

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

In re:	)	
	)	Chapter 11
KLAUSNER LUMBER ONE LLC,	)	
Debtor. ¹	)	Case No. 20-11033 (KBO)
	)	
	)	

**NOTICE OF (I) APPROVAL OF DISCLOSURE STATEMENT, (II) DEADLINE FOR
CASTING VOTES TO ACCEPT OR REJECT THE JOINT PLAN, AND (III) THE
HEARING TO CONSIDER CONFIRMATION OF THE PLAN**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On March 8, 2021, the above-captioned debtor and debtor-in-possession (collectively, the “**Debtor**”) and the Official Committee of Unsecured Creditors (the “**Committee**”, together with the Debtor, the “**Proponents**”) filed (a) the *Chapter 11 Plan for Klausner Lumber One LLC* (the “**Plan**”) and (b) the *Disclosure Statement for Chapter 11 Plan for Klausner Lumber One LLC*, (as amended, the “**Disclosure Statement**”).²

2. Pursuant to an order, dated May 20, 2021 [D.I.917] (the “**Order**”), the United States Bankruptcy Court for the District of Delaware (the “**Court**”) approved the Disclosure Statement.

3. A hearing (the “**Confirmation Hearing**”) to consider confirmation of the Plan will be held before The Honorable KAREN B. OWENS, United States Bankruptcy Judge, in the Bankruptcy Court, 824 N. Market Street, 6th Floor, Courtroom 4, Wilmington, Delaware 19801,

¹ The last four digits of the Debtor’s federal EIN are 9109. The Debtor’s mailing address is Klausner Lumber One LLC, P.O. Box 878, Middleburg, VA 20118.

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

on July 1, 2021 at 9:30 a.m. prevailing Eastern Time. The Confirmation Hearing may be continued from time to time without further notice other than the announcement by Proponents of the adjourned date(s) at the Confirmation Hearing or any continued hearing or as indicated in any notice filed with the Court.

4. Objections to confirmation of the Plan, if any, must (a) be in writing and (b) be filed with the Court and served on (i) counsel to the Debtor, (A) Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, P.O. Box 1347, Wilmington, DE 19899 (Attention: Robert J. Dehney, Esq., Daniel Butz, Esq. and Nader Amer, Esq.), and (B) Westerman Ball Ederer Miller Zucker & Sharfstein, LLP (Attn: Thomas A. Draghi, Esq. and Alison Ladd, Esq.), (ii) counsel to the Committee (A) Morris James LLP, 500 Delaware Avenue, Suite 1500, Wilmington, DE 19801 (Attn.: Eric J. Monzo, Esq. and Brya M. Keilson, Esq.), (B) Faegre Drinker Biddle & Reath LLP, 1177 Avenue of the Americas, 41st Floor, New York, NY 10036 (Attn: Richard J. Bernard), and (C) Foley & Lardner LLP, 90 Park Avenue, New York, NY 10016 (Attn.: Alissa M. Nann, Esq.), and (iii) the Office of the U.S. Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801 (Attn.: Rosa Sierra, Esq.), so that they are received **no later than 4:00 p.m. (prevailing Eastern Time) on June 24, 2021** (the “**Confirmation Objection Deadline**”). The Proponents shall, if they deem necessary in their discretion, file a consolidated reply to any such objections and/or any affidavits or declarations in support of approval of the Plan by no later than June 28, 2021 (or three calendar days prior to the date of any adjourned Confirmation Hearing).

5. Pursuant to the Order, the Court approved the use of certain materials in the solicitation of votes to accept or reject the Plan and certain procedures for the tabulation of votes to accept or reject the Plan. If you are a holder of a Claim against the Debtor as of **May 20, 2021**

and entitled to vote, you have received with this Notice, a ballot form (a “**Ballot**”), and instructions for completing the Ballot.

6. For a vote to accept or reject the Plan to be counted, the holder of a Ballot must complete all required information on the Ballot, execute the Ballot, and return the completed Ballot in accordance with the instructions, so that it is received by **5:00 p.m. (prevailing Eastern Time) on June 24, 2021** (the “**Voting Deadline**”), which deadline may be extended by the Proponents. Any failure to follow the instructions included with the Ballot, or to return a properly completed Ballot so that it is received by the Voting Deadline, may disqualify such Ballot and vote on the Plan. **You may also be eligible to submit a Ballot electronically. If you wish to do so, please visit the following web address and follow the instructions on that web address:** <https://www.donlinrecano.com/Clients/klo/vote>. The rules and procedures for the tabulation of the votes are outlined in the Order.

