have the right to object to, Allow, or otherwise resolve any General Unsecured Claim, Priority Claim, or Other Secured Claim, subject to the terms hereof; *provided* that the Plan Administrator and its designees or representatives shall not have the right to object to the Allowed Senior Notes Deficiency Claims.

The Debtors and the Plan Administrator, as applicable, shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. However, in the event that the Plan Administrator is so ordered after the Effective Date, all costs and expenses of procuring any such bond or surety shall be paid for with Cash from the Wind-Down Reserve.

2. Fees of Plan Administrator and Expenses Incurred On or After the Effective Date.

Except as otherwise ordered by the Bankruptcy Court, the fees and expenses incurred by the Plan Administrator on or after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement Claims (including attorney fees and expenses) made by the Plan Administrator in connection with

such Plan Administrator's duties shall be paid without any further notice to or action, order, or approval of the Bankruptcy Court in Cash from the Wind-Down Reserve if such amounts relate to any actions taken hereunder.

C. Delivery of Distributions and Undeliverable or Unclaimed Distributions.

1. Record Date for Distribution.

On the Distribution Record Date, the Claims Register shall be closed and the Debtors, the Plan Administrator, or any other party responsible for making distributions shall instead be authorized and entitled to recognize only those record Holders listed on the Claims Register as of the close of business on the Distribution Record Date. The Distribution Record Date shall not apply to the Senior Notes Trustee with respect to beneficial holders of the Senior Notes Claims.

2. Distributions to Beneficial Holders of the Senior Notes Claims.

Notwithstanding any provision of the Plan to the contrary, distributions to beneficial holders of the Senior Notes Claims shall be made to or at the direction of the Senior Notes Trustee, which shall act as disbursing agent for distributions to the beneficial holders of the Senior Notes Claims under the Senior Notes Indenture. The Senior Notes Trustee may transfer or direct the transfer of such distributions directly through the facilities of DTC (whether by means of book-entry exchange, free delivery, or otherwise) and will be entitled to recognize and deal for all purposes under the Plan with beneficial holders of Senior Notes Claims to the extent consistent with the customary practices of DTC. Such distributions shall be subject in all respects to the right of the Senior Notes Trustee to assert its charging lien under the Senior Notes Indenture against such distributions. All distributions to be made to beneficial holders of Senior Notes Claims shall be eligible to be distributed through the facilities of DTC and as provided for under the Senior Notes Indenture.

3. Delivery of Distributions in General.

(a) Payments and Distributions on Disputed Claims.

Distributions made after the Effective Date to Holders of Disputed Claims that are not Allowed Claims as of the Effective Date but which later become Allowed Claims shall, in the reasonable discretion of the Plan Administrator, be deemed to have been made by the Plan Administrator on the Effective Date unless the Plan Administrator and the Holder of such Claim agree otherwise.

(b) Special Rules for Distributions to Holders of Disputed Claims.

Notwithstanding any provision otherwise in the Plan and except as may be agreed to by, as applicable, the Debtors or the Plan Administrator, as applicable, on the one hand, and the Holder of a Disputed Claim, on the other hand, no partial payments and no partial distributions shall be made with respect to any Disputed Claim, other than with respect to Professional Fee Claims, until all Disputed Claims held by the Holder of such Disputed Claim have become Allowed Claims or have otherwise been resolved by settlement or Final Order.

(c) Distributions.

On and after the Effective Date, the Debtors or the Plan Administrator, as applicable, shall make the distributions required to be made on account of Allowed Claims under the Plan. Any distribution that is not made on the Initial Distribution Date or on any other date specified in the Plan because the Claim that would have been entitled to receive that distribution is not an Allowed Claim on such date, shall be held by the Plan Administrator in reserve by the Plan Administrator in accordance with the Plan, as applicable, and distributed on the next Subsequent Distribution Date that occurs after such Claim is Allowed. Subject to Article VI.E hereof, no interest shall accrue or be paid on the unpaid amount of any distribution paid pursuant to the Plan.

4. Minimum; De Minimis Distributions.

No Cash payment of less than \$50, in the reasonable discretion of the Plan Administrator, shall be made to a Holder of an Allowed Claim or Allowed Interest on account of such Allowed Claim or Allowed Interest.

5. Undeliverable Distributions and Unclaimed Property.

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Plan Administrator has determined the then current address of such Holder, at which time such distribution shall be made to such Holder without interest; *provided* that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of six months from the date the distribution is made. After such date, all unclaimed property or interests in property shall revert (notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary) to the Plan Administrator, automatically and without need for a further order by the Bankruptcy Court and the Claim of any Holder to such property or interest in property shall be released, settled, compromised, and forever barred.

6. Manner of Payment Pursuant to the Plan.

Any payment in Cash to be made pursuant to the Plan shall be made at the election of the Plan Administrator by check or by wire transfer, at the sole and exclusive discretion of the Plan Administrator.

D. Compliance with Tax Requirements/Allocations.

In connection with the Plan, to the extent applicable, the Plan Administrator shall request distributees to provide appropriate documentation that may be required for an exemption from withholding or reporting, and shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all distributions pursuant hereto shall be subject to such withholding and reporting requirements unless an exception applies. Notwithstanding any provision in the Plan to the contrary, the Plan Administrator shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanisms it believes is reasonable and appropriate. The Plan Administrator reserves the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances. All Persons holding Claims shall be required to provide any information necessary to effect information reporting and the withholding of such taxes. Notwithstanding any other provision of the Plan to the contrary, each Holder of an Allowed Claim shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such distribution.

E. Allocation of Plan Distributions Between Principal and Interest.

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

F. Setoffs and Recoupment.

Except as otherwise expressly provided herein, the Debtors or the Post-Effective Date Debtor, may, but shall not be required to, setoff against or recoup from any Claims of any nature whatsoever that the Debtors or the Post-Effective Date Debtor may have against the claimant, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Post-Effective Date Debtor of any such Claim it may have against the Holder of such Claim.

G. Claims Paid or Payable by Third Parties.

1. Claims Paid by Third Parties.

The Plan Administrator shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor. Subject to the last sentence of this paragraph, to the extent a Holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor on account of such Claim, such Holder shall, within 14 days of receipt thereof, repay or return the distribution to the Plan Administrator to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the Plan Administrator annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the 14-day grace period specified above until the amount is repaid.

