

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

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

**FINDINGS OF FACT, CONCLUSIONS OF  
LAW, AND ORDER CONFIRMING THE FIRST AMENDED  
CHAPTER 11 PLAN FOR KLAUSNER LUMBER TWO LLC JOINTLY PROPOSED BY  
THE DEBTOR AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

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Upon consideration of the *First Amended Chapter 11 Plan for Klausner Lumber Two LLC Jointly Proposed by the Debtor and the Official Committee of Unsecured Creditors*, attached hereto as **Exhibit A** (together with all exhibits thereto, and as may be amended, modified, or supplemented, the “Plan”) jointly proposed by Klausner Lumber Two LLC (the “Debtor”) and the Official Committee of Unsecured Creditors of Klausner Lumber Two LLC (the “Creditors’ Committee”, and, together with the Debtor, the “Plan Proponents”);<sup>2</sup> and this Court having entered the *Order (I) Approving the Disclosure Statement, (II) Establishing Procedures for the Solicitation and Tabulation of Votes to Accept or Reject the Plan Jointly Proposed by the Debtor and the Official Committee of Unsecured Creditors, (III) Approving the Form of Ballot and Solicitation Materials, (IV) Establishing the Voting Record Date, (V) Fixing the Date, Time, and Place for the Confirmation Hearing and the Deadline for Filing Objections Thereto, and (VI) Approving Related Notice Procedures [D.I. 1173]* (the “Disclosure Statement Order”); and upon the *Affidavit*

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<sup>1</sup> 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.

<sup>2</sup> Capitalized terms used herein that are not defined shall have the meaning ascribed to them in the Disclosure Statement and Plan, as applicable.

*of Service* filed reflecting compliance with the notice and solicitation requirements of the Disclosure Statement Order [D.I. 1210] (the “Notice Affidavit”); and upon the *Notice of (I) Approval of Disclosure Statement, (II) Deadline for Casting Votes to Accept or Reject the Plan, and (III) the Hearing to Consider Confirmation of the Plan* [D.I. 1186] (the “Confirmation Hearing Notice”); and upon the *Declaration of John Burlacu of Donlin, Recano & Company, Inc. Regarding the Solicitation and Tabulation of Votes Cast on First Amended Joint Chapter 11 Plan for Klausner Lumber Two LLC Jointly Proposed by the Debtor and the Official Committee of Unsecured Creditors* [D.I. 1246] (the “Voting Report”); and upon the *Declaration of Robert Prusak in Support of Confirmation of the First Amended Chapter 11 Plan for Klausner Lumber Two LLC Jointly Proposed by the Debtor and the Official Committee of Unsecured Creditors* [D.I. 1256]; and upon the *Declaration of Daniel T. Motulsky in Support of Confirmation of the First Amended Chapter 11 Plan for Klausner Lumber Two LLC Jointly Proposed by the Debtor and the Official Committee of Unsecured Creditors* [D.I. 1257]; and upon the *Declaration of Jason Wright in Support of Confirmation of the First Amended Chapter 11 Plan for Klausner Lumber Two LLC Jointly Proposed by the Debtor and the Official Committee of Unsecured Creditors* [D.I. 1258]; and upon the *Declaration of Allen Wilen in Support of Confirmation of the First Amended Chapter 11 Plan for Klausner Lumber Two LLC Jointly Proposed by the Debtor and the Official Committee of Unsecured Creditors* [D.I. 1255]; and upon the *Memorandum of Law in Support of Confirmation of the First Amended chapter 11 Plan for Klausner Lumber Two LLC Jointly Proposed by the Debtor and the Official Committee of Unsecured Creditors* [D.I. 1261] (the “Confirmation Memorandum”); and the objection to the Plan by Carolina Sawmills having been resolved and withdrawn pursuant to this Confirmation Order and the CSLP Confirmation Settlement (as defined below) [D.I. 1277-1]; and hearings to consider Confirmation having been held on March 8 & 9,

2022 (collectively, the “Confirmation Hearing”); and upon the evidence adduced and proffered and the arguments of counsel made at the Confirmation Hearing; and this Court having reviewed all documents in connection with Confirmation and having heard all parties desiring to be heard; and upon the record of the Chapter 11 Case; and after due deliberation and consideration of all of the foregoing; and sufficient cause appearing therefor:

**IT IS HEREBY FOUND AND DETERMINED THAT:<sup>3</sup>**

A. **Findings of Fact and Conclusions of Law.** The findings and conclusions set forth herein constitute this Court’s findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure (the “Federal Rules”), made applicable to these proceedings pursuant to Rules 7052 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent that any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. **Jurisdiction.** This Court has jurisdiction over the Chapter 11 Case pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated as of February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), this Court may enter a final order consistent with Article III of the United States Constitution, and the Debtor consents to entry of this Confirmation Order under the Local Rules and Article III of the United States Constitution. Venue of these

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<sup>3</sup> All findings of fact and conclusions of law announced by this Court at the Confirmation Hearing in relation to confirmation of the Plan are hereby incorporated into this Confirmation Order to the extent not inconsistent herewith. Each finding of fact set forth or incorporated herein, to the extent it is or may be deemed a conclusion of law, shall also constitute a conclusion of law. Each conclusion of law set forth or incorporated herein, to the extent it is or may be deemed a finding of fact, shall also constitute a finding of fact.

proceedings and the Chapter 11 Case is proper in this district and in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

C. **Chapter 11 Petition.** On June 10, 2020 (the “Petition Date”), the Debtor commenced a voluntary case under chapter 11 of the Bankruptcy Code (the “Chapter 11 Case”). The Debtor has continued to manage its affairs as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On June 25, 2020, the U.S. Trustee appointed the Official Committee of Unsecured Creditors [D.I. 27]. No request has been made for the appointment of a trustee or an examiner.

D. **Judicial Notice.** This Court takes judicial notice of the docket in the Chapter 11 Case maintained by the Clerk of this Court, including all motions, notices, and other documents filed, all orders entered, and all evidence and arguments made, proffered, or adduced at the hearings held before this Court during the Chapter 11 Case, including the Confirmation Hearing, and including without limitation the *Debtor’s and the Official Committee’s Joint Exhibit and Witness Lists for the Confirmation Hearing on March 8, 2022 at 9:00 A.M. (Eastern Time)* [D.I. 1268].

E. **Mailing of Solicitation and Confirmation Materials.** As is evidenced by the Voting Report and the Notice Affidavit, the transmittal and service of the Plan, the Disclosure Statement, the ballots, the Confirmation Hearing Notice, the Plan Supplement, and the notice of non-voting status were adequate and sufficient under the circumstances, and all parties required to be given notice of the Plan and the Confirmation Hearing (including the deadline for filing and serving objections to Confirmation of the Plan) have been given due, proper, timely, and adequate notice thereof in accordance with the Disclosure Statement Order and in compliance with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and applicable non-bankruptcy law, and

such parties have had an opportunity to appear and be heard with respect thereto. No other or further notice of the Plan and the Confirmation Hearing is required under the circumstances.

F. **Voting.** The procedures by which the ballots for acceptance or rejection of the Plan were distributed and tabulated under the circumstances of the Chapter 11 Case were fair, properly conducted, and complied with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, applicable non-bankruptcy law and the Disclosure Statement Order.

G. **Bankruptcy Rule 3016(a).** In accordance with Bankruptcy Rule 3016(a), the Plan is dated and identifies the Debtor and the Creditors' Committee as the Plan Proponents.

H. **Plan Modification (11 U.S.C. § 1127(a)).** Any modifications to the Plan included in the CSLP Confirmation Settlement and otherwise herein, do not modify the Plan so that the Plan as modified fails to meet the requirements of sections 1122 and 1123 of the Bankruptcy Code. Accordingly, section 1127(a) of the Bankruptcy Code is satisfied.

I. **Plan Compliance with Bankruptcy Code (11 U.S.C. § 1129(a)(1)).** As set forth below, the Plan complies with all of the applicable provisions of the Bankruptcy Code, thereby satisfying section 1129(a)(1) of the Bankruptcy Code.

J. **Proper Classification (11 U.S.C. §§ 1122, 1123(a)(1)).** The classification of Claims and Interests under the Plan is proper under the Bankruptcy Code. Other than Administrative Expense Claims and Priority Tax Claims which need not be classified, the Plan designates eight Classes of Claims and Interests. The Claims or Interests placed in each Class are substantially similar to other Claims or Interests, as the case may be, in each such Class. Valid business, factual, and legal reasons exist for separately classifying the various Classes of Claims and Interests created under the Plan, and such Classes do not unfairly discriminate between

Holders of Claims and Interests. Thus, the Plan satisfies sections 1122 and 1123(a)(1) of the Bankruptcy Code.

**K. Specification of Unimpaired Classes (11 U.S.C. § 1123(a)(2)).** Article III of the Plan specifies that Class 1 (CS Secured Claims) and Class 2 (Priority Claims) are Unimpaired under the Plan. Thus, section 1123(a)(2) of the Bankruptcy Code is satisfied.

**L. Specification of Treatment of Impaired Classes (11 U.S.C. § 1123(a)(3)).** Article III of the Plan designates Class 3 (WARN Act Class Settlement Claims), Class 4 (CS Deficiency/Unsecured Claim), Class 5 (General Unsecured Claims), Class 6 (Klausner Group Unsecured Claims), Class 7 (Subordinated Claims), and Class 8 (Interests) as Impaired and specifies the treatment of Claims and Interests in such Classes. Thus, section 1123(a)(3) of the Bankruptcy Code is satisfied.

**M. No Discrimination (11 U.S.C. § 1123(a)(4)).** The Plan provides for the same treatment for each Claim or Interest in each respective Class, unless the Holder of a particular Claim or Interest has agreed to a less favorable treatment of such Claim or Interest. Thus, section 1123(a)(4) of the Bankruptcy Code is satisfied.

**N. Implementation of the Plan (11 U.S.C. § 1123(a)(5)).** The Plan and the Liquidating Trust Agreement provide adequate and proper means for the Plan's implementation. Thus, section 1123(a)(5) of the Bankruptcy Code is satisfied.

**O. Non-Voting Equity Securities (11 U.S.C. § 1123(a)(6)).** The Plan does not provide for the issuance of any securities, including non-voting securities. Therefore, section 1123(a)(6) of the Bankruptcy Code is satisfied.

**P. Selection of Officers and Directors (11 U.S.C. § 1123(a)(7)).** Article IV of the Plan provides that, on the Effective Date, the Liquidating Trustee shall be appointed for the purpose

of conducting the Wind-Down and shall succeed to such powers as would have been applicable to the Debtor's officers, directors, and shareholders, as set forth in the Liquidating Trust Agreement. The Liquidating Trustee was selected by the Debtor and the Creditors' Committee. The Liquidating Trustee's successor, if any, shall be selected pursuant to the procedures set forth in the Liquidating Trust Agreement. The Liquidating Trustee shall act for the Debtor in the same fiduciary capacity as applicable to a board of managers and officers, subject to the provisions in the Plan (and all certificates of formation, membership agreements, articles of incorporation or amendments, by-laws, and related documents, as applicable, are deemed amended pursuant to the Plan to permit and authorize the same). From and after the Effective Date, the Liquidating Trustee shall be the sole representative of and shall act for the Post-Effective Date Debtor and the Estate. Therefore, section 1123(a)(7) of the Bankruptcy Code is satisfied.

**Q. Additional Plan Provisions (11 U.S.C. § 1123(b)).** The Plan's provisions are appropriate, in the best interests of the Debtor and its Estate, and consistent with the applicable provisions of the Bankruptcy Code, Bankruptcy Rules and Local Rules.

**R. Impairment/Unimpairment of Any Class of Claims or Interests (11 U.S.C. § 1123(b)(1)).** Article III of the Plan Impairs or leaves Unimpaired, as the case may be, each Class of Claims and Interests, as contemplated by section 1123(b)(1) of the Bankruptcy Code.

**S. Executory Contracts and Unexpired Leases (11 U.S.C. § 1123(b)(2)).** The Debtor has exercised reasonable business judgment in determining whether to assume, assume and assign, or reject the Debtor's remaining Executory Contracts and Unexpired Leases as provided for in the Plan and this Confirmation Order, and any such assumptions and rejections are justified and appropriate in the Chapter 11 Case. The Debtor's exercise of reasonable business judgment

in determining whether to assume, assume and assign, or reject each of the Debtor's remaining Executory Contracts and Unexpired Leases is justified and appropriate in the Chapter 11 Case.

T. **Releases, Exculpations and Injunctions (11 U.S.C. § 1123(b)).** Under the facts and circumstances of the Chapter 11 Case, the release, exculpation, and injunction provisions in Article IX of the Plan (the "Release Provisions") are: (i) within the jurisdiction of this Court under 28 U.S.C. § 1334; (ii) an appropriate exercise of the Debtor's business judgment; (iii) integral elements of the transactions incorporated into the Plan and inextricably bound with the other provisions of the Plan; (iv) in exchange for good and valuable consideration; (v) in the best interests of the Debtor, the Estate, and all Holders of Claims and Interests to the extent applicable; (vi) fair, equitable, and reasonable; (vii) given and made after due notice and an opportunity to object and be heard with respect thereto, as the Disclosure Statement, the Confirmation Hearing Notice, the ballots, and the notice of non-voting status each unambiguously state that the Plan contains certain release, exculpation, and injunction provisions, and therefore such releases are consensual as they pertain to Holders of Claims and Interests; (viii) are consistent with sections 105, 524, 1123, 1129, and 1141 and other applicable provisions of the Bankruptcy Code and other applicable law; and (ix) a bar to the assertion of any claim released or exculpated pursuant to the release or exculpation provisions as and to the extent provided for in the Plan and this Confirmation Order.

U. Notwithstanding anything to the contrary in subsections C and D of Article IX of the Plan, the release provisions set forth therein do not release (i) any post-Effective Date obligations of any party or Entity under the Plan, any Plan Document, or any document, instrument, or agreement executed to implement the Plan; (ii) subject to Article IX.E of the Plan, claims against any Exculpated Party related to any act or omission that is determined in a Final



Order to have constituted actual fraud, willful misconduct, or gross negligence; (iii) 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 (iv) any claims a Releasing Party may directly have against a Released Party under (a) or (b) of section D.2 of Article IX of the Plan. For the avoidance of doubt, nothing in the Plan or this Confirmation Order shall preclude the Liquidating Trustee or other successors of the Debtor and its 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. Nothing in the Plan or this Confirmation Order discharges, releases, precludes, or enjoins any liability of a non-debtor to a Governmental Unit.

V. **Debtor's Compliance with Bankruptcy Code (11 U.S.C. § 1129(a)(2)).** Pursuant to section 1129(a)(2) of the Bankruptcy Code, the Debtor has complied with the applicable provisions of the Bankruptcy Code, including, without limitation, sections 1122, 1123, 1124, 1125, 1126, 1128, and 1129 of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and the Disclosure Statement Order governing notice, disclosure, and solicitation in connection with the Plan, the Disclosure Statement, and all other matters considered by this Court in connection with the Chapter 11 Case.

W. The Plan Proponents and their agents solicited votes to accept or reject the Plan after the Bankruptcy Court approved the adequacy of the Disclosure Statement, pursuant to section 1125(a) of the Bankruptcy Code and the Disclosure Statement Order.

X. The Plan Proponents and their agents have solicited and tabulated votes on the Plan and have participated in the activities described in section 1125 of the Bankruptcy Code fairly, in good faith within the meaning of section 1125(e), and in a manner consistent with the applicable

provisions of the Disclosure Statement Order, the Disclosure Statement, the Bankruptcy Code, the Bankruptcy Rules, and all other applicable rules, laws, and regulations and are entitled to the protections afforded by section 1125(e) of the Bankruptcy Code and the exculpation provisions set forth in Article IX.E of the Plan.

**Y. Plan Proposed in Good Faith and Not by Means Forbidden by Law (11 U.S.C. § 1129(a)(3)).** The Debtor has proposed the Plan in good faith and not by any means forbidden by law, thereby satisfying section 1129(a)(3) of the Bankruptcy Code. In determining that the Plan has been proposed in good faith, this Court has examined the totality of the circumstances surrounding the filing of the Chapter 11 Case, the Plan itself, and the process leading to its formulation. The Plan is the result of extensive arm's-length negotiations among the Debtor, the Creditors' Committee, and other key stakeholders and is supported by the Debtor's requisite creditors and other parties in interest in the Chapter 11 Case. The Debtor's good faith is evident from the facts and record of this Chapter 11 Case, the Disclosure Statement, the record of the Confirmation Hearing, and all the other proceedings held in this Chapter 11 Case and before the Court. Further, the Plan's indemnification, exculpation, release, and injunctive provisions, including without limitation, Article IX.C-F of the Plan, have been negotiated in good faith and at arm's length, consistent with sections 105, 1123(b)(3), 1123(b)(6), 1129, and 1142 of the Bankruptcy Code and Bankruptcy Rule 9019, and the Plan promotes the objectives and purposes of the Bankruptcy Code.

**Z. Payments for Services or Costs and Expenses (11 U.S.C. § 1129(a)(4)).** The procedures set forth in the Plan for this Court's approval of the fees, costs, and expenses to be paid in connection with the Chapter 11 Case, or in connection with the Plan and incident to the Chapter

11 Case, satisfy the objectives of, and are in compliance with, section 1129(a)(4) of the Bankruptcy Code.

AA. **Directors, Officers, and Insiders (11 U.S.C. § 1129(a)(5)).** Because the Plan provides for the liquidation of the Estate's assets, section 1129(a)(5) of the Bankruptcy Code does not apply. To the extent section 1129(a)(5) of the Bankruptcy Code applies to the Post-Effective Date Debtor or Liquidating Trust, the Debtor has satisfied the requirements of this provision by, among other things, disclosing the identity and compensation of the Liquidating Trustee.

BB. **No Rate Changes (11 U.S.C. § 1129(a)(6)).** The Plan does not provide for any rate change that requires regulatory approval. Section 1129(a)(6) of the Bankruptcy Code is thus inapplicable.

CC. **Best Interests of Creditors (11 U.S.C. § 1129(a)(7)).** The "best interests" test is satisfied as to all Impaired Classes under the Plan, as each Holder of a Claim or Interest in such Impaired Classes will receive or retain property of a value, as of the Effective Date, that is not less than the amount that such Holder would so receive or retain if the Debtor was liquidated under chapter 7 of the Bankruptcy Code.

DD. **Acceptance by Certain Classes (11 U.S.C. § 1129(a)(8)).** Class 1 (CS Secured Claim) and Class 2 (Priority Claims) are left Unimpaired under the Plan; Class 3 (WARN Act Class Settlement Claims), Class 4 (CS Deficiency/Unsecured Claim), with a claim temporarily allowed at \$75 million solely for voting purposes pursuant to the CSLP Confirmation Settlement, and Class 5 (General Unsecured Claims) have voted to accept the Plan in accordance with the Bankruptcy Code, thereby satisfying section 1129(a)(8) as to those Classes. There are no Claims in Class 7 (Subordinated Claims). No Ballots were received from Class 6 (Klausner Group Unsecured Claim), which consist mainly of insiders who would not be included in determining acceptance of

the Plan by an Impaired Class. Class 8 (Interests) are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Accordingly, section 1129(a)(8) of the Bankruptcy Code has not and cannot be satisfied. The Plan, however, is still confirmable because it satisfies the nonconsensual confirmation provisions of section 1129(b) as it relates to Class 6 (Klausner Group Unsecured Claim), Class 7 (Subordinated Claims), if applicable, and Class 8 (Interests), as set forth below.

**EE. Treatment of Administrative Expense Claims, Professional Fee Claims, and Priority Tax Claims (11 U.S.C. § 1129(a)(9)).** The treatment of Administrative Expense Claims, including Professional Fee Claims, and Priority Tax Claims pursuant to Article II of the Plan satisfies section 1129(a)(9) of the Bankruptcy Code.

**FF. Acceptance by Impaired Class (11 U.S.C. § 1129(a)(10)).** Class 3 (WARN Act Class Settlement Claims), Class 4 (CS Deficiency/Unsecured Claim), and Class 5 (General Unsecured Claims) are each an Impaired Class of Claims that voted to accept the Plan, determined without including any acceptance of the Plan by any insider. Therefore, section 1129(a)(10) of the Bankruptcy Code is satisfied.

**GG. Feasibility (11 U.S.C. § 1129(a)(11)).** The evidence supporting the Plan proffered or adduced by the Debtor at or before the Confirmation Hearing: (a) is reasonable, persuasive, credible, and accurate as of the dates such evidence was prepared, presented, or proffered; (b) has not been controverted by other persuasive evidence; (c) establishes that the Plan is feasible and Confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization; and (d) establishes that the Debtor, Post-Effective Date Debtor, and Liquidating Trust, as applicable, will have sufficient funds available to meet their obligations under the Plan.

HH. **Payment of Fees (11 U.S.C. § 1129(a)(12)).** Article II.D of the Plan provides that all fees payable under 28 U.S.C. § 1930 have been paid or will be paid on or before the Effective Date pursuant to the Plan, thus satisfying section 1129(a)(12) of the Bankruptcy Code.

