

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

In re:	:	Chapter 11
	:	
Meier's Wine Cellars Acquisition, LLC, <u>et al.</u> , ¹	:	Case No. 24-11575 (MFW)
	:	
Debtors.	:	(Jointly Administered)
	:	

**DISCLOSURE STATEMENT FOR
JOINT PLAN OF LIQUIDATION FOR THE DEBTORS**

The Debtors are the following 12 entities:

1. Meier's Wine Cellars Acquisition, LLC
2. California Cider Co., Inc.
3. Girard Winery LLC
4. Grove Acquisition, LLC
5. Meier's Wine Cellars, Inc.
6. Mildara Blass Inc.
7. Sabotage Wine Company, LLC
8. Splinter Group Napa, LLC
9. Thames America Trading Company Ltd.
10. Vinesse, LLC
11. Vintage Wine Estates, Inc. (CA)
12. Vintage Wine Estates, Inc. (NV)

¹ The Debtors are the following twelve entities (the last four digits of their respective taxpayer identification numbers, if any, follow in parentheses): Meier's Wine Cellars Acquisition, LLC (5557); California Cider Co., Inc. (0443); Girard Winery LLC (5076); Grove Acquisition, LLC (9465); Meier's Wine Cellars, Inc. (2300); Mildara Blass Inc. (1491); Sabotage Wine Company, LLC (8393); Splinter Group Napa, LLC (1417); Thames America Trading Company Ltd. (0696); Vinesse, LLC (3139); Vintage Wine Estates, Inc. (CA) (2279); and Vintage Wine Estates, Inc. (NV) (5902). The Debtors' noticing address in these chapter 11 cases is 205 Concourse Boulevard, Santa Rosa, California 95403.

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IMPORTANT INFORMATION FOR YOU TO READ

THE DEADLINE TO VOTE ON THE PLAN IS [] AT [] PREVAILING EASTERN TIME, UNLESS EXTENDED BY THE DEBTORS (THE "VOTING DEADLINE").

FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE CLAIMS AND NOTICING AGENT BEFORE THE VOTING DEADLINE.

PLEASE BE ADVISED THAT ARTICLE VII OF THE PLAN CONTAINS RELEASE, EXCULPATION AND INJUNCTION PROVISIONS. YOU SHOULD REVIEW AND CONSIDER THE PLAN CAREFULLY BECAUSE IT MAY AFFECT YOUR RIGHTS.

The above-captioned debtors and debtors in possession (the "Debtors") are providing the information in this Disclosure Statement (this "Disclosure Statement") to Holders of Claims and Interests for purposes of soliciting votes to accept or reject the *Joint Plan of Liquidation for the Debtors* (the "Plan").² The Debtors are providing you with the information in this Disclosure Statement because you may be a creditor entitled to vote on the Plan.

The Debtors urge each holder of a claim or an equity interest to consult with its own advisors with respect to any legal, financial, securities, tax or business advice in reviewing this Disclosure Statement, the Plan and all of the actions necessary to effectuate the Plan.

This Disclosure Statement contains, among other things, summaries of the Plan, certain statutory provisions, certain events in these Chapter 11 Cases and certain documents related to the Plan that may be attached hereto and are incorporated by reference herein. Although the Debtors believe that these summaries are fair and accurate, these summaries are qualified in their entirety to the extent that they do not set forth the entire text of such documents or statutory provisions or every detail of such events. In the event of any inconsistency or discrepancy between a description in this Disclosure Statement and the terms and provisions of the Plan or any other documents incorporated herein by reference, the Plan or such other documents will govern for all purposes. The information contained herein or attached hereto is made only as of the date of this Disclosure Statement, and there can be no assurances that the statements contained herein will be correct at any time after this date.

This Disclosure Statement has been prepared in accordance with section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016 and not necessarily in accordance with federal or state securities laws or other non-bankruptcy laws. This Disclosure Statement has not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC"), any state securities commission or any securities exchange or association, nor has the SEC, any state securities commission or any securities exchange or association passed upon the accuracy or adequacy of the statements contained herein.

This Disclosure Statement contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "projections," "business outlook," "estimate," or similar expressions constitute forward-looking statements and may include, without limitation, information

² Unless otherwise specified herein, capitalized terms not otherwise defined herein have the meanings given to them in the Plan, dated [], and attached hereto as Exhibit A.

regarding the Debtors' expectations with respect to future events. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those risks described under the caption "Plan-Related Risk Factors" in Section VII of this Disclosure Statement. Making investment decisions based on the information contained in this Disclosure Statement and/or the Plan is, therefore, speculative.

In preparing this Disclosure Statement, the Debtors relied on financial data derived from their books and records or that was otherwise made available to them at the time of such preparation and on various assumptions regarding the Debtors' business. Although the Debtors believe that such financial information fairly reflects the financial conditions of the Debtors as of the date hereof and that the assumptions regarding future events reflect reasonable business judgments, no representations or warranties are made as to the accuracy of the financial information contained herein or assumptions regarding the Debtors' business and their future results and operations. Except where specifically noted, the financial information contained in this Disclosure Statement and in its exhibits has not been audited by a certified public accountant and has not been prepared in accordance with generally accepted accounting principles in the United States or any other jurisdiction. The Debtors expressly caution readers not to place undue reliance on any forward-looking statements contained herein.

This Disclosure Statement does not constitute, and may not be construed as, an admission of fact, liability, stipulation or waiver. The Liquidation Trusts may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies any such objections to Claims.

The Debtors are making the statements and providing the financial information contained in this Disclosure Statement as of the date hereof, unless otherwise specifically noted. Although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so, and expressly disclaim any duty to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. Holders of Claims and Interests reviewing this Disclosure Statement should not infer that, at the time of their review, the facts set forth herein have not changed since this Disclosure Statement was filed. Information contained herein is subject to completion or amendment. The Debtors reserve the right to file an amended plan and related amended disclosure statement from time to time, subject to the terms of the Plan.

Confirmation and effectiveness of the Plan are subject to certain material conditions precedent described in Article VII of the Plan. There is no assurance that the Plan will be confirmed or, if confirmed, that such material conditions precedent will be satisfied or waived. You are encouraged to read this Disclosure Statement in its entirety, including, but not limited to, the Plan and Section VII of this Disclosure Statement entitled "Plan-Related Risk Factors," before submitting your ballot to vote to accept or reject the Plan.

The Debtors have not authorized any entity to give any information about or concerning the Plan other than that which is contained in this Disclosure Statement. The Debtors have not authorized any representations concerning the Debtors or the value of their property other than as set forth in this Disclosure Statement.

If the Plan is confirmed by the Bankruptcy Court and the Effective Date occurs, all Holders of Claims and Interests (including those Holders of Claims or Interests who are not entitled to vote on the Plan) will be bound by the terms of the Plan and any transactions contemplated thereby.

The Debtors and the Creditors' Committee support confirmation of the Plan and recommend all Holders of Claims entitled to vote on the Plan vote to accept the Plan.

QUESTIONS AND ADDITIONAL INFORMATION

If you would like to obtain copies of this Disclosure Statement, the Plan or any of the documents attached hereto or referenced herein, or have questions about the solicitation and voting process or these Chapter 11 Cases generally, please contact Epiq Corporate Restructuring, LLC, the Claims and Noticing Agent, by either (a) visiting the Document Website at <https://dm.epiq11.com/case/vintagewine> or (b) calling (888) 850-7237.

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I. INTRODUCTION

This Disclosure Statement provides information regarding the Plan (which may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof), which the Debtors are seeking to have confirmed by the Bankruptcy Court.³ A copy of the Plan is attached hereto as Exhibit A. The rules of construction set forth in Article I of the Plan shall govern the interpretation of this Disclosure Statement.

The Debtors believe that the Plan is in the best interests of their Estates. The Debtors recommend that all Holders of Claims entitled to vote accept the Plan by returning their Ballots so as to be actually received by the Claims and Noticing Agent no later than [] at [] (prevailing Eastern Time). Assuming the requisite acceptances of the Plan are obtained, the Debtors will seek the Bankruptcy Court's approval of the Plan at the Combined Hearing on [] at [] (prevailing Eastern Time).

A. The Plan

The Debtors filed for chapter 11 bankruptcy protection on July 24, 2024. A chapter 11 bankruptcy case permits a debtor to resolve its affairs and distribute the proceeds of its estate pursuant to a confirmed chapter 11 plan. To that end, the Debtors filed the Plan, the terms of which are more fully described herein, contemporaneously with the filing of this Disclosure Statement. The Plan contemplates a liquidation of the Debtors and their Estates and is therefore referred to as a "plan of liquidation." The primary objective of the Plan is to maximize the value of recoveries to Holders of Allowed Claims and to distribute all property of the Debtors' Estates that is or becomes available for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that the Plan accomplishes this objective and is in the best interests of their Estates and, therefore, seek to confirm the Plan. The Plan classifies Holders of Claims and Interests according to the type of the Holder's Claim or Interest, as more fully described below.

The Plan designates the Classes of Claims against and Interests in the Debtors and specifies which Classes are (1) Impaired or Unimpaired by the Plan, (2) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code or (3) deemed to accept or reject the Plan. Claims against the Debtors and Interests in the Debtors are classified in eight separate Classes, as described herein.

B. The Adequacy of This Disclosure Statement

Before soliciting acceptances of a proposed chapter 11 plan, section 1125 of the Bankruptcy Code requires a plan proponent to prepare a written disclosure statement containing information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the plan. The Debtors submit this Disclosure Statement in accordance with such requirements. This Disclosure Statement includes, without limitation, information about:

- the Plan, including a summary, the procedures for voting on the Plan and projected recoveries thereunder (Article I hereof);
- the Debtors' organizational structure, business operations and financial obligations (Article II hereof);
- the events leading to the filing of the Debtors' Chapter 11 Cases (Article III hereof);
- the major events during these Chapter 11 Cases, including significant pleadings filed in the Debtors' Chapter 11 Cases and certain relief granted by the Bankruptcy Court in connection therewith (Article IV hereof);

³ Unless otherwise specified herein, capitalized terms not otherwise defined herein have the meanings given to them in the Plan.

- the classification and treatment of Claims and Interests under the Plan, including identification of the Holders of Claims entitled to vote on the Plan (Section V.A hereof);
- the means for implementation of the Plan, the provisions governing distributions to certain Holders of Claims pursuant to the Plan, the procedures for resolving Disputed Claims and other significant aspects of the Plan (Section V.B hereof);
- the releases contemplated by the Plan that are integral to the overall settlement of Claims pursuant to the Plan (Section V.B hereof);
- the statutory requirements for confirming the Plan (Article VI hereof);
- certain risk factors that Holders of Claims should consider before voting to accept or reject the Plan (Article VII hereof); and
- certain United States federal income tax consequences of the Plan (Article VIII hereof).

C. Summary of Classes and Treatment of Claims and Interests Under the Plan

The table below summarizes the classification and treatment of all classified Claims and Interests under the Plan. The classification, treatment and projected recoveries of classified Claims are described in summary form below for illustrative purposes only. **Recoveries available to Holders of Claims are estimates and actual recoveries may differ materially based on, among other things, the amount of Claims actually Allowed.**

CLASS	DESIGNATION	IMPAIRMENT	VOTING STATUS	ESTIMATED AGGREGATE ALLOWED AMOUNT	PROJECTED RECOVERY
1	Priority Claims	Unimpaired	Deemed to Accept / Not Entitled to Vote	\$588,000	100%
2	Prepetition Secured Lender Claims	Impaired	Entitled to Vote	\$310,974,716.67	39%
3	Other Secured Claims	Unimpaired	Deemed to Accept / Not Entitled to Vote	\$409,000	100%
4	General Unsecured Claims	Impaired	Entitled to Vote	\$214,540,000	<u>See footnote.</u> ⁴
5	Interests in VWE	Impaired	Deemed to Reject / Not Entitled to Vote	N/A	0%
6	Interests in Surviving Subsidiary Debtors	Unimpaired	Deemed to Accept / Not Entitled to Vote	N/A	100%
7	Interests in Other Subsidiary Debtors	Impaired	Deemed to Reject / Not Entitled to Vote	N/A	0%
8	510(b) Claims	Impaired	Deemed to Reject / Not Entitled to Vote	Unknown	0%

D. Voting on and Confirmation of the Plan

The Disclosure Statement Order, among other things, (1) conditionally approved this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code and (2) established Plan voting tabulation procedures, which include certain vote tabulation rules that temporarily allow or disallow Claims for voting purposes (the "Tabulation Rules").

E. Classes Entitled to Vote on the Plan

Classes 2 and 4 (Prepetition Secured Lender Claims and General Unsecured Claims, respectively) are the only Classes entitled to vote to accept or reject the Plan (the "Voting Classes"). If your Claim or Interest is not included in the Voting Classes, you are not entitled to vote, and you will not receive a Solicitation Package (as defined below) or a Ballot. If your Claim or Interest is included in the Voting Classes, you should read your Ballot and carefully follow the instructions set forth therein. Please use only the Ballot that accompanies this Disclosure Statement or the Ballot that the Debtors, or the Claims and Noticing Agent on behalf of the Debtors, otherwise provide to you.

⁴ As a result of the Holders of Prepetition Secured Lender Deficiency Claims agreed to less favorable treatment pursuant to the Committee Settlement Agreement, their projected recovery ranges between 1% and 4%, while all other Holders of General Unsecured Claims are expected to receive recoveries ranging between 5% and 8%.

F. Votes Required for Acceptance by a Class

Under the Bankruptcy Code, acceptance of a plan by a class of claims or interests is determined by calculating the amount and the number of claims or interests voting to accept, as a percentage of the allowed claims or interests, as applicable, in the class. Each Class of Claims entitled to vote on the Plan will have accepted the Plan if: (1) the Holders of at least two-thirds in dollar amount of the Claims actually voting in each Class vote to accept the Plan; and (2) the Holders of more than one-half in number of the Claims actually voting in each Class vote to accept the Plan.

G. Certain Factors to be Considered Prior to Voting

There are a variety of factors that all Holders of Claims and Interests entitled to vote on the Plan should consider prior to voting to accept or reject the Plan. These factors may impact recoveries under the Plan, including:

- the financial information contained in this Disclosure Statement has not been audited and is based on an analysis of data available at the time of the preparation of the Plan and this Disclosure Statement;
- although the Debtors believe that the Plan complies with all applicable provisions of the Bankruptcy Code, the Debtors can neither assure such compliance nor that the Bankruptcy Court will confirm the Plan; and
- any delays of either Confirmation or consummation could result in, among other things, increased Administrative Expense Claims or Professional Fee Claims.

