

In re:)
) Chapter 11
)
 KLAUSNER LUMBER TWO LLC,) Case No. 20-11518 (KBO)
)
 Debtor.¹)
)

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On December 10, 2021, the above-captioned debtor and debtor-in-possession (collectively, the “**Debtor**”) and the Official Committee of Unsecured Creditors (the “**Committee**”, together with the Debtor, the “**Proponents**”) filed (a) the *Chapter 11 Plan for Klausner Lumber Two LLC Jointly Proposed by the Debtor and the Official Committee of Unsecured Creditors* [D.I. 1118] (as may be modified, amended, or supplemented from time to time, the “**Plan**”) and (b) the *Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code With Respect To Chapter 11 Plan for Klausner Lumber Two LLC Jointly Proposed by the Debtor and the Official Committee of Unsecured Creditors* [D.I. 1119] (as may be modified, amended, or supplemented from time to time, the “**Disclosure Statement**”).²

2. Pursuant to an order, dated January 18, 2022 [D.I. 1173] (the “**Order**”), the United States Bankruptcy Court for the District of Delaware (the “**Court**”) approved the Disclosure Statement.

¹ The last four digits of the Debtor's federal EIN are 4897. The Debtor's mailing address is Klausner Lumber Two LLC, P.O. Box C, Redding Ridge, CT 06876.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Disclosure Statement and the Plan, as applicable.

3. A hearing (the “**Confirmation Hearing**”) to consider confirmation of the Plan will be held before The Honorable KAREN B. OWENS, United States Bankruptcy Judge, in the Bankruptcy Court, 824 N. Market Street, 6th Floor, Courtroom 4, Wilmington, Delaware 19801, **on March 8, 2022 at 10:00 a.m. (prevailing Eastern Time)**. The Confirmation Hearing may be continued from time to time without further notice other than the announcement by Proponents of the adjourned date(s) at the Confirmation Hearing or any continued hearing or as indicated in any notice filed with the Court.

4. Objections to confirmation of the Plan on any ground, including adequacy of the disclosures therein, if any, must (a) be in writing and (b) be filed with the Court and served on (i) counsel to the Debtor, (A) Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, P.O. Box 1347, Wilmington, DE 19899 (Attention: Eric D. Schwartz, Esq., Daniel Butz, Esq. and Michelle M. Fu, Esq.), and (B) Westerman Ball Ederer Miller Zucker & Sharfstein, LLP, 1201 RXR Plaza, Uniondale, New York 11556 (Attn: Thomas A. Draghi, Esq. and William C. Heuer, Esq.), (ii) counsel to the Committee, Armstrong Teasdale LLP, 300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801 (Attn: Eric M. Suttty, Esq., and Jonathan M. Stemerman, Esq.) and (iii) the Office of the U.S. Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801 (Attn.: Rosa Sierra, Esq.), so that they are received **no later than 4:00 p.m. (prevailing Eastern Time) on February 21, 2022** (the “**Confirmation Objection Deadline**”). The Proponents shall, if they deem necessary in their discretion, file a consolidated reply to any such objections and/or any affidavits or declarations in support of approval of the Plan by no later than March 3, 2022 (or two Business Days prior to the date of any adjourned Confirmation Hearing).

5. Pursuant to the Order, the Court approved the use of certain materials in the

solicitation of votes to accept or reject the Plan and certain procedures for the tabulation of votes to accept or reject the Plan. If you are a holder of a Claim against the Debtor as of **January 18, 2022** and entitled to vote, you have received with this Notice, a ballot form (a “**Ballot**”), and instructions for completing the Ballot.

6. For a vote to accept or reject the Plan to be counted, the holder of a Ballot must complete all required information on the Ballot, execute the Ballot, and return the completed Ballot in accordance with the instructions, so that it is received by **5:00 p.m. (prevailing Eastern Time) on February 21, 2022** (the “**Voting Deadline**”), which deadline may be extended by the Proponents. Any failure to follow the instructions included with the Ballot, or to return a properly completed Ballot so that it is received by the Voting Deadline, may disqualify such Ballot and vote on the Plan. **You may also be eligible to submit a Ballot electronically. If you wish to do so, please visit the following web address and follow the instructions on that web address:** <https://www.donlinrecano.com/Clients/k2/vote>. The rules and procedures for the tabulation of the votes are outlined in the Order.

