

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

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In re	:	Chapter 11
	:	
THE NORDAM GROUP, INC., <i>et al.</i> ,	:	Case No. 18-11699 (MFW)
	:	
Debtors. ¹	:	(Jointly Administered)
	:	
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**DISCLOSURE STATEMENT FOR JOINT
POSTPACKAGED CHAPTER 11 PLAN OF REORGANIZATION
OF THE NORDAM GROUP, INC. AND ITS DEBTOR AFFILIATES**

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Dated: November 12, 2018

THIS IS NOT A SOLICITATION OF VOTES OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are The NORDAM Group, Inc. (7803); Nacelle Manufacturing 1 LLC (3107); Nacelle Manufacturing 23 LLC (5528); PartPilot LLC (5261); and TNG DISC, Inc. (9726). The Debtors' corporate headquarters and service address is 6910 North Whirlpool Drive, Tulsa, Oklahoma 74117.

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION	1
A. Definitions and Exhibits	1
B. Notice to Parties Entitled to Vote	1
C. Overview	2
II. BACKGROUND	4
A. Debtors’ Business Operations	4
B. Prepetition Capital Structure	5
C. Formation of Restructuring Committee of Board	6
D. DIP Financing Facility	6
III. OVERVIEW OF CHAPTER 11 CASES	7
A. Commencement of Chapter 11 Cases	7
B. Substantive First Day Motions	7
C. Procedural Motions	7
D. Retention of Chapter 11 Professionals	8
E. Appointment of Creditors’ Committee	8
F. Statutorily Required Financial Report and Schedules and Statements	8
G. Treatment of Executory Contracts and Unexpired Leases	8
H. Global Resolution	9
IV. SUMMARY OF PLAN	10
A. Treatment of Claims and Interests	10
B. Means for Implementation of Plan	10
C. Settlement, Release, Injunction, and Related Provisions	11
D. Conditions Precedent to Consummation of Plan	15
V. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF PLAN	16
A. Continuation of Chapter 11 Cases	16
B. Liquidation under Chapter 7	16
VI. VOTING PROCEDURES AND REQUIREMENTS	17
VII. CERTAIN TAX CONSEQUENCES OF PLAN	18
A. Structuring Transaction	19
B. Tax-Free Reorganization	19
VIII. CONFIRMATION OF PLAN	19
A. Acceptance of Plan by Impaired Class	20
B. Best Interests Test	20
C. Feasibility	20
D. Notices and Combined Hearing	21
IX. CONCLUSION AND RECOMMENDATION	23

I. INTRODUCTION

This is the disclosure statement (this “**Disclosure Statement**”) of The NORDAM Group, Inc. (“**NORDAM Parent**”), Nacelle Manufacturing 1 LLC, Nacelle Manufacturing 23 LLC, PartPilot LLC, and TNG DISC, Inc. (collectively, the “**Debtors**” and, together with their non-Debtor affiliates, “**NORDAM**”), in the above-captioned chapter 11 cases pending in the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”). This Disclosure Statement has been filed pursuant to section 1125 of chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in connection with the solicitation of votes on the *Joint Postpackaged Chapter 11 Plan of Reorganization of The NORDAM Group, Inc. and Its Debtor Affiliates* dated November 12, 2018 (the “**Plan**”), a copy of which is annexed hereto as **Exhibit A**. The Plan constitutes a separate chapter 11 plan for each Debtor.

A. *Definitions and Exhibits*

1. Definitions

Unless otherwise defined below, capitalized terms used in this Disclosure Statement shall have the meanings ascribed to such terms in the Plan.

2. Exhibits

The following exhibits to this Disclosure Statement are incorporated as if fully set forth herein and are deemed to be part of this Disclosure Statement:

- **Exhibit A** – Plan
- **Exhibit B** – Financial Projections

B. *Notice to Parties Entitled to Vote*

The purpose of this Disclosure Statement is to set forth information that (1) summarizes the Plan; (2) advises parties entitled to vote of their rights under the Plan; (3) assists parties entitled to vote on the Plan in making informed decisions as to whether they should vote to accept or reject the Plan; and (4) assists the Bankruptcy Court in determining whether the Plan complies with the provisions of chapter 11 of the Bankruptcy Code and should be confirmed.

Contemporaneously with the filing of this Disclosure Statement, the Debtors are seeking entry of an order by the Bankruptcy Court (1) conditionally approving this Disclosure Statement; (2) scheduling a combined hearing (the “**Combined Hearing**”) to consider (a) the adequacy of information contained in this Disclosure Statement, (b) the adequacy of the procedures utilized in connection with the solicitation of votes on the Plan, and (c) confirmation of the Plan; and (3) establishing a deadline to object to the adequacy of this Disclosure Statement, the solicitation procedures, and confirmation of the Plan.

IT IS THE DEBTORS' OPINION THAT CONFIRMATION AND IMPLEMENTATION OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS' ESTATES, CREDITORS, AND EQUITY INTEREST HOLDERS. THEREFORE, THE DEBTORS RECOMMEND THAT INTEREST HOLDERS VOTE TO ACCEPT THE PLAN.

PLEASE READ THIS DISCLOSURE STATEMENT, INCLUDING THE PLAN, IN ITS ENTIRETY. THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE ACTUAL TERMS AND PROVISIONS OF THE PLAN, A COPY OF WHICH IS ANNEXED HERETO AS EXHIBIT A. ACCORDINGLY, IF THERE ARE ANY INCONSISTENCIES BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN SHALL CONTROL.

C. *Overview*

Since its founding more than five decades ago, NORDAM has been a leader in the aviation and aerospace repair and manufacturing fields, and today is one of the world's largest independently owned aerospace companies with employees across multiple facilities in North America, Europe, and Asia. Despite this long record of success, however, the Debtors faced financial and operating difficulties as a result of substantial non-recurring costs incurred in connection with the *Purchase Agreement for Nacelle Hardware Products*, dated October 18, 2010, between NORDAM Parent and Pratt & Whitney Canada Corp. ("**P&WC**" and such agreement, the "**LTPA**"), under which the Debtors had contracted to develop, manufacture, and support nacelle systems for Gulfstream Aerospace Corporation's ("**GAC**") G500 and G600 aircraft (the "**PW800 Program**"). The challenges associated with the LTPA negatively impacted the Debtors' balance sheet and available liquidity, and jeopardized their historically profitable position and fundamental ability to continue operating.