2. Claims Payable by Insurance, Third Parties.

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' insurance policies, surety agreements, other non-Debtor payment agreements, or collateral held by a third party, until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy, surety agreement, other non-Debtor payment agreement, or collateral, as applicable. To the extent that one or more of the Debtors' insurers, sureties, or non-Debtor payors pays or satisfies in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), or such collateral or proceeds from such collateral is used to satisfy such Claim, then immediately upon such payment, the applicable portion of such Claim shall be expunged without a Claim objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

3. Applicability of Insurance Policies.

Notwithstanding anything to the contrary in the Plan or Confirmation and Sale Order, Confirmation and Consummation of the Plan shall not limit or affect the rights of any third-party beneficiary or other covered party of any of the Debtor's insurance policies with respect to such policies, including the D&O Policies.

H. Indefeasible Distributions.

Any and all distributions made under the Plan shall be indefeasible and not subject to clawback.

I. Exemption from Securities Laws.

The issuance of and the distribution under the Plan of the HoldCo Equity to Holders of Allowed Senior Notes Secured Claims (but not the issuance of HoldCo Equity to Knight Hawk as described in the Transaction Agreement) shall be exempt from registration under the Securities Act and any other applicable securities laws pursuant to section 1145 of the Bankruptcy Code. These Securities may be resold without registration under the Securities Act or other federal securities laws pursuant to the exemptions provided by sections 1145(b)(1) and 1145(c) of the Bankruptcy Code, unless the holder is an "underwriter" with respect to such Securities, as that term is defined in section 1145(b) of the Bankruptcy Code, or an "affiliate" of HoldCo within the meaning of Rule 144 under the Securities Act and section 4(a)(2) of the Securities Act. In addition, such section 1145 exempt Securities generally may be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of the several states. The issuance of HoldCo Equity to Knight Hawk pursuant to the Transaction Agreement is expected to be exempt from registration under the Securities Act and any other applicable securities laws as a private placement by HoldCo under section 4(a)(2) of the Securities Act or any other applicable exemptions.

**ARTICLE VII
THE PLAN ADMINISTRATOR**

A. *The Plan Administrator.*

The powers of the Plan Administrator shall include any and all powers and authority to implement the Plan and to administer and distribute the Distribution Reserve Accounts and wind down the businesses and affairs of the Debtors and the Post-Effective Date Debtor, including: (1) liquidating, receiving, holding, and investing, supervising, and protecting the Post-Effective Date Debtor Assets; (2) taking all steps to execute all instruments and documents necessary to effectuate the distributions to be made under the Plan from the Distribution Reserve Accounts; (3) making distributions from the Distribution Reserve Accounts as contemplated under the Plan; (4) establishing and maintaining bank accounts in the name of the Post-Effective Date Debtor; (5) subject to the terms set forth herein, employing, retaining, terminating, or replacing professionals to represent it with respect to its responsibilities or otherwise effectuating the Plan to the extent necessary; (6) paying all reasonable fees, expenses, debts, charges, and liabilities of the Post-Effective Date Debtor; (7) administering and paying taxes of the Post-Effective Date Debtor, including filing tax returns; (8) representing the interests of the Post-Effective Date Debtor or the Estates before any taxing authority in all matters, including any action, suit, proceeding or audit; and (9) exercising such other powers as may be vested in it pursuant to order of the Bankruptcy Court or pursuant to the Plan, or as it reasonably deems to be necessary and proper to carry out the provisions of the Plan.

The Plan Administrator may resign at any time upon 30 days' written notice delivered to the Bankruptcy Court; *provided* that such resignation shall only become effective upon the appointment of a permanent or interim successor Plan Administrator. Upon its appointment, the successor Plan Administrator, without any further act, shall become fully vested with all of the rights, powers, duties, and obligations of its predecessor and all responsibilities of the predecessor Plan Administrator relating to the Post-Effective Date Debtor shall be terminated.

1. Plan Administrator Rights and Powers.

The Plan Administrator shall retain and have all the rights, powers and duties necessary to carry out his or her responsibilities under this Plan, and as otherwise provided in the Confirmation and Sale Order. The Plan Administrator shall be the exclusive trustee of the Post-Effective Date Debtor Assets for the purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3), as well as the representative of the Estates appointed pursuant to Bankruptcy Code § 1123(b)(3)(B).

2. Retention of Professionals.

The Plan Administrator shall have the right to retain the services of attorneys, accountants, and other professionals that, in the discretion of the Plan Administrator, are necessary to assist the Plan Administrator in the performance of his or her duties. The reasonable fees and expenses of such professionals shall be paid by the Post-Effective Date Debtor from the Wind-Down Reserve upon the monthly submission of statements to the Plan Administrator. The payment of the reasonable fees and expenses of the Plan Administrator's retained professionals shall be made in the ordinary course of business from the Wind-Down Reserve and shall not be subject to the approval of the Bankruptcy Court.

3. Compensation of the Plan Administrator

The Plan Administrator's compensation, on a Post-Effective Date basis, shall be as described in the Plan Supplement and paid out of the Wind-Down Reserve.

4. Plan Administrator Expenses.

All costs, expenses and obligations incurred by the Plan Administrator in administering this Plan, the Post-Effective Date Debtor, or in any manner connected, incidental or related thereto, in effecting distributions from the Post-Effective Date Debtor thereunder (including the reimbursement of reasonable expenses) shall be a charge against the Post-Effective Date Debtor Assets remaining from time to time in the hands of the Plan Administrator.

Such expenses shall be paid from the Wind-Down Reserve and paid as they are incurred without the need for Bankruptcy Court approval.

5. Plan Administrator Oversight.

Notwithstanding anything to the contrary contained herein, the Plan Administrator shall consult with the Required Supporting Senior Noteholders with regard to the settlement of any Administrative Claim, Priority Claim, or Other Secured Claim.

B. Wind-Down.

On and after the Effective Date, the Plan Administrator will be authorized to implement the Plan and any applicable orders of the Bankruptcy Court, and the Plan Administrator shall have the power and authority to take any action necessary to wind down and dissolve the Debtors' Estates.