H. Classes Not Entitled to Vote on the Plan

Under the Bankruptcy Code, holders of claims and interests are not entitled to vote (1) if their contractual rights are unimpaired by the proposed plan, in which case they are conclusively presumed to accept the proposed plan, or (2) if they will receive no property under the plan, in which case they are deemed to reject the proposed plan. Accordingly, the following Classes of Claims and Interests are not entitled to vote to accept or reject the Plan.

CLASS	DESIGNATION	IMPAIRMENT	VOTING STATUS
1	Priority Claims	Unimpaired	Deemed to Accept
3	Other Secured Claims	Unimpaired	Deemed to Accept
5	Interests in VWE	Impaired	Deemed to Reject
6	Interests in Surviving Subsidiary Debtors	Unimpaired	Deemed to Accept
7	Interests in Other Subsidiary Debtors	Impaired	Deemed to Reject
8	510(b) Claims	Impaired	Deemed to Reject

I. Solicitation Package

The package of materials (the "Solicitation Package") to be sent to Holders of Claims entitled to vote on the Plan will contain:

- a notice of the Combined Hearing;
- copies of the Plan and Disclosure Statement (in electronic format);
- the Disclosure Statement Order (excluding the exhibits thereto);
- a letter from the Creditors' Committee in support of the Plan;
- for Holders of Claims in the Voting Classes (i.e., Holders of Claims in Classes 2 and 4), an appropriate form of Ballot, instructions on how to complete the Ballot and a pre-paid, preaddressed Ballot return envelope and such other materials as the Bankruptcy Court may direct; and
- any supplemental documents filed with the Bankruptcy Court and any documents that the Bankruptcy Court orders to be included in the Solicitation Package, including any other letters in support of the Plan.

The Debtors will cause the Claims and Noticing Agent to complete the distribution of the Solicitation Packages to Holders of Claims in the Voting Classes by three business days after entry of the Disclosure Statement Order.

The Solicitation Package (except for the Ballots) may also be obtained free of charge from the Claims and Noticing Agent by: (1) visiting <https://dm.epiq11.com/case/vintagewine>; (2) mailing Meier's Wine Cellars Acquisition, LLC Claims Processing c/o Epiq Corporate Restructuring, LLC, P.O. Box 4421, Beaverton, OR 97076-4421; (3) emailing the Claims and Noticing Agent at VintageWine@epiqglobal.com; or (4) calling (888) 850-7237.

The Debtors will file the Plan Supplement no later than , except as otherwise provided under the Plan.

J. Voting Procedures

If you are entitled to vote to accept or reject the Plan, one or more Ballots have been enclosed in your Solicitation Package for the purpose of voting on the Plan. To be counted, all Ballots must be actually received by the Claims and Noticing Agent by the Voting Deadline, which is , at , prevailing Eastern Time, as follows:

- If by first class mail, Ballots must be sent to:

Meier's Wine Cellars Acquisition, LLC
c/o Epiq Ballot Processing
P.O. Box 4422
Beaverton, OR 97076-4422

- If by hand delivery or overnight courier, Ballots must be sent to:

Meier's Wine Cellars Acquisition, LLC
c/o Epiq Ballot Processing
10300 SW Allen Boulevard
Beaverton, OR 97005

- In addition to accepting Ballots via first class mail, hand delivery and overnight mail, the Voting Agent will accept Ballots via electronic, online transmissions, solely through a customized online balloting portal at <https://dm.epiq11.com/case/vintagewine>. Parties entitled to vote may cast an electronic Ballot and electronically sign and submit the Ballot instantly by utilizing the online balloting portal. Instructions for electronic, online transmission of Ballots are set forth on the forms of the Ballots. The encrypted Ballot data and audit trail created by such electronic submission shall become part of the record of any Ballot submitted in this matter, and the creditor's electronic signature will be deemed to be immediately legally valid and effective.

Ballots should not be sent directly to the Debtors.

K. Plan Objection Deadline

The deadline to file objections to Confirmation of the Plan is [], at [] (prevailing Eastern Time) (the "Plan Objection Deadline"). All objections to Confirmation of the Plan (the "Confirmation Objections") must be in writing and must specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim or Interest held by the objector. Any such objection must be filed with the Bankruptcy Court and served on the Debtors and certain other parties in interest in accordance with the Disclosure Statement Order so that they are actually received on or before the Plan Objection Deadline. Parties wishing to reply to any Confirmation Objection shall have until [] at [] (prevailing Eastern Time) to file a reply.

L. Combined Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on Confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan. The Bankruptcy Court entered the Disclosure Statement Order which, among other things, conditionally approved the Disclosure Statement and scheduled the Combined Hearing.

The Combined Hearing will commence on [], at [] (prevailing Eastern Time), before the Honorable Mary F. Walrath, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 5th Floor, Wilmington, DE 19801. The Combined Hearing may be continued from time to time without further notice other than an adjournment announced in open court or a notice of adjournment filed with the Bankruptcy Court and served on the Entities who have filed objections to the Plan or final approval of the Disclosure Statement, without further notice to other parties in interest. The Bankruptcy Court, in its discretion and before the Combined Hearing, may put in place additional procedures governing the Combined Hearing. The Plan may be modified, if necessary, before, during or as a result of the Combined Hearing, without further notice to parties in interest.

M. Releases by the Debtors Set Forth in the Plan

Section VII.F.3 of the Plan provides that each Released Party is deemed released and discharged by the Debtors and their Estates from certain Claims and Causes of Action. The Debtors believe that no such Claims or Causes of Action likely exist, but that if they did exist, they likely would be either general intangibles subject to the Secured Parties' prepetition liens or otherwise subject to the adequate protection liens of the Secured Parties under the Final DIP Order such that any proceeds of such causes of action would not be available to Class 4 Claims or Class 8 Claims, unless the Secured Parties are paid in full from their other collateral.

II. THE DEBTORS' ORGANIZATIONAL STRUCTURE AND BUSINESS AS OF THE PETITION DATE

A. The Debtors' Business and Corporate Structure

As of the Petition Date, the Debtors consisted of Vintage Wine Estates, Inc. (NV) ("VWE") and certain of its direct and indirect subsidiaries. VWE's history began in 2000, when Patrick Roney acquired Girard Winery. After Patrick Roney and Leslie Rudd acquired Windsor Vineyard in 2007, the company rebranded as Vintage Wine Estates. The company acquired 28 additional companies during the subsequent 17 years. In 2021, the company merged with Bespoke Capital Acquisition Corp. to form VWE and began trading publicly on the Nasdaq Stock Exchange.

As of the Petition Date, VWE's diverse brand portfolio encompassed all aspects of the wine production, from growing grapes in vineyards, to bottling and shipping products, to selling products directly to consumers. VWE was one of the largest wine producers in the United States and owned more than 30 brands of wine. It also owned a cider brand (ACE Cider) and had ownership in a whiskey brand (The Splinter Group). As of the Petition

Date, it employed more than 400 individuals across 15 states, with most employees located in California. As of March 31, 2024, it had approximately \$475 million in assets and \$400 in liabilities, on a consolidated basis.

VWE also owns, through its subsidiary Vintage Wine Estates, Inc. (CA) ("VWE-CA"), a wholly-owned captive insurance company—VWE Captive, LLC ("VWE Captive"). VWE-CA pays VWE Captive monthly premiums, and VWE Captive uses those premiums to pay insured claims and expenses and VWE Captive's operating expenses. The Prepetition Agent has Liens securing substantially all assets of VWE Captive, as well as VWE-CA's ownership interests in VWE Captive. On the Effective Date, VWE-CA's ownership interest in VWE Captive will be transferred to the Liquidation Trust. Following the Effective Date, VWE Captive will be wound up in accordance with applicable Nevada law and any proceeds distributed to the Prepetition Agent on account of the Prepetition Agent's Liens on VWE Captive's assets.

B. Significant Obligations of the Debtors as of the Petition Date

1. Secured Obligations

On December 13, 2022, the Debtors entered into a Revolving Facility Agreement (the "Prepetition Credit Agreement") with BMO Bank N.A. and certain lenders (the "Prepetition Lenders"), which provided up to \$458 million in a variety of secured credit lines to the Debtors. The Debtors granted BMO Bank N.A., for the benefit of the Prepetition Lenders, a security interest in and continuing lien on all of their right, title and interest in substantially all of their assets. As of the Petition Date, the Debtors owed approximately \$310 million under the Prepetition Credit Agreement.

On March 2, 2020, VWE entered into a grape purchase agreement with Gallo Vineyards, Inc. and E. & J. Gallo Winery (together, "Gallo"), which granted Gallo (the "Gallo Collateral"), a security interest in all grapes sold under the agreement and resulting wine in bond, all proceeds of insurance policies covering any Gallo Collateral and all proceeds of Gallo Collateral in any form.

In addition to contractual liens against the Debtors, the Debtors believe that certain products that they had purchased but not yet paid for, including grapes used in their wine production business, may qualify as "perishable agricultural commodities" under the Perishable Agricultural Commodities Act of 1930, as amended, 7 U.S.C. §§ 499a *et seq.* ("PACA"). Creditors that supply perishable agricultural commodities must take certain procedural steps to preserve their rights as PACA trust beneficiaries, which are entitled to payment ahead of secured and unsecured creditors of a debtor's estate. As of the Petition Date, the Debtors believed that such creditors may be entitled to approximately \$750,000 in PACA trust assets.

Certain states from which the Debtors sourced fresh grapes, such as California, Oregon, New York and Washington, have similar statutory regimes that protect grape growers and producers by permitting them to assert first-priority liens ("State-Law Producer Liens") over grapes they sell to purchasers and processors such as VWE. State-Law Producer Liens can extend to the proceeds derived from the agricultural produce, VWE's inventory and accounts receivable. In most, but not all, of the jurisdictions relevant to the Debtors, claimants must take affirmative steps to earn the protection of these State-Law Producer Liens as they would with respect to PACA liens. As of the Petition Date, the Debtors were not aware of any pending State-Law Producer Liens.

2. Trade Debt, Capital Lease Obligations and Capital Stock

As of the Petition Date, the Debtors had approximately \$25.4 million in trade debt and the Debtors had \$15.5 million in outstanding capital lease obligations.

As of December 31, 2023, VWE had 200 million common shares authorized, 62.8 million common shares issued and 59.9 million common shares outstanding, with 2.9 million common shares held as treasury stock. There

were 25,646,453 warrants outstanding to purchase shares of VWE's common stock at a price of \$11.50 per whole share. VWE also had two million preferred shares authorized, but none issued.

On August 19, 2024, VWE filed a Certification and Notice of Termination of Registration on with the Securities and Exchange Commission, providing for the termination of registration of the VWE's common stock and warrants under Section 12(g) of the Securities Exchange Act of 1934, as amended, if any, and the suspension of VWE's reporting obligations under Sections 13 and 15(d) of the Securities Exchange Act of 1934, as amended.

III. EVENTS LEADING TO THE CHAPTER 11 CASES

A. Demand for Wine Decreased After VWE Went Public.

When VWE went public in 2021, the COVID-19 pandemic had increased the demand for wine. At its peak, there was demand for 445 million cases per year from the U.S. wine industry, up from the average of 410 million cases per year. During this period of increased demand, VWE acquired Kunde, Vinesse Wines, The Sommelier Company, Ace Cider and Meier's Wine Cellars.

The buoyed demand for wine, however, did not last. Demand for wine decreased the following two years, to a low of 377 million cases per year in 2023. 375,000 tons of winegrapes in California vineyards went unpicked, leading the State of California to order the corrective removal of thousands of acres of vineyards. Grape growers destroyed acres of vineyards to avoid maintaining unprofitable idle land.

B. VWE's Series of Acquisitions Presented Unanticipated Administrative Challenges.

While VWE faced declining demand for wine, it struggled to integrate the businesses it acquired when demand was high. Unanticipated challenges in maintaining overlapping and/or duplicative administrative departments, for example, resulted in unexpected costs. In fiscal year 2023, VWE logged non-cash goodwill impairment charges of \$139.1 million. VWE also identified accounting errors, which led to a restatement of VWE's consolidated financial statements for the fiscal quarters ending September 30, 2022; December 31, 2022; and March 31, 2023. These errors created challenges in accurately forecasting expected needs and revenues, putting a strain on resources.

C. VWE Faced Material Litigation.

In November 2022, a purported class action lawsuit was filed against VWE, asserting purported causes of action under the Exchange Act. In February 2023, this purported class action was consolidated with another purported class action asserting similar claims. In March 2024, the U.S. District Court for the District of Nevada dismissed the consolidated complaint with leave to amend, and the plaintiffs filed an amended complaint in April 2024. In May 2024, the defendants filed a motion to dismiss, which was still pending as of the Petition Date. After the Debtors initiated the Chapter 11 Cases, the plaintiffs voluntarily dismissed VWE from the purported class action.

D. VWE's Efforts to Adapt to These Changes Were Unsuccessful.

In response to these challenges, VWE and its advisors began exploring various strategies to reduce costs and monetize assets. The Debtors introduced a five-point plan in 2023 to deliver profitability, generate cash and reduce debt – focusing on margin expansion, cost reduction, cash management, monetization of assets and growing revenue to achieve its objectives. The Company increased savings by reducing its workforce by 4%, resulting in an expected savings of \$6 million. In 2023, it divested 992 acres for a total of approximately \$19.7 million in net cash proceeds. It also sold The Sommelier Company and physical assets of its Tamarack Cellars production facility to further reduce costs. In September 2023, as described more fully in Section IV.H.1 below, it collaborated with its investment banker at the time to commence a marketing process to solicit interest in a transaction to (i) sell all or the

majority of its assets or securities; (ii) privately place less than the majority of its equity with a strategic partner or investor; and/or (iii) sell one or more of its individual brands or assets.

By late 2023, VWE was not able to meet the debt covenants required by the Prepetition Credit Agreement and was in default thereunder. In February 2024, VWE and the lenders under the Prepetition Credit Agreement entered into the first of several forbearance agreements, the last of which extended through July 25, 2024.