7. If a holder of a Claim wishes to challenge the allowance or disallowance of a Claim for voting purposes under the Tabulation Procedures (as defined in the Order), such person or entity must file a motion, pursuant to Bankruptcy Rule 3018(a), for an order temporarily allowing its Claim in a different amount or classification for purposes of voting to accept or reject the Plan (a “**Rule 3018 Motion**”) and serve the Rule 3018 Motion on the Proponents so that it is received no later than **4:00 p.m. (prevailing Eastern Time) on the seventh calendar day after the later of (a) service of the Confirmation Notice and (b) service of notice of an objection, if any, to such Claim**. The Proponents, or any other party in interest, shall have until February 21, 2022 to file and serve any responses to such motions.

Unless the Bankruptcy Court orders otherwise, such Claim will not be counted for voting purposes in excess of the amount determined in accordance with the Tabulation Procedures.

8. Article IX of the Plan contains the following injunction, release and exculpation provisions:

Section IX of the Plan contains the following injunction provisions:

Article IX.C; Release by the Debtor

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, except for claims related to any act or omission that is determined in a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, each Released Party is deemed released and discharged by the Debtor, the Post-Effective Date Debtor, the Estate and the Liquidating Trust from any and all Causes of Action that the Debtor, the Post-Effective Date Debtor, the Estate or the Liquidating Trust has or would have been legally entitled to assert in its own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or that any Holder of any Claim or Interest could have asserted on behalf of the Debtor, including Causes of Action in connection with, relating to, or in any manner arising from, in whole or in part:

- (a) the Debtor, the Debtor's operations and restructuring efforts, and the formulation, preparation, dissemination, negotiation, or filing of the Plan Documents;**
- (b) any Plan Document, contract, instrument, release, or other agreement or document (including providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Disclosure Statement or the Plan;**
- (c) the Chapter 11 Case, including without limitation, the management, administration and implementation thereof, the Plan, the Disclosure Statement, the WARN Act Class Settlement Agreement, any postpetition financing documents, the filing of the Chapter 11 Case, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan or the distribution of property under the Plan or any other related agreement; or**
- (d) the business or contractual arrangements between the Debtor and any Released Party, and any other act or omission, transaction, agreement, event, or other occurrence in connection with, relating to, or in any manner arising from any of the foregoing.**

Notwithstanding anything to the contrary in the foregoing, these releases do not release (a) any post-Effective Date obligations of any Entity under the Plan, any Plan Document, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan or (b) any of the Debtor's current and former directors, officers and managers (other than Daniel T. Motulsky, the Debtor's independent director, or Robert Prusak, the Debtor's Chief Restructuring Officer) for acts or omissions prior to the Petition Date.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the releases set forth above, which includes by reference each of the related provisions and definitions contained herein, and further, shall constitute the Bankruptcy Court's finding that the releases set forth above are: (a) in exchange for the good and valuable consideration provided by the Released Parties; (b) a good-faith settlement and compromise of the claims released by the releases set forth above; (c) in the best interests of the Debtor and all Holders of Claims and Interests; (d) fair, equitable, and reasonable; (e) given and made after reasonable investigation by the Debtor and after notice and opportunity for hearing; and (f) a bar to the Debtor, the Post-Effective Date Debtor, the Estate or the Liquidating Trustee for or on behalf of the Liquidating Trust asserting any claim released by the releases set forth above against any of the Released Parties.

Article IX.D; Release by Holders of Claims or Interests

1. As of the Effective Date, except for claims related to any act or omission that is determined in a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, each Releasing Party is deemed to have released the Released Parties from any and all Causes of Action, including any derivative claims asserted on behalf of the Debtor, that such Entity has or would have been legally entitled to assert (whether individually or collectively), including Causes of Action in connection with, relating to, or in any manner arising from, in whole or in part:

- (a) the Debtor, the Debtor's operations and restructuring efforts, and the formulation, preparation, dissemination, negotiation, or filing of the Plan Documents;
- (b) any Plan Document, contract, instrument, release, or other agreement or document (including providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Disclosure Statement or the Plan;
- (c) the Chapter 11 Case, including without limitation, the filing, management, administration and implementation thereof, the Plan, the Disclosure Statement, the WARN Act Class Settlement Agreement, any postpetition financing documents, the filing of the Chapter 11 Case, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan or the distribution of property under the Plan or

any other related agreement; or

- (d) the business or contractual arrangements between the Debtor and any Released Party, and any other act or omission, transaction, agreement, event, or other occurrence in connection with, relating to, or in any manner arising from any of the foregoing.**

2. Notwithstanding anything to the contrary in the foregoing, these releases do not release (a) any post-Effective Date obligations of any Entity under the Plan, any Plan Document, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan, or (b) any of the Debtor's current and former directors, officers and managers (other than Daniel T. Motulsky, the Debtor's independent director, or Robert Prusak, the Debtor's Chief Restructuring Officer) for acts or omissions prior to the Petition Date, or (c) any claims a Releasing Party may directly have against a Released Party under (a) or (b) of this section D.2 of Article IX.