The Debtors commenced these chapter 11 cases to preserve the value of their estates and to benefit from the breathing spell contemplated by the Bankruptcy Code as they worked towards a consensual resolution of their obligations under the LTPA with key stakeholders. The Debtors accomplished their goals quickly and consensually, and successfully negotiated and consummated a global resolution with GAC and P&WC, which fully and finally resolved the obligations under the LTPA, PW800 Program, and related issues (the "**Global Resolution**"). The Global Resolution has materially improved the Debtors' business operations and liquidity profile, and has well positioned them to emerge from chapter 11 stronger than ever.

All that remains now in the Debtors' restructuring is a further deleveraging of their balance sheet, which is proposed to be accomplished through the Plan and related transactions. Specifically, the Plan contemplates that:

- The Debtors will enter into senior secured credit facilities (the "**Exit Facilities**") composed of a \$[●] million term loan and \$[●] million revolving credit facility.
- All creditors will be unimpaired under the Plan, and will therefore receive payment in full and are not entitled to vote on the Plan.

The Debtors believe that, upon consummation of the Plan and the transactions contemplated thereby, in conjunction with the significant costs savings already achieved through the Global Resolution, the post-emergence enterprise will have the necessary capital to invest in and grow its businesses, and will be strongly positioned to resume NORDAM's long history of success.

The Plan provides for the following treatment of Claims and Interests:²

Class	Designation	Treatment	Impairment and Entitlement to Vote	Estimated Allowed Amount and Percentage Recovery ³
1	Priority Non-Tax Claims	Each holder of an Allowed Priority Non-Tax Claim will receive payment in full, in Cash, of the unpaid portion of its Allowed Priority Non-Tax Claim on the Effective Date (or, if payment is not then due, payment in the ordinary course of business).	Unimpaired Not Entitled to Vote (Presumed to accept)	Estimated Allowed Amount: \$100,000.00 - \$150,000.00 Estimated Percentage Recovery: 100%
2	Other Secured Claims	Each holder of an Allowed Other Secured Claim will receive: (i) payment in full, in Cash, of the unpaid portion of its Allowed Other Secured Claim on the Effective Date (or, if payment is not then due, payment in the ordinary course of business); (ii) the applicable Debtor's interest in the collateral securing its Allowed Other Secured Claim; or (iii) such other treatment rendering its Allowed Other Secured Claim Reinstated or unimpaired.	Unimpaired Not Entitled to Vote (Presumed to accept)	Estimated Allowed Amount: \$50,000.00 Estimated Percentage Recovery: 100%
3	Prepetition Credit Facility Claims	Each holder of an Allowed Prepetition Credit Facility Claim will receive payment in full, in Cash, of the unpaid portion of its Allowed Prepetition Credit Facility Claim.	Unimpaired Not Entitled to Vote (Presumed to accept)	Estimated Allowed Amount: \$268,843,220.00 ⁴ Estimated Percentage Recovery: 100%

² **This overview is qualified in its entirety by reference to the Plan.** The treatment of Claims and Interests under the Plan is not intended to, and will not, waive, compromise, or limit any rights, claims, or causes of action if the Plan is not confirmed. You should read the Plan in its entirety before voting to accept or reject the Plan.

³ **Estimated amounts are as of the date hereof and are subject to material change.**

⁴ Amount includes postpetition interest accruing at the default rate through an assumed Effective Date of December 31, 2018, and is therefore subject to change.

Class	Designation	Treatment	Impairment and Entitlement to Vote	Estimated Allowed Amount and Percentage Recovery³
4	General Unsecured Claims	Each holder of an Allowed General Unsecured Claim will receive: (i) payment of the unpaid portion of its Allowed General Unsecured Claim in accordance with its terms in the ordinary course; or (ii) such other treatment rendering its Allowed General Unsecured Claim unimpaired.	Unimpaired Not Entitled to Vote (Presumed to accept)	Estimated Allowed Amount: \$55,000,000.00 - \$65,000,000.00 Estimated Percentage Recovery: 100%
5	Intercompany Claims	Intercompany Claims will be paid, adjusted, continued, settled, Reinstated, discharged, or eliminated as determined by the Debtors or Reorganized Debtors, as applicable, in their discretion.	Unimpaired Not Entitled to Vote (Presumed to accept)	Estimated Percentage Recovery: 100%
6	Intercompany Interests	Intercompany Interests will be paid, adjusted, continued, settled, Reinstated, discharged, or eliminated as determined by the Debtors or Reorganized Debtors, as applicable, in their discretion.	Unimpaired Not Entitled to Vote (Presumed to accept)	Estimated Percentage Recovery: 100%
7	Existing NORDAM Parent Interests	Allowed Existing NORDAM Parent Interests will be converted into shares of NewCo having the same designations, rights, powers and preferences, and the qualifications, limitations and restrictions thereof, in accordance with the Tax-Free Reorganization (as defined below).	Impaired Entitled to Vote	N/A

II. BACKGROUND

A. *Debtors' Business Operations*

NORDAM was founded in 1969, when Raymond H. Siegfried II acquired control of NORDAM, a then near-bankruptcy local Tulsa, Oklahoma business. Ray became vice president and general manager of the fledgling business, and he, with his grandfather Ray Siegfried Sr., and eight other employees, set to work transforming the formerly struggling fabrication shop into a successful aircraft component manufacturing and repair company. Today, NORDAM is a leading global aerospace enterprise operating on four continents with revenues in excess of \$500 million per year.