In January 2024, the Company also introduced an organizational restructuring plan, intending to further monetize assets and reduce non-core lower margin product and service offerings. The plan included a workforce reduction of 15%, resulting in expected annualized savings of \$7.1 million. The Company also shifted its focus to its more premium portfolio, hoping to take advantage of the premiumization trend to upgrade into luxury wines, emphasizing its Bar Dog, B.R. Cohn, Cameron Hughes, Cherry Pie, Firesteed and Kunde brands. As part of this shift in focus, VWE sold its Cosentino assets on July 19, 2024, for cash proceeds of \$10.5 million.

Despite the cost reductions, forbearance agreements, asset sales and efforts to refocus the Debtors' business strategy, the Debtors found themselves with rapidly diminishing liquidity. To address declining liquidity, the Debtors negotiated a \$7.5 million overadvance with their Secured lenders to provide emergency funding that could bridge the Debtors to the filing of the Chapter 11 Cases.

E. VWE's Efforts to Retain Key Executive Employees

In the months preceding the Chapter 11 Cases, VWE's board of directors (the "Board") sought to ensure continuity and minimize attrition among VWE's senior leadership team. On May 23, 2024, the Board approved a retention plan to retain select employees and executive officers, including VWE's Chief Executive Officer and Chief Financial Officer. Participants in the retention plan received cash payments, subject to their executing a release of claims in favor of VWE and its affiliates. Payments under the retention plan are subject to clawback if the participants resigns or is terminated for cause prior to the achievement of certain milestones, including (i) transfer of employment to a buyer of VWE, (ii) consummation of a restructuring or change of control transaction, (iii) June 30, 2025, or (iv) involuntary separation without cause.

F. Independent Investigation of Potential Claims Against Directors and Officers Serving as of the Closing Date

1. Investigation Overview

Prior to the Petition Date, the Board of Directors of VWE (the "Board") appointed Steven Strom and Ivona Smith (together, the "Independent Directors") to the Board. The Audit Committee of the Board authorized the formation of a subcommittee (the "Subcommittee") of the Audit Committee, appointed the Independent Directors as the sole members thereof, and authorized and empowered the Subcommittee to perform all acts as may be necessary or appropriate in their judgment to carry out the powers, responsibilities and obligations delegated to the Subcommittee.

In their capacity as Independent Directors and members of the Subcommittee, prior to the Petition Date, the Independent Directors commenced an independent investigation (the "Independent Investigation") into whether the Debtors' estates hold any viable claims or causes of action against each of, and in each case in its capacity as such as of the Confirmation Date, the Debtor Related Parties that are worthy of pursuit in the context of these Chapter 11 Cases. On July 15, 2024, the Independent Directors retained Katten Muchin Rosenman LLP ("Katten") as independent legal counsel to conduct the Independent Investigation at the Independent Directors' direction.

In furtherance of the Independent Investigation, the Independent Directors, working with Katten issued document and information requests to the Debtors seeking, among other things, copies of board materials and minutes, corporate governance documents, transaction documents, litigation-related documents, and certain financial information. Katten received access to a virtual data room containing access to over 320,000 custodial emails, attachments, and other documents. Katten reviewed a targeted subset of these documents related to topics and transactions under investigation. Katten has also conducted 12 interviews of certain current and former members of

the Debtors' management team, Board, auditors, and legal counsel. The Independent Directors have met with Katten on a regular basis to direct the Independent Investigation and obtain updates on the workstreams and findings from the Independent Investigation.

2. Conclusions

In connection with the Independent Investigation, the Independent Directors, working with Katten, analyzed if there are any viable Claims and Causes of Action held by the Debtors' estates against Debtor Related Parties and have reached the following conclusions:

a. Breach of Fiduciary Duty

The Independent Investigation evaluated the actions of the Debtors' current directors and officers to determine if the directors' and officers' conduct gave rise to viable claims and causes of action for, among other things, breach of fiduciary duty, including with respect to the breach of the fiduciary duty of care, breach of the fiduciary duty of good faith and breach of the fiduciary duty of loyalty, that would be value accretive to the Debtors' estates and the recovery for creditors. Based upon the documentation and information reviewed in connection with the Independent Investigation, the Independent Directors, working with Katten, have concluded that VWE's current directors and officers appear to have appropriately discharged their fiduciary duties at all times.

b. Avoidance Actions

The Independent Investigation analyzed whether the Debtors have viable claims or causes of action to avoid certain transfers to Debtor Related Parties as constructive fraudulent transfers. Based upon the documentation and information reviewed in connection with the Independent Investigation, Independent Directors, working with Katten, have concluded that such transactions with Debtor Related Parties do not give rise to any viable avoidance actions.

For the avoidance of doubt, the Independent Investigation and the conclusions stated herein are limited to potential Claims and Causes of Action against the Debtor Related Parties, which definition is limited to "each of, and in each case in its capacity as such as of the Confirmation Date, any of the Debtors' current directors, managers, officers, investment committee members, special or other committee members, accountants, auditors, investment bankers, consultants, representatives, and other professionals and advisors and (i) each of their respective affiliated investment funds or investment vehicles, managed accounts or funds, assigns, subsidiaries, Affiliates, partners, limited partners, general partners, principals, members, management companies, fund advisors or managers, employees, agents, trustees, advisory board members, financial advisors, attorneys (including any other attorneys or professionals retained by any current director or special committee member or manager in his or her capacity as director or manager of an Entity) and (ii) any such Person's or Entity's respective heirs, executors, estates, and nominees." The Debtor releases in the Article VII.F.3.a of the Plan, and the definitions related thereto were drafted, in coordination with the Independent Directors and Katten, based on the scope and findings of the Independent Investigation.

IV. EVENTS DURING THE CHAPTER 11 CASES

A. First Day Relief

On the Petition Date, in addition to the voluntary petitions for relief filed by the Debtors under chapter 11 of the Bankruptcy Code, the Debtors also filed a number of motions and applications (collectively, the "First Day Motions") with the Bankruptcy Court. On July 25, 2024 (interim relief) and August 19, 2024 (final relief), the Bankruptcy Court entered orders granting relief to, among other things: (1) prevent interruptions to the Debtors' businesses; (2) ease the strain on the Debtors' relationships with certain essential constituents; (3) allow the Debtors to retain certain advisors necessary to assist the Debtors with the administration of the Chapter 11 Cases; and (4) permit the Debtors access to postpetition funding and cash collateral.

The orders entered pursuant to the First Day Motions authorized the Debtors to, among other things:

- continue using their existing cash management system, honor certain prepetition obligations related thereto, maintain existing business forms and continue to perform intercompany transactions (Docket No. 161);
- pay certain prepetition taxes and fees (Docket No. 162);
- fulfill and honor prepetition obligations under certain of the programs offered by the Debtors for the benefit of their customers, in addition to continuing, renewing, replacing, implementing new and/or terminating any customer programs and incurring customer obligations as the Debtors deem appropriate (Docket No. 160);
- pay prepetition obligations under, and generally maintain, their insurance and surety bond programs and, subject to certain limitations therein, renew, supplement, modify and purchase insurance coverage and surety bonds in the ordinary course of business (Docket No. 158);
- pay employees' wage Claims and related obligations in the ordinary course of business and continue certain employee benefit programs (Docket No. 156) (the "Employees Motion");
- make payments on account of prepetition Claims of certain lien claimants, essential suppliers and suppliers who otherwise may have a claim under PACA or state analogues (Docket No. 159);
- provide adequate assurance of future payment to utilities and establish procedures for utilities to request additional or different assurance of future payment, pursuant to which the utilities would be prohibited from discontinuing service except in certain circumstances (Docket No. 157); and
- establish notice and objection procedures for transfers of equity securities and establish a record date for notice and sell-down procedures for trading in claims against the Debtors' estates (Docket No. 155).

B. Retention of Professionals

To assist the Debtors in carrying out their duties as debtors-in-possession and to otherwise represent the Debtors' interests in these Chapter 11 Cases, the Debtors retained the following certain advisors: (1) Jones Day as the Debtors' counsel; (2) Richards, Layton & Finger, P.A. as the Debtors' co-counsel; (3) Epiq Corporate Restructuring, LLC as the Debtors' Claims and Noticing Agent and administrative advisor; (4) GLC Advisors & Co., LLC and GLC Securities, LLC as the Debtors' investment banker; (5) Riveron RTS, LLC as the Debtors' financial advisor; and (6) Katten as VWE's counsel on behalf of its Independent Directors. Further, the Debtors filed a motion seeking approval of procedures for the interim compensation and reimbursement of expenses of retained professionals in the Chapter 11 Cases (the "Interim Compensation Procedures"). The Bankruptcy Court has entered orders approving all of the aforementioned retention applications and the Interim Compensation Procedures (Docket Nos. 69, 246, 247, 248, 250, 252, 254).

C. Key Employee Retention Program

On the Petition Date, as part of the Employees Motion, the Debtors sought approval of a key employee retention program (the "KERP") to mitigate attrition risk with respect to certain non-insider employees whose expertise the Debtors deemed necessary to avoid disruption to the Debtors' business and sale efforts. The Bankruptcy Court entered an order approving the Employees Motion on a final basis, including the KERP, on August 19, 2024 (Docket No. 156).

D. The Final DIP Financing Order

On the Petition Date, the Debtors filed a motion (Docket No. 43) (the "DIP Financing Motion"), seeking the entry of interim and final orders authorizing the Debtors to enter into an agreement to obtain up to \$60,500,000 in postpetition financing, including \$26,500,000 in new money and an up to \$34,000,000 rollup of obligations owing under the Prepetition Credit Agreement, and utilize the cash collateral of the Prepetition Lenders on a consensual basis during the Debtors' Chapter 11 Cases (the "DIP Financing Agreement"). On July 25, 2024, the Bankruptcy Court entered an interim order (Docket No. 84); and on August 19, 2024, the Bankruptcy Court entered a final order (Docket No. 164) (the "Final DIP Order"), granting the relief sought in the DIP Financing Motion. The Bankruptcy Court's entry of the Final DIP Order enabled the Debtors to fund their business in the ordinary course during the process to sell substantially all of their assets, which ensured continued, uninterrupted operations, preserving the value the Debtors' Estates for the benefit of all stakeholders. The Debtors' obligations under the DIP Financing Agreement were paid in full on October 18, 2024.

E. Appointment of the Creditors' Committee

On August 2, 2024, the U.S. Trustee filed the *Notice of Appointment of Committee of Unsecured Creditors* (Docket No. 111), notifying parties in interest that the U.S. Trustee had appointed a statutory committee of unsecured creditors (the "Creditors' Committee") in these Chapter 11 Cases. The Creditors' Committee is currently composed of the following members: (1) Shannon Ranches, Inc.; (2) Federal Express Corporation; (3) Multi-Color Corporation c/o W/S Packaging Group Inc.; (4) Distilled Spirits Epicenter; (5) Ardagh Glass Packaging; (6) Vintners 1904, Inc.; and (7) Stewart Cellars, LLC. On September 3, 2024, the Creditors' Committee filed applications to retain Fox Rothschild LLP as legal counsel and Berkeley Research Group, LLC as its financial advisor. On September 23, 2024, the Bankruptcy Court entered orders approving the retention applications of Fox Rothschild LLP (Docket No. 317) and Berkeley Research Group, LLC (Docket No. 318).

F. Schedules and Statements

On October 2, 2024, the Debtors filed their Schedules of Assets and Liabilities ("Schedules") and Statements of Financial Affairs ("SOFAs") (Docket Nos. 389-412). Interested parties may review the Schedules and SOFAs and any amendments thereto by visiting the Debtors' Case Information Website (located at <https://dm.epiq11.com/case/vintagewine>).

G. The Bar Date Order

On October 8, 2024, the Bankruptcy Court entered the Bar Date Order, which established procedures and set deadlines for filing proofs of claim and requests for payment of administrative expenses against the Debtors and approved the form and manner of the bar date notice (the "Bar Date Notice"). The Bar Date Notice was filed on October 8, 2024 (Docket No. 429) and published in *The Wall Street Journal* (on October 11, 2024) and *The Press Democrat* (on October 11, 2024). Copies of the Bar Date Notice were served on all Holders of Claims appearing in the Debtors' Schedules. Pursuant to the Bar Date Order and the Bar Date Notice, the following deadlines were established:

- *General Bar Date.* Except as otherwise set forth in the Bar Date Order and Bar Date Notice, the last date for all entities holding claims against the Debtors that arose prior to the Petition Date (whether secured, unsecured priority – including section 503(b)(9) claims or unsecured nonpriority) to file proofs of claim is November 8, 2024 at 5:00 p.m., prevailing Eastern Time (the "General Bar Date").
- *Government Bar Date.* Except as otherwise set forth in the Bar Date Order and Bar Date Notice, the last date for all governmental units holding claims against the Debtors that arose prior to the Petition Date (whether secured, unsecured priority or unsecured nonpriority) to file proofs of claim is January 21, 2025 at 5:00 p.m., prevailing Eastern Time (the "Government Bar Date").

- *Rejection Bar Date.* Except as otherwise set forth in the Bar Date Order and Bar Date Notice, the last date for any entity whose claims arise out of the rejection of an executory contract or unexpired lease pursuant to a Court order (a "Rejection Order") or by operation of section 365(d)(4) of the Bankruptcy Code, including secured claims, unsecured priority claims and unsecured nonpriority claims that arose or are deemed to have arisen prior to the Petition Date, is the later of (a) the General Bar Date and (b) 5:00 p.m., prevailing Eastern Time, on the date that is 30 days after service of the Rejection Order.
- *Amended Schedules Bar Date.* Except as otherwise set forth in the Bar Date Order and Bar Date Notice, the last date for any affected entities to dispute any changes that the Debtors make to their schedules of assets and liabilities is the later of (a) the General Bar Date and (b) 5:00 p.m., prevailing Eastern Time, on the date that is 30 days after the date that notice of the applicable amendment to the Schedules is served on the entity.

H. The Debtors' Sale Process

1. Prepetition Marketing Efforts and Sale Process

As discussed further in Section III.D, VWE and its advisors explored various strategies to reduce costs and monetize assets before the Petition Date. In mid-2023, VWE retained an investment banker to evaluate strategic options, including, among others, a sale or merger of VWE and all of its direct and indirect subsidiaries, the sale or other disposition of certain business segments or assets, a corporate restructuring and the pursuit of certain other value-enhancing initiatives. After efforts to sell assets and securities, privately place equity with a strategic partner and/or sell individual brands proved unsuccessful by January 2024, VWE initiated a process that would simplify its direct-to-consumer operations and wind down its business-to-business services to concentrate resources on certain premium wineries with higher demand, divesting from certain real property to improve its liquidity position while pursuing a slimmed-down business model. In March 2024, it retained GLC to evaluate strategic alternatives and lead a marketing process that culminated in the Debtors' successful efforts to sell substantially all of their assets during the Chapter 11 Cases.