II. **Retiree Benefits (11 U.S.C. § 1129(a)(13), (14), (15) & (16)).** The Debtor does not provide “retiree benefits” as such term is defined in section 1144 of the Bankruptcy Code, the Debtor is not required by a judicial or administrative order, or by statute, to pay a domestic support obligation, the Debtor is not an individual, and the Debtor is a moneyed, business, or commercial corporation. Therefore, sections 1129(a)(13), (14), (15), and (16) of the Bankruptcy Code are inapplicable to the Plan.

JJ. **No Unfair Discrimination; Fair and Equitable Treatment (11 U.S.C. § 1129(b)).** The classification and treatment of the Claims in Class 6 (Klausner Group Unsecured Claims), which has not voted to accept the Plan, any Claims in the vacant Class 7 (Subordinated Claims), as applicable, and of the Interests in Class 8 (Interests), which is deemed to have rejected the Plan, is proper pursuant to section 1122 of the Bankruptcy Code, does not discriminate unfairly, and is fair and equitable pursuant to section 1129(b)(1) of the Bankruptcy Code. There is no Class of Claims or Interests junior to the Holders of Interests in Class 8 and no Class of Claims or Interests junior to the Holders of Claims in Classes 6 or 7 that will receive or retain property under the Plan on account of their Claims or Interests unless Holders of Claims in Class 6 are paid in full. Accordingly, the Plan does not violate the absolute priority rule, does not discriminate unfairly, and is fair and equitable with respect to each Class that is deemed to have rejected the Plan. Thus, the Plan satisfies section 1129(b) of the Bankruptcy Code with respect to Class 6, Class 7, and Class 8, and the Plan Proponents therefore have requested confirmation of the Plan under section

1129(b) of the Bankruptcy Code, the “cramdown” provision, with respect to Class 6, Class 7 and Class 8.

**KK. Only One Plan (11 U.S.C. § 1129(c)).** The Plan is the only chapter 11 plan currently proposed in the Chapter 11 Case, and section 1129(c) of the Bankruptcy Code is therefore satisfied.

**LL. Principal Purpose (11 U.S.C. § 1129(d)).** The principal purpose of the Plan is neither the avoidance of taxes, nor the avoidance of the application of section 5 of the Securities Act of 1933, and no governmental unit has objected to Confirmation on any such grounds. Accordingly, section 1129(d) of the Bankruptcy Code is inapplicable.

**MM. Not a Small Business Case (11 U.S.C. § 1129(e)).** The Chapter 11 Case is not a small business case and, accordingly, section 1129(e) of the Bankruptcy Code does not apply to the Chapter 11 Case.

**NN. Satisfaction of Confirmation Requirements.** Based upon the foregoing, the Plan satisfies the requirements for Confirmation set forth in section 1129 of the Bankruptcy Code.

**OO. Good Faith Solicitation (11 U.S.C. § 1125(e)).** The Plan Proponents and each of their respective officers, directors, employees, advisors, and agents have acted in good faith within the meaning of section 1125(e) of the Bankruptcy Code, and in compliance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and the Disclosure Statement Order in connection with all of their respective activities relating to the solicitation of acceptances of the Plan and their participation in the activities described in section 1125 of the Bankruptcy Code, and they are entitled to the protections afforded by section 1125(e) of the Bankruptcy Code and the injunction and exculpation provisions to the extent set forth in Article IX of the Plan and in this Confirmation Order.

PP. **Retention of Jurisdiction.** This Court may properly retain jurisdiction over the matters set forth in Article XII of the Plan and/or section 1142 of the Bankruptcy Code.

**Based upon the foregoing findings, and upon the record made before this Court at the Confirmation Hearing, and good and sufficient cause appearing therefor, it is hereby ORDERED, ADJUDGED AND DECREED THAT:**

**Confirmation of the Plan**

1. The Plan, as and to the extent modified by this Confirmation Order, is approved and confirmed pursuant to section 1129 of the Bankruptcy Code. Any objections to the Plan not otherwise withdrawn, resolved, or otherwise disposed of are overruled and denied.

**Classification and Treatment**

2. The Plan's classification scheme is approved. The classifications set forth on the ballots (a) were set forth on the ballots solely for purposes of voting to accept or reject the Plan, (b) do not necessarily represent, and in no event shall be deemed to modify or otherwise affect, the actual classification of such Claims under the Plan for distribution purposes, (c) may not be relied upon by any Holder as representing the actual classification of such Claim under the Plan for distribution purposes, and (d) shall not be binding on the Debtor, Post-Effective Date Debtor, or Liquidating Trust except for Plan voting purposes.

**Authorization to Implement the Plan**

3. The Debtor, Post-Effective Date Debtor, and Liquidating Trust, as applicable, are authorized to take or cause to be taken all corporate actions necessary or appropriate to implement all provisions of, and to consummate, the Plan, and to execute, enter into, or otherwise make effective all documents arising in connection therewith, including, without limitation, all Plan Documents, prior to, on, and after the Effective Date.

4. On the Effective Date, the Liquidating Trustee shall be authorized to do all things and to execute and deliver all agreements, documents, instruments, notices, and certificates as are contemplated by the Plan and to take all necessary actions required in connection therewith, in the name of and on behalf of the Liquidating Trust.

5. The approvals and authorizations specifically set forth in this Confirmation Order are not intended to limit the authority of the Post-Effective Date Debtor, the Debtor, the Liquidating Trust, or any officer or agent thereof to take any and all actions necessary or appropriate to implement, effectuate, and consummate any and all documents or transactions contemplated by the Plan or this Confirmation Order.

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

**Enforceability of the Plan**

7. Pursuant to sections 1123(a), 1141(a) and 1142 of the Bankruptcy Code, the Plan and all Plan Documents (including, but not limited to, the Liquidating Trust Agreement) shall be, and hereby are, valid, binding and enforceable.

**Vesting of Assets in the Liquidating Trust**

8. On the Effective Date, the Debtor shall irrevocably transfer and assign, and shall be deemed to have transferred and assigned, to the Liquidating Trust all right, title, and interest in and to the Liquidating Trust Assets in accordance with the Plan including without limitation, all Cash in the Debtor's possession, custody or control, free and clear of all Liens, Claims, charges, or other encumbrances except for rights to such distributions provided to Holders of Allowed Claims and Allowed Interests as provided in the Plan.



9. Pursuant to section 1141(b) of the Bankruptcy Code, the Liquidating Trust Assets shall vest in the Liquidating Trust free and clear of all Liens, Claims, and Interests, except as otherwise specifically provided in the Plan or in the Confirmation Order; provided, however, that the Liquidating Trustee may abandon or otherwise not accept any non-Cash Liquidating Trust Assets that the Liquidating Trustee believes, in good faith, have no value or are burdensome to the Liquidating Trust. Any non-Cash Liquidating Trust Assets that the Liquidating Trustee so abandons or otherwise does not accept shall not be property of the Liquidating Trust.

**Transfer of Causes of Action to Liquidating Trust**

10. Except as otherwise provided in the Plan or this Confirmation Order (a) in accordance with Section 1123(b)(3) of the Bankruptcy Code and Article VII.I of the Plan, all Causes of Action that the Debtor, the Creditors' Committee, or the Estate may hold against any Entity shall be transferred and assigned upon the Effective Date to the Liquidating Trust and (b) pursuant to Article VII.I of the Plan, from and after the Effective Date, the Liquidating Trust shall have the exclusive right to institute, prosecute, abandon, settle or compromise any Causes of Action, in accordance with the terms of the Plan and Liquidating Trust Agreement and without further order of this Court, in any court or other tribunal, including, without limitation, in an adversary proceeding filed in the Chapter 11 Case by either the Debtor or the Creditors' Committee.

**Wind-up and Dissolution of the Debtor**

11. Subject in all respects to the terms of the Plan, the Debtor 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 Case. On and after the Effective Date, as provided in the Plan, the Liquidating Trustee shall have the power and authority to take any action necessary to wind down and dissolve the Debtor

and its respective Estate, 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 the Debtor.

12. On and after the Effective Date, the Liquidating Trustee shall have the power and authority to do all things and to execute and deliver all agreements, documents, instruments, notices, and certificates and to take all necessary actions required in connection therewith and also exercise control of the Post-Effective Debtor and administer its affairs, all without further action under applicable law, regulation, order, or rule by the pre-Effective Date stockholder, members, board of directors, or board of managers of Debtor.

**Cancellation of Notes, Instruments, Certificates, and Other Documents**

13. On the Effective Date, except as otherwise specifically provided for in the Plan, the obligations of the 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 or equity in the Debtor or any warrants, options, or other securities exercisable or exchangeable for, or convertible into, debt, equity, ownership, or profits interests in the Debtor giving rise to any Claim or Interest shall be canceled and deemed surrendered as to the Debtor and shall not have any continuing obligations thereunder, without any need for a Holder to take further action with respect thereto. Holders of any such Claim against or Interest in the Debtor shall not receive any distribution or retain any property on account of such Claims or Interests, other than as provided in the Plan.

**Plan Distributions**

14. The Liquidating Trustee shall make all distributions required to be made to Holders of Allowed Claims pursuant to the Plan and the Liquidating Trust Agreement. The Liquidating

Trustee shall hold and distribute the Liquidating Trust Assets in accordance with the provisions of the Plan and the Liquidating Trust Agreement.

15. Except to the extent provided in section 506(b) of the Bankruptcy Code, the Plan, or this Confirmation Order, postpetition interest shall not accrue or be paid on Claims, and no Holder of an Allowed Claim shall be entitled to interest accruing on any Claim from and after the Petition Date.

16. Pursuant to that certain Stipulation to Allow Claims of Mayr-Melnhof Holz Holding AG (the "MMH Stipulation") [D.I. 935-1] dated July 2, 2021, entered into by and among the Debtor, Klausner Lumber One LLC ("KL1"), the Official Committee of Unsecured Creditors appointed in the KL1 chapter 11 case, the Creditors' Committee, and Mayr-Melnhof Holz Holding AG ("MMH"), approved by this Court on August 12, 2021 (D.I. 935), the KL2 Claim (as defined in the MMH Stipulation) is an Allowed Class 5 - General Unsecured Claim against the Debtor and its estate in the amount of \$2,795,321.65 and consists of two tranches: (1) the Unconditional Allowed KL2 Claim tranche in the amount of \$2,595,321.65 and (2) the Conditional Allowed KL2 Claim in the amount of \$200,000 (together, the "Allowed MMH Claims").

17. Nothing within the Plan, this Confirmation Order or the Liquidating Trust (as each of the foregoing may be amended from time-to-time) shall alter or amend the treatment and allowance of the Allowed MMH Claims under the MMH Stipulation. To that end, (i) with respect to the Unconditional Allowed KL2 Claim, MMH shall receive its Pro Rata Share of the Net Distribution Proceeds along with all other Holders of Allowed Unsecured Claims, (ii) subject to the payment in full of all Allowed Unsecured Claims (including the Unconditional Allowed KL2 Claim), the Conditional Allowed KL2 Claim shall be paid in full before any other distributions are made under the Plan on any Class 7- Subordinated Claims, Class 8 – Interests, or any other Claims

or Interests subordinated to Allowed Unsecured Claims, and (iii) nothing in the Plan, this Confirmation Order, the Liquidating Trust (as each of the foregoing may be amended from time-to-time), shall amend, or be deemed to have amended, any of the provisions of the Stipulation relating to the treatment and allowance of the Allowed MMH Claims, or waive, or be deemed to have waived, any of the respective rights of the parties to the Stipulation with respect to the treatment and allowance of the Allowed MMH Claims, which provisions in the Stipulation shall remain in full force and effect after entry of this Confirmation Order and occurrence of the Effective Date.

**Administration of the Liquidating Trust Assets**

18. The Liquidating Trust Agreement, substantially in the form filed with the Plan Supplement [D.I. 1221, and as amended, D.I. 1237], is hereby approved.

19. The appointment of Allen Wilen, as the Liquidating Trustee, is hereby approved. The Liquidating Trustee shall be compensated in the manner set forth in and consistent with the Liquidating Trust Agreement, this Order, and the CSLP Confirmation Settlement. The Liquidating Trustee shall have all powers, rights, duties and protections afforded the Liquidating Trustee under the Plan, this Confirmation Order, and the Liquidating Trust Agreement.

20. In accordance with the CSLP Confirmation Settlement, which is set forth in its entirety below, Section IV.C.1 of the Plan, entitled Establishment of the Segregated Account, is being revised and restated as set forth in paragraph 37(5) below.

**Executory Contracts and Unexpired Leases**

21. On the Effective Date, except as otherwise provided herein, each of the Debtor's Executory Contracts and Unexpired Leases not previously assumed, assumed and assigned, or rejected pursuant to an order of this Court, shall be deemed rejected as of the Effective Date in

accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than: (a) those that have been previously assumed or rejected by a Final Order, or approved or authorized by the Bankruptcy Court as part of a Professional's retention, employment, or engagement; and (b) to the extent they may be executory, the D&O Liability Insurance Policies (which shall be treated in accordance with the applicable provisions of Articles V and VI of the Plan regardless of whether they may be executory), the latter of which shall vest or re-vest, as applicable, in the Liquidating Trust and be fully enforceable by the Liquidating Trust and any insured in accordance with its terms, except as such terms may have been modified by any order of the Bankruptcy Court authorizing and providing for its assumption under applicable bankruptcy or other federal law or as otherwise agreed by the Debtor.

**22. Unless otherwise provided by a separate Court order, any Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be Filed with this Court within thirty (30) days after the date of entry of an order of this Court (including the Confirmation Order) approving such rejection.**

**Disputed Claims**

23. Except as otherwise specifically provided in the Plan, in this Confirmation Order, or the CSLP Confirmation Settlement, set forth in its entirety below, and notwithstanding any requirements that may be imposed pursuant to Bankruptcy Rule 9019, after the Effective Date, the Liquidating Trustee shall have the sole authority to File and prosecute objections to Claims on behalf of the Liquidating Trust, and the Liquidating Trustee shall have the sole authority, on behalf of the Liquidating Trust, to: (a) settle, compromise, withdraw, litigate to judgment, or otherwise resolve objections to any and all Claims, regardless of whether such Claims are in a Class or otherwise; (b) settle, compromise, or resolve any Disputed Claim without any further notice to, or

action, order, or approval of, the Bankruptcy Court; and (c) administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to, or action, order, or approval of, the Bankruptcy Court; *provided, however*, that nothing shall preclude the U.S. Trustee or other parties with requisite standing from objecting to any Claim. On and after the Effective Date, the Liquidating Trustee shall use commercially reasonable efforts to advance the claims resolution process through estimation or otherwise.

24. All objections to Claims shall be Filed by the Liquidating Trustee (or, as the case may be, by Carolina Sawmills pursuant to the CSLP Confirmation Settlement) on or before the Claims Objection Deadline, which date may be extended by this Court upon a motion filed by the Liquidating Trustee on or before the Claims Objection Deadline with notice only to those parties entitled to notice in the Chapter 11 Case pursuant to Bankruptcy Rule 2002 as of the filing of such motion.

#### **Administrative Expense Claims**

25. Except as otherwise set forth in the Plan and hereunder, all requests for payment of an Administrative Expense Claim must be Filed with this Court and served on counsel to the Liquidating Trustee or Debtor, as appropriate, and counsel to the U.S. Trustee no later than: (a) with respect to Administrative Expense Claims other than Professional Fee Claims, thirty (30) days after the Effective Date; and (b) with respect to Professional Fee Claims, forty-five (45) days after the Effective Date; *provided, however*, that Filing requests for payment of Administrative Expense Claims is not required, where the Plan, Bankruptcy Code or a Final Order does not require such Filing. In the event of an objection to allowance of an Administrative Expense Claim, this Court shall determine the Allowed amount of such Administrative Expense Claim.

26. Except as otherwise set forth in the Plan, on or before the Effective Date, the Debtor shall establish and fund the Professional Fee Escrow Account with Cash equal to the Professional Fee Reserve Amount. The Professional Fee Escrow Account shall be maintained in trust solely for the Professionals and for no other Entities until all Professional Fee Claims Allowed by the Bankruptcy Court have been irrevocably paid in full to the Professionals pursuant to one or more Final Orders of the Bankruptcy Court. No Liens, claims, or interests shall encumber the Professional Fee Escrow Account or Cash held in the Professional Fee Escrow Account in any way. Funds held in the Professional Fee Escrow Account shall not be considered property of the Estate, the Debtor, the Post-Effective Date Debtor, or the Liquidating Trust.

27. The Liquidating Trust (or the authorized signatories to the Professional Fee Escrow Account, after consultation with the Liquidating Trust) shall pay the amount of the Allowed Professional Fee Claims owing to the Professionals in Cash to such Professionals from funds held in the Professional Fee Escrow Account within two (2) Business Days or as soon thereafter as reasonably practicable after such Professional Fee Claims are allowed by entry of an order of the Bankruptcy Court. When all Allowed amounts owing to the Professionals have been irrevocably paid in full pursuant to one or more Final Orders of the Bankruptcy Court, any amount remaining in the Professional Fee Escrow Account shall promptly be paid to the Liquidating Trust, without any further action or order of the Bankruptcy Court.

**Release, Injunction, Exculpation, and Related Provisions**

28. The definition of “**Exculpated Parties**” under the Plan is hereby revised and restated in its entirety as follows:

“*Exculpated Parties*” means, collectively, and in each case solely in its capacity as such: (a) the Debtor; (b) the Debtor’s current and former officers, directors and managers who served in such positions at any time on or after the Petition Date; (c) the Debtor’s

Professionals; (d) the Creditors' Committee and each of its members; (e) the Creditors' Committee's Professionals; (f) with respect to each of the foregoing Entities and Persons, such Entities' and Persons' respective professionals, representatives, advisors, attorneys, financial advisors, accountants, investment bankers, employees, contractors, and consultants acting in such capacity; and (g) Cloudpoint Capital LLC (solely in its capacity as wholly owned subsidiary of the Debtor's independent director and the payee of amounts owed to the Debtor's independent director); *provided* that neither Carolina Sawmills nor any of the Klausner Group shall be an "Exculpated Party." For the avoidance of doubt, no Exculpated Party shall be exculpated for any act or omission that occurred prior to the Petition Date.

29. In accordance with the CSLP Confirmation Settlement, which is set forth in its entirety below, the definition of "**Releasing Party**" is being revised and restated as set forth in paragraph 37(6) below.

30. The Release Provisions set forth in Article IX of the Plan and as revised in this Confirmation Order are hereby approved and authorized in their entirety, and such provisions are effective and binding on all Persons and Entities as and to the extent provided for therein without any further action or notice by this Court, any of the Parties subject to such provisions, or any other party.

31. Nothing in this Confirmation Order or the Plan discharges, releases, precludes, or enjoins any liability of a non-debtor to a Governmental Unit.

#### **Payment of Statutory Fees**

32. All U.S. Trustee Fees due and payable and any interest thereon pursuant to section 3717 of Title 31 of the United States Code prior to the Effective Date shall be paid by the Debtor on the Effective Date. After the Effective Date, the Debtor, the Post-Effective Date Debtor, and the Liquidating Trust shall be jointly and severally liable to pay any and all U.S. Trustee Fees when due and payable. The Debtor shall file all reports due prior to the Effective Date when they become



due in the form and manner prescribed by U.S. Trustee. After the Effective Date, the Liquidating Trustee, for and on behalf of the Post-Effective Date Debtor and Liquidating Trust, shall file with the Bankruptcy Court any and all quarterly reports when they become due in the form and manner prescribed by U.S. Trustee. Each and every one of the Debtor, the Post-Effective Date Debtor, or the Liquidating Trust shall remain obligated to pay U.S. Trustee Fees to the U.S. Trustee until the earliest of the Debtor's case being closed, dismissed, or converted to a case under Chapter 7 of the Bankruptcy Code. Notwithstanding anything in the Plan to the contrary, the U.S. Trustee shall not be required to file any proof of claim for quarterly fees and any interest thereon. All such U.S. Trustee Fees shall initially be paid from Cash in the Segregated Account to the extent there are funds in such account.

**Dissolution of the Creditors' Committee**

33. On the Effective Date, the Creditors' Committee shall dissolve automatically and the members thereof shall be released and discharged from all rights, duties, responsibilities, and liabilities in connection with, relating to, or in any manner arising from, the Chapter 11 Case and under the Bankruptcy Code, except for the limited purpose of prosecuting requests for payment of Professional Fee Claims for services and reimbursement of expenses incurred prior to the Effective Date by the Creditors' Committee and its Professionals. After the Effective Date, the Liquidating Trust shall no longer be responsible for paying any fees or expenses incurred by the members of or advisors to the Creditors' Committee after the Effective Date, other than for the limited purposes of discovery and the like set forth below pursuant to the CSLP Confirmation Settlement.

**Notice of Entry of Confirmation Order and Effective Date**

34. Pursuant to Bankruptcy Rules 2002 and 3020, the Debtor is hereby authorized to serve a notice of entry of this Confirmation Order and the occurrence of the Effective Date within

ten (10) Business Days after the Effective Date, on all Holders of Claims against or Interests in the Debtor and all other Persons on whom the Confirmation Hearing Notice was served. The Notice of Confirmation and Effective Date shall constitute good and sufficient notice of the entry of this Confirmation Order and of the relief granted herein, including, without limitation, any bar dates and deadlines established under the Plan and this Confirmation Order, and no other or further notice of the entry of this Confirmation Order, the occurrence of the Effective Date, and any such bar dates and deadlines need be given.