The Debtors operate in two primary business segments: (1) aircraft manufacturing and (2) aircraft maintenance, repairs, and overhaul services. Additionally, the Debtors provide a marketplace platform for third parties to buy and sell aviation parts, though these activities represent a small portion of their overall operations. In fiscal year 2017, the Debtors generated \$49.9 million of EBITDA on a consolidated basis and currently employ just over 1,900

employees worldwide, with more than 1,600 located in the United States, primarily in hometown Tulsa, Oklahoma.

The Debtors' manufacturing operations produce a wide variety of aerospace component parts, including transparencies, nacelles, thrust reversers, cabinetry, and radomes, for customers across the business jet, commercial jet, and military sectors. Historically, the Debtors' manufacturing operations have been primarily directed at "blue chip" customers, such as P&WC, GAC, Boeing, and other major manufacturers of aircraft and aircraft components. The manufacturing segment accounts for the largest proportion of the Debtors' business, generating \$246 million of revenue in 2017 and corresponding EBITDA of \$31 million, while employing approximately 1,200 employees in five facilities across three locations: three facilities in Tulsa, Oklahoma; one facility in Chihuahua, Mexico; and one facility in Altrincham, England, United Kingdom.

The Debtors also provide maintenance, repairs, and overhaul services for aircraft across the business, commercial, and military markets. Through this business segment, the Debtors employ approximately 500 employees that provide routine and out-of-manual repairs and overhauls relating primarily to thrust reversers, nacelles, flight controls, and radomes. These services generated approximately \$188 million of revenue in 2017 and corresponding EBITDA of \$18.5 million.

B. *Prepetition Capital Structure*

1. Indebtedness

As of the Petition Date, the Debtors' prepetition capital structure consisted of approximately \$285.9 million in total funded debt, made up of (a) a fully-drawn revolving credit facility in an outstanding principal amount of approximately \$266.5 million (the "**Prepetition Credit Facility**") and (b) an unsecured promissory note in an outstanding principal amount of approximately \$19.2 million (the "**VIE Note**").

a. *Prepetition Credit Facility*

On December 18, 2012, NORDAM Parent entered into the *Fourth Amended and Restated Credit Agreement* (as amended, modified, or restated from time to time, the "**Prepetition Credit Agreement**") with JPMorgan Chase Bank, N.A., as administrative and collateral agent (the "**Prepetition Agent**"), and the lenders party thereto (the "**Prepetition Lenders**"), pursuant to which the Prepetition Lenders agreed to provide the Debtors with revolving credit loans and letters of credit, subject to a borrowing base availability. The obligations under the Prepetition Credit Agreement are secured by a first priority lien on substantially all of NORDAM Parent's property and assets, subject to certain exceptions and exclusions.

On September 22, 2017, NORDAM Parent, the other Debtor entities, and the Prepetition Lenders entered into a fifth amendment to the Prepetition Credit Agreement. Pursuant to this amendment, the Prepetition Lenders agreed to increase the borrowing base of the Prepetition Credit Facility to approximately \$266.5 million and to extend its maturity date to June 18, 2018. In exchange, each Debtor (other than NORDAM Parent) agreed to guarantee NORDAM Parent's

obligations under the Prepetition Credit Agreement. The Prepetition Credit Facility matured on June 18, 2018 and approximately \$266.5 million in principal amount remains outstanding.

b. VIE Note

NORDAM Parent is also party to the *Credit Agreement*, dated April 4, 2018 (as amended, modified, or restated from time to time, the “**VIE Credit Agreement**”), with Cherokee Partners L.L.C., East Plant Investment L.L.C., and Eight Partners LLC (collectively, the “**VIE Lenders**”).⁵ Pursuant to the VIE Credit Agreement and certain related transaction documents, the VIE Lenders agreed (i) to advance up to \$20 million to the Debtors pursuant to a promissory note bearing annual payment in kind interest at the prime rate and that matured on June 18, 2018, and (ii) that any obligations to the VIE Lenders are unsecured and subordinated to any obligations to the Prepetition Lenders under the Prepetition Credit Agreement. No Debtor other than NORDAM Parent is an obligor with respect to the VIE Note. As of the Petition Date, approximately \$19.2 million of principal and \$264,000 in accrued interest is due under the VIE Note.

2. Trade Payables

In the ordinary course of their business, the Debtors incur trade debt with numerous vendors in connection with their operations.

C. *Formation of Restructuring Committee of Board*

Before the Petition Date, the Board of Directors of NORDAM Parent appointed an independent Restructuring Committee to consider, evaluate, and approve various strategic alternatives for and on behalf of NORDAM Parent, including a potential chapter 11 filing. The Restructuring Committee was initially composed of Paul Kenneth Lackey, Jr., Thomas J. Allison, and David L. Eaton, with Michael J. Shonka serving as an alternative member. After the Petition Date, Mr. Shonka replaced Mr. Lackey as a member of the Restructuring Committee.

D. *DIP Financing Facility*

Anticipating that postpetition financing would be necessary in these chapter 11 cases, the Debtors and their advisors vigorously negotiated the terms of a proposed \$45 million senior secured superpriority financing facility (the “**DIP Facility**”) with the Prepetition Lenders in the weeks leading up to the Petition Date. At the same time, the Debtors began soliciting indications of interest from alternative lenders, intending to continue this process postpetition, in an effort to market test the DIP Facility offered by the Prepetition Lenders. Ultimately, the Debtors determined that the DIP Facility offered by the Prepetition Lenders provided the best terms reasonably available to the Debtors as of the Petition Date and was, in fact, the only viable option available at that time. On August 28, 2018, the Bankruptcy Court entered an order approving the DIP Facility on a final basis (ECF No. 217), which was subsequently amended by further order of the Bankruptcy Court on September 6, 2018 (ECF No. 278).

⁵ The VIE Lenders are beneficially owned by members of the Siegfried family. The VIE Lenders also own three buildings in or around Tulsa, Oklahoma that are leased by the VIE Lenders to the Debtors.