Prepetition, GLC contacted over 500 parties to solicit interest in the Debtors' assets. GLC prepared a confidential information memorandum to distribute to interested parties and conducted numerous calls to solicit interest and explain the process. After interested parties signed a non-disclosure agreement, they were given access to a data room and provided with diligence materials, including historical financial information, employee lists and details concerning inventory and fixed assets. In general, even if a party was likely only interested in a discrete asset, it was granted broad information access in an attempt to solicit parties to purchase more than one asset. Nearly 150 parties executed non-disclosure agreements and were granted full or partial access to the data room and diligence information prior to the Petition Date. In addition, the Company's management team held calls to provide additional information about the Assets with nearly twenty different parties.

Although VWE was able to close the sale of its Cosentino assets on July 19, 2024, it quickly determined that it was unlikely to succeed in monetizing the majority of its assets through an out-of-court process, but concluded that its substantial prepetition marketing efforts would facilitate continued interest in its assets during a postpetition marketing process.

2. Postpetition Sale Process

a. Approval of the Debtors' Bidding Procedures, Designated Stalking Horse Bidders and De Minimis Asset Sale Procedures Motion

On the Petition Date, the Debtors filed a motion (Docket No. 14) (the "Bidding Procedures Motion"), seeking orders (a) approving bidding procedures for the sale of substantially all of the Debtors' assets; (b) authorizing the Debtors to enter into stalking horse agreements and provide bid protections thereunder; (c) scheduling an auction; (d) approving assumption and assignment procedures; (e) scheduling a sale hearing;

- (f) approving the sale of the Debtors' assets free and clear of liens, claims, interests and encumbrances; and
- (g) approving the assumption and assignment of executory contracts and unexpired leases.

On August 13, 2024, the Debtors filed a supplement to that motion (Docket No. 126) (the "Supplement"), seeking approval of (i) revised bidding procedures (as revised, the "Bidding Procedures") and (ii) their selection of two stalking horse bidders for certain assets. Foley Family Wines, Inc. ("Foley") agreed to serve as the stalking horse bidder for the Debtors' Cosentino, Bar Dog, Cherry Pie and Swanson asset-lite brands and the Sonoma Coast tasting room (the "Foley Stalking Horse Assets") for \$15 million, and Playa Capital Partners, LLC ("Playa") agreed to serve as the stalking horse bidder for the Debtors' ACE Cider assets (the "ACE Cider Stalking Horse Assets") for \$3,607,000. The Court entered an order approving the Supplement on August 21, 2024 (Docket No. 181).

On August 23, 2024, the Debtors filed a motion (Docket No. 191) (the "Second Stalking Horse Motion") seeking authorization to enter into additional stalking horse agreements. Adair Winery, Inc. ("Adair") agreed to serve as the stalking horse bidder for the Debtors' Clos Pegase Estate and Girard Estate for \$35 million; Vino.com, L.L.C. ("Vino") agreed to serve as the stalking horse bidder for the Debtors' Layer Cake Brand, Tamarack Brand, and Cartledge & Browne Brand (the "Vino Stalking Horse Assets") for \$6,028,313; and Bartow Ethanol of Florida L.C. ("Bartow") agreed to serve as the stalking horse bidder for Meier's Wine Cellars Inc. (the "Bartow Stalking Horse Assets") for \$6.25 million. The Debtors subsequently withdrew the request to designate Adair as a stalking horse bidder, following negotiations with Adair to submit a second proposed stalking horse bid including additional of the Debtors' assets. The Court entered an order approving the Second Stalking Horse Motion on August 29, 2024 (Docket No. 210).

On August 28, 2024, the Debtors filed a motion (Docket No. 206) (the "Third Stalking Horse Motion") seeking authorization to enter into additional stalking horse agreements. Adair agreed to serve as the stalking horse bidder for the Debtors' B.R. Cohn, Clos Pegase, Girard, Kunde and Viansa Estates (the "Adair Stalking Horse Assets") for \$70,000,000; Full – Glass Licensing LLC ("Full-Glass") agreed to serve as the stalking horse bidder for the Debtors' Cameron Hughes, Vinesse and Windsor Vineyard direct-to-consumer platforms, brands and inventory and certain unallocated cased wine (the "Full-Glass Stalking Horse Assets") for \$3,200,000; Ejnar Knudsen ("Knudsen") as stalking horse bidder for the Debtors' Laetitia and Owen Roe Estates (the "Knudsen Stalking Horse Assets") for \$9,300,000; and Delicato Vineyards, LLC ("Delicato") with respect to certain of the Debtors' unallocated bulk wine (the "California Bulk Wine Assets") for \$1,059,000.

On October 8, 2024, the Debtors filed a motion (Docket No. 431) (the "Fourth Stalking Horse Motion") seeking authorization to enter into an additional stalking horse agreement. DFG Real Estate, LLC ("DFG") as purchaser and W.J. Deutsch & Sons Ltd. d/b/a Deutsch Family Wine & Spirits (together with DFG, "DFWS") as guarantor agreed to serve as the stalking horse bidder for the Debtors' Ray's Station assets (the "DFWS Stalking Horse Assets") for \$16,000,000.

On August 20, 2024, the Court entered an order (Docket No. 176) (the "De Minimis Asset Sale Procedures Order") authorizing the Debtors to consummate, subject to certain procedures based on the size of the transaction, sale transactions for *de minimis* assets without further order of the Court. Following entry of the De Minimis Asset Sale Procedures Order, the Debtors have consummated the sale of various intellectual property, including intellectual property relating to the Nadia, Qupe, Carneros Creek, Tribunal, Stonefly, Distillery No. 209 and Delectus brands. The Debtors also entered into an agreement with Paula Kornell ("Kornell") and Farmer Hospitality LLC for the termination of the Debtors' license agreement with Kornell and the transfer of certain tirage wine in production using Kornell's intellectual property to a third-party producer.

b. The Designation of Successful Bidders

The Debtors did not receive any additional Qualified Bids (as defined in the Bidding Procedures) for the Foley Stalking Horse Assets, Vino Stalking Horse Assets, Bartow Stalking Horse Assets, Full-Glass Stalking Horse Assets, Knudsen Stalking Horse Assets or DFWS Stalking Horse Assets. As a result, the Debtors, after conferring with their advisors, and in consultation with the Consultation Parties, selected Foley, Vino, Bartow, Full-Glass, Knudsen and DFWS as the Successful Bidders for the Foley Stalking Horse Assets, Vino Stalking Horse Assets, Bartow Stalking Horse Assets, Full-Glass Stalking Horse Assets, Knudsen Stalking Horse Assets and DFWS Stalking Horse Assets, respectively.

As described in greater detail in the *Declaration of Seth Kaufman in Support of the Sale of Certain Assets to Adair Winery, Inc.* (Docket No. 322) the Debtors declared Adair the winning bidder for the Adair Stalking Horse Assets on September 17, 2024, after Adair agreed to increase its bid for the Adair Stalking Horse Assets to \$85,000,000.

Also on September 17, 2024, the Debtors held an auction for the Debtors' Firesteed assets (property, brands and inventory), Clayhouse assets (brand and inventory) and certain unallocated Oregon bulk wine (together, the "Non-Stalking Horse Assets") and the ACE Cider Stalking Horse Assets. The Debtors, in consultation with the Consultation Parties (as defined in the Bidding Procedures), designated Cider Leasing, LLC and Ace Cider I, LLC as the successful bidder for the ACE Cider Stalking Horse Assets with a bid of \$7,042,000 and designated Playa as the backup bidder for the ACE Cider Stalking Horse Assets with a bid of \$6,792,000. The Debtors, in consultation with the Consultation Parties (as defined in the Bidding Procedures), designated Integrated Beverage Group, LLC as the successful bidder for the Non-Stalking Horse Assets with a bid of \$8,150,000 and designated Palm Bay International, Inc. as the backup bidder for the Non-Stalking Horse Assets with a bid of \$7,900,000.

On September 24, 2024, the Debtors held an auction for the California Bulk Wine Assets. The Debtors, in consultation with the Consultation Parties (as defined in the Bidding Procedures), designated Bourbon Fund LLC d/b/a XXL Wines ("Bourbon Fund") as the successful bidder for the California Bulk Wine Assets with a bid of \$2,000,000 and designated Delicato as the backup bidder for the California Bulk Wine Assets with a bid of \$1,059,000.

The Court entered orders approving the sale of the Debtors' assets to Foley, Vino, Bartow, Full-Glass, Knudsen, Adair, Lipton, IBG and Bourbon Fund on September 24, 25 and 26 (Docket Nos. 340-344, 348, 359, 360). The transaction with Vino closed on October 2, 2024. The transactions with Bourbon Fund and Bartow closed on October 3, 2024. The transactions with Bartow and Knudsen closed on October 4, 2024. The transaction with Lipton closed on October 7, 2024. The transactions with Foley and Adair closed on October 15, 2024. The transaction with IBG closed on October 16, 2024. The transaction with Full-Glass closed on October 23, 2024. The transaction with DFWS closed on October 31, 2024.

c. Settlement With DFWS

Before the Debtors entered into their transaction with DFWS, the parties disagreed regarding the Debtors' rejection of a certain agreement (the "Production Agreement") that gave the Debtors the exclusive right to produce certain wine products using DFWS's intellectual property. In the Debtors' motion to reject the Production Agreement, the Debtors also sought to reject: (i) that certain Change of Control Side Letter, dated February 10, 2022; (ii) that certain Side Letter Agreement Regarding Right of First Refusal for Representation of New VWE Brands, dated February 10, 2022; (iii) that certain Amended and Restated Exclusive Marketing and Sales Agency Agreement, dated April 1, 2016, as subsequently amended by that certain First Amendment to Amended and Restated Exclusive Marketing and Sales Agency Agreement, dated March 1, 2017; and (iv) that certain Exclusive Marketing and Sales Agreement, dated October 2017 (collectively, and together with the Production Agreement, the "DFWS Agreements"). DFWS objected to the timing of Debtors' rejection of the Production Agreement and asserted that the Debtors committed several breaches of the Production Agreement after the Petition Date (Docket Nos. 304-05). On August 16, 2024, the Court entered an order authorizing the Debtors to reject all of the DFWS Agreements other than the Production Agreement (Docket No. 144). On September 23, 2024, the parties submitted an agreed order under certification of counsel reflecting a consensual resolution of the timing dispute and reserving all other rights (Docket No. 327). The Court entered the agreed order on September 30, 2024 (Docket No. 339).

To permanently resolve any and all claims or disputes between the Debtors and DFWS relating to the DFWS Agreements, including any claim arising from the rejection of the DFWS Agreements, the parties entered into an agreement (the "DFWS Settlement Agreement") whereby, in connection with (and contingent upon the Court's approval of) the sale of the DFWS Stalking Horse Assets to DFWS, the parties released and discharged each other of any and all claims, known or unknown, related to the DFWS Agreements that arose or may have arisen through the closing date of their transaction—October 31, 2024 (Docket No. 434). The Court approved the DFWS Settlement Agreement on October 23, 2024 (Docket No. 484).

d. The Transition Services Agreements

Pursuant to certain of the Sale APAs, VWE also entered into several lease and transition services agreements.

Under the Adair TSA, VWE will continue to maintain licenses associated with the Girard, Clos Pegase, B.R. Cohn, Viansa and Kunde wineries and the associated brands at Adair's expense. VWE will be responsible for the operations and Adair will provide certain services and will bear all risks and expenses associated with the licensure and operations. The Adair TSA continues until the earlier of (i) the issuance of the applicable licenses to Adair, and (ii) April 15, 2025.

Under the Foley TSA, VWE will continue to maintain licenses associated with the acquired business and tasting room at Foley's expense. VWE will be responsible for the business operations and Foley will provide certain services and will bear all risks and expenses associated with the licensure and operations. The Foley TSA continues until the earlier of (i) the issuance of the applicable licenses to Foley, and (ii) July 15, 2025.

Under the Owen Roe TSA, VWE will continue to maintain licenses associated with the Owen Roe winery at the expense of Stella Maris, LLC ("Stella Maris"). VWE will be responsible for the Owen Roe winery operations and Stella Maris will provide certain services and will bear all risks and expenses associated with the licensure and operations. The Owen Roe TSA continues until the earlier of (i) the issuance of the applicable licenses to Stella Maris, and (ii) February 4, 2025.

Under the Laetitia TSA, VWE will continue to maintain licenses associated with the Laetitia winery at the expense of Laetitia Vineyards & Vinery, LLC ("Laetitia"). VWE will be responsible for the Laetitia winery operations and Laetitia will provide certain services and will bear all risks and expenses associated with the licensure and operations. The Laetitia TSA continues until the earlier of (i) the issuance of the applicable licenses to Laetitia, and (ii) February 4, 2025.

Under the Ace Cider TSA, VWE will continue to maintain licenses necessary to operate the Ace Cider business and associated premises at Ace Cider I LLC's expense. VWE will be responsible for the operations and Ace Cider I LLC will provide certain services and will bear all risks and expenses associated with the licensure and operations. The Ace Cider TSA continues until the earlier of (i) the issuance of the applicable licenses to Ace Cider I LLC, and (ii) June 7, 2025.

e. Sale Proceeds and Escrows

As authorized by the Final DIP Order, the Debtors used the net proceeds from the Asset Sales to pay in full the DIP Financing Agreement. In connection with the closing of the Asset Sales and as required by the applicable TSAs, the Debtors, with the consent of the Secured Parties, opened bank accounts in order to provide for the collection of certain revenues owing to the applicable purchasers and the payment or reimbursement of the Debtors for expenses incurred by the Debtors the Sale TSAs.

I. Exclusivity

Section 1121(b) of the Bankruptcy Code establishes an initial period of 120 days after the Bankruptcy Court enters an order for relief under chapter 11 of the Bankruptcy Code, during which only the debtor may file a chapter 11 plan. If the debtor files a chapter 11 plan within such 120-day period, section 1121(c)(3) of the Bankruptcy Code extends the exclusivity period by an additional 60 days to permit the debtor to seek acceptances of such plan. Section 1121(d) of the Bankruptcy Code also permits the Bankruptcy Court to extend these exclusivity periods "for cause." On November 20, 2024, the Debtors filed a motion seeking extension of their exclusive periods to File and solicit acceptance of a chapter 11 plan, which was approved by the Court on [].