For the avoidance of doubt, nothing in the Plan, the Plan Supplement, or the Confirmation Order shall preclude the Liquidating Trust, Liquidating Trustee, or other successors of the Debtor, the Post-Effective Date Debtor and the Estate, from seeking or obtaining any recovery from the D&O Liability Insurance Policies or other available insurance, subject to the provisions of any such insurance policies and applicable law.

Article IX.E; Exculpation

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur and each Exculpated Party is hereby released and exculpated from any Cause of Action or claim for any act or omission occurring from the Petition Date through the Effective Date in connection with, relating to, or in any manner arising from, the Chapter 11 Case, including without limitation, the management, administration and implementation thereof, the Disclosure Statement, the Plan, the WARN Act Class Settlement Agreement, any postpetition financing documents, or any Plan Document, contract, instrument, release or other agreement or document (including providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Exculpated Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Disclosure Statement or the Plan, the Chapter 11 Case or its filing, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, or the distribution of property under the Plan or any other related agreement, except for claims related to any act or omission that is determined in a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities. The Exculpated Parties have, and upon closing of the Chapter 11 Case or the Effective Date shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation and distribution of consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or

such distributions made pursuant to the Plan. For the avoidance of doubt, no Exculpated Party shall be exculpated for any act or omission that occurred prior to the Petition Date.

Article IX.F; Injunction

Except with respect to the obligations arising under the Plan or the Confirmation Order, and except as otherwise expressly provided in the Plan or the Confirmation Order, all Entities that held, hold, or may hold Claims or Interests that have been released or exculpated pursuant to the Plan, are permanently enjoined from and after the Effective Date from taking any of the following actions against, as applicable, the Debtor, the Post-Effective Date Debtor or the Liquidating Trust, or the Exculpated Parties or Released Parties: (1) commencing or continuing in any manner any action, suit, proceeding or audit of any kind on account of or in connection with or with respect to any such Claims or Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (3) creating, perfecting, or enforcing any Lien or encumbrance of any kind against such Entities or the property of such Entities on account of or in connection with or with respect to any such Claims or Interests; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of, in connection with, or with respect to any such Claims or Interests unless such Entity has timely asserted such setoff right in a document Filed with the Bankruptcy Court explicitly preserving such setoff, and notwithstanding an indication of a Claim or Interest or otherwise that such Entity asserts, has, or intends to preserve, any right of setoff pursuant to applicable law or otherwise; and (5) commencing or continuing in any manner any action, suit, proceeding or audit of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan, or subject to exculpation under the Plan. For the avoidance of doubt and notwithstanding anything to the contrary in the Plan, the Debtor is not receiving a discharge under section 524(a) of the Bankruptcy Code and the injunction set forth herein shall, with respect to the Debtor, terminate upon the later of (a) distribution of all of the Debtor's property under the Plan, and (b) the closing of the Chapter 11 Case.

9. AS A HOLDER OF A CLAIM IN A VOTING OR NON-VOTING CLASS UNDER THE PLAN, YOU MAY AFFIRMATIVELY OPT IN TO THE RELEASE SET FORTH IN ARTICLE IX.D OF THE PLAN. YOUR DECISION NOT TO OPT IN TO THE RELEASE SET FORTH IN ARTICLE IX.D DOES NOT AFFECT YOUR ENTITLEMENT TO DISTRIBUTIONS UNDER THE PLAN.

10. COPIES OF THE DISCLOSURE STATEMENT, THE PLAN, AND THE ORDER MAY BE OBTAINED AND/OR ARE AVAILABLE FOR REVIEW FREE

OF CHARGE AT THE WEBSITE OF DONLIN, RECANO & COMPANY, INC., THE NOTICE, CLAIMS, SOLICITATION AND BALLOTING AGENT RETAINED THE BY DEBTOR IN THE CHAPTER 11 CASE (THE “SOLICITATION AND CLAIMS AGENT”), [HTTPS://WWW.DONLINRECANO.COM/CLIENTS/K2/INDEX](https://www.donlinrecano.com/clients/k2/index), OR BY CONTACTING THE SOLICITATION AND CLAIMS AGENT BY EMAIL, WWW.DONLINRECANO.COM, BY TELEPHONE, (800) 903-3727 (TOLL-FREE) FOR INTERNATIONAL CALLERS, OR AT (212) 481-1411 OR BY WRITING AT 6201 15TH AVENUE, BROOKLYN, NEW YORK 11219.

Dated: January 21, 2022
Wilmington, Delaware

Respectfully submitted,

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Michelle M. Fu

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