III. OVERVIEW OF CHAPTER 11 CASES

A. *Commencement of Chapter 11 Cases*

On July 22, 2018, the Debtors commenced these chapter 11 cases.⁶ The Debtors continue managing their properties and operating their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

B. *Substantive First Day Motions*

On the Petition Date, the Debtors filed multiple motions seeking various forms of relief from the Bankruptcy Court to facilitate a smooth transition into chapter 11. The Bankruptcy Court granted substantially all of the relief requested in these motions and entered various orders authorizing the Debtors to, among other things:

- continue the use of their cash management system, bank accounts, and business forms;
- continue paying employee wages and benefits;
- continue rebate and warranty programs;
- continue insurance programs, the processing of workers' compensation claims, and their surety bond program;
- establish procedures for utility companies to request adequate assurance of payment and to prohibit utility companies from altering or discontinuing service;
- pay certain prepetition taxes and assessments;
- obtain senior secured superpriority financing and use cash collateral; and
- pay certain critical vendors, shippers, miscellaneous lien claimants, and obligations with respect to prepetition orders of goods to be delivered postpetition.

C. *Procedural Motions*

The Debtors filed various motions regarding procedural issues common to chapter 11 cases of similar size and complexity. The Bankruptcy Court granted substantially all of the relief requested in such motions and entered various orders authorizing the Debtors to, among other things:

- employ professionals utilized by the Debtors in the ordinary course of business; and
- establish procedures for the interim compensation and reimbursement of expenses of chapter 11 professionals.

⁶ The events leading to the commencement of these chapter 11 cases are set forth in the *Declaration of John C. DiDonato In Support of Debtors' Chapter 11 Petitions and First Day Relief* (ECF No. 3).

D. *Retention of Chapter 11 Professionals*

The Debtors have filed several applications and obtained authority to retain various professionals to assist the Debtors in carrying out their duties under the Bankruptcy Code during these chapter 11 cases. These professionals include (1) Weil, Gotshal & Manges LLP as counsel to the Debtors; (2) Richards, Layton & Finger, P.A. as co-counsel to the Debtors; (3) Guggenheim Securities, LLC as investment banker; (4) Huron Consulting Services LLC to provide the Debtors a Chief Restructuring Officer, Deputy Chief Restructuring Officers, and other supporting personnel; (5) Epiq Bankruptcy Solutions, LLC as claims and noticing agent and administrative advisor; (6) Davis Graham & Stubbs LLP as special counsel to the Debtors; and (7) Grant Thornton LLP as provider of accounting, tax, and audit services to the Debtors.

E. *Appointment of Creditors' Committee*

On August 1, 2018, the United States Trustee for the District of Delaware appointed the Official Committee of Unsecured Creditors (the "**Committee**") pursuant to section 1102 of the Bankruptcy Code to represent the interests of unsecured creditors in these chapter 11 cases (ECF No. 106). The members of the Committee are (1) Hexcel Corporation, (2) Infosys Limited, (3) Cytec Engineering Materials, Inc., (4) KLX, Inc., (5) Pryer Aerospace LLC – Tulsa, (6) Eaton Corporation, and (7) TNT Machine, Inc. The Committee retained (1) Morrison & Foerster LLP as counsel, (2) Cole Schotz P.C. as co-counsel, (3) Zolfo Cooper, LLC as financial adviser, and (4) Jefferies LLC as investment banker.

F. *Statutorily Required Financial Report and Schedules and Statements*

On September 11, 2018, the Debtors filed their periodic report on the value, operations, and profitability, for the annual period ended December 31, 2017 and the year-to-date period ended June 30, 2018, of certain non-Debtor entities in which one or more Debtors hold a substantial or controlling interest required under Rule 2015.3(a) of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**") (ECF No. 283). On September 21, 2018, the Debtors filed their schedules of assets and liabilities and statements of financial affairs (ECF Nos. 323-34).

G. *Treatment of Executory Contracts and Unexpired Leases*

As of the Petition Date, the Debtors were parties to five leases of nonresidential real property. Section 365(d)(4)(A) of the Bankruptcy Code provides that a debtor has a period of 120 days following the commencement of a chapter 11 case to assume, assign, or reject unexpired leases of nonresidential real property. Pursuant to section 365(d)(4)(B) of the Bankruptcy Code, a bankruptcy court may, upon a showing of cause, extend the 120 day period by an additional 90 days. The Debtors' initial 120 day period will expire on November 19, 2018. On October 5, 2018, the Debtors filed a motion to extend this period to February 18, 2019 (ECF No. 452). On October 23, 2018, the Bankruptcy Court entered an order extending the period (ECF No. 570).

H. *Global Resolution*

As described above, before the Petition Date, the Debtors engaged in negotiations with P&WC aimed at reaching a consensual resolution of the LTPA dispute, including P&WC's alleged damage claims. After the Petition Date, Gulfstream Aerospace Corporation expressed an interest in facilitating such a resolution and funding the restart of the PW800 Program, thereby resuming production of nacelle systems used in GAC's G500 and G600 aircraft, while benefitting the Debtors by eliminating potential future damage claims arising under the LTPA. In late August 2018, representatives from GAC and the Debtors met in New York to negotiate a comprehensive solution which, after good faith, arm's-length negotiations, resulted in the compromises embodied in the Global Resolution.

The Global Resolution was principally composed of the following interdependent parts:

- rejection of the LTPA, resulting in a rejection damage claim held by GAC as assignee of P&WC under the LTPA;
- the sale of the Debtors' assets used in the PW800 Program to GAC in exchange for (a) a full and irrevocable release of the LTPA rejection damages claim, (b) GAC's payment of up to \$18 million of trade liabilities related to the PW800 Program, and (c) certain intellectual property backflow licenses to the Debtors for use outside of the PW800 Program;
- mutual releases among the Debtors, P&WC, and GAC of claims relating to the PW800 Program, the LTPA, and any associated liabilities;
- a shared services agreement among the Debtors and GAC to transition control of the PW800 Program to GAC and long-term operational support from the Debtors;
- a sublease among the Debtors and GAC allowing GAC to operate the PW800 Program within one of the Debtors' facilities;
- a license and sublicense of certain of the Debtors' intellectual property to GAC necessary for the operation of the PW800 Program or related products; and
- an interim funding agreement among the Debtors and GAC, pursuant to which GAC could fund the restart and operating costs of the PW800 Program until the closing of the transactions contemplated by the Global Resolution.