As soon as practicable after the Effective Date, the Plan Administrator shall: (1) cause the Debtors and the Post-Effective Date Debtor, as applicable, to comply with, and abide by, the terms of the Transaction Agreement and any other documents contemplated thereby; (2) file for each of the Debtors, except the Post-Effective Date Debtor, a certificate of dissolution or equivalent document, together with all other necessary corporate and company documents, to effect the dissolution of the Debtors under the applicable laws of their state of incorporation or formation (as applicable), including, but not limited to, any actions contemplated in Sections 275–283 of the DGCL; and (3) take such other actions as the Plan Administrator may determine to be necessary or desirable to carry out the purposes of the Plan. For purposes of clause (2) of the preceding sentence, the Plan shall constitute a plan of distribution as contemplated in the DGCL. The certificate of dissolution or equivalent document may be executed by the Plan Administrator without need for any action or approval by the shareholders or Board of Directors of any Debtor. From and after the Effective Date, except with respect to the Post-Effective Date Debtor as set forth herein, the Debtors (4) for all purposes shall be deemed to have withdrawn their business operations from any state in which the Debtors were previously conducting, or are registered or licensed to conduct, their business operations, and shall not be required to file any document, pay any sum, or take any other action in order to effectuate such withdrawal, (5) shall be deemed to have cancelled pursuant to this Plan all Interests, and (6) shall not be liable in any manner to any taxing authority for franchise, business, license, or similar taxes accruing on or after the Effective Date. For the avoidance of doubt, (7) notwithstanding the Debtors' dissolution, the Debtors shall be deemed to remain intact solely with respect to the preparation, filing, review, and resolution of applications for Professional Fee Claims.

The filing of the final monthly report (for the month in which the Effective Date occurs) and all subsequent quarterly reports shall be the responsibility of the Plan Administrator.

C. Exculpation; Indemnification; Insurance; Liability Limitation.

The Plan Administrator, all professionals retained by the Plan Administrator, each in their capacities as such, shall be deemed exculpated and indemnified, except for fraud, willful misconduct, or gross negligence, in all respects by the Post-Effective Date Debtor. The Plan Administrator may obtain, at the expense of the Post-Effective Date Debtor and with funds from the Wind-Down Reserve, commercially reasonable liability or other appropriate insurance with respect to the indemnification obligations of the Post-Effective Date Debtor. The Plan Administrator may rely upon written information previously generated by the Debtors.

For the avoidance of doubt, notwithstanding anything to the contrary contained herein, the Plan Administrator in its capacity as such, shall have no liability whatsoever to any party for the liabilities and/or obligations, however created, whether direct or indirect, in tort, contract, or otherwise, of the Debtors.

D. Tax Returns.

After the Effective Date, the Plan Administrator shall complete and file all final or otherwise required federal, state, and local tax returns for each of the Debtors, and, pursuant to section 505(b) of the Bankruptcy Code, may request an expedited determination of any unpaid tax liability of such Debtor or its Estate for any tax incurred during the administration of such Debtor's Chapter 11 Case, as determined under applicable tax laws.

E. Dissolution of the Post-Effective Date Debtor.

Upon a certification to be Filed with the Bankruptcy Court by the Plan Administrator of all distributions having been made and completion of all its duties under the Plan and entry of a final decree closing the last of the Chapter 11 Cases, the Post-Effective Date Debtor shall be deemed to be dissolved without any further action by the Post-Effective Date Debtor, including the filing of any documents with the secretary of state for the state in which the Post-Effective Date Debtor is formed or any other jurisdiction. The Plan Administrator, however, shall have authority to take all necessary actions to dissolve the Post-Effective Date Debtor in and withdraw the Post-Effective Date Debtor from applicable state(s).

**ARTICLE VIII
RESERVES ADMINISTERED BY THE PLAN ADMINISTRATOR**

A. Establishment of Reserve Accounts.

The Plan Administrator shall establish each of the Distribution Reserve Accounts (which may be affected by either establishing a segregated account or establishing book entry accounts, in the sole discretion of the Plan Administrator).

B. Undeliverable Distribution Reserve.

1. Deposits.

If a Distribution to any Holder of an Allowed Claim is returned to the Plan Administrator as undeliverable or is otherwise unclaimed, such Distribution shall be deposited in a segregated, interest-bearing account, designated as an "Undeliverable Distribution Reserve," for the benefit of such Holder until such time as such Distribution becomes deliverable, is claimed or is deemed to have been forfeited in accordance with Article I.A.2 of this Plan.

2. Forfeiture.

Any Holder of an Allowed Claim that does not assert a Claim pursuant to this Plan for an Undeliverable or Unclaimed Distribution within three months after the first Distribution is made to such Holder shall be deemed to have forfeited its claim for such Undeliverable or Unclaimed Distribution and shall be forever barred and enjoined from asserting any such claim for the Undeliverable or Unclaimed Distribution against any Debtor, any Estate, the Plan Administrator, the Post-Effective Date Debtor, or their respective properties or assets. In such cases, any Cash or other property held by the Post-Effective Date Debtor in the Undeliverable Distribution Reserve for distribution on account of such claims for Undeliverable or Unclaimed Distributions, including the interest that has accrued on such Undeliverable or Unclaimed Distribution while in the Undeliverable Distribution Reserve, shall become the property of the Post-Effective Date Debtor, notwithstanding any federal or state escheat laws to the contrary, and shall promptly be transferred to the General Account to be distributed according to the priority set forth in Article VIII.G without any further action or order of the Court; *provided* that any Undeliverable or Unclaimed Distribution on account of an Allowed General Unsecured Claim shall be transferred to the GUC Reserve.

3. Disclaimer.

The Plan Administrator and his or her respective agents and attorneys are under no duty to take any action to either (i) attempt to locate any Claim Holder, or (ii) obtain an executed Internal Revenue Service Form W-9 from any Claim Holder; *provided* that in his or her sole discretion, the Plan Administrator may periodically publish notice of Unclaimed Distributions.

4. Distribution from Reserve.

Within fifteen (15) Business Days after the Holder of an Allowed Claim satisfies the requirements of this Plan, such that the distribution(s) attributable to its Claim is no longer an Undeliverable or Unclaimed Distribution (provided that satisfaction occurs within the time limits set forth in Article I.A.2 of this Plan), the Plan Administrator

shall distribute out of the Undeliverable Distribution Reserve the amount of the Undeliverable or Unclaimed Distribution attributable to such Claim, including the interest that has accrued on such Undeliverable or Unclaimed Distribution while in the Undeliverable Distribution Reserve, to the General Account.

C. *Priority Claims Reserve.*

On the Effective Date, the Plan Administrator shall establish the Priority Claims Reserve by depositing Cash in the amount of the Priority Claims Reserve Amount into the Priority Claims Reserve. The Priority Claims Reserve Amount shall be used to pay Allowed Priority Claims. If all or any portion of a Priority Claim shall become a Disallowed Claim, then the amount on deposit in the Priority Claims Reserve attributable to such surplus or such Disallowed Claim, including the interest that has accrued on said amount while on deposit in the Priority Claims Reserve, shall remain in the Priority Claims Reserve to the extent that the Plan Administrator determines necessary to ensure that the Cash remaining in the Priority Claims Reserve is sufficient to ensure that all Allowed Priority Claims will be paid in accordance with the Plan, and shall otherwise promptly be transferred to the General Account to be distributed in accordance with the Plan without any further action or order of the Court. Any amounts remaining in the Priority Claims Reserve after payment of all Allowed Priority Claims shall promptly be transferred to the General Account and shall be distributed according to the priority set forth in Article VIII.G without any further action or order of the Court.