**Retention of Jurisdiction**

35. Under sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of this Confirmation Order and occurrence of the Effective Date, and except as otherwise ordered by this Court, this Court shall retain exclusive jurisdiction over all matters arising out of, or related to, the Chapter 11 Case and the Plan to the fullest extent permitted by law, including, among other things, to take the actions specified in Article XII of the Plan.

**References to Plan Provisions**

36. The failure to specifically include or to refer to any particular article, section, or provision of the Plan or any related document in this Confirmation Order shall not diminish or impair the effectiveness of such article, section, or provision, and such article, section, or provision shall have the same validity, binding effect, and enforceability as every other article, section, or provision of the Plan, it being the intent of this Court that the Plan (as and to the extent modified by this Confirmation Order) be confirmed in its entirety.

**Settlement with Carolina Sawmills**

37. *The Stipulation Resolving Motion to Allow Carolina Sawmills, L.P.'s Motion for Entry of an Order Temporarily Allowing Claim for Voting Purposes Pursuant to Bankruptcy Rule*

3018(a) (D.I. 1198) and Carolina Sawmills, L.P.'s Objection to Confirmation of First Amended Chapter 11 Plan for Klausner Lumber Two LLC Jointly Proposed by the Debtor and the Official Committee of Unsecured Creditors (D.I. 1238) (the "CSLP Confirmation Settlement"), set forth in its entirety below, and as filed at D.I. 1277-1, is hereby part of this Order, and is hereby APPROVED as part of this Order, with the changes to this Order set forth below being incorporated into this Order as if fully set forth herein and SO ORDERED:

Notwithstanding any contrary provisions in the Disclosure Statement, Plan, Plan Supplement (including the Liquidating Trust Agreement) and the Confirmation Order, including any amendments thereto (collectively, the "Confirmation Documents"), the Debtor, the Creditors' Committee, and Carolina Sawmills hereby agree, and upon entry of the Confirmation Order and the incorporation of these terms into the same, the Bankruptcy Court hereby ORDERS, that:

1) The terms of the CS County Stipulation and Order are not modified or limited in any manner by the Confirmation Documents except as provided herein and shall remain in full force and effect until the entry of a final court order that: (i) fully resolves all the claims at issue in the CS Adversary Proceeding; (ii) has not been reversed, rescinded, stayed, modified, or amended; (iii) is in full force and effect; and (iv) with respect to which (a) the time for all appeals or to seek review, rehearing, remand, or a writ of *certiorari* has expired and as to which no timely filed appeal or petition for review, rehearing, remand, or writ of *certiorari* is pending, or (b) any such appeal or petition has been dismissed or resolved by the highest court to which the order or judgment was appealed or from which review, rehearing, remand or writ of *certiorari* was sought (the "Final CSLP Order"). Subject to the parties' agreement to an interim distribution as set forth in paragraph 2 below, any order entered by the Bankruptcy Court, or District Court, on the CS Adversary Proceeding shall: (i) automatically be stayed until the entry of the Final CSLP Order; (ii) not be rendered moot by the confirmation of the Plan, the Plan going effective, or pursuant to the doctrine of equitable mootness, or any other legal theory.

2) In the event that the Bankruptcy Court determines in the CS Adversary Proceeding that Carolina Sawmills has no liens attaching to the Net Sale Proceeds then, in such instance, and notwithstanding the automatic stay set forth in paragraph 1 herein, the Liquidating Trustee shall be authorized to make an interim distribution to Holders of Allowed Unsecured Claims in Classes 4, 5, or 6 equal to ten (10%) percent of their Allowed Claims, and shall further be authorized to establish a reserve for all other Holders of Claims in Classes, 4, 5, or 6 holding Disputed Claims, equal to

ten (10%) percent of their Disputed Claims. In the event the Bankruptcy Court determines in the CS Adversary Proceeding that Carolina Sawmills holds liens on the real property, fixtures, buildings, improvements or personal property at issue in the CS Adversary Proceeding sufficient to support a finding that Carolina Sawmills is entitled to substantially all of the Net Sale Proceeds, then, in such instance, and notwithstanding the automatic stay set forth in paragraph 1 herein, the Liquidating Trustee shall be authorized to make an interim distribution to Carolina Sawmills equal to ten (10%) percent of its Allowed Secured Claim.

3) Except as otherwise specifically amended hereby, in the event of any conflict between the terms of the CS County Stipulation and Order and the Confirmation Documents, the terms of the CS County Stipulation and Order shall control.

4) The Confirmation Order shall provide the following: (i) The Liquidating Trustee shall have the primary duty to object to claims; provided, however, that Carolina Sawmills shall be included as a consultation party on claims objections and settlements (unrelated to the CS Adversary Proceeding) as long as (i) the CS Adversary Proceeding has not been resolved prior to the Final CSLP Order, or (ii) after the entry of the Final CSLP Order, Carolina Sawmills is found by such order to be a Holder, in whole or in part, of an Allowed Unsecured Claim under the Plan. If the Liquidating Trustee declines to object to a particular unsecured claim within thirty (30) days after receipt of a written demand from Carolina Sawmills, and Carolina Sawmills is still a consultation party as set forth above, Carolina Sawmills shall have standing to object to such Claims.

5) Section IV.C.1 of the Plan, entitled Establishment of the Segregated Account shall be revised as follows:

On the Effective Date, the Segregated DIP Account established by and as defined in the CS County Stipulation and Order, with the remaining Net Sale Proceeds, subject to the terms of the Plan, shall be deemed the Segregated Account under the Plan. In accordance with the CS County Stipulation and Order, the Net Sale Proceeds shall remain in the Segregated Account pending a determination of the rights of the Debtor/Post-Effective Date Debtor, Liquidating Trust and Carolina Sawmills with respect to (i) the Net Sale Proceeds, and (ii) any other Debtor assets remaining after the sale of the Sale Assets that would have been subject to the CS Liens and Claims as of the Petition Date. The Liquidating Trustee is authorized and directed to pay the CS Carved Out Amounts from the funds in the Segregated Account in accordance with the procedures set forth in the CS County Stipulation and Order; provided, however, that the fees and expenses of the Liquidating Trust's professionals (including the Liquidating Trustee) shall be treated as

CS Carved Out Amounts not subject to the cap of \$225,000 and shall be payable upon presentment of a monthly statement for services rendered and for reimbursement of expenses to the Liquidating Trustee, with a copy to Carolina Sawmills.

The Liquidating Trustee and Carolina Sawmills shall have fifteen (15) days from the receipt of any such fee and expense statements to dispute all or part of such statement. Upon the expiration of said fifteen (15) days, the Liquidating Trustee shall pay the professionals the undisputed portion of such fees and expenses from the funds in the Segregated Account. Any disputed portion of such fees and expenses shall be submitted to the Bankruptcy Court for determination and reviewed under a section 330 standard. For the avoidance of doubt (a) the Segregated Account, once held by the Liquidating Trustee, shall be subject to all of the same terms, conditions and restrictions imposed on the Segregated DIP Account by the CS County Stipulation and Order (except as modified hereby) and to the same fiduciary duties and investment requirements as the Segregated DIP Account when held by the Debtor that was established pursuant to the CS County Stipulation and Order, and (b) the provision of this paragraph 5 shall be subject to the terms and conditions of paragraph 2 herein.

For the avoidance of doubt, the cap of \$225,000 on post-Effective Date fees and expenses found in the Carved Out Amounts (in the CS County Stipulation and Order) and in the CS Carved Out Amount (as defined in the Plan) shall no longer apply.

The Confirmation Order shall further provide:

Notwithstanding anything else to the contrary herein or the Confirmation Documents, the Liquidating Trust and Liquidating Trustee shall pay all fees, costs, and expenses (including reasonable legal fees), which shall be treated as CS Carved Out Amounts not subject to the cap of \$225,0000 (either as set forth in the Plan or in the CS County Stipulation and Order), incurred by Robert Prusak, Daniel Motulsky, the Debtor's Professionals, the Creditors' Committee's members, and the Creditors' Committee's Professionals (including for any time spent at the rates set forth in any agreements with the Debtor or the Creditors' Committee, respectively) related to, arising under, or in connection with the CS Adversary Proceeding, and any other amounts required to be paid by the Liquidating Trust or Liquidating Trustee pursuant to Articles II.C.4, V.C., and VII.K of the Plan; provided that any of the foregoing fees, costs, or expenses of a professional shall require submission (redacted for any confidential or privileged contents) to

Carolina Sawmills and the Liquidating Trustee, which parties shall have fifteen (15) days from the receipt of any such fee and expense statements to file an objection to such fees, costs, or expenses with the Bankruptcy Court. If Carolina Sawmills or the Liquidating Trustee files any such objection, then the Liquidating Trustee shall pay the undisputed portion, and the Bankruptcy Court shall determine the reasonableness of such disputed amounts pursuant to the reasonableness standard set forth in section 330 of the Bankruptcy Code (or a reasonableness standard in general for those which are not governed by section 330 of the Bankruptcy Code) after notice and an opportunity to be heard.

6) The definition of “Releasing Party” in the Plan is hereby amended to include the following clarification:

“Releasing Party” means, collectively, and in each case solely in its capacity as such: (a) the Debtor; (b) the Liquidating Trust and Liquidating Trustee; (c) the Creditors’ Committee and each of its members; (d) each Creditor Releasing Party; and (e) any other Person or Entity claiming solely in a derivative capacity by or through each of the foregoing Entities described in clauses (a) through (d), including such Entities’ current and former Affiliates, and such Entities’ and such Affiliates’ partners, subsidiaries, predecessors, current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly, but excluding Holders of Interests), members, principals, employees, agents, managed accounts or funds, advisors, attorneys, accountants, investment bankers, consultants, contractors, representatives, management companies, fund advisors, and other professionals, together with their respective successors and assigns. For the avoidance of doubt, Carolina Sawmills is not a Releasing Party under the Plan or Confirmation Order.

7) The Effective Date of the Plan shall be no earlier than sixty (60) days from the date of the entry of the Confirmation Order, plus another sixty (60) days if requested by the Creditors’ Committee and the Debtor for cause, or by agreement of the parties or further order of the Court.

8) Finally, with the consent of the Plan Proponents and Carolina Sawmills, it is hereby deemed and agreed that:

- a. Carolina Sawmills, L.P.’s Objection to Confirmation of the First Amended Chapter 11 Plan for Klausner Lumber Two LLC Jointly Proposed by the Debtor and the Official Committee of Unsecured Creditors [D.I. 1238] is withdrawn;

- b. the Official Committee of Unsecured Creditors' Objection to Carolina Sawmills, L.P.'s Motion for Entry of an Order Temporarily Allowing Claim for Voting Purposes Pursuant to Bankruptcy Rule 3018(a) [D.I. 1240] is withdrawn;
- c. Carolina Sawmills, L.P.'s Motion for Entry of Order Temporarily Allowing Claim for Voting Purposes Pursuant to Bankruptcy Rule 3018(a) [D.I. 1198] is granted such that Carolina Sawmills is temporarily allowed a \$75 million claim solely for voting purposes; and
- d. Carolina Sawmills votes its \$75 million Class 4 - CS Deficiency / Unsecured Claim in favor of confirmation of the Plan as the sole creditor in Class 4.

**Rules Governing Conflicts Between Documents**

38. Except as otherwise provided herein, in the event and to the extent that any provision of the Plan is inconsistent with the provisions of the Disclosure Statement and any other Order in the Chapter 11 Case, or any other agreement to be executed by any Person pursuant to the Plan, the provisions of the Plan shall control and take precedence; *provided, however*, that this Confirmation Order shall control and take precedence in the event of any inconsistency between this Confirmation Order, any provision of the Plan, and any of the foregoing documents, and *provided, further, however* that this paragraph shall not be in derogation of the control and order of precedence provisions set forth above (and in the CSLP Confirmation Settlement) as to certain provisions of the CS County Stipulation and Order.

**Extension of Injunctions and Stays**

39. Except as otherwise expressly provided in the Plan or in this Confirmation Order, all injunctions or stays provided for in the Chapter 11 Case under sections 105 or 362 of the Bankruptcy Code or otherwise, and extant on the Confirmation Date (including any injunctions or stays contained in or arising from the Plan or this Confirmation Order), shall remain in full force and effect.

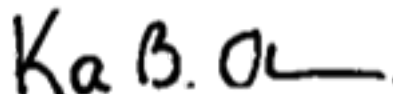
**Section 1146 Exemption**

40. Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of any security under the Plan or the making or delivery of any instrument of transfer pursuant to, in implementation of, or as contemplated by the Plan, or the re-vesting, transfer or sale of any real or personal property of the Debtor pursuant to, in implementation of, or as contemplated by the Plan, shall not be taxed under any state or local law imposing a stamp tax, transfer tax or any similar tax or fee.

**Headings**

41. Headings utilized herein are for convenience and reference only, and do not constitute a part of the Plan or this Confirmation Order for any other purpose.

Dated: March 10th, 2022  
Wilmington, Delaware

  
KAREN B. OWENS  
UNITED STATES BANKRUPTCY JUDGE



**Exhibit A**

**Plan**

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

|                                       |   |                         |
|---------------------------------------|---|-------------------------|
|                                       | ) |                         |
| In re:                                | ) | Chapter 11              |
|                                       | ) |                         |
| Klausner Lumber Two LLC, <sup>1</sup> | ) | Case No. 20-11518 (KBO) |
|                                       | ) |                         |
| Debtor.                               | ) |                         |
|                                       | ) |                         |

**FIRST AMENDED CHAPTER 11 PLAN FOR KLAUSNER LUMBER TWO LLC  
JOINTLY PROPOSED BY THE DEBTOR AND THE OFFICIAL  
COMMITTEE OF UNSECURED CREDITORS**

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*Attorneys for the Official Committee of Unsecured Creditors*

Dated: January 14, 2022

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<sup>1</sup> 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.

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## INTRODUCTION

Capitalized terms used in this chapter 11 plan shall have the meanings set forth in Article I.A. The Proponents propose the Plan for the resolution of outstanding Claims against, and Interests in, the Debtor. Holders of Claims and Interests may refer to the Disclosure Statement for a discussion of the Debtor's history, business, assets, results of operations, and historical financial information, as well as a summary and description of the Plan. The Proponents are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

ALL HOLDERS OF CLAIMS AND INTERESTS, TO THE EXTENT APPLICABLE, ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

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

### A. *Defined Terms*

As used in the Plan, capitalized terms have the meanings set forth below.

1. “*Administrative Expense Claim*” means a Claim for costs and expenses of administration of the Debtor's Estate pursuant to sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (a) to the extent they meet the statutory requirements, the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Estate and operating the business of the Debtor; (b) Allowed Professional Fee Claims; and (c) all Allowed requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Case pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code.

2. “*Administrative Expense Claims Bar Date*” means (i) January 29, 2021 at 5:00 p.m. for Administrative Expense Claims arising between the Petition Date and December 31, 2020 and (ii) the date that is thirty (30) days after the Effective Date or such other date ordered by the Bankruptcy Court for Administrative Expense Claims arising from December 31, 2020 through the Effective Date; *provided, however*, that with respect to Professional Fee Claims, the Administrative Expense Claim Bar Date shall be forty-five (45) days after the Effective Date, and indemnity claims preserved under this Plan may be asserted or Filed as and when they arise or are incurred.

3. “*Affiliate*” shall have the meaning set forth in section 101(2) of the Bankruptcy Code.

4. “*Allowed*” means, with respect to any Claim, except as otherwise provided herein: (a) a Claim that is evidenced by a Proof of Claim filed in accordance with, and subject to the terms of, the Bar Date Order; (b) a Claim that is listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim has been timely Filed; or (c) a Claim allowed pursuant to the Plan, any stipulation approved by the Bankruptcy Court, any contract, instrument, indenture, or other agreement entered into or assumed in connection with the Plan, or a Final Order of the Bankruptcy Court, including a Claim estimated pursuant to section 502(c) of the Bankruptcy Code; *provided, however*, that, with respect to a Claim described in clauses (a) and (b) above, such Claim shall be considered Allowed only if and to the extent that (i) no objection to the allowance of such Claim, including an objection to the timeliness of such Claims, has been interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or (ii) if such an objection is so interposed, such Claim shall have been Allowed by a Final Order.

Notwithstanding anything to the contrary herein, no Claim of any Entity subject to section 502(d) of the Bankruptcy Code shall be deemed Allowed unless and until (x) such Entity pays in full the amount that it owes to Debtor, or (y) such Claim is allowed pursuant to a Final Order of the Bankruptcy Court. “Allow” and “Allowing” shall have correlative meanings.

5. “*Allowed Unsecured Claim*” means an Allowed Claim in Class 4 (CS Deficiency/Unsecured Claims), Class 5 (General Unsecured Claims), or Class 6 (Klausner Group Unsecured Claims).

6. “*Bankruptcy Code*” means title 11 of the United States Code, as amended from time to time and as applicable to the Chapter 11 Case.

7. “*Bankruptcy Court*” means the United States Bankruptcy Court for the District of Delaware, and, to the extent of any withdrawal of reference under 28 U.S.C. § 157 and/or the General Order of the District Court pursuant to section 151 of title 28 of the United States Code, the United States District Court for the District of Delaware.

8. “*Bankruptcy Rules*” means the Federal Rules of Bankruptcy Procedure, and the general, local, and chambers rules of the Bankruptcy Court, each as amended from time to time and as applicable to the Chapter 11 Case.

9. “*Bar Date*” means the dates established by the Bankruptcy Court pursuant to the Bar Date Order by which Proofs of Claim must be Filed.

10. “*Bar Date Order*” means the Bankruptcy Court’s *Order (I) Establishing a General Bar Date to File Proofs of Claim, (II) Establishing a Bar Date for Governmental Units to File Proofs of Claim, (III) Establishing a Bar Date to File Requests for Payment of Postpetition Administrative Claims, (IV) Establishing an Amended Schedules Bar Date, (V) Establishing a Rejection Damages Bar Date, (VI) Approving the Form and Manner for Filing Proofs of Claim, (VII) Approving the Proposed Notice of Bar Dates, and (VIII) Granting Related Relief* [D.I. 501], which was entered on December 15, 2020.

11. “*Business Day*” means any day, other than a Saturday, Sunday or “legal holiday” (as defined in Bankruptcy Rule 9006(a)(6)).

12. “*Carolina Sawmills*” means Carolina Sawmills, L.P.

13. “*Cash*” means the legal tender of the United States of America or the equivalent thereof.

14. “*Causes of Action*” means any claims, damages, remedies, causes of action, demands, rights, actions, proceedings, suits (including the CS Adversary Proceeding), obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, contingent or non-contingent, matured or unmatured, suspected or unsuspected, in tort, law, equity, or otherwise. For the avoidance of doubt, “Causes of Action” include: (a) all rights of setoff, counterclaim, or recoupment and claims on contracts or for breaches of duties imposed by law; (b) the right to object to or otherwise contest Claims or Interests; (c) claims pursuant to sections 362, 510, 542, 543, 544 through 550, or 553 of the Bankruptcy Code; and (d) claims and defenses such as fraud, mistake, duress, and usury and any other defenses set forth in section 558 of the Bankruptcy Code.



15. “*Chapter 11 Case*” means the above-captioned chapter 11 case of the Debtor in the Bankruptcy Court under Case No. 20-11518.

16. “*Chief Restructuring Officer*” means Robert Prusak of Asgaard Capital LLC.

17. “*Claim*” shall have the meaning set forth in section 101(5) of the Bankruptcy Code, asserted against the Debtor.

18. “*Claims Objection Deadline*” shall mean one hundred twenty (120) days after the Effective Date, or such later date as may be ordered by the Bankruptcy Court; *provided however*, that the Liquidating Trustee may seek extensions of this date from the Bankruptcy Court. The filing of a motion to extend the Claims Objection Deadline shall automatically extend the Claims Objection Deadline until a Final Order is entered on such motion, consistent with Local Rule 9006-2. In the event that such motion to extend the Claims Objection Deadline is denied, the Claims Objection Deadline shall be the later of the current Claims Objection Deadline (as previously extended, if applicable) or thirty (30) days after the Bankruptcy Court’s entry of an order denying the motion to extend the Claims Objection Deadline.

19. “*Claims Register*” means the official register of Claims maintained by the Notice and Claims Agent or the Bankruptcy Court.

20. “*Class*” means a category of Claims or Interests as designated in the Plan.

21. “*Confirmation*” means entry of the Confirmation Order on the docket of the Chapter 11 Case, subject to the conditions set forth in the Plan, including the conditions precedent to Confirmation as specified in Article X hereof (unless they have been waived in accordance with Article X).

22. “*Confirmation Date*” means the date on which Confirmation occurred.

23. “*Confirmation Hearing*” means a hearing held before the Bankruptcy Court to consider Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code.

24. “*Confirmation Order*” means an order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

25. “*Consummation*” means the occurrence of the Effective Date.