J. Bar Date Results

In accordance with the Bar Date Order, the Bar Date Notice was mailed to, among others, all known claimants holding actual or potential Claims impacted by the Bar Date Order. The General Bar Date was November 8, 2024 at 5:00 p.m., prevailing Eastern Time. The Government Bar Date is January 21, 2025 at 5:00 p.m., prevailing Eastern Time. As of the General Bar Date, claims were filed in the following approximate amounts: \$0.343 million in administrative claims; \$315.1 million in secured claims (which amount reflects elimination of duplicate Claims Filed by the Prepetition Agent); \$1.6 million in priority claims; and \$60.1 million in general unsecured claims. The Debtors are still reconciling these amounts, but believe, based on preliminary analysis, that the numbers include numerous duplicative, incorrectly classified and otherwise invalid claims.

K. The Committee Settlement Agreement

On November 26, 2024, the Prepetition Agent and DIP Agent filed the *Notice of Occurrence of Events of Default* (the "Notice of Default") (Docket No. 582), asserting certain events of default under the Final DIP Order amid ongoing disputes among the Debtors, the Creditors' Committee and the Prepetition Agent and DIP Agent regarding the budget for the Chapter 11 Cases, among other issues.

On December 1, 2024, the Debtors filed the *Debtors' Emergency Motion to Enforce the Final DIP Order or, in the Alternative, to Confirm the Debtors are Operating Under the Approved Budget* (the "Motion to Enforce") (Docket No. 584), requesting that the Court either (1) compel the Prepetition Agent and Prepetition Secured Lenders to approve the Debtors' latest proposed budget or (2) confirm the latest proposed budget as the Approved Budget (as defined in the Final DIP Order), arguing that the Prepetition Agent and Prepetition Secured Lenders had unreasonably withheld approval. The Creditors' Committee subsequently filed a joinder to the Motion to Enforce (Docket No. 617).

The Creditors' Committee filed under seal a complaint (the "Complaint") against the Prepetition Agent on December 3, 2024, challenging the validity and extent of the Prepetition Agent's prepetition liens certain of the Debtors' assets (Docket No. 606). In the Complaint, the Creditors' Committee asserted claims for avoidance and recovery of fraudulent transfers, a corresponding claim objection, claims for exclusion and valuation of avoidance actions from the Prepetition Agent's collateral and unperfected interests in property and the equitable subordination of the Prepetition Agent's deficiency claim.

On December 4, 2024, the Prepetition Agent and DIP Agent filed *BMO Bank's: (I) Motion for Entry of Order (A) Converting Cases to Chapter 7 Cases, and (B) Granting Related Relief; (II) Objection to Debtors' Motion to Enforce; (III) Objection to Interim Fee Applications; and (IV) Objection to Conditional Approval of Debtors' Disclosure Statement* (the "Motion to Convert") (Docket No. 619), seeking, among other relief, an order converting the Chapter 11 Cases to chapter 7 under the Bankruptcy Code due to, among other things, the Debtors' alleged continued use of cash collateral without an approved budget and the diminution of the estate pursuant to the administration of the Chapter 11 Cases.

On December 5, 2024, the Court held a hearing on the Motion to Enforce but declined to make a ruling at that time. At the direction of the Court, the Committee Settlement Parties submitted an agreed order submitting their various disputes to mediation before the Honorable Craig T. Goldblatt, which the Court entered on December 12, 2024 (Docket No. 644). The mediation was held on December 17, 2024. As a result of the mediation and subsequent negotiations, the Committee Settlement Parties negotiated and entered into the Committee Settlement Agreement.

Among other things, the Committee Settlement Agreement provides that, upon the Committee Settlement Agreement becoming effective and binding upon the Committee Settlement Parties:

- The Debtors shall make an initial Cash payment to the Prepetition Agent in the amount of \$89,239,931.90 (the "Initial Cash Payment") on account of its secured claims in the Chapter 11 Cases.
- The Prepetition Agent consents to the budget (the "Budget") attached to the Settlement Agreement.

- Separate from the Initial Cash Payment, the Debtors shall pay all Holdback Funds (as defined in the Committee Settlement Agreement) received by the Debtors to Prepetition Agent on account of its secured claims in the Chapter 11 Cases. The Debtors or the Liquidation Trustee (as applicable) shall cooperate with Prepetition Agent and DIP Agent so that any professional fees (as to Debtors, in excess of amounts provided for in the Budget) or other third-party expenses reasonably required to resolve the disputes regarding the Unresolved Holdback Funds (as defined in the Committee Settlement Agreement) will be presented to Prepetition Agent for prior written approval, which shall not be unreasonably withheld. The Debtors and Liquidation Trustee (as applicable) shall provide Prepetition Agent with regular updates with respect to any material developments pertaining to the resolution of the Unresolved Holdback Funds, which may not be resolved without the consent of the Prepetition Agent and DIP Agent.
- The Prepetition Agent irrevocably releases and waives any and all liens held by Prepetition Agent on behalf of the Secured Parties in the an amount equal to the Liquidation Trust Funding Reserve.
- The Plan shall provide that: (i) holders of General Unsecured Claims other than the Prepetition Agent on behalf of the Prepetition Secured Lenders shall receive payment priority up to the first \$1,000,000 in Cash available for Distribution for Holders of General Unsecured Claims through the Liquidation Trust; (ii) thereafter, the Prepetition Agent (on account of its deficiency claim) and other Holders of General Unsecured Claims shall share on a pro rata basis in any further Cash Distributions or any other recoveries which may be available to general unsecured creditors as beneficiaries under the Liquidation Trust; and (iii) the Prepetition Agent, the DIP Agent, the Secured Parties, the DIP Secured Parties, the members of the Creditors' Committee, the Creditors' Committee's professionals, and the Debtor Related Parties shall receive releases to the fullest extent allowed under existing law.
- The Plan shall provide for the creation of the Liquidation Trust to administer assets transferred into the Liquidation Trust on the Effective Date of the Plan and to disburse net proceeds to creditors in accordance with the Committee Settlement Agreement and the Liquidation Trust Agreement, overseen (unless otherwise agreed to by the Creditors' Committee and the Prepetition Agent) by a Liquidation Trust Oversight Committee appointed pursuant to the Plan and the Committee Settlement Agreement. The initial Liquidation Trustee shall be the Stapleton Group, a part of J.S. Held.
- The Debtors shall withdraw the Enforcement Motion and any claim by Debtors or the Creditors' Committee that the Prepetition Agent did not: (i) reasonably object to prior budgets tendered by Debtors; (ii) properly declare a default under the DIP Financing Agreement; and/or (iii) properly issue a Carve-Out Notice (as defined in the Final DIP Order).
- Prepetition Agent shall withdraw the Notice of Default.
- The Complaint would be dismissed with prejudice.

On January 7, 2025, the Debtors filed with the Court a motion seeking approval of the Committee Settlement Agreement (the "Committee Settlement Motion") (Docket No. 680). On January [•], 2025, the Court entered an order approving the Committee Settlement Motion (Docket No. [•]).

V. SUMMARY OF THE PLAN

The following summary highlights certain substantive provisions of the Plan, and is not, nor is it intended to be, a complete description or a substitute for a full and complete review of the Plan. The Debtors urge all Holders of Claims and Interests to read and carefully study the Plan, a copy of which is attached hereto as Exhibit A.

The Plan controls the actual treatment of Claims against and Interests in the Debtors under the Plan, and will, upon the occurrence of the Effective Date, be binding upon all Holders of Claims against and Interests in the Debtors and the Debtors' Estates, all parties receiving property under the Plan and other parties in interest. In the event of any conflict between this Disclosure Statement and the Plan or any other operative document, the terms of the Plan and/or such other operative document shall control.

A. Consolidation of the Debtors; Classification and Treatment of Claims and Interests

The Debtors' Estates will be consolidated for administrative purposes related to the Plan, including for purposes of (1) implementing the Plan, (2) voting, (3) assessing whether the standards for Confirmation have been met and (4) calculating and making Distributions under the Plan.

On the Effective Date, for administrative purposes related to the Plan, (1) all of the Debtors' assets and liabilities will be merged; (2) all guarantees or responsibility of one Debtor of the obligations of any other Debtor will be eliminated, and all guarantees or responsibility executed by multiple Debtors of the obligations of any other Entity will be consolidated into a single obligation, so that any Claim against any Debtor and any guarantee or responsibility thereof executed by any other Debtor and any joint or several liability of any of the Debtors will be one obligation of the Debtors; (3) each and every Claim Filed or to be Filed in the Chapter 11 Case of any Debtor will be Filed against, and will be a single obligation of, the Debtors; (4) Intercompany Claims between Debtors will be eliminated and extinguished; and (5) except as set forth in the Plan, Interests of one Debtor in another Debtor will be cancelled. This consolidation will not affect (1) the vesting of the Debtors' assets in the Liquidation Trust; (2) the right to distributions from any Insurance Policies or proceeds of such policies; (3) any Liens granted or arising at any time prior to the Effective Date or the priority of those Liens; or (4) the rights of the Debtors or the Liquidation Trustee to contest setoff or recoupment rights alleged by creditors on the grounds of lack of mutuality under section 553 of the Bankruptcy Code and other applicable law.

All Claims and Interests, except for those Claims set forth in Section V.A.1 below, are classified for voting and Distribution pursuant to the Plan as set forth below. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims are not classified herein. A Claim or Interest is classified in a particular Class only to the extent that such Claim or Interest fits within the description of that Class and is classified in other Classes to the extent that any remainder of such Claim or Interest qualifies within the description of such other Classes. A Holder of a Claim that may be asserted against more than one of the Debtors shall be entitled to a single Distribution as if such Holder had a single Claim against the Debtors.

1. Unclassified Claims

a. Payment of Administrative Expense Claims

i. Administrative Expense Claims in General

Except as specified in Section II.C.1 of the Plan, and subject to the bar date provisions therein, unless otherwise agreed by the Holder of an Administrative Expense Claim and the applicable Debtor or the Liquidation Trustee, as applicable, or unless an order of the Bankruptcy Court provides otherwise, each holder of an Allowed Administrative Expense Claim will receive, in full satisfaction of its Administrative Expense Claim, Cash equal to the full unpaid amount of such Allowed Administrative Expense Claim, which payments shall be made from the Liquidation Trust Assets at the Liquidation Trustee's option, (A) in the ordinary course of business or (B) on the latest to occur of (1) the Effective Date (or as soon as reasonably practicable thereafter), (2) the date such Claim becomes an Allowed Administrative Expense Claim (or as soon as reasonably practicable thereafter) and (3) such other date as may be agreed upon by the Liquidation Trustee and the Holder of such Claim.

ii. Statutory Fees and U.S. Trustee Reporting Obligations

All Statutory Fees due and payable for each Debtor's Chapter 11 Case shall be paid by the Debtors on the Effective Date. After the Effective Date, the Debtors and the Liquidation Trust shall be jointly and severally liable to pay any and all Statutory Fees when due and payable. The Debtors shall file all monthly operating reports due

prior to the Effective Date when they become due, using UST Form 11-MOR. After the Effective Date, the Debtors and the Liquidation Trustee, on behalf of the Liquidation Trust, shall file with the Bankruptcy Court separate UST Form 11-PCR reports when they become due. Notwithstanding anything called for in the Plan to the contrary, the Debtors and the Liquidation Trust shall remain obligated to pay Statutory Fees to the Office of the U.S. Trustee and make such reports until the earliest of that particular Debtor's case being closed, dismissed or converted to a case under Chapter 7 of the Bankruptcy Code. The U.S. Trustee shall not be required to file any Administrative Expense Claims in the cases and shall not be treated as providing any release under the Plan. The obligations in this paragraph shall remain for each Debtor until such time as a final decree is entered closing the Chapter 11 Case for such Debtor, a Final Order converting such Debtor's Chapter 11 Case to as case under Chapter 7 of the Bankruptcy Code is entered or a Final Order dismissing such Debtor's Chapter 11 Case is entered.

iii. Professional Compensation

A. Final Fee Applications and Payment of Professional Fee Claims

To the extent required by a Final Order of the Court approving a Professional's retention, 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 30 days after the Effective Date. All such final requests will be subject to approval by the Bankruptcy Court after notice and a hearing in accordance with the procedures established by the Bankruptcy Code, the Bankruptcy Rules and prior orders of the Bankruptcy Court, including the Interim Compensation Order, and once approved by the Bankruptcy Court, shall be promptly paid from the Professional Fee Escrow Account up to the full Allowed amount. Professional Fee Claims not subject to approval by separate Court order will be paid from the Professional Fee Escrow Account in accordance with any Final Order approving the retention of such Professional.

Subject to the terms of the Committee Settlement Agreement, including without limitation the cap on Allowed Professional Fee Claims set forth in the Agreed Budget pursuant to the Committee Settlement Agreement, 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, which shall be satisfied in accordance with Section II.C.1.a of the Plan.

B. Professional Fee Escrow Account

As soon as practicable after Confirmation and not later than the Effective Date, the Debtors shall establish and fund the Professional Fee Escrow Account with Cash equal to the Professional Fee Escrow Amount. The Professional Fee Escrow Account shall be maintained in trust for the Professionals. Such funds shall not be considered property of the Debtors' Estates. The amount of Professional Fee Claims owing to the Professionals shall be paid in Cash to such Professionals from funds held in the Professional Fee Escrow Account as set forth in Sections II.C.1.c and II.C.1.d of the Plan.

When all Professional Fee Claims have been paid in full as set forth in Sections II.C.1.c and II.C.1.d of the Plan, any remaining amount in the Professional Fee Escrow Account shall become Liquidation Trust Assets and be distributed to Holders of Allowed Claims in accordance with the terms of the Plan, the Committee Settlement Agreement and the Liquidation Trust Agreement.

iv. Post-Effective Date Professional Fees and Expenses

Upon the Effective Date, any requirement that Professionals and Ordinary Course Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code, the Interim Compensation Order or the Ordinary Course Professionals Order in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors or the Liquidation Trust, as applicable, may employ and pay any Professional or Ordinary Course Professional in the ordinary course of business without any further notice to or action, order or approval of the Bankruptcy Court, subject to the terms of the Liquidation Trust Agreement.

v. Bar Date for Administrative Expense Claims

Except with respect to Professional Fee Claims or otherwise as set forth in the Plan, requests for payment of Administrative Expense Claims that arose during the period after the Petition Date and ending on the Effective Date must be Filed and served on the Notice Parties pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order, no later than 30 days after the Effective Date. Objections to such requests for payment of Administrative Expense Claims, and all requests for payment of Administrative Expense Claims made pursuant to the Bar Date Order, must be Filed and served on the Notice Parties and the requesting party by the Claims Objection Bar Date.