D. *Wind-Down Reserve.*

On the Effective Date, the Plan Administrator shall establish the Wind-Down Reserve by depositing Cash in the amount of the Wind-Down Amount into the Wind-Down Reserve. The Wind-Down Reserve shall be used by the Plan Administrator solely to satisfy the expenses of the Post-Effective Date Debtor and the Plan Administrator as set forth in the Plan and the Wind-Down Budget; *provided* that all costs and expenses associated with the winding up of the Post-Effective Date Debtor and the storage of records and documents shall constitute expenses of the Post-Effective Date Debtor and shall be paid from the Wind-Down Reserve. In no event shall the Plan Administrator be required or permitted to use its personal funds or assets for such purposes. Any amounts remaining in the Wind-Down Reserve after payment of all expenses of the Post-Effective Date Debtor and the Plan Administrator shall promptly be transferred to the General Account and shall be distributed according to the priority set forth in Article VIII.G without any further action or order of the Court.

E. *Other Secured Claim Reserve.*

On the Effective Date, the Plan Administrator shall establish the Other Secured Claims Reserve by depositing Cash in the amount of the Other Secured Claims Reserve Amount into the Other Secured Claims Reserve. The Other Secured Claims Reserve Amount shall be used to pay Allowed Other Secured Claims. If all or any portion of an Other Secured Claim shall become a Disallowed Claim, then the amount on deposit in the Other Secured Claims Reserve attributable to such surplus or such Disallowed Claim, including the interest that has accrued on said amount while on deposit in the Other Secured Claims Reserve, shall remain in the Other Secured Claims Reserve to the extent that the Plan Administrator determines necessary to ensure that the Cash remaining in the Other Secured Claims Reserve is sufficient to ensure that all Allowed Other Secured Claims will be paid in accordance with the Plan, and shall otherwise promptly be transferred to the General Account to be distributed in accordance with the Plan without any further action or order of the Court. Any amounts remaining in the Other Secured Claims Reserve after satisfaction of all Allowed Other Secured Claims shall promptly be transferred to the General Account and shall be distributed according to the priority set forth in Article VIII.G without any further action or order of the Court.

F. *GUC Reserve.*

On the Effective Date, the Plan Administrator shall establish and thereafter maintain the GUC Reserve in a separate, segregated account by depositing the GUC Distribution Proceeds into the GUC Reserve. The GUC Distribution Proceeds shall be used to pay Allowed General Unsecured Claims on a *pro rata* basis. If all or any portion of a General Unsecured Claim shall become a Disallowed Claim, then the amount on deposit in the GUC Reserve attributable to such surplus or such Disallowed Claim, including the interest that has accrued on said

amount while on deposit in the GUC Reserve, shall remain in the GUC Reserve and be distributed to holders of Allowed General Unsecured Claims in accordance with the Plan.

Notwithstanding anything to the contrary herein, neither the Plan Administrator, the Post-Effective Date Debtor nor any other party in interest shall be obligated to fund the GUC Reserve in an aggregate amount in excess of the GUC Distribution Proceeds.

G. Distribution Proceeds/Priority Waterfall.

The Plan Administrator shall deliver to the Senior Note Trustee on a periodic basis all Remaining Collateral Proceeds available for distribution from time to time to the Holders of Allowed Senior Notes Secured Claims pursuant to Article III.B.3 hereof, with any balance constituting GUC Distribution Proceeds. All Remaining Available Asset Proceeds shall be allocated and paid to the applicable holders of Claims until paid in full from time to time in the following priority (in each case on a *pro rata* basis): (i) *first*, on account of any Adequate Protection Claims remaining after taking into account any distributions received on account thereof pursuant to Article III.B.3 or the preceding sentence (the “Remaining Adequate Protection Claims”); and (ii) and *second*, on account of any Allowed General Unsecured Claims (including any Senior Notes Deficiency Claims).

H. The General Account and Distribution Reserve Account Adjustments.

Beginning on the first anniversary of the Effective Date or at such other times as the Plan Administrator shall determine as appropriate, and thereafter, on each anniversary of the Effective Date, the Plan Administrator shall determine the amount of Cash required to adequately maintain each of the Distribution Reserve Accounts (other than the GUC Reserve). Other than with respect to amounts held in the GUC Reserve, if after making and giving effect to any determination referred to in the immediately preceding sentence, the Plan Administrator determines that any Distribution Reserve Account (i) contains Cash in an amount in excess of the amount then required to adequately maintain such Distribution Reserve Account, then at any such time the Plan Administrator shall transfer such surplus Cash to the General Account to be used or distributed according to the priority set forth in this Article VIIIH, or (ii) does not contain Cash in an amount sufficient to adequately maintain such Distribution Reserve Account (other than the GUC Reserve), then at any such time the Plan Administrator shall transfer Cash from the General Account, to the extent Cash is available in the General Account until the deficit in such Distribution Reserve Account is eliminated. Any funds in the General Account not needed to eliminate a Distribution Reserve Account deficit shall be allocated and paid in the following priority (in each case on a *pro rata* basis): (x) *first*, to each Holder of a Remaining Adequate Protection Claim until such Claim is paid in full ; (y) *second*, to the extent such funds constitute Remaining Collateral Proceeds, to each Holder of an Allowed Senior Notes Secured Claim until such Allowed Senior Notes Secured Claim is paid in full; and (z) *third*, to each Holder of an Allowed General Unsecured Claim.

**ARTICLE IX
PROCEDURES FOR RESOLVING CONTINGENT,
UNLIQUIDATED, AND DISPUTED CLAIMS**

A. Allowance of Claims and Interests.

Prior to the Effective Date, the Debtors, and on and after the Effective Date, the Plan Administrator, shall have and shall retain any and all rights and defenses that the Debtors had with respect to any Claim immediately before the Effective Date. After the Effective Date, the Plan Administrator and, to the extent that any Claim or Interest constitutes a Transferred Asset, NewCo shall have and retain any and all rights and defenses that the applicable Debtor had with respect to any Claim or any Interest immediately before the Effective Date. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases before the Effective Date (including the Confirmation and Sale Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including the Confirmation and Sale Order (when it becomes a Final Order), in the Chapter 11 Cases allowing such Claim.