26. “*Creditor Releasing Party*” means (a) each Holder of a Claim that submitted a ballot with regard to the Plan and affirmatively opted in to being a Releasing Party by marking the box on its ballot designated for such purpose; and (b) each Holder of a Claim that is Unimpaired and presumed to accept the Plan and affirmatively opted in to being a Releasing Party by marking the box on its ballot designated for such purpose, in each case solely in such capacities.

27. “*Creditors’ Committee*” means the official committee of unsecured creditors appointed in the Chapter 11 Case.

28. “*Creditors’ Committee’s Professionals*” means (a) Armstrong Teasdale LLP; (b) Elliott Greenleaf, P.C.; (c) EisnerAmper LLP n/k/a Eisner Advisory Group LLC; and (d) any other Professional retained by the Creditors’ Committee, including each such Entities’ current and former Affiliates, and such Entities’ and such Affiliates’ partners, subsidiaries, predecessors, current and former directors, managers, officers, equity holders (regardless of whether such interests are held

directly or indirectly, but excluding Holders of Interests), members, principals, employees, agents, managed accounts or funds, advisors, attorneys, accountants, investment bankers, consultants, contractors, representatives, management companies, fund advisors, and other professionals, together with their respective successors and assigns.

29. “*CS Adversary Proceeding*” means the adversary proceeding commenced by the Creditors’ Committee against Carolina Sawmills pending in the Bankruptcy Court under Adversary Proceeding No. 21-51010 (KBO).

30. “*CS Carved Out Amounts*” means the sum sufficient to pay: (a) all Allowed Administrative Expense Claims, including all Allowed Professional Fee Claims; (b) all Allowed Priority Claims, including all Allowed Priority Tax Claims and Allowed WARN Act Class Settlement Claims; (c) all U.S. Trustee Fees due and payable and any interest thereon pursuant to section 3717 of Title 31 of the United States Code; and (d) all post-Effective Date fees and expenses incurred in connection with implementation of the Plan in an amount not to exceed \$225,000.00.

31. “*CS County Stipulation and Order*” means the *Order Approving Stipulation Regarding Motion to Approve County Settlement*, dated November 9, 2020 [D.I. 377], including the *Stipulation Regarding Motion to Approve County Settlement*, dated November 3, 2020 annexed thereto at Exhibit 1 [D.I. 377-1], issued in connection with the *Order Approving Motion of the Debtor Pursuant to Bankruptcy Rule 9019, Local Rule 9013-1 and 11 U.S.C. §§ 105(a) and 363(b), for Entry of an Order Authorizing Revised Settlement with the County*, dated November 9, 2020 [D.I. 380], including the *Amended and Restated Release and Settlement Agreement*, dated as of October 21, 2020 annexed thereto as Exhibit 1 [D.I. 380-1].

32. “*CS Deficiency/Unsecured Claim*” means a Claim held or asserted by Carolina Sawmills that is not Secured and is neither a Subordinated Claim nor an Interest.

33. “*CS Liens and Claims*” means any and all liens, security interests, claims and encumbrances, if any, that Carolina Sawmills has or had against or on (a) the property described in the Prepetition Loan Documents, including, without limitation, the Sale Assets and (b) to the extent set forth in the CS County Stipulation and Order, (i) the Net Sale Proceeds and (ii) any other Debtor assets remaining after the sale of the Sale Assets that would have been subject to any such liens, security interests, claims and encumbrances as of the Petition Date, if any.

34. “*CS Secured Claim*” means a Claim held or asserted by Carolina Sawmills that is Secured.

35. “*D&O Liability Insurance Policies*” means all insurance policies for directors’, managers’, members’, and officers’ liability (including employment practices liability and fiduciary liability) maintained by the Debtor prior to the Effective Date, including as such policies may extend to employees, and any such policies that have “tail” provisions.

36. “*Debtor*” means Klausner Lumber Two LLC, the debtor and debtor-in-possession in the Chapter 11 Case.

37. “*Debtor’s Professionals*” means: (a) the Chief Restructuring Officer; (b) Asgaard Capital LLC; (c) Cypress Holdings LLC; (d) Morris, Nichols, Arsht & Tunnell LLP; (e) Westerman Ball Ederer Miller Zucker & Sharfstein, LLP; (f) Dinsmore & Shohl LLP; (g) Curtis, Mallet-Prevost, Colt & Mosle LLP; (h) Ellis & Winters LLP; (i) Donlin Recano & Company; and (j) any other Professional retained by the Debtor, including each such Entities’ current and former Affiliates, and

such Entities' and such Affiliates' partners, subsidiaries, predecessors, current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly, but excluding Holders of Interests), members, principals, employees, agents, managed accounts or funds, advisors, attorneys, accountants, investment bankers, consultants, contractors, representatives, management companies, fund advisors, and other professionals, together with their respective successors and assigns

38. "*Disallowed*" means, with respect to any Claim, a Claim or any portion thereof that: (a) has been disallowed by a Final Order; (b) is listed in the Schedules as zero or as contingent, disputed, or unliquidated and as to which no Proof of Claim or request for payment of an Administrative Expense Claim has been Filed in accordance with, and subject to the terms of, the Bar Date Order or deemed Filed with the Bankruptcy Court pursuant to the Bankruptcy Code, any Final Order of the Bankruptcy Court, or otherwise deemed Filed under applicable law or the Plan; (c) is not listed in the Schedules and as to which no Proof of Claim or request for payment of an Administrative Expense Claim has been Filed in accordance with, and subject to the terms of, the Bar Date Order or deemed Filed with the Bankruptcy Court pursuant to the Bankruptcy Code, any Final Order of the Bankruptcy Court, or otherwise deemed Filed under applicable law or the Plan; (d) has been withdrawn by agreement of the Debtor or the Liquidating Trustee and the Holder thereof; or (e) has been withdrawn by the Holder thereof.

39. "*Disclosure Statement*" means the disclosure statement for the Plan, including all exhibits and schedules and any amendments thereto, that is prepared and distributed in accordance with section 1125 of the Bankruptcy Code and Bankruptcy Rule 3018.

40. "*Disputed*" means a Claim that is not yet Allowed.

41. "*Distribution Record Date*" means the date for determining which Holders of Allowed Claims or Allowed Interests are eligible to receive distributions hereunder, which shall be: (a) the date on which the Bankruptcy Court approves the Disclosure Statement or (b) such other date as designated in a Final Order of the Bankruptcy Court.

42. "*Effective Date*" means, with respect to the Plan, the date that is the first Business Day selected by the Debtor on which: (a) no stay of the Confirmation Order is in effect; (b) all conditions precedent specified in Article X hereof have been satisfied or waived (in accordance with Article X hereof); and (c) the Plan is declared effective. The Debtor shall file a notice of the Effective Date no later than ten (10) Business Days after it occurs.

43. "*Entity*" shall have the meaning set forth in section 101(15) of the Bankruptcy Code.

44. "*Estate*" means the estate created for the Debtor in the Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

45. "*Exculpated Parties*" means, collectively, and in each case solely in its capacity as such: (a) the Debtor; (b) the Debtor's current and former officers, directors and managers who served in such positions at any time on or after the Petition Date; (c) the Debtor's Professionals; (d) the Creditors' Committee and each of its members; (e) the Creditors' Committee's Professionals; and (f) with respect to each of the foregoing Entities and Persons, such Entities' and Persons' respective current and former Affiliates, and such Entities' and such Affiliates' partners, subsidiaries, predecessors, current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly, but excluding Holders of Interests), members, principals, employees, agents, managed accounts or funds, advisors, attorneys, accountants, investment bankers, consultants,

contractors, representatives, management companies, fund advisors, and other professionals, together with their respective successors and assigns; *provided* that neither Carolina Sawmills nor any of the Klausner Group shall be an “Exculpated Party.” For the avoidance of doubt, no Exculpated Party shall be exculpated for any act or omission that occurred prior to the Petition Date.

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

47. “*Federal Judgment Rate*” means the federal judgment rate in effect as of the Petition Date, compounded annually.

48. “*File*,” “*Filed*,” or “*Filing*” means file, filed, or filing in the Chapter 11 Case with the Bankruptcy Court or, with respect to the filing of a Proof of Claim or proof of Interest, the Notice and Claims Agent.

49. “*Final Order*” means: (a) an order or judgment of the Bankruptcy Court, as entered on the docket in the Chapter 11 Case (or any related adversary proceeding or contested matter) or the docket of any other court of competent jurisdiction; or (b) an order or judgment of any other court having jurisdiction over any appeal from (or petition seeking certiorari or other review of) any order or judgment entered by the Bankruptcy Court (or any other court of competent jurisdiction, including in an appeal taken) in the Chapter 11 Case (or in any related adversary proceeding or contested matter), that has not been reversed, stayed, modified, or amended, and as to which the time to appeal, or seek certiorari or move for a new trial, reargument, or rehearing has expired according to applicable law and no appeal or petition for certiorari or other proceedings for a new trial, reargument, or rehearing has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be timely filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, reargument, or rehearing shall have been denied, resulted in no modification of such order, or has otherwise been dismissed with prejudice; *provided, however*, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules or the Local Bankruptcy Rules of the Bankruptcy Court, may be filed shall not prevent such order from being a Final Order.

50. “*General Unsecured Claim*” means any Claim other than: (a) Administrative Expense Claims; (b) Priority Tax Claims; (c) CS Secured Claims; (d) Priority Claims; (e) WARN Act Class Settlement Claims; (f) CS Deficiency/Unsecured Claims; (g) Klausner Group Unsecured Claims; or (h) Subordinated Claims.

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

52. “*Holder*” means an Entity holding a Claim or Interest, as applicable.

53. “*Impaired*” means, with respect to a Class of Claims or Interests, a Class of Claims or Interests that is impaired within the meaning of section 1124 of the Bankruptcy Code.

54. “*Indemnification Claimant*” shall have the meaning set forth in Article V.C. hereof.

55. “*Indemnified Persons*” means the Liquidating Trustee, her, his or its employees, officers, directors, agents, representatives, and professionals.

56. “*Insider*” shall have the meaning set forth in section 101(31) of the Bankruptcy Code.

57. “*Interest*” means any equity security (as defined in section 101(16) of the Bankruptcy Code) in the Debtor.

58. “*Interim Compensation Order*” means the order of the Bankruptcy Court establishing the procedures for interim compensation and reimbursement of expenses for professionals [D.I. 235].

59. “*Klausner Group*” means, collectively: (a) Klausner Trading International GmbH; (b) Klausner Nordamerika Beteiligungs GmbH; (c) Klausner Holz Thuringen GmbH; (d) Klausner Holz Sachsen GmbH; (e) Klausner Holz Niedersachsen GmbH; (f) Klausner Holding USA, Inc.; and (g) Klausner Trading USA, Inc.

60. “*Klausner Group Unsecured Claims*” means a Claim held or asserted by any member of the Klausner Group that is neither a Secured Claim nor a Subordinated Claim.

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

62. “*Liquidating Trust*” means the grantor trust to be created upon the Effective Date for the benefit of its beneficiaries, as set forth in Article VII hereof.

63. “*Liquidating Trust Agreement*” means the agreement, substantially in the form included in the Plan Supplement, governing the operations of the Liquidating Trust, as it may be subsequently modified or amended from time to time.

64. “*Liquidating Trust Assets*” means the assets held in the Liquidating Trust comprising, as of the Effective Date: (a) all Litigation Claims; (b) the funds in the Segregated Account available for distribution under the Liquidating Trust Agreement and all proceeds thereof; and (c) all other unencumbered assets of the Debtor’s Estate remaining after all payments have been made pursuant to the Plan, Confirmation Order, and Liquidating Trust Agreement, as applicable. For the avoidance of doubt, the Liquidating Trust (x) is the successor-in-interest to, and shall be deemed a member at all relevant times of, the Debtor and the Creditors’ Committee for purposes of the Liquidating Trust Assets, (y) shall have direct or derivative standing (as applicable and as necessary) with respect to any of the Litigation Claims, including without limitation, with respect to any standing assigned or otherwise conveyed to the Creditors’ Committee to prosecute and contest the validity, priority and extent of the CS Liens and Claims, and (z) shall succeed to the appointment of the Creditors’ Committee as an Estate representative to prosecute and contest the validity, priority and extent of the CS Liens and Claims under the CS County Stipulation and Order, including the CS Adversary Proceeding.

65. “*Liquidating Trust Expenses*” shall mean all actual and necessary costs and expenses to be incurred after the Effective Date in connection with the administration of the Plan at the direction of the Liquidating Trustee, including the reasonable fees and expenses of the Liquidating Trustee and any professionals retained by the Liquidating Trustee and the reasonable fees and expenses associated with administering, holding, selling, transferring and liquidating the Liquidating Trust Assets, as well as the reasonable fees and expenses associated with administering the Plan and the Wind Down as set forth in Article VII.O. hereof.

66. “*Liquidating Trustee*” means the Person or Entity to be retained as the trustee of the Liquidating Trust, as of the Effective Date or as soon as reasonably practicable thereafter, that shall act as the fiduciary responsible for administering the Liquidating Trust, in accordance with Article VII.D hereof.

67. “*Litigation Claims*” means all Causes of Action belonging to the Debtor’s Estate, including, but not limited to, the CS Adversary Proceeding.

68. “*Net Distribution Proceeds*” means the funds in the Segregated Account available for distribution to Holders of Allowed Unsecured Claims after funding, reserving for or payment of (a) all Allowed Administrative Expense Claims, Allowed Priority Tax Claims, Allowed CS Secured Claims, Allowed Priority Claims, and Allowed WARN Act Class Settlement Claims, and (b) the Liquidating Trust Expenses.

69. “*Net Sale Proceeds*” means the Sale Proceeds less the CS Carved Out Amounts.

70. “*Net WARN Act Class Settlement Amount*” means the WARN Settlement Amount less: (a) WARN Class Counsel Fees and Expenses; and (b) the Service Payment.

71. “*Notice and Claims Agent*” means Donlin, Recano & Company.

72. “*Person*” shall have the meaning set forth in section 101(41) of the Bankruptcy Code.

73. “*Petition Date*” means June 10, 2020.

74. “*Plan*” means this plan, as it may be amended or supplemented from time to time, including all exhibits, schedules, supplements, appendices, annexes, and attachments thereto.

75. “*Plan Documents*” means the Plan, the Disclosure Statement, the Plan Supplement, the Confirmation Order, and the various agreements and other documents formalizing or implementing the Plan and the transactions contemplated thereunder.

76. “*Plan Supplement*” means the compilation of documents and forms of documents, schedules, and exhibits to the Plan, to be Filed by the Debtor no later than seven (7) days before the deadline for objecting to Confirmation of the Plan, or such later date as may be approved by the Bankruptcy Court on notice to parties in interest, and additional documents Filed with the Bankruptcy Court before the Effective Date as amendments to the Plan Supplement. The Plan Supplement shall include the following: (a) the identity of the Liquidating Trustee; (b) the Liquidating Trust Agreement; and (c) any and all other documentation necessary to effectuate the Plan or that is contemplated by the Plan. The Debtor, after consultation with the Creditors’ Committee, shall have the right to amend the documents contained in, and exhibits to, the Plan Supplement until the Effective Date, pursuant to section 1127 of the Bankruptcy Code.

77. “*Post-Effective Date Debtor*” means the Debtor on and after the Effective Date.

78. “*Prepetition Loan Documents*” shall mean: (a) the Construction Loan Agreement, dated as of March 14, 2014, by and between the Debtor and Carolina Sawmills; (b) the Promissory Note, dated as of November 14, 2014, by the Debtor in favor of Carolina Sawmills; (c) the Amended and Restated Promissory Note, dated December 12, 2018, by the Debtor in favor of Carolina Sawmills; (d) the Deed of Trust recorded in the Halifax County Deed Registry on March 26, 2015; (e) the Security Agreement, dated as of February 26, 2015 by and between the Debtor and Carolina Sawmills; and (f) other agreements, modifications, documents, and instruments executed, delivered, and/or filed in connection with the foregoing.

79. “*Priority Claim*” means any Claim entitled to priority in right of payment under section 507(a) of the Bankruptcy Code, including Priority Wage Claims, other than: (a) an Administrative

Expense Claim; (b) a Priority Tax Claim, to the extent such Claim has not already been paid during the Chapter 11 Case; or (c) a WARN Act Class Settlement Claim. For the avoidance of doubt, “Priority Claims” include Claims arising under section 503(b)(9) of the Bankruptcy Code.

80. “*Priority Tax Claim*” means any Claim of a Governmental Unit of the kind specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

81. “*Priority Wage Claim*” means any Claim that is not a WARN Act Class Settlement Claim but is either: (a) a WARN Claim; and/or (b) a Claim entitled to priority in right of payment pursuant to Section 507(a)(4) or Section 507(a)(5) of the Bankruptcy Code; *provided, however*, that under no circumstances shall any Priority Wage Claim exceed the amount of \$13,650.

82. “*Pro Rata*” means the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in that Class, or the proportion that Allowed Claims in a particular Class bear to the aggregate amount of Allowed Claims in such particular Class and other Classes entitled to share in the same recovery as such Allowed Claim under the Plan.

83. “*Pro Rata Share*” means the proportional share that an Allowed Claim’s recovery in a particular Class bears to the aggregate recovery amount of Allowed Claims in that Class, or the proportional share that Allowed Claims’ recoveries in a particular Class bear to the aggregate recovery amount of Allowed Claims in a particular Class and other Classes entitled to share in the same recovery as such Allowed Claim under the Plan.

84. “*Professional*” means an Entity retained pursuant to an order of the Bankruptcy Court in accordance with sections 327, 363 or 1103 of the Bankruptcy Code, and to be compensated for services rendered pursuant to sections 327, 328, 329, 330, 331, 363, or 503 of the Bankruptcy Code.

85. “*Professional Fee Claims*” means all Administrative Expense Claims for the compensation of Professionals and the reimbursement of expenses incurred by such Professionals to the extent such fees and expenses have not been previously paid.

86. “*Professional Fee Escrow Account*” means an account in an amount equal to the total Professional Fee Reserve Amount to be funded by the Debtor on or before the Effective Date.

87. “*Professional Fee Reserve Amount*” means the aggregate amount of Professional Fee Claims that the Professionals estimate they have incurred and will incur in rendering services to the Debtor or the Creditors’ Committee prior to and as of the Effective Date and through the date on which the Debtor shall be dissolved pursuant to Article IV.D hereof, which estimates Professionals shall deliver to the Debtor, the Creditors’ Committee and counsel to Carolina Sawmills as set forth in Article II.C hereof.

88. “*Proof of Claim*” means a proof of Claim Filed with respect to the Debtor in the Chapter 11 Case.

89. “*Proponents*” means the Debtor and the Creditors’ Committee, as joint proponents of the Plan.

90. “*Reinstated*” or “*Reinstatement*” 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.

91. “*Released Party*” means each of the following solely in their capacity as such: (a) the Debtor; (b) the Creditors’ Committee and each of its members; (c) the Debtor’s Professionals; (d) the Debtor’s independent director, Daniel T. Motulsky; (e) Robert Prusak, the Debtor’s Chief Restructuring Officer; (f) the Creditors’ Committee’s Professionals; and (g) solely for purposes of Article IX.C below and the release being provided by the Debtor, the Post-Effective Date Debtor, the Estate and the Liquidating Trust hereunder, Jeanne Lynch of Buzzard Brook Inc., an independent contractor of the Debtor.

92. “*Releasing Party*” means, collectively, and in each case solely in its capacity as such: (a) the Debtor; (b) the Liquidating Trust and Liquidating Trustee; (c) the Creditors’ Committee and each of its members; (d) each Creditor Releasing Party; and (e) any other Person or Entity claiming solely in a derivative capacity by or through each of the foregoing Entities described in clauses (a) through (d), including such Entities’ current and former Affiliates, and such Entities’ and such Affiliates’ partners, subsidiaries, predecessors, current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly, but excluding Holders of Interests), members, principals, employees, agents, managed accounts or funds, advisors, attorneys, accountants, investment bankers, consultants, contractors, representatives, management companies, fund advisors, and other professionals, together with their respective successors and assigns.

93. “*Sale Assets*” means the “Assets”, as such term is described and defined in the Sale Order, that were sold, transferred and conveyed to Binderholz Enfield LLC and, for the limited purposes described therein, Binder Beteiligungs AG, pursuant to the Sale Order.

94. “*Sale Order*” means the *Order (I) Approving APA, (II) Authorizing the Sale of Certain of The Debtor’s Assets Free and Clear of Certain Encumbrances, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief*, including the Asset Purchase Agreement, dated as of December 10, 2020, attached thereto as Exhibit I [D.I. 507].

95. “*Sale Proceeds*” means the proceeds from the sale of the Sale Assets.

96. “*Schedules*” means, collectively, the schedules of assets and liabilities and statement of financial affairs Filed by the Debtor pursuant to section 521 of the Bankruptcy Code and in substantial accordance with the Official Bankruptcy Forms, as such may have been amended, modified, or supplemented from time to time.