On September 4, 2018, the Debtors filed motions seeking approval of the Global Resolution and interim funding in connection therewith (ECF Nos. 233, 235). On September 26, 2018, the Bankruptcy Court entered orders approving the Global Resolution and interim funding (ECF Nos. 360, 362). The closing of the Global Resolution transactions occurred on September 28, 2018.

IV. SUMMARY OF PLAN⁷

This section of this Disclosure Statement summarizes the Plan, a copy of which is annexed hereto as **Exhibit A**. This summary is qualified in its entirety by reference to the Plan. **YOU SHOULD READ THE PLAN IN ITS ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.**

A. *Treatment of Claims and Interests*

All holders of Allowed Priority Non-Tax Claims, Allowed Other Secured Claims, Allowed Prepetition Credit Facility Claims, and Allowed General Unsecured Claims (Classes 1-4) will receive payment in full on account of their Claims, and Intercompany Claims and Intercompany Interests (Classes 5 and 6) will be reinstated and paid in the ordinary course. Existing NORDAM Parent Interests (Class 7) will be converted into shares of NewCo in accordance with the Tax-Free Reorganization.

B. *Means for Implementation of Plan*

1. Sources of Consideration for Plan Distributions

Distributions under the Plan will be funded with (a) Cash on hand and (b) proceeds from the Exit Facilities.

2. Exit Facilities

The Exit Facilities will be senior secured credit facilities in a principal amount of up to \$[[●]] in the form of a term loan and \$[●] in the form of a revolving credit facility with the capacity for the issuance of letters of credit], as provided for in the Exit Facility Documents.

3. Structuring Transaction

In connection with NORDAM Parent's intention to reorganize into a holding company structure pursuant to Section 251(g) of the Delaware General Corporations Law, the following transactions shall occur in the following order, and the Debtors or Reorganized Debtors (as applicable) may take all actions necessary or appropriate to effectuate such transactions:

- a. NORDAM Parent shall form NewCo, a Delaware corporation, which in turn shall form Merger Sub, a Delaware limited liability company.
- b. NORDAM Parent shall merge with and into Merger Sub with Merger Sub surviving, and each share of NORDAM Parent shall be converted into one share of NewCo having the same designations, rights, powers and preferences, and the qualifications, limitations and restrictions thereof, as

⁷ **This overview is qualified in its entirety by reference to the Plan.** The treatment of Claims and Interests under the Plan is not intended to, and will not, waive, compromise, or limit any rights, claims, or causes of action if the Plan is not confirmed. You should read the Plan in its entirety before voting to accept or reject the Plan.

each share of NORDAM Parent being converted in the merger (the “**Merger**”).

- c. NewCo shall elect to be treated as an S corporation for U.S. federal income tax purposes (the foregoing transactions, the “**Tax-Free Reorganization**”).

No vote of persons holding shares of NORDAM Parent immediately prior to the Tax-Free Reorganization shall be required to effect the Tax-Free Reorganization, and no such person shall have appraisal rights as a result of the Tax-Free Reorganization. The NewCo Shareholder Agreement shall apply to the shares of NORDAM Parent just after the Tax-Free Reorganization as the NewCo Shareholder Agreement applied to the shares of NORDAM Parent just before the Tax-Free Reorganization.

4. Amended Organizational Documents, New LLC Agreement, and NewCo Shareholder Agreement

After the Effective Date, the Reorganized Debtors may amend and restate their respective Amended Organizational Documents, and the Reorganized Debtors may file their respective certificates or articles of incorporation, bylaws, or such other applicable formation documents, and other constituent documents as permitted by the laws of the respective states of incorporation and the Amended Organizational Documents. Additionally, on the Effective Date, each recipient of (a) New Units will be deemed to be a party to the New LLC Agreement, which shall govern (among other things) the relative rights of holders of New Units and (b) shares in NewCo will be deemed to be a party to the NewCo Shareholder Agreement, which shall govern (among other things) the relative rights of holders of shares in NewCo.

C. *Settlement, Release, Injunction, and Related Provisions*

1. Compromise and Settlement of Claims, Interests, and Controversies

As set forth in section VIII.A of the Plan, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the Plan is and will be deemed a good-faith compromise and settlement of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that any holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution received on account of such Allowed Claim or Interest.

The entry of the Confirmation Order will constitute the Bankruptcy Court’s approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their estates, and holders of Claims and Interests and is fair, equitable, and reasonable. The compromises, settlements, and releases described in the Plan will be deemed nonseverable from each other and from all other terms of the Plan.

2. Discharge of Claims

As set forth in section VIII.B of the Plan, pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in a contract, instrument, or other agreement or document executed pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), Interests, and Causes of Action of any nature whatsoever regardless of whether any property is distributed or retained pursuant to the Plan on account of such Claims and Interests and regardless of whether the holder of such a Claim or Interest has voted to accept the Plan. Any default or “event of default” by the Debtors or affiliates with respect to any Claim or Interest that existed immediately before or on account of the filing of these chapter 11 cases will be deemed cured (and no longer continuing) as of the Effective Date with respect to a Claim that is unimpaired by the Plan. The Confirmation Order will be a judicial determination of the discharge of all Claims and Interests subject to the occurrence of the Effective Date.

3. Releases by Debtors

As set forth in section VIII.C of the Plan, as of the Effective Date, pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, the Debtors, the Reorganized Debtors, and each of their respective current and former affiliates (with respect to non-Debtors, to the extent permitted by applicable law), on behalf of themselves and their respective estates, including any successor to the Debtors or any estate representative appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code, will be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged the Released Parties from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever (including any derivative Claims asserted or that may be asserted on behalf of the Debtors or their estates), whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, whether for tort, fraud, contract, violations of federal or state laws or otherwise, including avoidance actions, Causes of Action based on veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability, or otherwise that the Debtors or their estates would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Prepetition Credit Documents, the DIP Documents, the formulation, preparation, dissemination, negotiation of the Plan, this Disclosure Statement, the Exit Facility Documents, or any transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, this Disclosure Statement, or these chapter 11 cases, the pursuit of confirmation and consummation of the Plan, the administration and implementation of the Plan, including the issuance or distribution of securities or property pursuant to the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing.