Holders of Administrative Expense Claims that are required to File and serve a request for payment of such Administrative Expense Claims and that have not or do not File and serve such a request by the applicable Bar Date or as otherwise set forth in the Plan, will be forever barred from asserting such Administrative Expense Claims against the Debtors, the Liquidation Trust or their respective property.

b. Payment of Priority Tax Claims

i. Priority Tax Claims

Pursuant to section 1129(a)(9)(C) of the Bankruptcy Code, unless otherwise agreed by the Holder of a Priority Tax Claim and the Debtors or the Liquidation Trustee, as applicable, each Holder of an Allowed Priority Tax Claim will receive, at the option of the Debtors or the Liquidation Trustee, as applicable, in full satisfaction of its Allowed Priority Tax Claim that is due and payable on or before the Effective Date, on account of and in full and complete settlement, satisfaction and release of such Claim, (A) Cash from the Liquidation Trust Assets in an amount equal to the amount of such Allowed Priority Tax Claim or (B) Cash from the Liquidation Trust Assets in an aggregate amount of such Allowed Priority Tax Claim payable in installment payments over a period of time not to exceed five years after the Petition Date, pursuant to section 1129(a)(9)(C) of the Bankruptcy Code.

ii. Other Provisions Concerning Treatment of Priority Tax Claims

Notwithstanding anything to the contrary in Article II of the Plan, any Claim on account of any penalty arising with respect to or in connection with an Allowed Priority Tax Claim that does not compensate the Holder for actual pecuniary loss shall be treated as a General Unsecured Claim, and the Holder (other than as the Holder of a General Unsecured Claim) may not assess or attempt to collect such penalty from the Debtors, the Liquidation Trust or their respective property.

2. Classification of Claims and Interests

Pursuant to sections 1122 and 1123 of the Bankruptcy Code, Claims and Interests are classified for voting and Distribution pursuant to the Plan, as set forth herein. A Claim or Interest shall be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such other Class. Except as otherwise specifically provided for herein, the Confirmation Order or any other Final Order of the Bankruptcy Court, or required by applicable bankruptcy law, in no event shall the aggregate value of all property received or retained under the Plan on account of an Allowed Claim exceed 100% of the underlying Allowed Claim.

3. Treatment of Claims and Interests

a. Priority Claims (Class 1)

i. Classification. Class 1 consists of all Priority Claims.

ii. Treatment. On the later of (i) the Effective Date or as soon as reasonably practicable thereafter and (ii) the date on which such Priority Claim becomes an Allowed Claim, each Holder of an

Allowed Priority Claim will receive on account of and in full and complete settlement and release of such Claim, Cash from the Liquidation Trust Assets in the amount of such Allowed Priority Claim.

iii. **Voting.** Claims in Class 1 are Unimpaired. Each Holder of an Allowed Claim in Class 1 is conclusively presumed to have accepted the Plan and is, therefore, not entitled to vote on the Plan.

b. Prepetition Secured Lender Claims (Class 2)

i. **Classification.** Class 2 consists of all Prepetition Secured Lender Claims.

ii. **Treatment.** Each Holder of an Allowed Prepetition Secured Lender Claim will receive its Pro Rata share of the Secured Lender Distribution.

iii. **Voting.** Claims in Class 2 are Impaired. Each Holder of an Allowed Claim in Class 2 is, therefore, entitled to vote on the Plan.

c. Other Secured Claims (Class 3)

i. **Classification.** Class 3 consists of all Other Secured Claims.

ii. **Treatment.** Unless otherwise agreed by any Holder of an Allowed Other Secured Claim and the Debtors or the Liquidation Trustee (as applicable), on the later of (A) the Effective Date or as soon as reasonably practicable thereafter and (B) the date on which such Other Secured Claim becomes an Allowed Claim, each Holder of an Allowed Other Secured Claim shall receive the following treatment at the option of the Liquidation Trustee: (1) payment in full in Cash from the Liquidation Trust Assets; (2) delivery of the collateral securing such Allowed Other Secured Claim and payment of any interest thereon required to be paid under section 506(b) of the Bankruptcy Code; or (3) such other recovery as is necessary to render such Claim Unimpaired.

iii. **Voting.** Claims in Class 3 are Unimpaired. Each holder of an Allowed Claim in Class 3 is conclusively presumed to have accepted the Plan and, therefore, is not entitled to vote on the Plan.

d. General Unsecured Claims (Class 4)

i. **Classification.** Class 4 consists of all General Unsecured Claims.

ii. **Treatment.** Each Holder of an Allowed Claim in Class 4 shall receive a Pro Rata Distribution of the proceeds of the Liquidation Trust Assets (including any Cash remaining in the Liquidation Trust Funding Reserve after payment in full of the Liquidation Trust Expenses, Allowed Administrative Expense Claims, Allowed Priority Tax Claims and Allowed Priority Claims); provided that Holders of Allowed General Unsecured Claims (other than Holders of Allowed Prepetition Secured Lender Deficiency Claims) shall receive and share on a Pro Rata basis Distributions equal, in the aggregate, to \$1,000,000 before any Distributions are made to Holders of Allowed Prepetition Secured Lender Deficiency Claims; provided further that any Distributions to Holders of Allowed Claims in Class 4 in excess of \$1,000,000 shall be shared on a Pro Rata basis with all Holders of Allowed Claims in Class 4 (including Holders of Allowed Prepetition Secured Lender Deficiency Claims).

iii. **Voting.** Claims in Class 4 are Impaired. Each Holder of an Allowed Claim in

Class 4 is, therefore, entitled to vote on the Plan.

e. Interests in VWE (Class 5)

i. Classification. Class 5 consists of all Interests in VWE.

ii. Treatment. On the Effective Date, the Interests in VWE will be canceled, and Holders of Class 5 Interests will not receive any Distribution pursuant to the Plan.

iii. Voting. Each Holder of a Class 5 Interest will be deemed to have rejected the Plan and, therefore, is not entitled to vote on the Plan.

f. Interests in Surviving Subsidiary Debtors (Class 6)

i. Classification. Class 6 consists of all Interests in Vintage Wine Estates, Inc. (CA); California Cider Co., Inc. and Girard Winery LLC.

ii. Treatment. On the Effective Date, the Interests in the Surviving Subsidiary Debtors will be reinstated, subject to the Dissolution Transactions.

iii. Voting. Class 6 Interests are Unimpaired. Each Holder of a Class 6 Interest is conclusively presumed to have accepted the Plan and, therefore, is not entitled to vote on the Plan.

g. Interests in Other Subsidiary Debtors (Class 7)

i. Classification. Class 7 consists of all Interests in Grove Acquisition, LLC; Meier's Wine Cellars Acquisition, LLC; Meier's Wine Cellars, Inc.; Mildara Blass Inc.; Sabotage Wine Company, LLC; Splinter Group Napa, LLC; Thames America Trading Company Ltd. and Vinesse, LLC.

ii. Treatment. On the Effective Date, the Interests in VWE will be canceled, and Holders of Class 7 Interests will not receive any Distribution pursuant to the Plan.

iii. **Voting.** Each Holder of a Class 7 Interest will be deemed to have rejected the Plan and, therefore, is not entitled to vote on the Plan.

h. 510(b) Claims (Class 8)

i. **Classification.** Class 8 consists of all 510(b) Claims.

ii. **Treatment.** Holders of Allowed Claims in Class 8 will not receive any Distribution pursuant to the Plan.

iii. **Voting.** Each Holder of an Allowed Claim in Class 8 will be deemed to have rejected the Plan and, therefore, is not entitled to vote on the Plan.

4. Reservation of Rights Regarding Claims

Except as otherwise provided in the Plan or in other Final Orders of the Bankruptcy Court, nothing shall affect the Debtors' or the Liquidation Trustee's respective rights and defenses, whether legal or equitable, with respect to any Claim, including, without limitation, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment.

5. Postpetition Interest on Claims

Except as required by applicable bankruptcy law, postpetition interest shall not accrue or be payable on account of any Claim.

6. Insurance

Notwithstanding anything to the contrary herein, if any Allowed Claim is covered by an Insurance Policy, such Claim shall first be paid from proceeds of such Insurance Policy, with the balance, if any, treated in accordance with the provisions of the Plan governing the Class applicable to such Claim.

7. Class Without Voting Claim Holders

If Holders of Claims in a particular Impaired Class of Claims are entitled to vote to accept or reject the Plan, but no Holders of Claims in such Impaired Class of Claims vote to accept or reject the Plan, then such Class of Claims shall be deemed to have accepted the Plan.

B. Means for Implementation of the Plan

1. Corporate Existence

a. Continued Existence

Consistent with Section III.A.2 of the Plan, each of the VWE and the Surviving Subsidiary Debtors will be subject to one or more Dissolution Transactions on or after the Effective Date, at the discretion of the Liquidation Trustee and in accordance with the Liquidation Trust Agreement and Sale TSAs. Each of VWE and the Surviving Subsidiary Debtors shall continue to exist after the transfer of the property of their Estates to the Liquidation Trust until dissolved by the Liquidation Trustee, pursuant to a Dissolution Transaction.

On the Effective Date, VWE will issue the New VWE Equity Interests, which will be 100% held by the Liquidation Trust. In accordance with Section II.E.7 of the Plan, all Interests in the Surviving Subsidiary Debtors will be reinstated on the Effective Date.

b. Dissolution of the Debtors

On the Effective Date or as provided herein, the Non-Surviving Subsidiary Debtors' members, directors, managers and officers shall be deemed to have resigned and the Non-Surviving Subsidiary Debtors dissolved for all purposes and of no further legal existence under any applicable state or federal law, without the need to take any further action or file any plan of dissolution, certificate of cancellation, notice or application with the Secretary of State of the State of Delaware or any other state or government authority, and without the need to pay any franchise or similar taxes in order to effectuate such dissolution and/or cancellation.

At any time on or after the Effective Date, the Liquidation Trustee will enter into such Dissolution Transactions as may be necessary or appropriate on behalf of each of VWE and the Surviving Subsidiary Debtors to merge, dissolve or otherwise terminate the corporate existence of each of VWE and the Surviving Subsidiary Debtors in accordance with the Liquidation Trust Agreement. The actions to effect the Dissolution Transactions may include: (i) the execution and delivery of appropriate agreements or other documents of transfer, merger, consolidation, disposition, liquidation, cancellation or dissolution containing terms that, among other things, are consistent with the terms of the Plan; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and that satisfy the requirements of applicable law; (iii) the filing of appropriate certificates or articles of merger, consolidation, continuance, cancellation or dissolution or similar instruments with the applicable governmental authorities; and (iv) the taking of all other actions that these entities determine to be necessary or appropriate, including making other filings or recordings that may be required by applicable law in connection with the Dissolution Transactions.

c. Sole Recourse

Except as otherwise set forth in the Plan or other Final Orders of the Bankruptcy Court, Holders of Allowed Claims against any Debtor will have recourse solely to the assets of the Liquidation Trust for the payment of their Allowed Claims in accordance with the terms of the Plan and the Liquidation Trust Agreement.

2. Liquidation Trust**a. Liquidation Trust Generally**

On or prior to the Effective Date, the Liquidation Trust shall be established in accordance with the Liquidation Trust Agreement for the purpose of liquidating the Liquidation Trust Assets, reconciling Claims and making all Distributions to Holders of Allowed Claims in accordance with the terms of the Plan and the Liquidation Trust Agreement.

Subject to and to the extent set forth in the Plan, the Confirmation Order, the Liquidation Trust Agreement or any other order of the Bankruptcy Court entered in connection therewith, the Liquidation Trust shall be empowered to: (i) perform all actions and execute all agreements, instruments and other documents necessary to effectuate the purpose of the Liquidation Trust; (ii) establish, maintain and administer Trust Accounts, which shall be segregated to the extent appropriate in accordance with the Plan; (iii) accept, preserve, receive, collect, manage, invest, sell, liquidate, transfer, supervise, prosecute, settle and protect, as applicable, the Liquidation Trust Assets (directly or through its professionals or a Third Party Disbursing Agent), in accordance with the Plan; (iv) review, reconcile, settle or object to Claims that are Disputed Claims pursuant to the procedures for allowing Claims prescribed in the Plan; (v) pursue the Retained Causes of Action as set forth in Section III.F of the Plan; (vi) calculate and make Distributions of the proceeds of the Liquidation Trust Assets to Holders of Allowed Claims; (vii) retain, compensate and employ professionals to represent the Liquidation Trust; (viii) prepare and file appropriate Tax returns and other reports on behalf of the Liquidation Trust and pay Taxes or other obligations owed by the Liquidation Trust; (ix) satisfy the Debtors' obligations under the Sale TSAs; (x) exercise such other powers as may be vested in the Liquidation Trust under the Liquidation Trust Agreement and the Plan, or as are deemed by the Liquidation Trustee to be necessary and proper to implement the provisions of the Liquidation Trust Agreement and effectuate the purpose of the Liquidation Trust; and (xi) dissolve the Liquidation Trust in accordance with the terms of the Liquidation Trust Agreement.

Notwithstanding anything to the contrary in Section III.B of the Plan, the Liquidation Trust's primary purpose is liquidating the Liquidation Trust Assets, with no objective to continue or engage in the conduct of a trade or business except to the extent reasonably necessary to, and consistent with, the Liquidation Trust's liquidating purpose and reasonably necessary to conserve and protect the Liquidation Trust Assets and provide for the orderly liquidation thereof.

b. Funding of and Transfer of Assets Into the Liquidation Trust

Except as otherwise provided in the Plan or the Confirmation Order, on the Effective Date, the Debtors shall transfer the Liquidation Trust Assets to the Liquidation Trust, and all such assets shall vest in the Liquidation Trust on such date, to be administered by the Liquidation Trustee in accordance with the Plan and the Liquidation Trust Agreement. The Liquidation Trust Assets shall be transferred to the Liquidation Trust subject to all Liens of the Secured Parties either under the Prepetition Credit Agreement or the Final DIP Order.