97. “*Secured*” means, when referring to a Claim: (a) secured by a Lien on property in which the Debtor 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 applicable Holder’s interest in the Debtor’s interest in such property or to the extent of the amount subject to setoff, as applicable, is determined pursuant to section 506(a) of the Bankruptcy Code; or (b) Allowed pursuant to the Plan, or separate order of the Bankruptcy Court, as a Secured Claim.

98. “*Secured Claim*” means any Secured Claim (including Secured Tax Claims).

99. “*Secured Tax Claim*” means any Secured Claim against the Debtor 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.



100. “*Securities Act*” means the Securities Act of 1933, 15 U.S.C. §§ 77a–77aa, together with the rules and regulations promulgated thereunder, as amended from time to time.

101. “*Security*” means a security as defined in section 2(a)(1) of the Securities Act.

102. “*Segregated Account*” means one or more segregated accounts (which may be “book entry” (a) into which the remaining Sale Proceeds shall be deposited on the Effective Date and (i) subject to the terms of the Plan, be held by the Liquidating Trustee pending a determination of the rights of the Debtor/Post-Effective Date Debtor, Liquidating Trust and Carolina Sawmills with respect to the (x) the Net Sale Proceeds and (y) any other Debtor assets remaining after the sale of the Sale Assets that would have been subject to the CS Liens and Claims as of the Petition Date, (b) into which the Liquidating Trust may deposit all revenues and proceeds, if any, of any other assets of the Debtor or the Liquidating Trust, and (c) from which payments of the CS Carved Out Amounts and any other distributions required pursuant to this Plan shall be made in accordance with provisions of the Plan; *provided* that the CS Carved Out Amounts shall first be paid from the Net Sale Proceeds.

103. “*Subordinated Claim*” means any Claim subject to subordination under section 510(b) of the Bankruptcy Code or as otherwise may be permitted under applicable law.

104. “*Unexpired Lease*” means a lease of nonresidential real property to which the Debtor is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

105. “*Unimpaired*” means, with respect to a Class of Claims or Interests, a Class of Claims or Interests that is unimpaired within the meaning of section 1124 of the Bankruptcy Code, including through payment in full in Cash.

106. “*U.S. Trustee*” means the Office of the United States Trustee for the District of Delaware.

107. “*U.S. Trustee Fees*” means all fees payable pursuant to 28 U.S.C. section 1930(a)(6).

108. “*Voting Deadline*” means 5:00 p.m., prevailing Eastern Time, on February 21, 2022, which date may be extended by the Debtor in consultation with the Creditors’ Committee and counsel to Carolina Sawmills, or by order of the Bankruptcy Court.

109. “*WARN Act Claimants*” means all Persons listed on Exhibit A to the WARN Act Class Settlement Agreement.

110. “*WARN Act Class Settlement Agreement*” shall mean that certain Settlement and Release Agreement approved by the Bankruptcy Court, a copy of which is attached as Exhibit 1 to the *Joint Motion Pursuant to Section 105 of the Bankruptcy Code and Bankruptcy Rules 9019 and 7023 for an Order (I) Certifying a Class for Settlement Purposes, (II) Appointing Plaintiff Cornelius Turner as Class Representative and Plaintiffs’ Counsel as Class Counsel, (III) Preliminarily Approving Settlement, (IV) Approving Class Notice, and (V) Scheduling Fairness Hearing* [D.I. 874], entered into by and among the Debtor and Plaintiff Cornelius Turner on behalf of himself and the WARN Act Claimants.

111. “*WARN Act Class Settlement Claim*” shall mean the Claim awarded to, collectively, the WARN Act Claimants in accordance with Section 5 of the WARN Act Class Settlement Agreement, in the amount of the WARN Settlement Amount.

112. “*WARN Claim*” means any Claim arising under or pursuant to the federal Worker Adjustment and Retraining Notification (WARN) Act, including the Claim filed by Cornelius Turner, on behalf of himself and the WARN Act Claimants, on or prior to the Bar Date.

113. “*WARN Class Counsel*” shall have the meaning ascribed to the term “*Class Counsel*” in Section 2 of the WARN Act Class Settlement Agreement.

114. “*WARN Class Counsel Fees and Expenses*” shall have the meaning ascribed to the term “*Class Counsel Fees and Expenses*” in Section 7 of the WARN Act Class Settlement Agreement for WARN Class Counsel.

115. “*WARN Pro Rata Share*” shall have the meaning ascribed to the term “Pro Rata Share” in Section 5 of the WARN Act Class Settlement Agreement.

116. “*WARN Service Payment*” shall have the meaning ascribed to the term “*Service Payment*” in Section 6 of the WARN Act Class Settlement Agreement.

117. “*WARN Settlement Amount*” shall have the meaning ascribed to the term “Settlement Amount” in Section 5 of the WARN Act Class Settlement Agreement.

118. “*Wind Down*” means the wind down and dissolution of the Debtor and the Estate on and following the Effective Date as set forth in Article VII.O hereof.

*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) unless otherwise specified, 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) unless otherwise specified, any reference herein to an existing document, schedule, or exhibit, whether or not Filed, having been Filed or to be Filed shall mean that document, schedule, or exhibit as it may thereafter be amended, modified, or supplemented; (4) any reference to an Entity as a Holder of a Claim or Interest includes that Entity’s successors and assigns; (5) unless otherwise specified, all references herein to “Articles” are references to Articles hereof or hereto; (6) unless otherwise specified, all references herein to exhibits are references to exhibits in the Plan Supplement; (7) unless otherwise specified, the words “herein,” “hereof,” and “hereto” refer to the Plan in its entirety rather than to a particular portion of the Plan; (8) 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 of the Plan; (9) unless otherwise specified herein, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (10) 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; (11) all references to docket numbers of documents Filed in the Chapter 11 Case are references to the docket numbers under the Bankruptcy Court’s CM/ECF system; (12) all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time, and as applicable to the Chapter 11 Case, unless otherwise stated; (13) any immaterial effectuating provisions may be interpreted by the Debtor, the Creditors’ Committee, or the Liquidating Trust 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 specifically provided in the Plan to the contrary, references in the Plan to the Debtor, Post-Effective Date

Debtor, or to the Liquidating Trust shall mean the Debtor, Post-Effective Date Debtor, and the Liquidating Trust, as applicable, to the extent the context requires.

*C. Computation of Time*

Unless otherwise specifically stated herein, the provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein. If the date on which a transaction or event may occur pursuant to the Plan shall occur on a day that is not a Business Day, then such transaction or event shall instead occur on the next succeeding Business Day. Any action to be taken on the Effective Date may be taken on or as soon as reasonably practicable after the Effective Date.

*D. Governing Law*

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated herein, the laws of the State of Delaware, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control); *provided, however*, that corporate or limited liability company governance matters relating to the Debtor or the Liquidating Trust shall be governed by the laws of the state of incorporation or formation of such Entity.

*E. Reference to Monetary Figures*

All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided herein.

*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 and any document included in the Plan Supplement, the terms of the relevant provision in the Plan shall control (unless stated otherwise in such document or in the Confirmation Order). In the event of an inconsistency between the Plan and the Confirmation Order, the Confirmation Order shall control.

**ARTICLE II.  
ADMINISTRATIVE EXPENSE AND PRIORITY TAX CLAIMS**

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article III hereof.

*A. Administrative Expense Claims*

Requests for payment of Administrative Expense Claims must be Filed on or before the Administrative Expense Claims Bar Date. Except as otherwise ordered by the Bankruptcy Court, Holders of Administrative Expense Claims that are required to, but do not, File and serve a request for payment of such Administrative Expense Claims by such date shall be forever barred, estopped, and enjoined from asserting such Administrative Expense Claims against the Debtor or its property and such Administrative Expense Claims shall be deemed released against the Debtor as of the Effective Date. Objections to such

requests, if any, must be Filed and served on the Liquidating Trustee and the requesting party by the Claims Objection Deadline.

Except with respect to Administrative Expense Claims that (a) are Professional Fee Claims, (b) have already been paid during the Chapter 11 Case, or (c) for which the Holder of an Allowed Administrative Expense Claim has agreed to less favorable treatment, each Holder of an Allowed Administrative Expense Claim shall receive in full satisfaction of its Administrative Expense Claim, Cash equal to the amount of such Allowed Administrative Expense Claim either: (i) on the Effective Date; (ii) if the Administrative Expense Claim is not Allowed as of the Effective Date, thirty (30) days after the date on which an order Allowing such Administrative Expense Claim becomes a Final Order, or as soon thereafter as reasonably practicable; or (iii) if the Allowed Administrative Expense Claim is based on a liability incurred by the Debtor in the ordinary course of its business after the Petition Date, pursuant to the terms and conditions of the particular transaction or agreement giving rise to such Allowed Administrative Expense Claim, without any further action by the Holders of such Allowed Administrative Expense Claim and without any further notice to, or action, order, or approval of, the Bankruptcy Court. Each Holder of an Allowed Administrative Expense Claim shall initially be paid from Cash in the Segregated Account to the extent there are funds in such account.

Pursuant to Local Rule 3002-1, the government shall not be required to file any Proof of Claim or applicable for allowance for any Claims covered by section 503(b)(1)(B), (C), or (D).

*B. 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 and compromise 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. For the avoidance of doubt, Holders of Allowed Priority Tax Claims will receive interest on such Allowed Priority Tax Claims after the Effective Date in accordance with sections 511 and 1129(a)(9)(C) of the Bankruptcy Code. Each Holder of an Allowed Priority Tax Claim shall initially be paid from Cash in the Segregated Account to the extent there are funds in such account.

*C. 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 forty-five (45) days after the Effective Date. The Bankruptcy Court shall determine the Allowed amounts of such Professional Fee Claims after notice and a hearing in accordance with the procedures established by the Bankruptcy Code, Bankruptcy Rules, and prior Bankruptcy Court orders. The Liquidating Trust (or the authorized signatories to the Professional Fee Escrow Account, after consultation with the Liquidating Trust) shall pay the amount of the Allowed Professional Fee Claims owing to the Professionals in Cash to such Professionals from funds held in the Professional Fee Escrow Account within two (2) Business Days or as soon thereafter as reasonably practicable after such Professional Fee Claims are allowed by entry of an order of the Bankruptcy Court. To the extent that funds held in the Professional Fee Escrow Account are insufficient to satisfy the amount of Professional Fee Claims owing to the Professionals, such Professionals shall have an Allowed Administrative Expense Claim for any such deficiency, and the Debtor, the Post-Effective Date Debtor or the Liquidating Trustee, as applicable, shall pay the full unpaid amount of such Allowed Administrative Expense Claim in Cash.

2. Professional Fee Escrow Account

Following the Confirmation Date, and no later than the Effective Date, the Debtor shall establish and fund the Professional Fee Escrow Account with Cash equal to the Professional Fee Reserve Amount. The Professional Fee Escrow Account shall be maintained in trust solely for the Professionals and for no other Entities until all Professional Fee Claims Allowed by the Bankruptcy Court have been irrevocably paid in full to the Professionals pursuant to one or more Final Orders of the Bankruptcy Court. No Liens, claims, or interests shall encumber the Professional Fee Escrow Account or Cash held in the Professional Fee Escrow Account in any way. Funds held in the Professional Fee Escrow Account shall not be considered property of the Estate, the Debtor, the Post-Effective Date Debtor, or the Liquidating Trust.

When all Allowed amounts owing to the Professionals have been irrevocably paid in full pursuant to one or more Final Orders of the Bankruptcy Court, any amount remaining in the Professional Fee Escrow Account shall promptly be paid to the Liquidating Trust, without any further action or order of the Bankruptcy Court.

3. Professional Fee Reserve Amount

Professionals shall reasonably estimate their unpaid Professional Fee Claims incurred in rendering services to the Debtor or the Creditors' Committee before and as of the Effective Date and shall deliver such estimate to the Debtor no later than five (5) days before the anticipated Effective Date; *provided, however*, that such estimate shall not be deemed to limit the amount of the fees and expenses that are the subject of any Professional's final request for payment of Professional Fee Claims and such Professionals are not bound to any extent by the estimates. If a Professional does not provide an estimate, the Debtor, after consultation with the Creditors' Committee, may estimate the unpaid and unbilled fees and expenses of such Professional. The total amount estimated pursuant to this section shall comprise the Professional Fee Reserve Amount.

4. Post-Effective Date Fees and Expenses

Except as otherwise specifically provided in the Plan, from and after the Effective Date, the Liquidating Trustee 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 incurred by professionals providing services to the Post-Effective Date Debtor or the Liquidating Trustee, as applicable, including the fees and expenses of any of the Debtor's Professionals or the Creditor's Committee's Professionals incurred in addressing or responding to any discovery, trial preparation, or trial in either the CS Adversary Proceeding or any other any action, suit, proceeding, or audit in connection with, relating to, or in any manner arising from, to a Disputed Claim. From and after the Effective Date, any requirement that professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after the Effective Date shall terminate.

*D. Statutory Fees*

All U.S. Trustee Fees due and payable and any interest thereon pursuant to section 3717 of Title 31 of the United States Code prior to the Effective Date shall be paid by the Debtor on the Effective Date. After the Effective Date, the Debtor, the Post-Effective Date Debtor, and the Liquidating Trust shall be jointly and severally liable to pay any and all U.S. Trustee Fees when due and payable. The Debtor shall file all reports due prior to the Effective Date when they become due in the form and manner prescribed by U.S. Trustee. After the Effective Date, the Liquidating Trustee, for and on behalf of the Post-Effective Date Debtor and Liquidating Trust, shall file with the Bankruptcy Court any and all quarterly reports

when they become due in the form and manner prescribed by U.S. Trustee. Each and every one of the Debtor, the Post-Effective Date Debtor, or the Liquidating Trust shall remain obligated to pay U.S. Trustee Fees to the U.S. Trustee until the earliest of the Debtor's case being closed, dismissed, or converted to a case under Chapter 7 of the Bankruptcy Code. Notwithstanding anything in the Plan to the contrary, the U.S. Trustee shall not be required to file any proof of claim for quarterly fees and any interest thereon. All such U.S. Trustee Fees shall initially be paid from Cash in the Segregated Account to the extent there are funds in such account.

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

*A. Classification of Claims and Interests*

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

The classification of Claims and Interests for the Plan is as follows.

| Class   | Claims and Interests            | Status     | Voting Rights                             |
|---------|---------------------------------|------------|---|
| Class 1 | CS Secured Claims               | Unimpaired | Not Entitled to Vote (Presumed to Accept) |
| Class 2 | Priority Claims                 | Unimpaired | Not Entitled to Vote (Presumed to Accept) |
| Class 3 | WARN Act Class Settlement Claim | Impaired   | Entitled to Vote                          |
| Class 4 | CS Deficiency/ Unsecured Claim  | Impaired   | Entitled to Vote                          |
| Class 5 | General Unsecured Claims        | Impaired   | Entitled to Vote                          |
| Class 6 | Klausner Group Unsecured Claims | Impaired   | Entitled to Vote                          |
| Class 7 | Subordinated Claims             | Impaired   | Entitled to Vote                          |
| Class 8 | Interests                       | Impaired   | Not Entitled to Vote (Deemed to Reject)   |

*B. Treatment of Claims and Interests*

Each Holder of an Allowed Claim or Allowed Interest, as applicable, shall receive under the Plan the treatment described below in full and final satisfaction and compromise of, and in exchange for, such

Holder's Allowed Claim or Allowed Interest, except to the extent that different treatment is agreed to by the Debtor or Liquidating Trustee, as applicable, and the Holder of such Allowed Claim or Allowed Interest. Unless otherwise indicated, the Holder of an Allowed Claim or Allowed Interest shall receive such treatment on the later of the Effective Date, in the ordinary course of business as and when due, and the date such Holder's Claim or Interest becomes an Allowed Claim or Allowed Interest, or as soon as reasonably practicable thereafter. As discussed below, each Holder of an Allowed Unsecured Claim shall receive its Pro Rata Share of the Net Distribution Proceeds in accordance with the treatment provided for such Class described below.

1. Class 1 – CS Secured Claims

- a. *Classification:* Class 1 consists of the CS Secured Claims.
- b. *Treatment:* Each Holder of an Allowed CS Secured Claim shall receive on account of such Claim at the Liquidating Trustee's exclusive election, except to the extent that any Holder of an Allowed CS Secured Claim agrees to less favorable treatment therefor, either: (i) Cash equal to the amount of such Allowed CS Secured Claim; (ii) the property that serves as security for such Allowed CS Secured Claim; or (iii) such other treatment that shall render such Allowed CS Secured Claims Unimpaired pursuant to section 1124 of the Bankruptcy Code (which may include Reinstatement).
- c. *Voting:* Class 1 is Unimpaired. Holders of CS Secured Claims are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. Therefore, Holders of Claims in Class 1 are not entitled to vote to accept or reject the Plan.

2. Class 2 – Priority Claims

- a. *Classification:* Class 2 consists of Priority Claims.
- b. *Treatment:* Each Holder of an Allowed Priority Claim shall receive on account thereof payment of the full amount of such Allowed Priority Claim in Cash or otherwise receive treatment consistent with the provisions of section 1129(a) of the Bankruptcy Code, except to the extent the Holder of an Allowed Priority Claim agrees to less favorable treatment.
- c. *Voting:* Class 2 is Unimpaired. Holders of Priority Claims are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. Therefore, Holders of Claims in Class 2 are not entitled to vote to accept or reject the Plan.

3. Class 3 – WARN Act Class Settlement Claims

- a. *Classification:* Class 3 consists of all of the Allowed WARN Act Class Settlement Claims of the WARN Act Class Claimants.

- b. *Treatment:* Each Holder of an Allowed Warn Act Class Settlement Claim shall receive its WARN Pro Rata Share of the Net WARN Act Class Settlement Amount less any and all state, federal and/or other payroll tax withholdings, with such distribution to be paid as follows: (i) fifty percent (50%) of each Holder's WARN Pro Rata Share of the Net WARN Act Class Settlement Amount less any and all state, federal, and/or other payroll tax withholdings to be paid within 15 days after the Effective Date; and (ii) the remaining fifty percent (50%) of each Holder's WARN Pro Rata Share of the Net WARN Act Class Settlement Amount less any and all state, federal, and/or other payroll tax withholdings will be paid within sixty (60) days following the initial distribution.
- c. *Voting:* Class 3 is Impaired. Holders of Allowed WARN Act Class Settlement Claims are entitled to vote to accept or reject the Plan.

4. Class 4 – CS Deficiency/Unsecured Claims

- a. *Classification:* Class 4 consists of CS Deficiency/Unsecured Claims.
- b. *Treatment:* Each Holder of an Allowed CS Deficiency/Unsecured Claim shall receive its Pro Rata Share of an amount equal to the Net Distribution Proceeds. For the avoidance of doubt, each Holder of an Allowed CS Deficiency/Unsecured Claim shall receive its Pro Rata Share of the Net Distribution Proceeds along with other Holders of Allowed Unsecured Claims.
- c. *Voting:* Class 4 is Impaired. Holders of CS Deficiency/Unsecured Claims are entitled to vote to accept or reject the Plan.

5. Class 5 - General Unsecured Claims

- a. *Classification:* Class 5 consists of all General Unsecured Claims.
- b. *Treatment:* Each Holder of an Allowed General Unsecured Claim shall receive its Pro Rata Share of an amount equal to the Net Distribution Proceeds. For the avoidance of doubt, each Holder of an Allowed General Unsecured Claim shall receive its Pro Rata Share of the Net Distribution Proceeds along with other Holders of Allowed Unsecured Claims.
- c. *Voting:* Class 5 is Impaired. Holders of Allowed General Unsecured Claims are entitled to vote to accept or reject the Plan.



6. Class 6 – Klausner Group Unsecured Claims

- a. *Classification:* Class 6 consists of Klausner Group Unsecured Claims.
- b. *Treatment:* Each Holder of an Allowed Klausner Group Unsecured Claim shall receive its Pro Rata Share of an amount equal to the Net Distribution Proceeds. For the avoidance of doubt, each Holder of an Allowed Klausner Group Unsecured Claim shall receive its Pro Rata Share of the Net Distribution Proceeds along with other Holders of Allowed Unsecured Claims.
- c. *Voting:* Class 6 is Impaired. Holders of Allowed Klausner Group Unsecured Claims are entitled to vote to accept or reject the Plan.

7. Class 7 – Subordinated Claims

- a. *Classification:* Class 7 consists of all Subordinated Claims.
- b. *Treatment:* Each Holder of an Allowed Subordinated Claim will receive its Pro Rata Share of an amount equal to the Net Distribution Proceeds remaining after satisfaction in full of all Allowed Claims in all senior classes (*i.e.*, Classes 1, 2, 3, 4, 5 and 6).
- c. *Voting:* Class 7 is Impaired. Holders of Allowed Subordinated Claims are entitled to vote to accept or reject the Plan.

8. Class 8 – Interests

- a. *Classification:* Class 8 consists of all Interests in the Debtor.
- b. *Treatment:* All Interests shall be canceled and extinguished and shall be of no further force or effect. No Holder of Interests shall receive or retain any property under the Plan on account of such Interest.
- c. *Voting:* Class 8 is Impaired. Holders of Interests in the Debtor are deemed to have rejected the Plan under section 1126(g) of the Bankruptcy Code. Therefore, Holders of Interests in Class 8 are not entitled to vote to accept or reject the Plan.