4. Releases by Holders of Claims and Interests

As set forth in section VIII.D of the Plan, as of the Effective Date, for good and valuable consideration, the Released Parties will be and are deemed conclusively, absolutely, unconditionally, irrevocably, and forever released, waived and discharged by:

- (a) holders of Interests who vote to accept the Plan;
- (b) holders of Claims or Interests who are unimpaired under the Plan and who do not timely object to the third party releases provided pursuant to Article VIII.D of the Plan;
- (c) holders of Interests whose vote to accept or reject the Plan was solicited but who did not vote either to accept or to reject the Plan and did not opt out of granting the releases set forth in the Plan;
- (d) the Committee and its members;
- (e) the Prepetition Agent and Prepetition Lenders;
- (f) the DIP Agent and DIP Lenders;
- (g) the Exit Facility Agents and Exit Facility Lenders; and
- (h) with respect to each of the foregoing Entities in clauses (a) through (g), all Related Parties to the maximum extent;

in each case in their capacity as such from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever (including any derivative Claims asserted or that may be asserted on behalf of the Debtors or their estates), that such Entity would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, whether for tort, fraud, contract, violations of federal or state laws or otherwise, including avoidance actions, Causes of Action based on veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability, or otherwise that the Debtors or their estates would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Prepetition Credit Documents, the DIP Documents, the formulation, preparation, dissemination, negotiation of the Plan, this Disclosure Statement, the Exit Facility Documents, or any transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, this Disclosure Statement, or these chapter 11 cases, the pursuit of confirmation and consummation of the Plan, the administration and implementation of the Plan, including the issuance or distribution of securities or property pursuant to the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing.

5. Exculpation

As set forth in section VIII.E of the Plan, except as otherwise specifically provided in the Plan, no Exculpated Party will have or incur liability for, and each Exculpated Party will be released and exculpated from, any Cause of Action for any claim related to any act or omission in connection with, relating to, or arising out of, these chapter 11 cases, in whole or in part, the Debtors, the formulation, preparation, dissemination, negotiation, of the Plan, this Disclosure Statement, or any transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, this Disclosure Statement, the filing of these chapter 11 cases, the pursuit of confirmation or consummation of the Plan, the administration and implementation of the Plan, including the issuance or distribution of securities or property pursuant to the Plan, or any other related agreement, except for Claims or Causes of Action arising from to an act or omission that is judicially determined in a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, but in all respects such Exculpated Parties will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities. The Exculpated Parties have, and upon completion of the Plan will be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of, and distribution of, consideration pursuant to the Plan and, therefore, are not, and on account of such distributions will 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.

6. Injunction

AS SET FORTH IN SECTION VIII.F OF THE PLAN, ALL ENTITIES THAT HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED PURSUANT TO ARTICLE VIII.C OR ARTICLE VIII.D OF THE PLAN, WILL BE DISCHARGED PURSUANT TO ARTICLE VIII.B OF THE PLAN, OR ARE SUBJECT TO EXCULPATION PURSUANT TO ARTICLE VIII.E OF THE PLAN, WILL BE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST, AS APPLICABLE, THE DEBTORS, THE REORGANIZED DEBTORS, THE RELEASED PARTIES, OR THE EXCULPATED PARTIES (TO THE EXTENT OF THE EXCULPATION PROVIDED PURSUANT TO ARTICLE VIII.E OF THE PLAN WITH RESPECT TO THE EXCULPATED PARTIES): (a) 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; (b) 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; (c) CREATING, PERFECTING, OR ENFORCING ANY LIEN OR ENCUMBRANCE OF ANY KIND AGAINST SUCH ENTITIES OR THE PROPERTY OR THE ESTATES OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (d) 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 OR 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 (e) 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.

7. Release of Liens

Except (a) with respect to the Liens securing (i) the Exit Facilities, and (ii) to the extent elected by the Debtors, with respect to an Allowed Other Secured Claim in accordance with Article III.B.2 of the Plan; or (b) as otherwise 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 estates will be fully released and discharged, and the holders of such mortgages, deeds of trust, Liens, pledges, or other security interests must execute such documents as may be reasonably requested by the Debtors or the Reorganized Debtors, as applicable, to reflect or effectuate such releases, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests will revert to the Reorganized Debtors and their successors and assigns.

D. *Conditions Precedent to Consummation of Plan*

1. Conditions Precedent to Effective Date

The following are conditions precedent to the occurrence of the Effective Date of the Plan:

- a. the Bankruptcy Court shall have entered the Confirmation Order and such order shall have become a Final Order;
- b. the Professional Fee Escrow Account shall have been established and funded in Cash in accordance with Article II.C of the Plan;
- c. the conditions to effectiveness of the Exit Facility Credit Agreements shall have been satisfied or waived in accordance with the terms thereof, and such agreements and any other Exit Facility Documents required to be in effect on the Effective Date shall be in full force and effect and binding on all parties thereto;
- d. the Amended Organizational Documents and the NewCo Shareholder Agreement shall be in full force and effect;

- e. all Restructuring Expenses incurred or estimated to be incurred through the Effective Date shall have been paid in full in Cash;
- f. the New Units shall have been issued in accordance with the terms of the Amended Organizational Documents; and
- g. any other documents, instruments, and agreements necessary to effectuate the Plan shall have been effected or executed.

2. Waiver of Conditions

The conditions to the Effective Date of the Plan set forth in Article IX of the Plan may be waived only by consent of the Debtors, without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan, subject to the terms of the Bankruptcy Code and the Bankruptcy Rules.