The Liquidation Trustee shall have the authority to create additional sub-accounts in Trust Accounts and sub-trusts within the Liquidation Trust, which may have a separate legal existence, but which shall be considered sub-accounts or sub-trusts of the Liquidation Trust.

The act of transferring the Liquidation Trust Assets, as authorized by the Plan, shall not be construed to destroy or limit any such assets or rights or be construed as a waiver of any right, and such rights may be asserted by the Liquidation Trust as if the asset or right was still held by the applicable Debtor.

c. Liquidation Trustee

Except as otherwise provided in the Plan, the Liquidation Trustee (i) shall be the successor to and representative of the Estate of each of the Debtors within the meaning of section 1123(b)(3)(B) of the Bankruptcy Code and (ii) shall be the sole representative of, and shall act for, the Debtors, and shall assume any such outstanding responsibility of the Debtors under the Plan. The powers, rights and responsibilities of the Liquidation Trustee shall be specified in the Liquidation Trust Agreement and shall include the authority and responsibility to fulfill (i) the items identified in Section III.B.1 of the Plan and (ii) the Liquidation Trustee Functions set forth in Section III.B.5 of the Plan. Other rights and duties of the Liquidation Trustee and the Liquidation Trust Beneficiaries shall be as set forth in the Liquidation Trust Agreement.

d. Liquidation Trust Oversight Committee

The Liquidation Trust Oversight Committee (the "Oversight Committee") shall be established to review and monitor the actions of the Liquidation Trust as set forth in the Liquidation Trust Agreement; provided, however, that the Creditors' Committee and Prepetition Agent may, pursuant to the Committee Settlement Agreement, mutually agree that there will be no Oversight Committee appointed. The Oversight Committee initially shall be comprised of three members. The initial members of the Oversight Committee shall be designated prior to the Combined Hearing and shall be identified in the Liquidation Trust Agreement (each an "Initial Member" and collectively the "Initial Members"). Each of the Creditors' Committee and Prepetition Agent shall designate one Initial Member of the Oversight Committee. The third Initial Member shall be an independent member designated by the Prepetition Agent, subject to the approval of the Creditors' Committee, which approval may not be unreasonably withheld. The Oversight Committee shall have standing to be heard on all matters brought before the Bankruptcy Court after the Effective Date with respect to the Debtors or the Liquidation Trust. Except as set forth in the Liquidation Trust Agreement, the Oversight Committee shall not be entitled to reimbursement from the Debtors or the Liquidation Trust for any fees or expenses incurred in conducting its duties hereunder.

e. Liquidation Trustee Functions

On and after the Effective Date, the Liquidation Trustee and/or the Liquidation Trust, as applicable, shall carry out the Liquidation Trustee Functions and may take such actions without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules,

other than any restrictions expressly imposed by the Plan, the Confirmation Order or the Liquidation Trust Agreement.

The Liquidation Trustee Functions shall include any and all powers and authority to: (a) effectuate the Plan, including the prosecution and any other disposition of all litigation related to any appeals in respect to the approval and/or implementation of the Plan; (b) wind up the affairs of the Debtors, if and to the extent necessary, including taking any steps to terminate the corporate or organizational existence of the Debtors; (c) take any actions necessary to (i) resolve all matters related to the Liquidation Trust Assets and (ii) vest such assets in the Liquidation Trust; (d) execute the Debtors' remaining obligations under the Sale TSAs, if any; (e) pay all (i) Allowed Administrative Expense Claims (including payment of Professional Fee Claims as set forth in Section II.C.1 of the Plan), (ii) Allowed Priority Tax Claims, (iii) Allowed Priority Claims, (iv) Allowed Prepetition Secured Lender Claims, (v) Allowed Other Secured Claims and (vi) Allowed General Unsecured Claims pursuant to the Plan; (f) pay the Liquidation Trust Expenses; (g) prepare and file appropriate Tax returns and other reports on behalf of the Debtors and pay Taxes or other obligations owed by the Debtors (including, without limitation, any Allowed Administrative Expense Claims and Allowed Priority Tax Claims asserted by taxing authorities), and, in the Liquidation Trustee's discretion, request an expedited determination of any unpaid tax liability of a Debtor pursuant to section 505(b) of the Bankruptcy Code; (h) file, prosecute, settle and/or dispose of any and all objections to asserted (A) Administrative Expense Claims, (B) Priority Tax Claims, (C) Priority Claims, (D) Prepetition Secured Lender Claims, (E) Other Secured Claims and (F) General Unsecured Claims; (i) enter into and consummate Dissolution Transactions; (j) take such actions as are necessary or appropriate to close any of the Debtors' Chapter 11 Cases; (k) retain, compensate and employ professionals to represent the Liquidation Trust or the Liquidation Trustee, as applicable; and (l) take any other actions not inconsistent with the Plan provisions that the Liquidation Trustee deems reasonably necessary or desirable in connection with the foregoing functions.

f. Liquidation Trust Agreement

Prior to the Effective Date, the Debtors and the Liquidation Trustee shall execute and deliver the Liquidation Trust Agreement.

The Liquidation Trust Agreement may include reasonable and customary indemnification provisions for the benefit of the Liquidation Trustee and/or other parties. Any such indemnification shall be the sole responsibility of the Liquidation Trust and payable solely from the Liquidation Trust Assets.

g. Fees and Expenses of the Liquidation Trust

From and after the Effective Date, Liquidation Trust Expenses shall be paid from the Liquidation Trust Assets in the ordinary course of business, in accordance with the Plan and the Liquidation Trust Agreement. Without any further notice to any party or action, order or approval of the Bankruptcy Court, the Liquidation Trustee, on behalf of the Liquidation Trust, may employ and pay in the ordinary course of business, any professional (including professionals previously employed by the Debtors) for services rendered or expenses incurred on and after the Effective Date that, in the discretion of the Liquidation Trustee, are necessary to assist the Liquidation Trustee in the performance of the Liquidation Trustee's duties under the Plan and the Liquidation Trust Agreement, subject to any limitations and procedures established by the Liquidation Trust Agreement.

h. Indemnification

The Liquidation Trust shall indemnify the Liquidation Trust Indemnified Parties for, and shall hold them harmless against, any loss, liability, damage, judgment, fine, penalty, claim, demand, settlement, cost or expense (including the reasonable fees and expenses of their respective professionals) incurred without fraud, gross negligence or willful misconduct on the part of the Liquidation Trust Indemnified Parties (which fraud, gross negligence or willful misconduct, if any, must be determined by a Final Order of a court of competent jurisdiction) for any action taken, suffered or omitted to be taken by the Liquidation Trust Indemnified Parties in connection with the acceptance, administration, exercise and performance of their duties under the Plan or the Liquidation Trust Agreement, as applicable. An act or omission taken with the approval of the Bankruptcy Court, and not inconsistent therewith, will be conclusively deemed not to constitute fraud, gross negligence or willful misconduct. In addition, the Liquidation Trust shall, to the fullest extent permitted by law, indemnify and hold harmless the Liquidation Trust

Indemnified Parties, from and against and with respect to any and all liabilities, losses, damages, claims, costs and expenses, including attorneys' fees arising out of or due to their actions or omissions, or consequences of such actions or omissions, with respect to the Liquidation Trust or the implementation or administration of the Plan if the Liquidation Trust Indemnified Party acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interest of the Liquidation Trust. To the extent the Liquidation Trust indemnifies and holds harmless any Liquidation Trust Indemnified Parties as provided above, the legal fees and related costs incurred by counsel to the Liquidation Trustee in monitoring or participating in the defense of such claims giving rise to the right of indemnification shall be paid as Liquidation Trust Expenses. The costs and expenses incurred in enforcing the right of indemnification in this Section shall be paid by the Liquidation Trust. This provision shall survive the termination of the Liquidation Trust Agreement and the death, dissolution, liquidation, resignation, replacement or removal of the Liquidation Trustee.

i. Insurance

The Liquidation Trustee shall be authorized, but not required, to obtain any reasonably necessary insurance coverage, at the Liquidation Trust's sole expense, for itself and its respective agents, including coverage with respect to the liabilities, duties and obligations of the Liquidation Trustee, which insurance coverage may, at the sole option of the Liquidation Trustee, be extended for a reasonable period after the termination of the Liquidation Trust Agreement.

j. Dissolution of the Liquidation Trust

In no event shall the Liquidation Trust be dissolved later than five years from the Effective Date unless the Bankruptcy Court, upon motion made within the six month period before such fifth anniversary (and, in the event of further extension, by order of the Bankruptcy Court, upon motion made at least six months before the end of the preceding extension), determines that a fixed period extension is necessary to facilitate or complete the recovery on, and liquidation of, the Liquidation Trust Assets.

k. Records

The Liquidation Trustee shall be provided with originals or copies of or access to all documents and business records of the Debtors necessary for the disposition of Liquidation Trust Assets and objections to Disputed Claims.

l. Tax Treatment; No Successor in Interest

The Liquidation Trust is intended to be treated for U.S. federal income tax purposes as a liquidating trust described in Treasury Regulation section 301.7701-4(d) and, to the extent applicable, as one or more Disputed Claims Reserves treated as disputed ownership funds described in Treasury Regulation section 1.468B-9. For U.S. federal income tax purposes, the transfer of assets by the Debtors to the Liquidation Trust will be treated (a) as the transfer of assets by the Debtors to the Holders of Allowed Claims entitled to distributions from the Liquidation Trust Assets, subject to any liabilities of the Debtors or the Liquidation Trust payable from the proceeds of such assets, followed by the transfer of such assets (subject to such liabilities) by such holders to the Liquidation Trust in exchange for the beneficial interests in the Liquidation Trust, and (b) to the extent applicable, as the transfer of assets by the Debtors to one more Disputed Claims Reserves.

(i) Liquidation Purpose of the Liquidation Trust

The Liquidation Trust shall be established for the primary purpose of liquidating and distributing the assets transferred to it, in accordance with Treasury Regulation section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidation Trust. Accordingly, the Liquidation Trustee shall, in an expeditious but orderly manner, liquidate and convert to Cash the Liquidation Trust Assets, make timely distributions to the Liquidation Trust Beneficiaries and not unduly prolong its duration. The Liquidation Trust shall not be deemed a successor-in-interest of the Debtors for any purpose other than as specifically set forth in the Plan or in the Liquidation Trust Agreement. The record holders of beneficial interests shall be recorded and set forth in a register maintained by the Liquidation Trustee expressly for such purpose.

The Liquidation Trust is intended to qualify as a "grantor trust" for U.S. federal income tax purposes with the Liquidation Trust Beneficiaries treated as grantors and owners of the Liquidation Trust. For all U.S. federal income tax purposes, all parties (including the Debtors, the Liquidation Trustee and the Liquidation Trust Beneficiaries) shall treat the transfer of the Liquidation Trust Assets by the Debtors to the Liquidation Trust, as set forth in the Liquidation Trust Agreement, as a transfer of such assets by the Debtors to the Holders of Allowed Claims entitled to distributions from the Liquidation Trust Assets, followed by a transfer by such Holders to the Liquidation Trust. Thus, the Liquidation Trust Beneficiaries shall be treated as the grantors and owners of a grantor trust for U.S. federal income tax purposes.

As soon as practicable after the Effective Date, the Liquidation Trustee shall make a good faith determination of the fair market value of the Liquidation Trust Assets as of the Effective Date. This valuation shall be used consistently by all parties (including the Debtors, the Liquidation Trustee and the Liquidation Trust Beneficiaries) for all U.S. federal income tax purposes. The Bankruptcy Court shall resolve any dispute regarding the valuation of the Liquidation Trust Assets.

The right and power of the Liquidation Trustee to invest the Liquidation Trust Assets, the proceeds thereof or any income earned by the Liquidation Trust, shall be limited to the right and power that a liquidating trust, within the meaning of section 301.7701-4(d) of the Treasury Regulations, is permitted to hold, pursuant to the Treasury Regulations, or any modification in the IRS guidelines, including Revenue Procedure 94-45, whether set forth in IRS rulings or other IRS pronouncements, and to the investment guidelines of section 345 of the Bankruptcy Code. The Liquidation Trustee may expend the Cash of the Liquidation Trust (A) as reasonably necessary to meet contingent liabilities and to maintain the value of the respective assets of the Liquidation Trust during liquidation, (B) to pay the respective reasonable administrative expenses (including, but not limited to, any Taxes imposed on the Liquidation Trust) and (C) to satisfy other respective liabilities incurred by the Liquidation Trust in accordance with the Plan and the Liquidation Trust Agreement (including, without limitation, the payment of any Taxes).

(ii) Disputed Claims Reserves

To the extent applicable, Liquidation Trust Assets reserved for Holders of Disputed Claims, shall be treated as one or more Disputed Claims Reserves. The Liquidation Trustee shall treat any such Disputed Claims Reserve as a "disputed ownership fund" governed by Treasury Regulation section 1.468B-9 (and make any appropriate elections consistent with such tax treatment). The Liquidation Trustee shall be the administrator of any such Disputed Claims Reserve within the meaning of Treasury Regulation section 1.468B-9(b)(2) and shall be responsible for all Tax reporting and withholding required by any such Disputed Claims Reserve.

m. Settlement of Claims

Except as otherwise provided in the Plan or the Liquidation Trust Agreement, on and after the Effective Date, the Liquidation Trustee may compromise or settle any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, and may pay the

charges that it incurs on or after the Effective Date for Liquidation Trust Expenses without application to the Bankruptcy Court.

n. Sales of Assets by Liquidation Trust

The Liquidation Trustee may conduct any sales or liquidations of non-Cash Liquidation Trust Assets on any terms it deems reasonable, without further order of the Bankruptcy Court. Upon the sale, liquidation, transfer or other disposition of the Liquidation Trust Assets by the Liquidation Trustee, the Liquidation Trustee shall deposit the proceeds of all such sales, liquidations, transfers or dispositions into one or more Trust Accounts.

3. Corporate Actions

a. Constituent Documents of the Debtors

As provided in Section III.A.2 of the Plan, the Non-Surviving Subsidiary Debtors will cease to exist on the Effective Date, and all existing articles of organization and similar constituent documents will be canceled, effective as of the Effective Date.