B. Claims and Interests Administration Responsibilities.

Except as otherwise specifically provided in the Plan and notwithstanding any requirements that may be imposed pursuant to Bankruptcy Rule 9019, on and after the Effective Date, the Plan Administrator by order of the Bankruptcy Court, shall have the sole authority, in consultation with the Required Supporting Senior Noteholders with regard to all Claims: (1) to File, withdraw, or litigate to judgment objections to Claims; (2) to settle or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court; and (3) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court.

C. Estimation of Claims and Interests.

As of the Effective Date, the Plan Administrator or the Post-Effective Date Debtors, as applicable, may (but is not required to), at any time, request that the Bankruptcy Court estimate any Claim or Interest pursuant to applicable law, including pursuant to section 502(c) of the Bankruptcy Code and/or Bankruptcy Rule 3012, for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim, including during the litigation of any objection to any Claim or during the pendency of any appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of distributions) and may be used as evidence in any supplemental proceedings, and the Plan Administrator may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such Holder has Filed a motion requesting the right to seek such reconsideration on or before seven (7) days after the date on which such Claim is estimated. Each of the foregoing Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

D. Adjustment to Claims or Interests without Objection.

Any Claim or Interest that has been paid or satisfied, or any Claim or Interest that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Plan Administrator without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

E. Time to File Objections to Claims.

Any objections to Claims shall be Filed on or before the Claims Objection Bar Date, as such may be extended pursuant to the terms of the Plan.

F. Disallowance of Claims.

Other than with respect to Claims Allowed under the Plan, to the maximum extent provided by section 502(d) of the Bankruptcy Code, any Claims held by Entities from which property is recoverable under section 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code, shall be deemed Disallowed pursuant to section 502(d) of the Bankruptcy Code, and Holders of such Claims may not receive any distributions on account of such Claims until such time as such Causes of Action against that Entity have been settled or a Bankruptcy Court order with respect thereto has been entered and all sums due, if any, to the Debtors by that Entity have been turned over or paid to the Debtors or the Plan Administrator. All Proofs of Claim Filed on account of an indemnification obligation to a director, officer, or employee shall be deemed satisfied and expunged from the Claims Register as of the Effective

Date to the extent such indemnification obligation is assumed (or honored or reaffirmed, as the case may be) pursuant to the Plan, without any further notice to or action, order, or approval of the Bankruptcy Court.

G. Amendments to Claims.

On or after the Effective Date, except as provided in the Plan or the Confirmation and Sale Order, a Claim or Interest may not be Filed or amended without the prior authorization of the Debtors or the Plan Administrator, as applicable, and any such new or amended Claim or Interest Filed shall be deemed disallowed in full and expunged without any further action.

H. No Distributions Pending Allowance.

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

I. Distributions After Allowance.

To the extent that a Disputed Claim or Disputed Interest ultimately becomes an Allowed Claim or Allowed Interest, distributions (if any) shall be made to the Holder of such Allowed Claim or Allowed Interest in accordance with the provisions of the Plan. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim or Disputed Interest becomes a Final Order, the Plan Administrator shall provide to the Holder of such Claim or Interest the distribution (if any) to which such Holder is entitled under the Plan as of the Effective Date, less any previous distribution (if any) that was made on account of the undisputed portion of such Claim or Interest, without any interest, dividends, or accruals to be paid on account of such Claim or Interest unless required under applicable bankruptcy law or as otherwise provided in Article III.B of the Plan.

J. Single Satisfaction of Claims

Holders of Allowed Claims may assert such Claims against the Debtors obligated with respect to such Claims, and such Claims shall be entitled to share in the recovery provided for the applicable Class of Claims against the Debtors based upon the full Allowed amount of such Claims. Notwithstanding the foregoing, in no case shall the aggregate value of all property received or retained under the Plan on account of any Allowed Claim exceed 100 percent of the underlying Allowed Claim plus applicable interest, if any.

**ARTICLE X
SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS**

A. Settlement, Compromise, and Release of Claims and Interests.

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

B. Release of Liens.

Except as otherwise specifically provided in the Plan, the Transaction Agreement 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 the Transaction Agreement, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released, settled, compromised, 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 Debtors and their successors and assigns, in each case, without any further approval or order of the Bankruptcy Court and without any action or Filing being required to be made by the Debtors. In addition, the Senior Notes Trustee shall execute and deliver all documents reasonably requested by the Debtors or Plan Administrator to evidence the release of such mortgages, deeds of trust, Liens, pledges, and other security interests and shall authorize the Debtors to file UCC-3 termination statements (to the extent applicable) with respect thereto.

C. Releases by the Debtors.

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, including the service of the Released Parties in facilitating the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, effective as of the Effective Date, the Debtors, the Post-Effective Date Debtor, and any Person seeking to exercise the rights of the Estates, including any successor to the Debtors or any estate representative appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code shall be deemed to forever release, waive, and discharge the Released Parties of any and all claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, contingent or fixed, existing or hereafter arising, in law, at equity or otherwise, whether for tort, contract, violations of federal or state securities laws or otherwise, including those that any of the Debtors, the Post-Effective Date Debtor, the Estates, or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any claim or Interest, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Estates, the conduct of the Debtors' businesses, the Chapter 11 Cases, the purchase, sale, or rescission or the purchase or sale of any security of the Debtors or the Post-Effective Date Debtor, 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 any of the Debtors and any Released Party, the restructuring of claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Restructuring Support Agreement, the Transaction Agreement, Plan, the Plan Supplement, the Disclosure Statement, or related agreements, instruments, or other documents, or upon any other act or omission, transaction, or occurrence relating to the foregoing taking place on or before the Effective Date of the Plan.

Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release any post-Effective Date obligations of any party or Entity: (1) arising under the Plan, the Transaction Agreement, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan, or (2) expressly set forth in and preserved by the Plan, the Plan Supplement, or related documents.

Entry of the Confirmation and Sale Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the Debtor Release, which includes by reference each of the related provisions and definitions contained herein, *and further*, shall constitute the Bankruptcy Court's finding that the Debtor Release is: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the claims released by the Debtor Release; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable and reasonable; (5) given and made after reasonable investigation by the Debtors and after notice and opportunity for hearing; and (6) a bar to any of the Debtors asserting any claim released by the Debtor Release against any of the Released Parties.