V.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF PLAN

The Debtors have determined that the Plan is the best alternative available for their successful emergence from chapter 11. If the Plan is not confirmed and consummated, the most likely alternatives to the Plan are (A) continuation of these chapter 11 cases, which could lead to the filing of an alternative plan of reorganization, or a sale of some or all of the Debtors' assets pursuant to section 363 of the Bankruptcy Code, or (B) a liquidation under chapter 7 of the Bankruptcy Code. The Debtors will set forth the factual bases in support of the Plan at the Combined Hearing and will establish, among other things, that the Plan is preferable to either continuation of these chapter 11 cases or a liquidation under chapter 7 of the Bankruptcy Code.

A. *Continuation of Chapter 11 Cases*

If the Plan is not confirmed, the Debtors (or, if the Debtors' exclusive period in which to file a plan of reorganization has expired, any other party in interest) could attempt to formulate a different plan. Any alternative plan could provide for a reorganization and continuation of the Debtors' businesses or an orderly liquidation of their assets. As will be established by the Debtors at the Combined Hearing, however, the Debtors believe that the Plan enables their stakeholders to realize the most value under the circumstances.

Alternatively, the Debtors could seek from the Bankruptcy Court, after notice and a hearing, authorization to sell their assets under section 363 of the Bankruptcy Code. Upon analysis and consideration of this alternative, and as will be established by the Debtors at the Combined Hearing, the Debtors do not believe that a sale of their assets under section 363 of the Bankruptcy Code would yield a higher recovery for the holders of Claims and Interests than such holders will receive under the Plan.

B. *Liquidation under Chapter 7*

If no plan can be confirmed, these chapter 11 cases may be converted to cases under chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed to liquidate

the assets of the Debtors for distribution to their stakeholders in accordance with the priorities established by the Bankruptcy Code. As will be established by the Debtors at the Combined Hearing, the Debtors believe that liquidation under chapter 7 would result in smaller distributions to stakeholders than those provided for in the Plan because of, among other things, the delay resulting from the conversion of these chapter 11 cases to cases under chapter 7, the additional administrative expenses associated with the appointment of a trustee and the trustee's retention of professionals, and the loss in value attributable to an expeditious liquidation of the Debtors' assets as required by chapter 7.

VI. VOTING PROCEDURES AND REQUIREMENTS

Ballots will be provided for holders of Interests in Class 7 as of the date of the conditional approval of this Disclosure Statement to vote to accept or reject the Plan. Because all other Classes of Claims or Interests are unimpaired and presumed to accept, no other such Classes are entitled to vote.

Each ballot contains detailed voting instructions, including the deadlines, procedures, and instructions for casting a ballot to accept or reject the Plan. Each ballot also sets forth standards for tabulating ballots.

The Debtors have engaged Epiq Corporate Restructuring, LLC as their voting and solicitation agent (the "**Voting and Solicitation Agent**") to assist in the transmission of voting materials and in the tabulation of votes with respect to the Plan. **FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE RECEIVED BY THE VOTING AND SOLICITATION AGENT AT TABULATION@EPIQGLOBAL.COM ON OR BEFORE THE VOTING DEADLINE OF 5:00 P.M., EASTERN TIME, ON DECEMBER [●], 2018, UNLESS EXTENDED BY THE DEBTORS.**

If a ballot is damaged or lost, you may contact the Voting and Solicitation Agent using the below contact information to receive a replacement ballot. Any ballot that is executed and returned but which does not indicate a vote for acceptance or rejection of the Plan will not be counted.

If you have any questions concerning the voting procedures, you may contact the Voting and Solicitation Agent at:

NORDAM Ballot Processing
c/o Epiq Corporate Restructuring, LLC
10300 SW Allen Boulevard
Beaverton, Oregon 97005
Tel: (866) 897-6433 or (646) 282-2500
Email: tabulation@epiqglobal.com

Additional copies of this Disclosure Statement are available upon request made to the Voting and Solicitation Agent using the above contact information.

VII. CERTAIN TAX CONSEQUENCES OF PLAN

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Debtors and to holders of Existing NORDAM Parent Interests. This discussion does not address the U.S. federal income tax consequences to holders of Claims or Interests who are unimpaired under the Plan.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the “**Tax Code**”), existing and proposed U.S. Treasury regulations thereunder (the “**Treasury Regulations**”), judicial decisions, and published administrative rules and pronouncements of the Internal Revenue Service (the “**IRS**”) as in effect on the date hereof, all of which are subject to change, possibly on a retroactive basis. Any such change could significantly affect the U.S. federal income tax consequences described below.

The U.S. federal income tax consequences of the Plan are complex and subject to significant uncertainties. The Debtors have not requested an opinion of counsel or a ruling from the IRS with respect to any of the tax aspects of the Plan. This summary does not address state, local or foreign tax consequences, or federal tax consequences other than income tax consequences, of the Plan, nor does it purport to address the U.S. federal income tax consequences of the Plan to special classes of taxpayers (such as non-U.S. persons, broker-dealers, banks, mutual funds, insurance companies, financial institutions, thrifts, small business investment companies, regulated investment companies, real estate investment trusts, tax-exempt organizations, retirement plans, individual retirement and other tax-deferred accounts, S corporations, partnerships or other pass-through entities for U.S. federal income tax purposes (other than the Debtors and the Reorganized Debtors treated as S corporations or partnerships as described below), persons holding securities as part of a hedging, straddle, conversion or constructive sale transaction or other integrated investment, traders in securities that elect to use a mark-to-market method of accounting, dealers in securities or foreign currencies, persons whose functional currency is not the U.S. dollar, certain expatriates or former long-term residents of the United States, persons who received their Interests as compensation or who acquired their Interests in the secondary market, and persons subject to the alternative minimum tax or the “Medicare” tax on net investment income). Additionally, this discussion does not address the Foreign Account Tax Compliance Act.

This discussion assumes that all Existing NORDAM Parent Interests are held as “capital assets” (generally, property held for investment) within the meaning of section 1221 of the Tax Code (unless otherwise indicated), and that the various debt and other arrangements to which the Debtors are parties will be respected for U.S. federal income tax purposes in accordance with their form.

THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON YOUR INDIVIDUAL CIRCUMSTANCES. ALL HOLDERS OF CLAIMS AND INTERESTS ARE URGED TO CONSULT THEIR TAX ADVISOR FOR THE U.S. FEDERAL,

STATE, LOCAL AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

A. *Structuring Transaction*

NORDAM Parent is treated as an S corporation for U.S. federal income tax purposes. As an S corporation, NORDAM Parent is not itself subject to U.S. federal income tax. Instead, each shareholder of NORDAM Parent is required to report on its U.S. federal income tax return, and is subject to tax in respect of, its distributive share of each item of income, gain, loss, deduction and credit of NORDAM Parent. Accordingly, the U.S. federal income tax consequences of the Structuring Transaction under the Plan generally will not be borne by NORDAM Parent, but instead will be borne by its shareholders. **If you are a shareholder of NORDAM Parent, you are urged to consult your tax advisor.**

B. *Tax-Free Reorganization*

The Tax-Free Reorganization is intended to be treated as a reorganization under section 368(a)(1)(F) of the Tax Code. Section 368(a)(1)(F) of the Tax Code provides that a reorganization includes a mere change in identity, form, or place of organization of one corporation, however effected. Furthermore, Treasury Regulations provide that in the case of a reorganization qualifying under section 368(a)(1)(F) of the Tax Code, the resulting corporation shall be treated for certain purposes of the Tax Code as the continuation of the transferor corporation. Accordingly, (a) the Tax-Free Reorganization is not expected to give rise to any taxable gain or loss to the Debtors or the shareholders of NORDAM Parent, (b) the basis and holding period of NORDAM Parent's assets is expected to be unchanged and (c) the basis and holding period of NewCo stock received in the Merger is expected to be equal to the basis and holding period of the Existing NORDAM Parent Interests exchanged therefor.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS OR INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

**VIII.
CONFIRMATION OF PLAN**

The Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation are that the Plan is (A) accepted by Class 7 under the Plan or, if rejected by Class 7, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to Class 7; (B) in the "best interests" of the holders of Interests in Class 7; and (C) feasible.

A. *Acceptance of Plan by Impaired Class*

Under the Plan, only Class 7 holders of Existing NORDAM Parent Interests are impaired, therefore only Class 7 is entitled to vote on the Plan. The Bankruptcy Code defines “acceptance” of a plan by a class of Interests as acceptance by interest holders in that Class that hold at least two-thirds in amount of the Interests that actually cast ballots for acceptance or rejection of the Plan. Holders of Interests that fail to vote are not counted in determining the thresholds for acceptance of the Plan.

If Class 7 does not vote in sufficient numbers to accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtors if, as to Class 7, the Plan “does not discriminate unfairly” and is “fair and equitable” under the so-called “cram down” provisions set forth in section 1129(b) of the Bankruptcy Code. The Debtors believe that the Plan is fair and equitable and does not discriminate unfairly with respect to Class 7. **If Class 7 rejects the Plan and all other confirmation requirements are otherwise satisfied at the Combined Hearing, the Debtors will ask the Bankruptcy Court to rule that the Plan may be confirmed on the grounds that the section 1129(b) requirements set forth below have been satisfied as established by the Debtors at the Combined Hearing.**

B. *Best Interests Test*

The Bankruptcy Code requires that each holder of an impaired Claim or Interest either (1) accept the Plan or (2) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. This requirement is customarily referred to as the “best interests” test. As will be established by the Debtors at the Combined Hearing, the Debtors believe that the value of any distributions to holders of Allowed Interests in Class 7 under the Plan exceeds the value of distributions that would be received in a hypothetical chapter 7 case.

C. *Feasibility*

As will be established by the Debtors at the Combined Hearing, the Debtors believe that the Plan meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code, as confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Reorganized Debtors or any successor under the Plan. In connection with the development of the Plan and for the purposes of determining whether the Plan satisfies the feasibility standard, the Debtors analyzed their ability to satisfy their financial obligations while maintaining sufficient liquidity and capital resources. The Debtors prepared financial projections (the “**Financial Projections**”) for [the 5-year period following confirmation of the Plan / the balance of the 2018 calendar year, and for January 1, 2019 through December 31, 2023]. The Financial Projections, and the assumptions on which they are based, are annexed hereto as **Exhibit B**. The Financial Projections incorporate all estimated payments that are required pursuant to the Plan and, therefore, based upon such projections, confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization. The Financial Projections annexed to this Disclosure Statement are: [●].

D. *Notices and Combined Hearing*

The Combined Hearing to consider final approval of this Disclosure Statement and confirmation of the Plan is scheduled for December [●], 2018 at 9:00 a.m. The Combined Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the continuation date made at the Combined Hearing, at any subsequent continued Combined Hearing, or pursuant to a notice filed on the docket for these chapter 11 cases.

Any objection to approval of this Disclosure Statement or confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the Debtors' estates or properties, the basis for the objection and the specific grounds for the objection, and must be filed with the Bankruptcy Court, with a copy to the chambers of Judge Mary F. Walrath, together with proof of service thereof, and served upon all of the below parties.

Debtors: The NORDAM Group, Inc.
6910 North Whirlpool Drive
Tulsa, Oklahoma 74117
Attn.: Meredith Siegfried Madden and John C.
DiDonato
E-mail: Meredith@nordam.com
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with copies (which shall not constitute notice)
to:

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**UNLESS AN OBJECTION IS TIMELY SERVED AND FILED,
IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

IX.
CONCLUSION AND RECOMMENDATION

The Debtors believe the Plan is in the best interests of all stakeholders and urge the holders of Interests in Class 7 to vote in favor thereof.

Dated: November 12, 2018
Wilmington, Delaware

Respectfully submitted,

The NORDAM Group, Inc.
Nacelle Manufacturing 1 LLC
Nacelle Manufacturing 23 LLC
PartPilot LLC
TNG DISC, Inc.

Name: John C. DiDonato
Title: Chief Restructuring Officer