C. *Special Provision Governing Unimpaired Claims*

Except as otherwise specifically provided in the Plan, nothing under the Plan shall affect the Debtor's, Post-Effective Date Debtor's or the Liquidating Trust's rights in respect of any Unimpaired Claim, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claim.

*D. Confirmation Pursuant to Section 1129(a)(10) of the Bankruptcy Code*

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by at least one Impaired Class of Claims, determined without including any acceptance of the Plan by any Insider. If any Impaired Class of Claims entitled to vote shall not accept the Plan by the statutory majority required under section 1126(c) of the Bankruptcy Code, the Proponents reserve the right to modify the Plan in accordance with Article XI hereof, including but not limited to the treatment applicable to any Class of Claims to render such Class of Claims Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules.

*E. Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code (“Cram Down”)*

With respect to any Impaired Class that does not accept the Plan or is deemed to have rejected the Plan pursuant to section 1126(f) of the Bankruptcy Code, the Debtor intends to request that the Bankruptcy Court “cram down” any such Class(es) and confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code.

*F. Elimination of Vacant Classes*

Any Class of Claims or Interests that does not have a Holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

*G. Voting Classes; Presumed Acceptance by Non-Voting Classes*

If a Class of Claims or Interests is eligible to vote and no Holder of an Allowed Claim or Allowed Interest in such Class votes to accept or reject the Plan, the Plan shall be presumed accepted by such Class.

*H. Subordinated Claims and Interests*

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and their 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 Debtor/Post-Effective Date Debtor or Liquidating Trust, as applicable, reserves 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. Cancellation of Notes, Instruments, Certificates, and Other Documents*

On the Effective Date, except as otherwise specifically provided for in the Plan, the obligations of the 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 or equity in the Debtor or any warrants, options, or other securities exercisable or exchangeable for, or convertible into, debt, equity, ownership, or profits interests in the Debtor giving rise to any Claim or Interest shall be canceled and deemed surrendered as to the Debtor and shall not have any continuing obligations thereunder.

*B. Exemption from Certain Taxes and Fees*

To the maximum extent permitted pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfers under a plan confirmed under section 1129 of the Bankruptcy Code, may not be taxed under any law imposing a stamp tax or similar tax.

*C. Effectuation of the Plan*

The following provisions shall govern the effectuation of the Plan:

1. Establishment of the Segregated Account

Except as otherwise provided in the Plan, on or before the Effective Date, the Debtor shall establish and fund the Segregated Account with the remaining Sale Proceeds, which funds, subject to the terms of the Plan, shall be held in the Segregated Account by the Liquidating Trustee pending a determination of the rights of the Debtor/Post-Effective Date Debtor, Liquidating Trust and Carolina Sawmills with respect to (i) the Net Sale Proceeds and (ii) any other Debtor assets remaining after the sale of the Sale Assets that would have been subject to the CS Liens and Claims as of the Petition Date. The Liquidating Trustee is authorized and directed to pay the CS Carved Out Amounts from the funds in the Segregated Account.

2. Sources of Consideration for Plan Distributions

The Liquidating Trustee will pay all Allowed CS Carved Out Amounts and any other distributions pursuant to the Plan initially from funds in the Segregated Account and thereafter from any other Liquidating Trust Assets and the earnings thereon and proceeds thereof. The Liquidating Trustee, on behalf of the Liquidating Trust, shall distribute such Cash in accordance with the provisions of the Plan and the Liquidating Trust Agreement, including: (a) to the Holders of Allowed Administrative Expense Claims and Allowed Priority Tax Claims; (b) to Holders of Allowed Priority Claims; and (c) to Holders of Allowed Class 3 Warn Act Settlement Claims.

3. Liquidating Trust & Vesting of Assets

On the Effective Date, the Debtor and the Liquidating Trustee shall enter into the Liquidating Trust Agreement. Additionally, on the Effective Date, the Debtor shall irrevocably transfer and assign, and shall be deemed to have transferred and assigned, to the Liquidating Trust all right, title, and interest in and to the Liquidating Trust Assets in accordance with the Plan including without limitation, all Cash in the Debtor's possession, custody or control, free and clear of all Liens, Claims, charges, or other encumbrances except for rights to such distributions provided to Holders of Allowed Claims and Allowed Interests as provided in the Plan. In his, her, or its capacity as Liquidating Trustee, the Liquidating Trustee shall accept all Liquidating Trust Assets on behalf of the beneficiaries thereof and be authorized to obtain, seek the turnover, prosecute, liquidate, and collect all of the Liquidating Trust Assets not in his, her, or its possession. The Liquidating Trust will be deemed created and effective without any further action by the Bankruptcy Court or any Person as of the Effective Date. For the avoidance of doubt, if the CS Adversary Proceeding is still pending as of the Effective Date, the Liquidating Trust Assets shall not

include the funds deposited into the Segregated Account pending further order of the Bankruptcy Court at the conclusion of CS Adversary Proceeding.

4. Dissolution and Board of Directors

On the Effective Date, the Liquidating Trustee shall be appointed for the purpose of conducting the Wind-Down and shall succeed to such powers as would have been applicable to the Debtor's officers, directors, and shareholders, and the Debtor shall be authorized to be (and, upon the conclusion of the Wind-Down (subject to Article VII.O), shall be) dissolved by the Liquidating Trustee. The Liquidating Trustee shall act for the Debtor in the same fiduciary capacity as applicable to a board of managers and officers, subject to the provisions hereof (and all certificates of formation, membership agreements, articles of incorporation or amendment by-laws, and related documents, as applicable, are deemed amended pursuant to the Plan to permit and authorize the same). From and after the Effective Date, the Liquidating Trustee shall be the sole representative of and shall act for the post-Effective Date Debtor and the Estate.

Upon a certification to be Filed with the Bankruptcy Court by the Liquidating Trustee 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 Case, the Liquidating Trust shall be deemed to be dissolved without any further action by the Liquidating Trustee, including the filing of any documents with the secretary of state for the state in which the Debtor is formed or any other jurisdiction. Notwithstanding the foregoing, the Liquidating Trustee shall retain the authority to take all necessary actions to dissolve the Debtor in, and withdraw the Debtor from, applicable states and provinces to the extent required by applicable law.

5. Corporate Action

Upon the Effective Date, all actions contemplated under the Plan, regardless of whether taken before, on, or after the Effective Date, shall be deemed authorized and approved in all respects. All matters provided for in the Plan or deemed necessary or desirable by the Debtor before, on, or after the Effective Date involving the corporate structure of the Debtor, the Post-Effective Date Debtor or the Liquidating Trust, and any corporate action required by the Debtor, the Post-Effective Date Debtor or the Liquidating Trust in connection with the Plan or corporate structure of the Debtor or Liquidating Trust, shall be deemed to have occurred and shall be in effect on the Effective Date, without any requirement of further action by the security holders, directors, managers, or officers of the Debtor or the Liquidating Trust. Before, on, or after the Effective Date, the appropriate officers of the Debtor (including the Chief Restructuring Officer) or the Liquidating Trust, as applicable, shall be authorized to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Liquidating Trust. The authorizations and approvals contemplated by this Article IV.D shall be effective notwithstanding any requirements under any non-bankruptcy law.

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

A. *Rejection of Executory Contracts and Unexpired Leases*

On the Effective Date, except as otherwise provided in the Plan or otherwise agreed to by the Debtor and the counterparty to an Executory Contract or Unexpired Lease, all Executory Contracts or Unexpired Leases not previously assumed, assumed and assigned, or rejected in the Chapter 11 Case shall be deemed rejected, effective as of the Effective Date, in accordance with the provisions and requirements

of sections 365 and 1123 of the Bankruptcy Code, other than: (1) those that have been previously assumed or rejected by a Final Order, or approved or authorized by the Bankruptcy Court as part of a Professional's retention, employment, or engagement; and (2) to the extent they may be executory, the D&O Liability Insurance Policies (which shall be treated in accordance with the applicable provisions of Articles V and VI of the Plan regardless of whether they may be executory), the latter of which shall vest or re-vest, as applicable, in the Liquidating Trust and be fully enforceable by the Liquidating Trust and any insured in accordance with its terms, except as such terms may have been modified by any order of the Bankruptcy Court authorizing and providing for its assumption under applicable bankruptcy or other federal law or as otherwise agreed by the Debtor.

Entry of the Confirmation Order shall constitute a Bankruptcy Court order approving the rejection of such Executory Contracts or Unexpired Leases, pursuant to sections 365(a) and 1123 of the Bankruptcy Code, except as otherwise provided in the Plan or the Confirmation Order. Unless otherwise indicated or agreed by the Debtor and the applicable contract counterparties, the rejections of Executory Contracts and Unexpired Leases pursuant to the Plan are effective as of the Effective Date.

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

Proofs of Claims with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be Filed with the Bankruptcy Court within thirty (30) days after the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection. **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 Debtor, the Debtor's Estate, the Post-Effective Date Debtor, the Liquidating Trust, or the property for any of the foregoing without the need for any objection by the Debtor, the Post-Effective Date Debtor or the Liquidating Trust, as applicable, or further notice to, or action, order, or approval of, the Bankruptcy Court or any other Entity. 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.** Claims arising from the rejection of the Debtor's Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims and shall be treated in accordance with Article III.B.5 hereof.

*C. Indemnification Obligations*

All indemnification obligations that either (i) arose after the Petition Date for the current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, financial advisors, agents, and other professionals of the Debtor, as applicable or (ii) arose prior to the Petition Date with respect to the Debtor's Professionals, Robert Prusak (the Debtor's Chief Restructuring Officer), or Daniel T. Motulsky (the Debtor's independent director), as applicable, (each of the Persons or Entities in the foregoing clauses, an "Indemnification Claimant") shall be assumed by the Liquidating Trust and shall remain in full force and effect after the Effective Date, without the need for filing any Proof of Claim or request for payment of an Administrative Expense Claim. All of the foregoing parties shall be entitled to advancement for any indemnity obligations, including the right to seek approval from the Bankruptcy Court, after notice and a hearing, for the withholding or sequestration of funds necessary to provide for the future payment of potential indemnification obligations. Nothing in this section is intended to enlarge or reduce the rights of any party having or claiming rights of indemnification, nor any party disputing any such rights or claims. Notwithstanding anything to the contrary herein, after the Effective Date, each Indemnification Claimant shall retain all rights, including to assert any and all rights of setoff, against the Post-Effective Date Debtor and the Liquidating Trust that such Indemnification Claimant had against the Debtor immediately prior to the Effective Date.

*D. Director and Officer Liability Insurance*

In accordance with Article VII.H of the Plan, upon the Effective Date, the Liquidating Trust shall be deemed to succeed to all of the Debtor's rights and benefits under all D&O Liability Insurance Policies with respect to the Debtor's present and former directors, managers, officers, and employees, and coverage for defense and indemnity under any of the D&O Liability Insurance Policies shall remain available to all individuals and entities covered thereby, including those within the definition of "Insured Person" in any of the D&O Liability Insurance Policies, subject in all respects to the terms and conditions of the D&O Liability Insurance Policies. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtor's assumption of each of the unexpired D&O Liability Insurance Policies. From and after the Effective Date, neither the Liquidating Trustee nor the Liquidating Trust shall take any action to alter or modify in any way the D&O Liability Insurance Policies with respect to coverage for any claims insured thereunder. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the foregoing succession by the Liquidating Trust to the Debtor's rights and benefits under each of the D&O Liability Insurance Policies. Nothing in this Section V.D or this Plan will limit the rights of any other Insured Persons to coverage under the D&O Liability Insurance Policies.

**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 (or such Holder's affiliate) of an Allowed Claim or Allowed Interest shall receive the full amount of the distributions that the Plan provides for Allowed Claims and Interests in each applicable Class. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VIII hereof. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date.

*B. Liquidating Trustee*

Distributions under the Plan shall be made by the Liquidating Trustee or any Entity or Entities selected by the Debtor or the Liquidating Trust to make or facilitate distributions contemplated under the Plan.

*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 Liquidating Trust shall instead be authorized and entitled to recognize only those Holders listed on the Claims Register as of the close of business on the Distribution Record Date.

## 2. Delivery of Distributions

Except as otherwise provided in the Plan or in the WARN Act Class Settlement Agreement, distributions to Holders of Allowed Claims shall be made to Holders of record as of the Distribution Record Date by the Liquidating Trustee: (a) to the signatory set forth on any Proof of Claim Filed by such Holder or other representative identified therein (or at the last known addresses of such Holder if no Proof of Claim is Filed or if the Debtor has been notified in writing of a change of address); (b) at the addresses set forth in any written notices of address changes delivered to the Liquidating Trustee after the date of any related Proof of Claim; (c) at the addresses reflected in the Schedules if no Proof of Claim has been Filed and the Liquidating Trust has not received a written notice of a change of address; or (d) on any counsel that has appeared in the Chapter 11 Case on such Holder's behalf. Subject to this Article VI.C, distributions under the Plan on account of Allowed Claims shall not be subject to levy, garnishment, attachment, or like legal process, so that each Holder of an Allowed Claim shall have and receive the benefit of the distributions in the manner set forth in the Plan. The Debtor, the Post-Effective Date Debtor, the Liquidating Trustee, and/or the Liquidating Trust, as applicable, shall not incur any liability whatsoever on account of any distributions under the Plan except for gross negligence, willful misconduct or actual fraud.

## 3. Distribution

The Net Sale Proceeds in the Segregated Account shall first be used to satisfy (a) all Allowed Administrative Expense Claims, including all Allowed Professional Fee Claims, (b) all Allowed Priority Claims, including all Allowed Priority Tax Claims and Allowed WARN Act Class Settlement Claims, (c) all U.S. Trustee Fees due and payable and any interest thereon pursuant to section 3717 of Title 31 of the United States Code, and (d) all post-Effective Date fees and expenses incurred in connection with implementation of the Plan in an amount not to exceed \$225,000.00. To the extent there are any funds in the Segregated Account after satisfaction of the foregoing Claims, fees, and expenses, any funds in the Segregated Account shall be allocated and paid in the following priority (in each case on a Pro Rata basis): *first*, on account of all Secured Claims; *second* on account of all Allowed Unsecured Claims, including any Allowed CS Deficiency/Unsecured Claims, Allowed General Unsecured Claims, and Allowed Klausner Group Unsecured Claims; and *third*, on account of all Allowed Subordinated Claims.

## 4. Minimum Distributions

Holders of Allowed Claims entitled to distributions of \$50 (whether Cash or otherwise) or less shall not receive distributions. Each such Claim shall be discharged and its Holder shall be forever barred pursuant to Article IX hereof from asserting that Claim against the Debtor, Post-Effective Date Debtor or the Liquidating Trust, as applicable, or its property; *provided, however*, that distributions that would otherwise be made to such Holder shall carry over until the next date of a distribution to such Holders (on account of a Disputed Claim or otherwise) until the cumulative amount of Allowed Claims held by such Holder is more than \$50, at which time (if such occurs) such cumulative amount shall be paid to such Holder.

## 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 Liquidating Trustee has determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; *provided, however*, that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of six (6) months from the Effective Date, except as may be provided otherwise in the WARN Act Class Settlement Agreement. After such date, all unclaimed

property or interests in property shall revert to the Liquidating Trust, without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any Holder to such property or Interest in property shall be discharged and forever barred, except as may be provided otherwise in the WARN Act Class Settlement Agreement.

*D. Manner of Payment*

Unless otherwise set forth herein, all distributions of Cash to the Holders of Allowed Claims under the Plan shall be made by the Liquidating Trustee. At the option of the Liquidating Trustee, any Cash payment to be made under the Plan may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

*E. Compliance with Tax and Other Legal Requirements*

In connection with the Plan and the WARN Act Class Settlement Agreement, to the extent applicable, the Liquidating Trustee and the Liquidating Trust shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Any taxes withheld and deposited with the appropriate Governmental Unit shall be treated as if distributed to the applicable Holder for purposes of determining the distributions to which such Holder is entitled to receive. Notwithstanding any provision in the Plan to the contrary, the Liquidating Trustee and the Liquidating Trust shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including: (1) liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, (2) withholding distributions pending receipt of information necessary to facilitate such distributions, (3) establishing any other mechanisms she, he or it believes are reasonable and appropriate, and (4) obtaining, if such information is not already in the possession of the Liquidating Trustee or the Liquidating Trust, (a) in the case of a U.S. Holder, a properly executed Internal Revenue Service Form W-9, and (b) in the case of a non-U.S. Holder, a properly executed applicable Internal Revenue Service Form W-8 and any other forms required by any applicable law (or in each of the cases of clauses (a) and (b) above, such Holder otherwise establishes eligibility for an exemption). The Liquidating Trustee and the Liquidating Trust reserve the right, but are not required, to allocate to the applicable Holders all distributions made under the Plan in compliance with applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

*F. Allocations*

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

*G. No Post-petition Interest on Claims*

Unless otherwise specifically provided for in an order of the Bankruptcy Court, the Plan, or the Confirmation Order or required by applicable bankruptcy law, post-petition interest shall not accrue or be paid on any Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any such Claim.



*H. Setoffs and Recoupment*

The Debtor, the Post-Effective Date Debtor or the Liquidating Trust, as applicable, may, but shall not be required to, set off against or recoup any payments or distributions to be made pursuant to the Plan in respect of any Claims of any nature whatsoever that the Debtor, Post-Effective Date Debtor or the Liquidating Trust 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 Debtor, Post-Effective Date Debtor, the Liquidating Trust, or their successors of any such Claim it may have against the Holder of such Claim.

*I. Claims Paid or Payable by Third Parties*

1. Claims Paid by Third Parties

To the extent that the Holder of an Allowed Claim receives payment in full on account of such Claim from a party that is not the Debtor, the Post-Effective Date Debtor or the Liquidating Trust, such Claim shall be Disallowed without an objection having to be Filed and without any further notice to, or action, order, or approval of, the Bankruptcy Court; provided, that the Debtor, Post-Effective Date Debtor, or the Liquidating Trust as applicable shall file notice of satisfaction or other pleading evidencing such satisfaction and serve the same on the affected claimant. 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 the Debtor, the Post-Effective Date Debtor or the Liquidating Trust on account of such Claim, such Holder shall, within fourteen (14) days of receipt thereof, repay or return the distribution to the Debtor, the Post-Effective Date Debtor or Liquidating Trust, 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 Debtor 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 Third Parties

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to the Debtor's insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtor's insurers agrees to pay in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction or otherwise settled), then immediately upon such insurers' agreement, the applicable portion of such Claim shall be expunged without a Claims objection having to be Filed and without any further notice to, or action, order, or approval of the Bankruptcy Court; provided, that the Debtor, Post-Effective Date Debtor, or Plan Administrator as applicable shall file notice of satisfaction or other pleading evidencing such satisfaction and serve the same on the affected claimant.

3. Applicability of Insurance Policies

Except as otherwise provided in the Plan, payments to Holders of Claims by the Debtor's insurance carriers shall be in accordance with the provisions of any applicable insurance policy. Notwithstanding anything herein to the contrary, nothing shall constitute or be deemed a release, settlement, satisfaction, compromise, or waiver of any Cause of Action that the Debtor or any other Entity may hold against any other Entity, including insurers under any policies of insurance, including the D&O Liability Insurance Policies, or applicable indemnity, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

#### 4. Provisions Regarding Vesting of Insurance Policies in Liquidating Trust

Notwithstanding anything to the contrary in the Plan Documents, the Confirmation Order, any bar date notice or claim objection, any other document related to any of the foregoing or any other prior order of the Bankruptcy Court (including, without limitation, any other provision that purports to be preemptory or supervening, grants an injunction, discharge or release, or requires a party to opt out of any releases), the Liquidating Trust shall succeed to all of the Debtor's rights and obligations under the D&O Liability Insurance Policies, which policies shall be enforceable by and against the Liquidating Trust.

### **ARTICLE VII. THE LIQUIDATING TRUST**

#### *A. The Liquidating Trust*

The Liquidating Trust shall be formed on the Effective Date and shall continue in existence for the benefit of the Liquidating Trust beneficiaries. The powers, authority, responsibilities, and duties of the Liquidating Trust and the Liquidating Trustee are set forth in and shall be governed by the Plan and the Liquidating Trust Agreement. The Liquidating Trust Agreement shall contain provisions customary to trust agreements utilized in comparable circumstances, including, without limitation, any and all provisions necessary to ensure the continued treatment of the Liquidating Trust as a grantor trust and the beneficiaries of the Liquidating Trust as the grantors and owners thereof for federal income tax purposes. The Liquidating Trust Agreement may provide powers, duties, and authorities in addition to those explicitly stated herein, but only to the extent that such powers, duties, and authorities do not affect the status of the Liquidating Trust as a "liquidating trust" for United States federal income tax purposes.

On the Effective Date, the Debtor and the Liquidating Trustee shall execute the Liquidating Trust Agreement and shall take all other steps necessary to establish the Liquidating Trust pursuant to the Liquidating Trust Agreement and the Plan.