7. If a holder of a Claim wishes to challenge the allowance or disallowance of a Claim for voting purposes under the Tabulation Procedures (as defined in the Order), such person or entity must file a motion, pursuant to Bankruptcy Rule 3018(a), for an order temporarily allowing its Claim in a different amount or classification for purposes of voting to accept or reject the Plan (a “**Rule 3018 Motion**”) and serve the Rule 3018 Motion on the Proponents so that it is received no later than **4:00 p.m. (prevailing Eastern Time) on the fifth day after the later of (a) service of the Confirmation Notice and (b) service of notice of an objection, if any, to such Claim**. The Proponents, or any other party in interest, shall have until June 11, 2021 to file and serve any responses to such motions. Unless the Bankruptcy Court orders otherwise, such Claim will not be counted for voting purposes in excess of the amount determined in accordance with the Tabulation Procedures.

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

Article IX.D; Release by the Debtor

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, each Released Party³ is deemed released and discharged by the Debtor, its Estate and the Post-Confirmation Debtor from any and all Causes of Action that the Debtor, its Estate or the Post-Confirmation Debtor 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, arising from the Petition Date through the Effective Date, including Causes of Action based on or 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, the DIP 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 relating to any of the foregoing.**

Notwithstanding anything to the contrary in the foregoing, these releases do not release 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.

³ "Released Party" means each of the following solely in their capacity as such: (a) the Debtor; (b) the DIP Lender; (c) the Creditors' Committee and each of its members; (d) the Debtor's Professionals; and (e) the Creditors' Committee's Professionals.

Entry of the Confirmation Order shall constitute the Bankruptcy Court’s approval, pursuant to Bankruptcy Rule 9019, 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, its Estate or the Plan Administrator for or on behalf of the Post-Confirmation Debtor asserting any claim released by the releases set forth above against any of the Released Parties.

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

As of the Effective Date, each Releasing Party⁴ is deemed to have released and discharged the Debtor and all other Released Parties from any and all Causes of Action that such Entity has or would have been legally entitled to assert (whether individually or collectively), arising from the Petition Date through the Effective Date, including Causes of Action based on or relating to, or in any manner arising from, in whole or in part:

- (e) the Debtor, the Debtor’s operations and restructuring efforts, and the formulation, preparation, dissemination, negotiation, or filing of the Plan Documents;**
- (f) 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;**
- (g) the Chapter 11 Case, including without limitation, the management,**

⁴ “Releasing Party” means, collectively, and in each case solely in its capacity as such: (a) the Debtor; (b) the Post-Confirmation Debtor and the Plan Administrator; (c) the DIP Lender; (d) the Creditors’ Committee and each of its members; (e) each Creditor Releasing Party; and (f) any person or entity claiming by or through each of the foregoing Entities described in clauses (a) through (e), 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, 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.

“Creditor Releasing Party” means (a) each Holder of a Claim that submitted a ballot to accept or reject the Plan and affirmatively opted in to being a Releasing Party by marking the box on its ballot designated for such purpose; (b) pursuant to the Plan Settlement, each Holder of Affiliate Secured Claims, Affiliate Unsecured Claims, FS Secured Claims, and FS Deficiency/Unsecured Claims; and (c) 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.

administration and implementation thereof, the Plan, the Disclosure Statement, the WARN Act Class Settlement Agreement, the DIP 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

- (h) the business or contractual arrangements between the Debtor and any Released Party, and any other act or omission, transaction, agreement, event, or other occurrence relating to any of the foregoing.**

Without limiting the preceding subsection E.1., as of the Effective Date, each Creditor Releasing Party is deemed to have released and discharged each Manager Releasee⁵ from any and all Causes of Action that such Entity has or would have been legally entitled to assert (whether individually or collectively), arising from the Petition Date through the Effective Date, including Causes of Action based on or 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 Manager Releasee 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, the DIP 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 Manager Releasee, and any other act or omission, transaction, agreement, event, or other occurrence relating to any of the foregoing.**

⁵ "Manager Releasee" means each and any of the Debtor's current and former directors, officers and managers who served in such capacity on or after the Petition Date, including Nat Wasserstein of Lindenwood Associates LLC, the Debtor's independent director who was retained after the Petition Date (but excluding the Debtor's Chief Restructuring Officer, who is a Released Party and a Professional). For the avoidance of doubt, the term Manager Releasee shall not apply to the Debtor's current and former directors (other than Nat Wasserstein of Lindenwood Associates LLC, the Debtor's independent director), the officers and managers for actions taken prior to the Petition Date.