D. Releases by Holders of Claims and Interests.

Except as otherwise specifically provided in the Plan, for good and valuable consideration, including the service of the Released Parties in facilitating the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, effective as of the Effective Date, the Releasing Parties (regardless of whether a Releasing Party is a Released Party) shall be deemed to forever release, waive, and discharge the Released Parties of any and all claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, contingent or fixed, existing or hereafter arising, in law, at equity, or otherwise, whether for tort, contract, violations of federal or state securities laws or otherwise, including those that any of the Debtors, the Estates, or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Estates, the conduct of the Debtors' businesses, the Chapter 11 Cases, the purchase, sale, or rescission or the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any of the Debtors and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Restructuring Support Agreement, the Transaction Agreement, Plan, the Plan Supplement, the Disclosure Statement, or related agreements, instruments, or other documents, or upon any other act or omission, transaction, or occurrence relating to the foregoing taking place on or before the Effective Date.

Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release any post-Effective Date obligations of any party or Entity under the Plan, the Transaction Agreement, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

Entry of the Confirmation and Sale Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the Third-Party Release, which includes by reference each of the related provisions and definitions contained herein, and further, shall constitute the Bankruptcy Court's finding that the Third-Party Release is: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the claims released by the Releasing Parties; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable and reasonable; (5) given and made after notice and opportunity for hearing; and (6) a bar to any of the Releasing Parties asserting any Claim released by the Third-Party Release against any of the Released Parties.

E. Exculpation.

Upon and effective as of the Effective Date, the Debtors and their directors, officers, employees, attorneys, investment bankers, financial advisors, restructuring consultants, and other professional advisors and agents will be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including section 1125(e) of the Bankruptcy Code.

Except with respect to any acts or omissions expressly set forth in and preserved by the Plan, the Plan Supplement, the Transaction Agreement or related documents, the Exculpated Parties shall neither have nor incur any liability to any Entity for any prepetition or postpetition act taken or omitted to be taken in connection with, or arising from or relating in any way to, the Chapter 11 Cases, including the operation of the Debtors' businesses during the pendency of these Chapter 11 Cases; formulating, negotiating, preparing, disseminating, implementing, and/or effecting the Restructuring Support Agreement, the Transaction Agreement, the Disclosure Statement, and the Plan (including the Plan Supplement and any related contract, instrument, release, or other agreement or document created or entered into in connection therewith); the solicitation of votes for the Plan and the pursuit of Confirmation and Consummation of the Plan; the

administration of the Plan and/or the property to be distributed under the Plan; and/or any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors. In all respects, each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her, or its respective duties under, pursuant to, or in connection with the Plan.

Notwithstanding anything herein to the contrary, nothing in the foregoing “Exculpation” shall exculpate any Person or Entity from any liability resulting from any act or omission constituting fraud, willful misconduct, gross negligence, criminal conduct, malpractice, misuse of confidential information that causes damages, or ultra vires acts as determined by a Final Order.

F. Injunction.

Except as otherwise provided in the Plan or the Confirmation and Sale Order, all Entities who have held, hold, or may hold Claims, Interests, Causes of Action, or liabilities that: (1) are subject to compromise and settlement pursuant to the terms of the Plan; (2) have been released pursuant to the Plan; (3) are subject to exculpation pursuant to the Plan; or (4) are otherwise stayed or terminated pursuant to the terms of the Plan, are permanently enjoined and precluded, from and after the Effective Date, from: (A) commencing or continuing in any manner any action or other proceeding of any kind, including on account of any Claims, Interests, Causes of Actions, or liabilities that have been compromised or settled against the debtors, the Post-Effective Date Debtor, or any Entity so released or exculpated (or the property or estate of any Entity, directly or indirectly, so released or exculpated) on account of or in connection with or with respect to any released, settled, compromised, or exculpated Claims, equity Interests, Causes of Action, or liabilities; (B) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against the debtors, the Post-Effective Date Debtor, or any Entity so released or exculpated (or the property or estate of the debtors or any Entity so released or exculpated) on account of or in connection with or with respect to any such released, settled, compromised, or exculpated Claims, equity Interests, Causes of Action, or liabilities; (C) creating, perfecting, or enforcing any lien, claim, or encumbrance of any kind against the debtors, the Post-Effective Date Debtor, or any Entity so released or exculpated (or the property or estate of the debtors or any Entity so released or exculpated) on account of or in connection with or with respect to any such released, settled, compromised, or exculpated Claims, equity Interests, Causes of Action, or liabilities; (D) asserting any right of setoff or subrogation of any kind against any obligation due from the Debtors or any Entity so released or exculpated (or the property or estate of the debtors or any Entity so released or exculpated) on account of or in connection with or with respect to any such released, settled, compromised, or exculpated Claims, equity Interests, Causes of Action, or liabilities unless such Entity has timely asserted such setoff or subrogation right prior to confirmation in a document Filed with the Bankruptcy Court explicitly preserving such setoff or subrogation; and (e) commencing or continuing in any manner any action or other proceeding of any kind against the debtors, the Post-Effective Date Debtor, or any Entity so released or exculpated (or the property or estate of the debtors or any Entity so released or exculpated) on account of or in connection with or with respect to any such released, settled, compromised, or exculpated Claims, equity Interests, Causes of Action, or liabilities released, settled, or compromised pursuant to the Plan; *provided* that nothing contained in the Plan shall preclude an Entity from obtaining benefits directly and expressly provided to such Entity pursuant to the terms of the Plan; *provided further* that nothing contained in the Plan shall be construed to prevent any Entity from defending against Claims, objections, or collection actions whether be asserting a right of setoff or otherwise to the extent permitted by law.

G. Recoupment.

In no event shall any Holder of Claims or Interests be entitled to recoup any Claim against any claim, right, or Cause of Action of the Debtors, unless such Holder actually has performed such recoupment and provided notice thereof in writing to the Debtors on or before the Confirmation Date, notwithstanding any indication in any Proof of Claim or otherwise that such Holder asserts, has, or intends to preserve any right of recoupment.

H. Subordination Rights.

Any distributions under the Plan to Holders shall be received and retained free from any obligations to hold or transfer the same to any other Holder and shall not be subject to levy, garnishment, attachment, or other legal process by any Holder by reason of claimed contractual subordination rights. Any such subordination rights shall be waived, and the Confirmation and Sale Order shall constitute an injunction enjoining any Entity from enforcing or attempting to enforce any contractual, legal, or equitable subordination rights to property distributed under the Plan, in each case other than as provided in the Plan.

I. Reimbursement or Contribution.

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of allowance or disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless before the Confirmation Date: (1) such Claim has been adjudicated as non-contingent or (2) the relevant Holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered before the Confirmation Date determining such Claim as no longer contingent.

**ARTICLE XI
CONDITIONS PRECEDENT TO CONFIRMATION AND THE EFFECTIVE DATE**

A. Conditions Precedent to Confirmation.

It shall be a condition to Confirmation of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of the Plan: (1) the Bankruptcy Court shall have entered the Confirmation and Sale Order; and (2) the Transaction Agreement shall not have been terminated in accordance with its terms.