#### *B. Purpose of the Liquidating Trust*

The Liquidating Trust shall be established pursuant to the Liquidating Trust Agreement for the sole purpose of liquidating and administering the Liquidating Trust Assets and making distributions on account thereof as provided for under the Plan in accordance with Treas. Reg. § 301.7701-4(d). The Liquidating Trust is intended to qualify as a liquidating trust pursuant to Treas. Reg. § 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business. The Liquidating Trust shall not be deemed a successor in interest of the Debtor for any purpose other than as specifically set forth herein or in the Liquidating Trust Agreement. Pursuant to such purpose, the Liquidating Trust shall engage in (1) resolving Disputed Claims, (2) prosecuting Causes of Action, (3) pursuing any and all Liquidating Trust Assets, (4) making distributions on account of Allowed Claims as provided in the Liquidating Trust Agreement and in the Plan, (5) maximizing recovery of the Liquidating Trust Assets for the benefit of the Liquidating Trust beneficiaries, (6) distributing the proceeds of the Liquidating Trust Assets to the Liquidating Trust beneficiaries in accordance with the Plan and the Liquidating Trust Agreement, (7) maintaining and funding the Segregated Account, (8) filing appropriate tax returns for the Liquidating Trust, and (9) all other matters not expressly set forth herein, as may be reasonably necessary, in the opinion of the Liquidating Trustee, to effectuate the Plan and the terms of the Liquidating Trust Agreement. As of the Effective Date, the Liquidating Trust, by and through the Liquidation Trustee, shall be authorized to act on behalf of the Debtor, the Post-Effective Date Debtor and, to the extent necessary, deemed to be substituted as the party-in-lieu of the Debtor/Post-Effective Date Debtor in all matters, including (a) motions, contested matters, and adversary proceedings pending in the Bankruptcy Court, in connection with, relating to, or in any manner arising from the Liquidating Trust and/or Liquidating Trust

Assets, (b) any and all tax or regulatory filings, relating to the Liquidating Trust, and (c) all matters pending in any courts, tribunals, forums, or administrative proceedings outside of the Bankruptcy Court in connection with, relating to, or in any manner arising from the Liquidating Trust and/or Liquidating Trust Assets, in each case without the need or requirement for the Liquidating Trust to file motions or substitutions of parties or counsel in each such matter.

*C. Liquidating Trust Assets*

On the Effective Date, and in accordance with sections 1123 and 1141 of the Bankruptcy Code and pursuant to the terms of the Plan, all title and interest in all of the Liquidating Trust Assets, as well as the rights and powers of the Debtor in such Liquidating Trust Assets, shall automatically vest, transfer and be assigned in and to the Liquidating Trust, free and clear of all Claims and Interests, except as otherwise provided by Court order, for the benefit of the Liquidating Trust beneficiaries. Upon the transfer and assignment of the Liquidating Trust Assets, the Debtor shall have no interest in or with respect to the Liquidating Trust Assets or the Liquidating Trust. Upon delivery of the Liquidating Trust Assets to the Liquidating Trust, the Debtor and its predecessors, successors and assigns, shall be discharged and released from all liability with respect to the delivery of such distributions and shall have no reversionary or further interest in or with respect to the Liquidating Trust Assets or the Liquidating Trust. Notwithstanding the foregoing, for purposes of section 553 of the Bankruptcy Code, the transfer of the Liquidating Trust Assets to the Liquidating Trust shall not affect the mutuality of obligations which otherwise may have existed prior to the effectuation of such transfer. Such transfer shall be exempt from any stamp, real estate transfer, mortgage reporting, sales, use, or other similar tax, pursuant to section 1146(a) of the Bankruptcy Code. The Liquidating Trustee shall agree to accept and hold the Liquidating Trust Assets in the Liquidating Trust for the benefit of the beneficiaries of the Liquidating Trust, subject to the terms of the Plan and the Liquidating Trust Agreement.

The Debtor, the Liquidating Trustee, the Liquidating Trust beneficiaries, and any party under the control of such parties will execute any documents or other instruments and shall take all other steps as reasonably necessary to cause title to the Liquidating Trust Assets to be transferred to the Liquidating Trust.

*D. The Liquidating Trustee*

The Liquidating Trustee shall be a Person or Entity mutually acceptable to the Debtor and the Creditors' Committee, whose appointment shall be approved by the Bankruptcy Court pursuant to the Confirmation Order. Following appointment, the Liquidating Trustee shall act in accordance with the Plan and Liquidating Trust Agreement, and in such capacity shall have the same powers as the board of directors, managers and/or officers of the Debtor (and all bylaws, articles of incorporation, and related corporate documents are deemed amended by the Plan to permit and authorize the same). The Liquidating Trustee may be removed at any time by order of the Bankruptcy Court, after notice and a hearing and upon a showing of cause. In the event of resignation or removal, death or incapacity of the Liquidating Trustee, the Bankruptcy Court shall designate another Person or Entity to serve as Liquidating Trustee. Thereupon, the successor Liquidating Trustee, without any further act or need for an order of the Bankruptcy Court, shall become fully vested with all of the rights, powers, duties, and obligations of the predecessor; *provided, however*, that the Liquidating Trustee shall be deemed removed on the date the Chapter 11 Case is closed, and no successor thereto shall be designated. All documented and reasonable fees and expenses incurred by the Liquidating Trustee and its professionals (which the Liquidating Trustee may retain in accordance with Article VII.M hereof) following the Effective Date shall initially be paid from funds in the Segregated Account attributable to the CS Carve Out Amount allocated for post-Effective Date fees and expenses incurred in connection with implementation of the

Plan and, thereafter, from the other Liquidating Trust Assets as set forth in the Liquidating Trust Agreement.

*E. Beneficiaries of the Liquidating Trust*

The holders of Allowed General Unsecured Claims shall be the beneficiaries of the Liquidating Trust. Such beneficiaries shall be bound by the Liquidating Trust Agreement. The interests of the beneficiaries in the Liquidating Trust shall be uncertificated and nontransferable except upon death of the interest holder or by operation of law.

*F. Vesting and Transfer of Liquidating Trust Assets to the Liquidating Trust*

Pursuant to section 1141(b) of the Bankruptcy Code, the Liquidating Trust Assets shall vest in the Liquidating Trust free and clear of all Liens, Claims, and Interests, except as otherwise specifically provided in the Plan or in the Confirmation Order; *provided, however*, that the Liquidating Trustee may abandon or otherwise not accept any non-Cash Liquidating Trust Assets that the Liquidating Trustee believes, in good faith, have no value or are burdensome to the Liquidating Trust. Any non-Cash Liquidating Trust Assets that the Liquidating Trustee so abandons or otherwise does not accept shall not be property of the Liquidating Trust.

*G. Liquidating Trust Expenses*

Subject to the provisions of the Liquidating Trust Agreement, all costs, expenses, and obligations incurred by the Liquidating Trustee in administering the Plan, the Liquidating Trust, or in any manner connected, incidental, or related thereto, that results in distributions from the Liquidating Trust shall be charged against the Liquidating Trust Assets remaining in the hands of the Liquidating Trustee. Such costs, expenses, and obligations shall be paid in accordance with the Liquidating Trust Agreement, which shall provide for an initial distribution to the Segregated Account to fund a prompt distribution to Holders of Allowed General Unsecured Claims and any other similarly situated creditors in accordance with Article III.B hereof.

The Liquidating Trust Expenses shall initially be paid from funds in the Segregated Account attributable to the CS Carve Out Amount allocated for post-Effective Date fees and expenses incurred in connection with implementation of the Plan and, thereafter, from the other Liquidating Trust Assets as set forth in the Liquidating Trust Agreement.

*H. Role of the Liquidating Trustee*

The Liquidating Trustee shall be the exclusive trustee of the Liquidating Trust and the Liquidating Trust Assets for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3) as well as the representative of the Estate appointed pursuant to section 1123(b)(3) of the Bankruptcy Code regarding all Liquidating Trust Assets. The powers, rights, and responsibilities of the Liquidating Trustee shall be specified in the Liquidating Trust Agreement and shall include, without limitation, the authority and responsibility to: (1) receive, manage, invest, supervise, and protect the Liquidating Trust Assets, including through the creation of reserves as provided for under the Plan; (2) retain and compensate, without further order of the Bankruptcy Court, the services of employees, professionals (which may include Professionals retained during the Chapter 11 Case), and consultants to advise and assist in the administration, prosecution, and distribution of Liquidating Trust Assets; (3) calculate and implement distributions of Liquidating Trust Assets; (4) investigate, prosecute, compromise, and settle, in accordance with the specific terms of the Liquidating Trust Agreement, Causes of Action vested in the Liquidating Trust; and (5) address and resolve issues involving objections, reconciliation, and allowance

of Claims in accordance with the Plan. The Liquidating Trust is the successor to the Debtor and the Estate.

On the Effective Date, the Liquidating Trustee shall: (a) take possession of all books, records, and files of the Debtor and the Estate and (b) provide for the retention and storage of such books, records, and files until such time as the Liquidating Trust determines, in accordance with the Liquidating Trust Agreement and applicable law and regulation, that retention of same is no longer necessary or required.

The Liquidating Trustee may, but shall not be required to, invest Cash (including any earnings thereon or proceeds therefrom) as permitted by section 345 of the Bankruptcy Code or in other prudent investments; *provided, however*, that such investments are permitted to be made by a liquidating trust within the meaning of Treasury Regulation § 301.7701-4(d), as reflected therein, or under applicable IRS guidelines, rulings, or other controlling authorities.

The Liquidating Trustee shall have the right to object to Claims.

The Liquidating Trustee shall administer the Liquidating Trust's tax obligations, including (w) filing tax returns as a grantor trust pursuant to Treasury Regulation § 1.671-4(a) including, to the extent applicable, for any disputed claims reserve pursuant to Treasury Regulations § 1.468B-9; (x) paying the Liquidating Trust's tax obligations; (y) requesting, if necessary, an expedited determination of any unpaid tax liability of the Liquidating Trust for all taxable periods of the Liquidating Trust through the dissolution of the Liquidating Trust, as determined under section 505(b) of the Bankruptcy Code and applicable tax laws; and (z) representing the interest and account of the Liquidating Trust before any taxing authority in all matters including, without limitation, any action, suit, proceeding or audit. The Liquidating Trust also shall annually (for tax years in which distributions from the Liquidating Trust are made) send to each known beneficiary a separate statement setting forth the beneficiary's share of items of income, gain, loss, deduction, or credit and all such holders shall report such items on their federal income tax returns; *provided, however*, that no such statement need be sent to any Class that is not expected to receive any distribution from the Liquidating Trust. The Liquidating Trust's taxable income, gain, loss, deduction, or credit will be allocated to the Liquidating Trust's beneficiaries in accordance with their relative beneficial interests in the Liquidating Trust. As soon as practicable after the Effective Date, the Liquidating Trustee shall make a good faith valuation of assets of the Liquidating Trust, and such valuation shall be used consistently by all parties for all federal income tax purposes. The Liquidating Trustee also shall file (or cause to be filed) any other statements, returns, or disclosures relating to the Liquidating Trust that are required by any governmental unit for taxing purposes. The Liquidating Trust shall comply with all withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions made by the Liquidating Trust shall be subject to any such withholding and reporting requirements.

The Liquidating Trust shall be responsible for payments of all Allowed tax obligations of the Debtor, and any taxes imposed on the Liquidating Trust or the Liquidating Trust Assets.

Notwithstanding anything in the Plan or Liquidating Trust Agreement to the contrary, the Liquidating Trustee shall always act consistently with, and not contrary to, the purpose of the Liquidating Trust as set forth in Article VII.B of the Plan. The Liquidating Trustee shall have fiduciary duties to the Liquidating Trust beneficiaries consistent with the fiduciary duties that a member of an official committee appointed pursuant to section 1102 of the Bankruptcy Code has to the creditor constituents represented by such committee and shall exercise his, her, or its responsibilities accordingly; *provided, however*, that the Liquidating Trustee shall not owe fiduciary obligations to any defendants or potential defendants of Causes of Action in their capacities as such, it being the intent of such fiduciary duties to ensure that the Liquidating Trustee's obligations are to maximize the value of the Liquidating Trust Assets, including the Causes of Action.

*I. Prosecution and Resolution of Causes of Action*

From and after the Effective Date, prosecution and settlement of all Causes of Action, including without limitation, the CS Adversary Proceeding if such proceeding has not been resolved prior to the Effective Date, transferred and assigned to the Liquidating Trust shall be the primary responsibility of the Liquidating Trust and the Liquidating Trustee pursuant to the Plan and the Confirmation Order. From and after the Effective Date, the Liquidating Trust and Liquidating Trustee shall have exclusive rights, powers, and interests of the Debtor and the Debtor's Estate to pursue, settle, or abandon such Causes of Action as the sole representative of the Debtor and, the Debtor's Estate pursuant to section 1123(b)(3) of the Bankruptcy Code. Proceeds recovered from all Causes of Action will be deposited into the Segregated Account and will be used or distributed by the Liquidating Trustee in accordance with the provisions of the Plan and Liquidating Trust Agreement. All Causes of Action that are not expressly released or waived under the Plan are reserved and preserved, transferred to and vest in the Liquidating Trust and Liquidating Trustee in accordance with the Plan. No Person may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtor or the Liquidating Trustee will not pursue any and all available Causes of Action against such Person. The Liquidating Trustee expressly reserves all Causes of Action, except for any Causes of Action against any Person that are expressly released or waived under the Plan. Therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of confirmation or consummation of the Plan. To the extent released in the Plan, no claims or Causes of Action against the Released Parties shall be transferred to the Liquidating Trust, the Liquidating Trustee shall not have standing to pursue such claims or Causes of Action, and all such claims and Causes of Action shall be released pursuant to the Plan.

Settlement by the Liquidating Trustee of any Cause of Action transferred and assigned to the Liquidating Trust shall only require: (1) approval of the Liquidating Trustee in his, her, or its discretion in consultation with counsel to Carolina Sawmills if the amount claimed by the Liquidating Trust against a Person is less than two hundred fifty thousand dollars (\$250,000); and (2) approval of the Liquidating Trustee in his, her, or its discretion and approval of the Bankruptcy Court, upon notice and a hearing, if the amount claimed by the Liquidating Trust against a Person is unliquidated or equals or exceeds two hundred fifty thousand dollars (\$250,000); *provided, however*, the Liquidating Trustee shall not be required to nor shall he, she or it consult with counsel to Carolina Sawmills in connection with any Claims or Causes of Action against Carolina Sawmills, including without limitation, the CS Adversary Proceeding.

*J. Federal Income Tax Treatment of the Liquidating Trust for the Liquidating Trust Assets*

Subject to definitive guidance from the Internal Revenue Service or a court of competent jurisdiction to the contrary (including the receipt of an adverse determination by the IRS upon audit if not contested by the Liquidating Trustee), for all United States federal income tax purposes, all parties (including, without limitation, the Debtor, the Liquidating Trustee and the Liquidating Trust beneficiaries) shall treat the transfer of Liquidating Trust Assets to the Liquidating Trust as (1) a transfer of Liquidating Trust Assets (subject to any obligations relating to those assets) directly to Liquidating Trust beneficiaries (other than to the extent Liquidating Trust Assets are allocable to Disputed Claims), followed by (2) the transfer by such beneficiaries to the Liquidating Trust of Liquidating Trust Assets in exchange for Liquidating Trust Interests. Accordingly, except in the event of contrary definitive guidance, Liquidating Trust beneficiaries shall be treated for United States federal income tax purposes as the grantors and owners of their respective share of Liquidating Trust Assets (other than such Liquidating

Trust Assets as are allocable to Disputed Claims). The foregoing treatment shall also apply, to the extent permitted by applicable law, for state and local income tax purposes.

Allocations of Liquidating Trust taxable income (other than taxable income allocable to any assets allocable to, or retained on account of, Disputed Claims) among Liquidating Trust beneficiaries shall be determined by reference to the manner in which an amount of Cash representing such taxable income would be distributed (were such Cash permitted to be distributed at such time) if, immediately prior to such deemed distribution, the Liquidating Trust had distributed all its assets (valued at their tax book value, other than assets allocable to Disputed Claims) to the holders of Liquidating Trust interests, adjusted for prior taxable income and loss and taking into account all prior and concurrent distributions from the Liquidating Trust. Similarly, taxable loss of the Liquidating Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a hypothetical liquidating distribution of the remaining Liquidating Trust Assets. The tax book value of Liquidating Trust Assets for purpose of this paragraph shall equal its fair market value on the date Liquidating Trust Assets are transferred to the Liquidating Trust, adjusted in accordance with tax accounting principles prescribed by the Tax Code, the applicable Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements.

Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by the Liquidating Trustee of a private letter ruling if the Liquidating Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by such Liquidating Trustee), the Liquidating Trustee (a) may timely elect to treat any Liquidating Trust Assets allocable to Disputed Claims as a “disputed ownership fund” governed by Treas. Reg. § 1.468B-9, and (b) to the extent permitted by applicable law, shall report consistently for state and local income tax purposes. If a “disputed ownership fund” election is made, all parties (including the Liquidating Trustee and Liquidating Trust beneficiaries) shall report for United States federal, state and local income tax purposes consistently with the foregoing.

The Liquidating Trust shall be responsible for payment, initially from funds in the Segregated Account attributable to the CS Carve Out Amount allocated for post-Effective Date fees and expenses incurred in connection with implementation of the Plan and, thereafter, from any other Liquidating Trust Assets, of any taxes imposed on the Liquidating Trust (including any Cash reserved for future payment of Disputed Claims in accordance with Article VIII.D of the Plan) or the Liquidating Trust Assets.

#### *K. Indemnification*

Subject to the Bankruptcy Code, the Bankruptcy Rules and any prior orders of the Bankruptcy Court, the Liquidating Trust shall indemnify the Indemnified Persons for, and shall reimburse them for, or hold them harmless against, any loss, liability, damage, judgment, fine, penalty, claim, demand, settlement, cost, or expense (including, without limitation, the reasonable fees and expenses of their respective professionals) incurred without gross negligence, willful misconduct, or actual fraud on the part of the Indemnified Persons (which gross negligence, willful misconduct, or actual fraud, if any, must be determined by Final Order of a court of competent jurisdiction) for any action taken, suffered, or omitted to be taken by the Indemnified Persons in connection with the acceptance, administration, exercise, or performance of their duties under the Plan or the Liquidating Trust Agreement, as applicable, without the need for filing any Proof of Claim or requests for payment of an Administrative Expense Claim. An act or omission taken with the approval of the Bankruptcy Court will conclusively be deemed not to constitute gross negligence, willful misconduct, or actual fraud. The Indemnified Persons shall be entitled to advancement for any indemnity obligations, including the right to seek approval from the Bankruptcy Court, after notice and a hearing, for the withholding or sequestration of funds necessary to provide for the future payment of potential indemnification obligations of the Indemnified Persons.

*L. Term of the Liquidating Trust*

The Liquidating Trustee shall be discharged and the Liquidating Trust shall be terminated, at such time as (1) all Disputed Claims have been resolved, (2) all of the Liquidating Trust Assets have been liquidated or abandoned, (3) all duties and obligations of the Liquidating Trustee under the Liquidating Trust Agreement and the Plan have been fulfilled, (4) all distributions required to be made by the Liquidating Trust under the Plan and the Liquidating Trust Agreement have been made, and (5) the Debtor's Chapter 11 Case has been closed; *provided, however*, that in no event shall the Liquidating Trust be dissolved later than five (5) years from the Effective Date unless the Bankruptcy Court, upon motion within the six-month period prior to the fifth anniversary (or the end of any extension period approved by the Bankruptcy Court), determines that an extension is necessary to facilitate or complete the recovery and liquidation of the Liquidating Trust Assets and/or distributions in accordance with the Plan.

*M. Retention of Professionals by the Liquidating Trust*

The Liquidating Trustee may, in connection with the performance of his, her, or its functions, in the Liquidating Trustee's sole and absolute discretion, retain, consult with, and compensate attorneys, accountants, advisors, or agents to assist in his, her, or its duties on such terms (including on a contingency or hourly basis) as he, she, or it deems reasonable and appropriate without Bankruptcy Court approval. The Liquidating Trustee may assert the reasonable reliance on the advice of counsel as a defense to any claim asserted against the Liquidating Trustee. Notwithstanding such authority, the Liquidating Trustee shall be under no obligation to consult with any such attorneys, accountants, advisors, or agents, and his, her, or its determination not to do so shall not result in the imposition of liability on the Liquidating Trustee or his, her, or its members unless such determination is based on willful misconduct, gross negligence, or actual fraud.

*N. Conflicts Between the Liquidating Trust Agreement and the Plan*

In the event of any inconsistencies or conflict between the Liquidating Trust Agreement and the Plan, the terms and provisions of the Plan shall control.

*O. Wind Down*

The Liquidating Trustee, for and on behalf of the Post-Effective Date Debtor, shall have the power and authority to take any action necessary to wind down and dissolve the Debtor, 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 the Debtor.