Notwithstanding anything to the contrary in the foregoing subsections D., E.1. and E.2, 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) subject to Article IX.F hereof, claims against any Exculpated Party⁶ related to any act or omission that is determined in a Final Order to have constituted actual fraud, willful misconduct, or gross negligence. For the avoidance of doubt, nothing in this Plan, the Plan Supplement, or the Confirmation Order shall preclude the Post-Confirmation Debtor, Plan Administrator, 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. Furthermore, for the avoidance of doubt, the third-party releases set forth above in Section E.2 do not apply to any Manager Releasees (other than Nat Wasserstein of Lindenwood Associates LLC, the Debtor's independent director who was appointed post-petition) for any actions taken by prior to the Petition Date.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the third-party releases set forth above, which include by reference each of the related provisions and definitions contained herein and further shall constitute the Bankruptcy Court's finding that the third-party releases set forth above are: (i) given voluntarily; (ii) in exchange for the good and valuable consideration provided by the Released Parties and Manager Releasees; (iii) a good-faith settlement and compromise of the claims released by the Releasing Parties and Creditor Releasing Parties; (iv) in the best interests of the Debtor and all Holders of Claims and Interests; (v) fair, equitable, and reasonable; (vi) given and made after notice and opportunity for hearing; (vii) a bar to any of the Releasing Parties asserting any Claim released by the third-party releases set forth above against any of the Released Parties; and (viii) a bar to any of the Creditor Releasing Parties asserting any Claim released by the third-party releases set forth above against any of the Manager Releasees.

Article IX.F; 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 arising out of, the Chapter 11 Case, including without limitation, the management, administration and implementation thereof, the Disclosure Statement, the Plan, the WARN Act Class Settlement Agreement, the DIP

⁶ "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 Post-Confirmation Debtor and the Plan Administrator; (e) the Creditors' Committee and each of its members; (f) the Creditors' Committee's Professionals; and (g) 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. For the avoidance of doubt, no Exculpated Party shall be exculpated for any act or omission that occurred prior to the Petition Date.

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 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, 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 pursuant to the Plan. The Exculpated Parties have, and upon closing of the Chapter 11 Case or the Effective Date shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation and distribution of consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. For the avoidance of doubt, no Exculpated Party shall be exculpated for any act or omission that occurred prior to the Petition Date.

Article IX.G; 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, discharged, or exculpated pursuant to the Plan, are permanently enjoined from and after the Effective Date, to the fullest extent consistent with section 362(b)(4) of the Bankruptcy Code, from taking any of the following actions against, as applicable, the Debtor or the Post-Confirmation Debtor, or the other Released Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (3) creating, perfecting, or enforcing any 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 or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan. 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, at least with respect to the Debtor, terminate upon

the later of (a) distribution of all of the Debtor's property under the Plan, and (b) the closing of the Chapter 11 Case.

9. AS A HOLDER OF A CLAIM IN A VOTING OR NON-VOTING CLASS UNDER THE PLAN, YOU MAY AFFIRMATIVELY OPT IN TO THE RELEASE SET FORTH IN ARTICLE IX.E OF THE PLAN.

10. COPIES OF THE DISCLOSURE STATEMENT, THE PLAN, AND THE ORDER MAY BE OBTAINED AND/OR ARE AVAILABLE FOR REVIEW FREE OF CHARGE AT THE WEBSITE OF DONLIN, RECANO & COMPANY, INC., THE NOTICE, CLAIMS, SOLICITATION AND BALLOTING AGENT RETAINED THE BY DEBTOR IN THE CHAPTER 11 CASE (THE "SOLICITATION AND CLAIMS AGENT"), [HTTP://HTTPS://WWW.DONLINRECANO.COM/KLAUSNER](http://https://www.donlinrecano.com/klausner), OR BY CONTACTING THE SOLICITATION AND CLAIMS AGENT BY EMAIL, [WWW.DONLINRECANO.COM](http://www.donlinrecano.com), BY TELEPHONE, (800) 903-3727 (TOLL-FREE) FOR INTERNATIONAL CALLERS, OR AT (212) 481-1411 OR BY WRITING AT 6201 15TH AVENUE, BROOKLYN, NEW YORK 11219.

Dated: May 20, 2021
Wilmington, Delaware

Respectfully submitted,

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Daniel B. Butz

Robert J. Dehney (No. 3578)
Eric D. Schwartz (No. 3134)
Daniel B. Butz (Bar No. 4227)
Nader A. Amer (Bar No. 6635)
1201 North Market Street, 16th Floor
P.O. Box 1347
Wilmington, Delaware 19899-1347
Telephone: (302) 658-9200
Facsimile: (302) 658-3989
Email: dbutz@mnat.com
namer@mnat.com

-and-

**WESTERMAN BALL EDERER
MILLER ZUCKER & SHARFSTEIN, LLP**

Thomas A. Draghi (admitted *pro hac vice*)
Alison M. Ladd (admitted *pro hac vice*)
1201 RXR Plaza
Uniondale, NY 11556
Tel: 516-622-9200
tdraghi@westermanllp.com
aladd@westermanllp.com

Counsel to the Debtor and Debtor in Possession