B. Conditions Precedent to the Effective Date.

It shall be a condition to Consummation that the following conditions shall have been satisfied or waived pursuant to the provisions of the Plan:

1. the Bankruptcy Court shall have entered the Confirmation and Sale Order; *provided* that in accordance with Bankruptcy Rules 3020(e), 6004(h), and 6006(d) (and notwithstanding any other provision of the Bankruptcy Code or the Bankruptcy Rules), the Confirmation and Sale Order shall not be stayed and shall be effective immediately upon its entry;

2. the Sale Transaction shall have closed or shall close substantially contemporaneously with the Effective Date, and all conditions precedent to closing as set forth in the Transaction Agreement shall have been satisfied or waived in accordance with the terms thereof;

3. any account(s) necessary to administer the Remaining Collateral and the Remaining Available Assets shall have been established, and any Cash proceeds of such Remaining Collateral and Remaining available Assets deposited therein;

4. the Other Secured Claims Reserve shall have been established and funded;

5. the Priority Claims Reserve shall have been established and funded;

6. the GUC Reserve shall have been established;

7. NewCo and the Debtors, as determined by the Transaction Agreement, have cured all monetary defaults arising under the Royalty Agreements in full in Cash;

8. the Restructuring Support Agreement and the Transaction Agreement shall not have been terminated and remains in full force and effect and binding;

9. the Debtors have obtained all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan and each of the other transaction contemplated by the Restructuring;

10. all allowed Professional Fee Claims approved by the Bankruptcy Court shall have been paid in full or amounts sufficient to pay all Professional Fee Claims that become Allowed after the Effective Date, shall have been placed in the Professional Fee Escrow pending approval of the Professional Fee Claims by the Bankruptcy Court; and

11. all fees and expenses of the Senior Notes Trustee and the Supporting Senior Noteholders payable pursuant to the Cash Collateral Order shall have been paid in full.

On the Effective Date, the Plan shall be deemed substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

C. Waiver of Conditions.

The conditions to Consummation of the Plan set forth in Article XI.B hereof may be waived by the Debtors; *provided* that the condition set forth in Article XI.B.7 may not be waived without the consent of Thoroughbred; and *provided further* that the conditions set forth in Article XI.B.1, Article XI.B.2, Article XI.B.8, Article XI.B.9, and Article XI.B.11 may not be waived without the consent of the Required Supporting Senior Noteholders and Knight Hawk.

D. Substantial Consummation.

“Substantial Consummation” of the Plan, as defined in 11 U.S.C. § 1101(2), shall be deemed to occur on the Effective Date.

E. Effect of Non-Occurrence of Conditions to the Effective Date.

If the Effective Date does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Claims by or Claims against or Interests in the Debtors; (2) prejudice in any manner the rights of the Debtors, the Debtors’ Estates, any Holders, or any other Entity; or (3) constitute an admission, acknowledgment, offer, or undertaking by the Debtors, the Debtors’ Estates, any Holders, or any other Entity in any respect.

**ARTICLE XII
MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN**

A. Modification and Amendments.

Subject to the limitations contained in the Plan, the Restructuring Support Agreement, and the Transaction Agreement, the Debtors, with the consent (not to be unreasonably withheld) of the Required Supporting Senior Noteholders and Knight Hawk, reserve the right to modify the Plan as to material terms and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, not resolicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Restructuring Support Agreement, and the Transaction Agreement, the Debtors, with the consent (not to be unreasonably withheld) of the Required Supporting Senior Noteholders and Knight Hawk, expressly reserve their rights to alter, amend, or modify materially the Plan with respect to the Debtors, one or more times, after Confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation and Sale Order, in such

matters as may be necessary to carry out the purposes and intent of the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with XII hereof.

B. Effect of Confirmation on Modifications.

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

C. Revocation or Withdrawal of the Plan.

Subject to the terms of the Restructuring Support Agreement and the Transaction Agreement, the Debtors reserve the right to revoke or withdraw the Plan, including the right to revoke or withdraw the Plan for any Debtor or all Debtors, prior to the Confirmation Date. If the Debtors revoke or withdraw the Plan with respect to any Debtor, or if Confirmation or Consummation does not occur with respect to any Debtor, then: (1) the Plan with respect to such Debtor shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan with respect to such Debtor (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan with respect to such Debtor, and any document or agreement executed pursuant to the Plan with respect to such Debtor, shall be deemed null and void; and (3) nothing contained in the Plan with respect to such Debtor shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Debtors, the Debtors' Estates, or any other Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors, the Debtors' Estates, or any other Entity.

**ARTICLE XIII
RETENTION OF JURISDICTION**

Notwithstanding the entry of the Confirmation and Sale Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over the Chapter 11 Cases and all matters, arising out of, or related to, the Chapter 11 Cases and the Plan, including jurisdiction to:

1. Allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the Secured or unsecured status, priority, amount, or allowance of Claims or Interests;

2. Decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. Resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Claims related to the rejection of an Executory Contract or Unexpired Lease, Cure Costs pursuant to section 365 of the Bankruptcy Code, or any other matter related to such Executory Contract or Unexpired Lease; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed and/or assigned; (c) the Debtors amending, modifying, or supplementing, after the Effective Date, pursuant to Article V of the Plan, any Executory Contracts or Unexpired Leases to the Schedule of Assumed Executory Contracts or Unexpired Leases or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. Ensure that distributions to Holders of Allowed Claims and Allowed Interests are accomplished pursuant to the provisions of the Plan;

5. Adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. Adjudicate, decide, or resolve any and all matters related to Causes of Action;
7. Adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;
8. Enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;
9. Enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;
10. Resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;
11. Issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;
12. Resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, releases, injunctions, exculpations, and other provisions contained in Article X of the Plan and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;
13. Resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim or Interest for amounts not timely repaid pursuant to Article VI.C.1 of the Plan;
14. Enter and implement such orders as are necessary or appropriate if the Confirmation and Sale Order is for any reason modified, stayed, reversed, revoked, or vacated;
15. Determine any other matters that may arise in connection with or relate to the Plan, the Transaction Agreement, the Disclosure Statement, the Confirmation and Sale Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;
16. Adjudicate any and all disputes arising from or relating to distributions under the Plan or any transactions contemplated therein;
17. Consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation and Sale Order;
18. Determine requests for the payment of Claims and Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;
19. Hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
20. Hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, or the Confirmation and Sale Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;
21. Hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
22. Hear and determine matters concerning section 1145 of the Bankruptcy Code;

23. Hear and determine all disputes involving the existence, nature, or scope of the Debtors' release, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred before or after the Effective Date;
24. Enforce all orders previously entered by the Bankruptcy Court;
25. To resolve any disputes arising under the Transaction Agreement or other documents related to the Sale Transaction;
26. Hear any other matter not inconsistent with the Bankruptcy Code;
27. Enter an order concluding or closing the Chapter 11 Cases; and
28. Enforce the injunction, release, and exculpation provisions set forth in Article X of the Plan.