As soon as practicable on or after the Effective Date, but in no event later than the closing of the Chapter 11 Case, the Liquidating Trustee shall solely be responsible for the following: (1) to the extent applicable, file a certificate of dissolution or equivalent document, together with all other necessary corporate and company documents, to effect the dissolution of the Debtor under the applicable laws of its state of incorporation or formation; (2) to the extent applicable, complete and file any final or otherwise required federal, state, and local tax returns and pay any taxes required to be paid for the Debtor, and pursuant to section 505(b) of the Bankruptcy Code, request an expedited determination of any unpaid tax liability of the Debtor or the Estate for any tax incurred during the administration of the Debtor's Chapter 11 Case, as determined under applicable tax laws, and represent the interests and account of the Debtor or the Estate before any taxing authority in all matters, including, without limitation, any action, suit, proceeding, or audit; and (3) take such other actions and/or undertake administrative functions as the Liquidating Trustee and Post-Effective Date Debtor may reasonably determine to be necessary or desirable to carry out the purposes of the Plan. Any certificate of



dissolution or equivalent document may be executed by the Liquidating Trustee without need for any additional action or approval by any Person or Entity. From and after the Effective Date, except with respect to the Liquidating Trust as set forth herein, the Liquidating Trustee, for and on behalf of the Post-Effective Date Debtor, (a) for all purposes shall be deemed to have withdrawn the Debtor's/Post-Effective Date Debtor's business operations (if any) from any state in which the Debtor was previously conducting, or is registered or licensed to conduct, its 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, (b) shall be deemed to have canceled pursuant to the Plan all Interests, and (c) 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. Notwithstanding the Debtor's dissolution, the Debtor/Post-Effective Date Debtor 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) shall be the responsibility of the Debtor, and the filing of subsequent quarterly reports shall be the responsibility of the Liquidating Trustee except to the extent quarterly reporting is required by any other post-Effective Date entity.

For the avoidance of doubt, all reasonable expenses incurred by the Liquidating Trustee, for and on behalf of the Post-Effective Date Debtor, in connection with the Wind Down shall be deemed Liquidating Trust Expenses and shall initially be paid from funds in the Segregated Account attributable to the CS Carve Out Amount allocated for post-Effective Date fees and expenses incurred in connection with implementation of the Plan and, thereafter, from any other Liquidating Trust Assets.

**ARTICLE VIII.  
PROCEDURES FOR RESOLVING CONTINGENT,  
UNLIQUIDATED, AND DISPUTED CLAIMS**

*A. Allowance of Claims*

After the Effective Date, the Liquidating Trust shall have and retain any and all rights and defenses the Debtor had with respect to any Claim immediately before the Effective Date. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Case before the Effective Date (including the Confirmation 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 Order (when it becomes a Final Order) in the Chapter 11 Case allowing such Claim. For the avoidance of doubt, pursuant to Local Rule 3002-1(a), the government shall not be required to file any proof of claim or application for the allowance of any claims covered by section 503(b)(1)(B), (C), or (D) of the Bankruptcy Code.

*B. Claims Administration Responsibilities*

Except as otherwise specifically provided in the Plan and notwithstanding any requirements that may be imposed pursuant to Bankruptcy Rule 9019, after the Effective Date, the Liquidating Trustee shall have the sole authority to File and prosecute objections to Claims on behalf of the Liquidating Trust, and the Liquidating Trustee shall have the sole authority, on behalf of the Liquidating Trust, to: (1) settle, compromise, withdraw, litigate to judgment, or otherwise resolve objections to any and all Claims, regardless of whether such Claims are in a Class or otherwise; (2) settle, compromise, or resolve any Disputed Claim without any further notice to, or action, order, or approval of, the Bankruptcy Court; and (3) administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to, or action, order, or approval of, the Bankruptcy Court; *provided, however*, that nothing

herein shall preclude the U.S. Trustee or other parties with requisite standing from objecting to any Claim. On and after the Effective Date, the Liquidating Trustee shall use commercially reasonable efforts to resolve Claims and advance the claims resolution process through estimation or otherwise.

*C. Estimation of Claims*

Before, on, or after the Effective Date, the Debtor or the Liquidating Trustee, as applicable, may (but are not required to) at any time request that the Bankruptcy Court estimate any Claim pursuant to applicable law, including pursuant to section 502(c) of the Bankruptcy Code, 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 under 28 U.S.C. §§ 157 and 1334 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 in the Plan to the contrary, 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, such estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of distributions and discharge) and may be used as evidence in any supplemental proceedings. The Debtor or the Liquidating Trustee, as applicable, 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. 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. Disputed Claims*

On or after the Effective Date, the Liquidating Trustee shall retain funds for potential payment of Disputed Claims in the event such Disputed Claims, or the disputed portion thereof, is Allowed, in an amount or amounts as reasonably determined by the Liquidating Trustee consistent with the Proof of Claim Filed by the applicable Holder of such Disputed Claim and the proposed distributions for such Claims as set forth in Article III hereof.

*E. Adjustment to Claims Without Objection*

Any Claim that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Debtor, the Post-Effective Date Debtor, or the Liquidating Trustee, as applicable, upon Filing a notice of satisfaction with the Bankruptcy Court. However, if the Holder of such Claim Files a timely objection to such notice of satisfaction, the status of the Claim will be determined by the Bankruptcy Court.

*F. Time to File Objections to Claims*

Any objections to Claims shall be Filed on or before the Claims Objection Deadline. If the Debtor or the Liquidating Trustee, as applicable, files a motion to extend the Claims Objection Deadline, the Claims Objection Deadline shall be automatically extended until the Bankruptcy Court acts on such motion, without the necessity for the entry of a bridge order.

*G. Disallowance of Claims*

Pursuant to 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 not be deemed Allowed. Holders of such Claims may not receive any distributions on account of such Claims until such time as (1) 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 Debtor by that Entity have been turned over or paid to the Debtor, Post-Effective Date Debtor, or the Liquidating Trustee, as applicable, or (2) such Claims are Allowed by a Final Order of the Bankruptcy Court. All Proofs of Claim Filed on account of an indemnification obligation 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.

**Except as otherwise provided herein or as agreed to by the Debtor, the Post-Effective Date Debtor, or the Liquidating Trustee, as applicable, any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated, or disputed, and for which no Proof of Claim or Interest is or has been timely Filed, is not considered Allowed and shall be expunged without further action by the Debtor, the Post-Effective Date Debtor, or the Liquidating Trustee and without further notice to any party or action, approval, or order of the Bankruptcy Court, and Holders of such Claims may not receive any distributions on account of such Claims. A Proof of Claim Filed after the Bar Date shall not be Allowed for any purposes whatsoever absent entry of a Final Order Allowing such late-Filed Claim.**

*H. Amendments to Claims*

On or after the applicable Bar Date, a Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court or the Liquidating Trustee, and any such new or amended Claim Filed shall be deemed Disallowed in full and expunged without any further notice to, or action, order, or approval of, the Bankruptcy Court to the maximum extent provided by applicable law.

*I. No Distributions Pending Allowance*

If an objection to a Claim or portion thereof is Filed, no payment or distribution provided under the Plan shall be made on account of such Claim or portion thereof unless and until such Disputed Claim becomes an Allowed Claim, unless otherwise determined by the Liquidating Trustee on behalf of the Liquidating Trust.

*J. Distributions After Allowance*

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

**ARTICLE IX.  
RELEASE, INJUNCTION, EXCULPATION AND RELATED  
PROVISIONS**

*A. Term of Injunctions or Stays*

Unless otherwise provided in the Plan or the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Case pursuant to section 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order), shall remain in full force and effect through the Effective Date and shall continue in effect for the maximum time permitted by section 362 of the Bankruptcy Code. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

The Debtor shall not receive a “discharge” in violation of section 1141(d)(3) of the Bankruptcy Code; *provided, however*, that no Person or Entity may assert any Claim, seek or receive any payment from, or seek recourse against, the Debtor, the Post-Effective Date Debtor, the Estate, the Liquidating Trust, the Liquidating Trustee and/or any of its or their respective successors, assigns and/or property, except as expressly provided in the Plan.

*B. Release of Liens*

Except as otherwise specifically provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Liquidating Trust and its 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 Debtor or the Liquidating Trust, as applicable.

*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.

*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.

*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.**

*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.**

*G. Protection Against Discriminatory Treatment*

Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Entities, including Governmental Units, shall not discriminate against the Liquidating Trust or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to or discriminate with respect to such a grant against the Liquidating Trust, or another Entity with whom the Liquidating Trust has been associated, solely because the Debtor has been a debtor under chapter 11 of the Bankruptcy Code, may have been insolvent before the commencement of the Chapter 11 Case (or during the Chapter 11 Case), or have not paid a debt that is dischargeable in the Chapter 11 Case.

*H. Setoffs*

In no event shall any Holder of a Claim be entitled to set off against such Claim any claim, right, or Cause of Action of the Debtor or the Liquidating Trust, as applicable, unless such Holder actually has provided notice of such setoff in writing to the Debtor on or before the Confirmation Date, which notice may be provided in a timely filed Proof of Claim.

*I. Subordination Rights*

Any distributions under the Plan 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 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.

**ARTICLE X.  
CONDITIONS PRECEDENT TO CONFIRMATION AND  
CONSUMMATION OF THE PLAN**

*A. Conditions Precedent to Confirmation*

Unless waived pursuant to the provisions of this Article X, it shall be a condition to Confirmation that the Confirmation Order has been entered by the Bankruptcy Court and shall provide that:

- (1) the form of Confirmation Order is reasonably acceptable to the Proponents;
- (2) the Debtor is authorized to take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, releases, leases, and other agreements or documents to be executed and/or delivered in connection with the Plan; and
- (3) the provisions of the Confirmation Order are non-severable and mutually dependent.

*B. Conditions Precedent to the Effective Date*

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

- (1) the Confirmation Order shall have been duly entered in form and substance reasonably acceptable to the Proponents and shall not have been subject to any reversal, stay, modification, or vacatur;
- (2) all actions, documents, authorizations, consents, regulatory approvals, rulings, or agreements necessary to implement the Plan shall have been obtained, effected, or executed;
- (3) all Allowed Professional Fee Claims approved by the Bankruptcy Court shall have been paid in full or amounts sufficient to pay such Allowed Professional Fee Claims after the Effective Date shall have been placed in the Professional Fee Escrow Account pending approval of the Professional Fee Claims by the Bankruptcy Court;
- (4) the Liquidating Trustee has accepted her, his, or its engagement in writing and executed the Liquidating Trust Agreement;
- (5) the Segregated Account shall have been formed and funded in accordance with this Plan; and



- (6) either (i) the CS Adversary Proceeding has been fully and finally resolved such that the amount and extent of any CS Deficiency/Unsecured Claim, any CS Liens and Claims, and any CS Secured Claims have been determined; (ii) with the express consent and agreement of Carolina Sawmills, the Creditor's Committee, the proposed Liquidating Trustee, and the Debtor, Carolina Sawmills has agreed to allow the Liquidating Trustee and its advisors to be paid all actual and necessary fees of the Liquidating Trust (or such amount as agreed to as being sufficient by the Debtor, Carolina Sawmills and the Liquidating Trust) as additional CS Carved Out Amounts from the Segregated Account so as to permit the Liquidating Trust to litigate, settle, or otherwise resolve the CS Adversary Proceeding from and after the Effective Date; or (iii) as otherwise agreed to by the Creditors' Committee, the Debtor, and the proposed Liquidating Trustee.

*C. Waiver of Conditions*

The conditions to the Confirmation and the Effective Date of the Plan set forth in this Article X (other than X.B.6) may be waived by the Debtor, after consultation with the Creditors' Committee, without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

*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 Nonoccurrence of Conditions to the Effective Date*

If the Effective Date does not occur by the earlier of (1) sixty (60) days after all of the conditions precedent to the Effective Date set forth in Article X have been satisfied (or waived pursuant to the provisions of Article X), or (2) January 31, 2023 (or, for cause, such later date as may established by the Bankruptcy Court), 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 or Interests; (2) prejudice in any manner the rights of the Debtor, any Holders of a Claim or Interest, or any other Entity; or (3) constitute an admission, acknowledgment, offer, or undertaking by the Debtor, any Holders, or any other Entity in any respect.

**ARTICLE XI.  
MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE  
PLAN**

*A. Modification and Amendments*

Subject to the limitations contained in the Plan, the Debtor reserves the right to modify the Plan, including, but not limited to, by changing the treatment applicable to any Class of Claims. The Debtor further reserves the right to seek Confirmation of a modified Plan 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 Debtor or the Liquidating Trust, as applicable, expressly reserves their right to alter, amend, or modify materially the Plan, one or more times, after Confirmation and before the Effective Date, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile

any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan.

*B. Effect of Confirmation on Modifications*

Entry of the Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof 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*

The Debtor reserves the right to revoke or withdraw the Plan before the Effective Date. If the Debtor revokes or withdraws the Plan, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Debtor or any other Entity, including the Holders of Claims; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtor or any other Entity.

**ARTICLE XII.  
RETENTION OF JURISDICTION**

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Case and all matters in connection with, relating to, or in any manner arising from the Chapter 11 Case and the Plan to the fullest lawful extent, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or unsecured status, or amount of any Claim, including the resolution of any request for payment of any Administrative Expense Claim and the resolution of any and all objections to the Secured or unsecured status, priority, amount, or allowance of Claims;
2. decide and resolve all matters in connection with, relating to, or in any manner arising from to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals;
3. resolve any matters in connection with, relating to, or in any manner arising from: (a) the assumption or rejection of any Executory Contract or Unexpired Lease 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, or any other matter related to such Executory Contract or Unexpired Lease; and (b) any dispute regarding whether a contract or lease is or was executory or expired;
4. ensure that distributions to Holders of Allowed Claims 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 the Debtor that may be pending on the Effective Date;

6. adjudicate, decide, or resolve any and all matters in connection with, relating to, or in any manner arising from Causes of Action, including without limitation, the CS Adversary Proceeding;

7. adjudicate, decide, or resolve any and all matters in connection with, relating to, or in any manner arising from sections 1141 and 1145 of the Bankruptcy Code;

8. adjudicate, decide, or resolve any and all matters in connection with, relating to, or in any manner arising from the WARN Act Class Settlement Agreement;

9. 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;

10. enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

11. 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;

12. 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;

13. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, discharges, releases, injunctions, exculpations, and other provisions contained in Article IX hereof and enter such orders as may be necessary or appropriate to implement or enforce such releases, injunctions, and other provisions;

14. 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 hereof;

15. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

16. determine any other matters that may be connected to, relate to, or in any manner arise from the Plan, the Disclosure Statement, the Confirmation Order, or the Plan Supplement;

17. adjudicate any and all disputes in connection with, relating to, or in any manner arising from to distributions under the Plan or any transactions contemplated therein;

18. 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 Order;

19. determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;

20. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

21. hear and determine all disputes involving the existence, nature, or scope of the release provisions set forth in the Plan, including any dispute in connection with, relating to, or in any manner arising from 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;
22. enforce all orders previously entered by the Bankruptcy Court in the Chapter 11 Case;
23. hear any other matter as to which the Bankruptcy Court has jurisdiction;
24. enter an order closing the Chapter 11 Case; and
25. enforce the injunction, release, and exculpation provisions provided in Article IX hereof.

**ARTICLE XIII.  
MISCELLANEOUS PROVISIONS**

*A. Immediate Binding Effect*

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, on the Effective Date, the terms of the Plan, the final versions of the documents contained in the Plan Supplement, and the Confirmation Order shall be immediately effective and enforceable and deemed binding upon the Liquidating Trust, any and all Holders of Claims or Interests (regardless of whether such Claims or Interests are deemed to have accepted or rejected the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, and injunctions described in the Plan, each Entity acquiring property under the Plan or the Confirmation Order, and any and all non-Debtor counterparties to Executory Contracts and Unexpired Leases with the Debtor. All Claims and debts shall be 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 Debtor may File with the Bankruptcy Court such agreements and other documents as may be necessary or advisable to effectuate and further evidence the terms and conditions of the Plan. The Debtor or the Liquidating Trustee, as applicable, all Holders of Claims and 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. Dissolution of the Creditors' Committee*

On the Effective Date, the Creditors' Committee shall dissolve automatically and the members thereof shall be released and discharged from all rights, duties, responsibilities, and liabilities in connection with, relating to, or in any manner arising from, the Chapter 11 Case and under the Bankruptcy Code, except for the limited purpose of prosecuting requests for payment of Professional Fee Claims for services and reimbursement of expenses incurred prior to the Effective Date by the Creditors' Committee and its Professionals. After the Effective Date, the Liquidating Trust shall no longer be responsible for paying any fees or expenses incurred by the members of or advisors to the Creditors' Committee after the Effective Date.

*D. Reservation of Rights*

Before the Effective Date, neither the Plan, any statement or provision contained in the Plan, nor any action taken or not taken by the Debtor with respect to the Plan, the Disclosure Statement, the Confirmation Order, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of the Debtor or the Liquidating Trust with respect to any Claims or Interests.

*E. Successors and Assigns*

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

*F. Service of Documents*

All notices, requests, and demands to or upon the Debtor or the Liquidating Trust to be effective shall be in writing (including by facsimile transmission), with an electronic copy delivered to the recipients listed email address, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to the Debtor, to:

Klausner Lumber Two LLC  
c/o Asgaard Capital, LLC  
107 Millcreek Corners, Suite B  
Brandon, MS, 39047  
Attn.: Robert Prusak, CRO  
Telephone: (203) 722-3448  
Email: [rprusak@asgaardcapital.com](mailto:rprusak@asgaardcapital.com)  
With a copy to Charles Reardon at [creardon@asgaardcapital.com](mailto:creardon@asgaardcapital.com)

And with copies to:

Westerman Ball Ederer Miller Zucker & Sharfstein, LLP  
1201 RXR Plaza  
Uniondale, NY 11556  
Attn.: Thomas A. Draghi  
Telephone: (516) 622-9200  
Facsimile: (516) 622-9212  
Email: [tdraghi@westermanllp.com](mailto:tdraghi@westermanllp.com)  
Attn.: William C. Heuer  
Email: [wheuer@westermanllp.com](mailto:wheuer@westermanllp.com)  
- and -

Morris, Nichols, Arsht & Tunnell LLP  
1201 North Market Street, 16th Floor  
P.O. Box 1347  
Wilmington, DE 19899  
Attn.: Eric Schwartz

Telephone: (302) 658-9200  
Facsimile: (302) 658-3989  
Email: [eschwartz@morrisnichols.com](mailto:eschwartz@morrisnichols.com)  
Attn.: Daniel B. Butz  
Email: [dbutz@morrisnichols.com](mailto:dbutz@morrisnichols.com)

If to the Liquidating Trustee:

Allen D. Wilen  
Eisner Advisory Group LLC  
111 Wood Avenue South  
Iselin, NJ 08830  
Telephone: (732) 243-7386  
Facsimile: (732) 951-7486  
Email: [allen.wilen@eisneramper.com](mailto:allen.wilen@eisneramper.com)

with copies to Counsel to the Liquidating Trustee:

Armstrong Teasdale LLP  
300 Delaware Avenue, Suite 210  
Wilmington, Delaware 19801  
Telephone: (302) 824-7089  
Attn.: Eric M. Suttty  
Email: [esuttty@atllp.com](mailto:esuttty@atllp.com)  
Attn.: Jonathan M. Stemerman  
Email: [jstemerman@atllp.com](mailto:jstemerman@atllp.com)

After the Effective Date, the Liquidating Trustee shall have the authority to send a notice to parties in interest providing that, to continue to receive documents pursuant to Bankruptcy Rule 2002, such party must File a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Liquidating Trustee is authorized to limit the list of Entities or parties in interest receiving documents pursuant to Bankruptcy Rule 2002 to (1) those Entities who have Filed such renewed requests; (2) Entities whose rights are affected by such documents; and (3) the U.S. Trustee.

*G. Entire Agreement*

Except as otherwise indicated, the Plan supersedes 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.

*H. 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 for free at <https://www.donlinrecano.com/Clients/klt/Index> or for a fee via PACER at: <https://www.pacer.gov>.

*I. Non-severability of Plan Provisions*

If, before Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be

invalid, void, or unenforceable, 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 term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation 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 Debtor's or the Liquidating Trust's consent, as applicable; and (3) non-severable and mutually dependent.

*J. Votes Solicited in Good Faith*

Upon entry of the Confirmation Order, the Debtor shall 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 Debtor and its respective current and former Affiliates, and such Affiliates' partners, subsidiaries, predecessors, current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly, but excluding Holders of Interests), members, officers, principals, employees, agents, managed accounts or funds, advisors, attorneys, accountants, investment bankers, consultants, contractors, representatives, management companies, fund advisors, and other professionals, together with their respective successors and assigns, shall 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, therefore, neither any of such parties, individuals, Entities, nor the Liquidating Trust, as applicable, shall have any liability for the violation of any applicable law (including the Securities Act), 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.

*K. Waiver or Estoppel*

Each Holder of a Claim or 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 Debtor or its counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed before the Confirmation Date.

Dated: January 14, 2022

Klausner Lumber Two LLC

/s/ Robert Prusak

By: Robert Prusak

Title: Chief Restructuring Officer

Official Committee of Unsecured Creditors

/s/ Eric M. Suttly

By: Eric M. Suttly

Title: Counsel