ARTICLE XIV MISCELLANEOUS PROVISIONS

A. Immediate Binding Effect.

Subject to Article IX of the Plan and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors, any and all Holders of Claims or Interests (irrespective of whether the Holders of such Claims or Interests accepted or rejected the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, and injunction described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors. All Claims and debts shall be as fixed, adjusted, or compromised, as applicable, pursuant to the Plan regardless of whether any Holder of a Claim or debt has voted on the Plan.

B. Additional Documents.

On or before the Effective Date, the Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors, all Holders of Claims or Interests receiving distributions pursuant to the Plan, and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

C. Payment of Statutory Fees.

All fees payable pursuant to section 1930(a) of the Judicial Code shall be paid by the Debtors for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first.

D. Dissolution of Statutory Committees.

On the Effective Date, any statutory committee appointed in the Chapter 11 Cases (including the Committee) shall dissolve and members thereof shall be released and discharged from all rights and duties from or related to the Chapter 11 Cases on the Effective Date; *provided* that the Committee shall be deemed to remain in existence solely with respect to, and shall not be heard on any issue except, applications filed by the Committee pursuant to sections 330 and 331 of the Bankruptcy Code. The Debtors, the Post-Effective Date Debtor, and the Plan Administrator shall no longer be responsible for paying any fees or expenses incurred by the members of or advisors to the Committee after the Effective Date.

E. Reservation of Rights.

The Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation and Sale Order. Neither the Plan, any statement or provision contained in the Plan, nor any action taken or not taken by the Debtors or any Debtor with respect to the Plan, the Disclosure Statement, the Confirmation and Sale Order, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of the Debtors or any Debtor with respect to the Holders of Claims or Interests prior to the Effective Date.

F. Successors and Assigns.

The rights, benefits, and obligations of any Entity named or referred to in the Plan or the Confirmation and Sale Order shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor, or assign, Affiliate, officer, director, manager, trustee, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

G. Service of Documents.

Any pleading, notice, or other document required by the Plan to be served on or delivered to the Debtors shall be served on:

1. the Debtors:

Armstrong Energy, Inc.
7733 Forsyth Boulevard, Suite 1625
St. Louis, Missouri 63105
Attention: Eric Waller
Email address: ewaller@armstrongcoal.com

with copies to:

Kirkland & Ellis LLP
300 North LaSalle Street
Chicago, IL 60654
Attention: Ross Kwasteniet, Will Guerrieri, and Travis Bayer
Email address: rkwasteniet@kirkland.com; wguerrieri@kirkland.com; travis.bayer@kirkland.com

and

Armstrong Teasdale LLP
7700 Forsyth Boulevard, Suite 1800
St. Louis, Missouri 63105
Attention: Richard W. Engel, Jr.
Email address: rengel@armstrongteasdale.com

2. the Senior Noteholders:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Attention: Brian S. Hermann, Elizabeth R. McColm and Adam M. Denhoff
Email addresses: bhermann@paulweiss.com; emccolm@paulweiss.com;
adenhoff@paulweiss.com

and

Carmody MacDonald P.C.
120 S. Central Avenue
Suite 1800
St. Louis, Missouri 63105
Attention: Christopher J. Lawhorn
Email address: cjl@carmodymacdonald.com

3. the Committee:

[]

4. Knight Hawk:

Jackson Kelly PLLC
221 N.W. Fifth Street
Evansville, Indiana 47708
Attention: Charles A. Compton
Email address: charles.compton@jacksonkelly.com

5. RRPB:

Thompson & Knight LLP
1722 Routh Street, Suite 1500
Dallas, Texas 75201
Attention: Ann Marie Cowdrey and David M. Bennett
Email addresses: AnnMarie.Cowdrey@tklaw.com; David.Bennett@tklaw.com

6. Thoroughbred:

Thoroughbred Resources, L.P.
3033 East First Avenue
Suite 837
Denver, CO 80206
Attention: Aaron Bowlds
Email address: abowlds@thoroughbredlp.com

with copies to:

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, NY 10019
Attention: Matthew A. Feldman and Debra C. McElligott

Email address: mfeldman@willkie.com; dmcelligott@willkie.com

After the Effective Date, the Debtors have authority to send a notice to Entities that to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entity must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Debtors are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have Filed such renewed requests.

H. Enforcement of Confirmation and Sale Order.

On and after the Effective Date, the Debtors, the Post-Effective Date Debtors, the Plan Administrator, HoldCo, and NewCo, as applicable, shall be entitled to enforce the terms of the Confirmation and Sale Order and the Plan.

I. Term of Injunctions or Stays.

Unless otherwise provided in the Plan or in the Confirmation and Sale 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 and Sale Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation and Sale Order (including the injunction set forth in Article X.F of this Plan) shall remain in full force and effect in accordance with their terms.

J. Entire Agreement.

Except as otherwise indicated, the Plan, the Confirmation and Sale Order, the Transaction Agreement, and the Plan Supplement supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

K. Exhibits.

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are Filed, copies of such exhibits and documents shall be available upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from the Debtors' restructuring website at <http://www.donlinrecano.com/armstrong> or the Bankruptcy Court's website at www.moeb.uscourts.gov.

L. Nonseverability of Plan Provisions.

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall not alter or interpret such term or provision to make it valid or enforceable, *provided* that at the request of the Debtors (in their sole discretion), the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such terms or provision shall then be applicable as altered or interpreted, *provided further* that any such alteration or interpretation shall be acceptable to the Debtors. The Confirmation and Sale Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the consent of the Debtors; and (3) nonseverable and mutually dependent.

M. Votes Solicited in Good Faith.

Upon entry of the Confirmation and Sale Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of Securities offered and sold under

the Plan and any previous plan, and, therefore, neither any of such parties or individuals will have any liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of the Securities offered and sold under the Plan and any previous plan.

N. Waiver.

Each Holder of a Claim or an Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Interest should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court before the Confirmation Date.

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Respectfully submitted, as of the date first set forth above,

Dated: November 1, 2017

Armstrong Energy, Inc.

By: /s/ Alan Boyko
Name: Alan Boyko
Title: Chief Restructuring Officer

Prepared by:

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