As of the Effective Date, the certificates of incorporation and the bylaws (or comparable constituent documents), as applicable, of each of VWE and the Surviving Subsidiary Debtors shall be deemed amended to the extent necessary to carry out the provisions of the Plan.

b. Directors and Officers

Effective as of the Effective Date, all directors and officers of the Debtors shall be discharged, and all such appointments rescinded for all purposes, without any necessity of taking any further action in connection therewith.

Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, from and after the Effective Date the sole officer and director of VWE and the Surviving Subsidiary Debtors shall be the Liquidation Trustee. The Liquidation Trustee shall serve in such capacities from and after the Effective Date until his or her successor is duly elected or appointed and qualified or until his or her earlier death, resignation, or removal in accordance with the terms of the certificate of incorporation and bylaws (or comparable constituent documents) of VWE or the applicable other Surviving Subsidiary Debtor and state law.

c. Employees and Independent Contractors

Effective as of the Effective Date, all remaining employees and independent contractors of the Debtors shall be terminated without any necessity of taking any further action in connection therewith.

d. Corporate Action

Except as otherwise provided in Sections III.A.1 and III.A.2 of the Plan, the Dissolution Transactions and the following corporate actions and transactions will occur and be effective as of the date specified in the documents effectuating the applicable Dissolution Transactions (or other transactions), or the Effective Date if no such other date is specified in such other documents, and will be authorized and approved in all respects and for all purposes without any requirement of further action by the Debtors, the Liquidation Trustee or any other Person: (i) the establishment of the Liquidation Trust; (ii) the appointment of the Liquidation Trustee to act on behalf of the Liquidation Trust; (iii) the transfer of the Liquidation Trust Assets into the Liquidation Trust, as set forth in the Plan; (iv) the distribution of Cash pursuant to the Plan; (v) the adoption, execution, delivery and implementation of all contracts, instruments, releases and other agreements or documents related to any of the foregoing; (vi) the adoption, execution and implementation of the Liquidation Trust Agreement; and (vii) the other matters provided for under the Plan involving the corporate structure of any Debtor or corporate action to be taken by or required of any Debtor or the Liquidation Trustee.

4. No Revesting of Assets

Except (i) as otherwise provided in Section IV.E.2 of the Plan and (ii) with respect to any operating permits and licenses held by the Surviving Subsidiary Debtors (which operating permits and licenses shall revert with the applicable Surviving Subsidiary Debtor on the Effective Date), and to the extent not otherwise distributed in accordance with the Plan, the property of the Debtors' Estates shall not revert in the Debtors on or after the Effective Date but shall instead vest in the Liquidation Trust to be administered by the Liquidation Trustee in accordance with the Plan and the Liquidation Trust Agreement.

5. Creation and Maintenance of Trust Accounts

a. Creation of Trust Accounts

On or prior to the Effective Date, appropriate Trust Accounts will be established and maintained in one or more federally insured domestic banks in the name of the Liquidation Trust or, if applicable and appropriate, a Third Party Disbursing Agent. Cash deposited in the Trust Accounts will be invested, held and used solely as provided in the Liquidation Trust Agreement. The Liquidation Trustee is authorized to establish additional Trust Accounts after the Effective Date, consistent with the terms of the Liquidation Trust Agreement.

b. Additional Funding of Trust Accounts

After the funding of the Trust Accounts on the Effective Date, the Trust Accounts will be funded, as applicable, by Cash proceeds obtained through litigation or the disposition of Liquidation Trust Assets.

c. Closure of Trust Accounts

Upon obtaining an order of the Bankruptcy Court authorizing final Distribution and/or closure of the Debtors' Chapter 11 Cases, any funds remaining in the Trust Accounts shall be distributed in accordance with the Plan and the Liquidation Trust Agreement, and the Trust Accounts may be closed.

6. Preservation of Causes of Action

Except as provided in the Plan or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Liquidation Trust or Liquidation Trustee on its behalf (solely to the extent provided in the Plan and the Liquidation Trust Agreement) will retain and may enforce the Retained Causes of Action. The Liquidation Trust or Liquidation Trustee on its behalf (solely to the extent provided in the Plan and the Liquidation Trust Agreement) and in consultation with the Oversight Committee may (i) pursue and (ii) settle any such Retained Causes of Action, as appropriate, in accordance with the best interests of the Liquidation Trust Beneficiaries, without further order of the Bankruptcy Court; provided that the Liquidation Trustee shall have no rights to pursue any Avoidance Actions; provided further that the Liquidation Trustee may assert Avoidance Actions as a defense in any proceeding.

A nonexclusive schedule of Retained Causes of Action is attached as Exhibit C to the Plan (which shall be Filed as part of the Plan Supplement). Except as otherwise provided in this Section, in accordance with and subject to any applicable law, the Debtors' inclusion or failure to include any right of action or claim on Exhibit C shall not be deemed an admission, denial or waiver of any claims, demands, rights or Causes of Action that any Debtor or Estate may hold against any Entity.

7. Cancellation and Surrender of Instruments, Securities and Other Documentation

Except as provided in (a) any contract, instrument or other agreement or document entered into or delivered in connection with the Plan or (b) any of the asset sales effectuated during the pendency of the Debtors' Chapter 11 Cases, on the Effective Date and concurrently with the applicable Distributions made pursuant to Article II of the Plan, all notes, instruments, certificates and other documents evidencing Claims or Interests shall be deemed canceled and surrendered and of no further force and effect against the Debtors or the Liquidation Trust, without any further

action on the part of any Debtor, the Liquidation Trust or the Liquidation Trustee; provided, however, that nothing in the Plan shall affect Prepetition Agent's rights or remedies in any documents or otherwise as to VWE Captive.

8. Effectuating Documents; Further Transactions

On and after the Effective Date, the Liquidation Trust and the Liquidation Trustee are authorized to and may issue, execute, deliver, file or record such contracts, securities, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement and evidence the terms and conditions of the Plan and the Dissolution Transaction, in each case, in the name of and on behalf of the Debtors or the Liquidation Trust, as applicable, without the need for any approvals, authorization or consents except those expressly required pursuant to the Plan.

9. Substitution in Pending Legal Actions

On the Effective Date, the Liquidation Trustee, solely in his or her capacity as the trustee for the Liquidation Trust, shall be deemed to be substituted as the party to any Retained Causes of Action including (1) pending contested matters or adversary proceedings in the Bankruptcy Court, (2) any appeals of orders of the Bankruptcy Court and (3) any state court or federal or state administrative proceedings pending as of the Petition Date. The Liquidation Trustee, and its professionals, as applicable, may, but are not required to, take such steps as are appropriate to provide notice of such substitution.

C. Treatment of Executory Contracts and Unexpired Leases

1. Assumption and Rejection of Executory Contracts and Unexpired Leases

On the Effective Date, except as otherwise provided in the Plan, each of the Debtors' Executory Contracts and Unexpired Leases not previously assumed or rejected pursuant to an order of the Bankruptcy 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, except for any Executory Contract or Unexpired Lease (1) identified on Exhibit D to the Plan (which shall be Filed as part of the Plan Supplement) as an Executory Contract or Unexpired Lease designated for assumption and assignment to the Liquidation Trust, (2) that is the subject of a separate motion or notice to assume or reject Filed by a Debtor and pending as of the Effective Date or (3) that previously expired or terminated pursuant to its own terms.

Except as otherwise previously approved by an order of the Bankruptcy Court, entry of the Confirmation Order by the Bankruptcy Court shall constitute an order, pursuant to sections 365(a) and 1123 of the Bankruptcy Code, approving the assumptions and assignments and the rejections of such Executory Contracts and Unexpired Leases as set forth in the preceding paragraph. Unless otherwise indicated herein, assumptions and assignments and rejections of Executory Contracts and Unexpired Leases pursuant to the Plan shall be effective as of the Effective Date. Each Executory Contract or Unexpired Lease assumed pursuant to the Plan or by Bankruptcy Court order and not assigned to a third party on or before the Effective Date shall vest in and be fully enforceable by the Liquidation Trust in accordance with its terms, except as such terms may have been modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing its assumption pursuant to section 365 of the Bankruptcy Code; provided that if an assignment is pending as of the Effective Date, the Liquidation Trustee shall be authorized to take any and all actions necessary to implement such assignment.

To the maximum extent permitted by law, to the extent any provision (including, without limitation, any "change of control" provision) in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such Executory Contract or Unexpired Lease, then such provision shall be deemed modified such that the assumption and assignment contemplated by the Plan shall not entitle the counterparty thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto. Notwithstanding anything to the contrary in the Plan, the Debtors reserve the right to alter, amend, modify, or supplement Exhibit D to the Plan (which shall be Filed as part of the Plan Supplement) in their discretion prior to the Effective Date.

2. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed by the Liquidation Trust

With respect to any Executory Contract or Unexpired Lease assumed by the Liquidation Trust, any Cure Amount Claim shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the Allowed amount of such Cure Amount Claim in Cash on the Effective Date, subject to the limitations described below, or on such other terms as the parties to any particular Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding: (1) the Allowed amount of any Cure Amount Claim; (2) the ability of the Liquidation Trust or another assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed; or (3) any other matter pertaining to assumption, no payments on account of the Cure Amount Claim shall be made until such dispute is resolved by a Final Order. At least 14 days before the Combined Hearing, the Debtors shall file and distribute, or cause to be distributed, notices of proposed assumption and proposed amounts of Cure Amount Claims to the applicable counterparties. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption and assignment or the related amount of the Cure Amount Claim must be Filed, served and actually received by the Debtors on the later of: (1) three days before the date of the Combined Hearing; and (2) seven days after receiving notice of any amendment, modification or supplement to Exhibit D (which shall be Filed as part of the Plan Supplement). Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption and assignment or Cure Amount Claim will be deemed to have assented to such assumption and assignment or Cure Amount Claim.

Payment of the Allowed Cure Amount Claim upon the assumption and assignment of any Executory Contract or Unexpired Lease pursuant to the Plan shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, under such Executory Contract or Unexpired Lease occurring at any time prior to the effective date of the assumption and assignment.

3. Claims Based on Rejection of Executory Contracts and Unexpired Leases

Unless otherwise provided by a Bankruptcy Court order, including the Bar Date Order, any proofs of Claim asserting Claims arising from the rejection of any Executory Contracts and Unexpired Leases pursuant to the Plan must be Filed with the Claims and Noticing Agent within 30 days after the date of service of an order of the Bankruptcy Court (which may include any notice of entry of the Confirmation Order) approving such rejection.

Any proofs of Claim arising from the rejection of any Executory Contracts and Unexpired Leases that are not timely Filed shall be disallowed automatically, forever barred from assertion, and shall not be enforceable against any Debtor or the Liquidation Trust.

The Liquidation Trust reserves the right to object to, settle, compromise, or otherwise resolve any Claim Filed on account of a rejected Executory Contract or Unexpired Lease.

Holders of Claims arising from the rejection of Executory Contracts and Unexpired Leases with respect to which no proof of Claim is timely filed will be forever barred from asserting a Claim against the Debtors, the Estates, the Liquidation Trust or the property of any of the foregoing, unless otherwise expressly allowed by the Bankruptcy Court.

4. Contracts and Leases Entered Into After the Petition Date

Contracts and leases entered into or assumed by a Debtor after the Petition Date (other than the Sale APAs and all ancillary documents to the foregoing, including, for the avoidance of doubt, the Sale TSAs, and those contracts listed on Exhibit D of the Plan (which shall be filed as part of the Plan Supplement)) that were not assigned to the Liquidation Trust shall be considered repudiated by the applicable Debtor as of the Effective Date, and the counterparties to such contracts, if they believe that such repudiation constitutes a breach of such contract or lease, must File a Claim within 30 days of the Effective Date in accordance with the Plan or have their rights forever waived and released.

5. Insurance Policies and Surety Bonds

i. Insurance Policies

All rights of the Debtors under the Insurance Policies shall automatically become vested in the Liquidation Trust as of the Effective Date without necessity for further approvals or orders, however, to the extent that any of the rights of a Debtor or Debtors in one or more of said Insurance Policies are disputed in a court proceeding, or otherwise by any insurance company that issued one or more of such Insurance Policies, all rights of the Debtors under the Insurance Policies shall mean any such rights as are finally determined by the Court having jurisdiction over such dispute or by the terms of any settlement thereof.

To the extent that any such Insurance Policies are deemed Executory Contracts, then, unless such Insurance Policies have been rejected pursuant to an order of the Bankruptcy Court (including the Confirmation Order), notwithstanding anything to the contrary in the Plan, the Plan shall constitute a motion to assume and assign to the Liquidation Trust, permit to "ride through" or ratify such Insurance Policies. Subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute both approval of such assumption and assignment pursuant to section 365 of the Bankruptcy Code and a finding by the Bankruptcy Court that such assumption and assignment is in the best interests of the Estates. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed upon by the parties prior to the Effective Date, no payments shall be required to cure any defaults existing as of the Confirmation Date with respect to any Insurance Policy assumed and assigned to the Liquidation Trust pursuant to Section IV.E of the Plan. Nothing in the Plan shall impair the rights of the Liquidation Trust with respect to (or affect the coverage under) any Insurance Policy that provides liability coverage for officers, directors and other fiduciaries of the Debtors and their Affiliates. For the avoidance of doubt, any Causes of Action brought by the Liquidating Trustee on behalf of the Liquidating Trust shall not be subject to an "insured vs. insured" exclusion to coverage under the Insurance Policies, to the extent applicable.

ii. Surety Bonds

All rights of the Debtors under the Surety Bonds shall automatically become vested in the applicable Surviving Subsidiary Debtor who is a principal under each Surety Bond as of the Effective Date without necessity for further approvals or orders; provided that upon the occurrence of a Dissolution Transaction for an applicable Surviving Subsidiary Debtor, any rights of such Surviving Applicable Debtor under any Surety Bond will become vested in the Liquidation Trust without necessity for further approvals or orders; provided further that to the extent that any of the rights of a Debtor or Debtors in one or more of said Surety Bonds are disputed in a court proceeding, or otherwise by any Surety that issued one or more of such Surety Bonds, all rights of the Debtors under the Surety Bonds shall mean any such rights as are finally determined by the Court having jurisdiction over such dispute or by the terms of any settlement thereof.

6. Reservation of Rights

Nothing contained in the Plan or the Plan Supplement, nor the Debtors' delivery of a notice of proposed assumption and proposed Cure Amount Claim to an applicable counterparty, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired on the Effective Date, the Liquidation Trustee shall have 30 days following entry of a Final Order resolving such dispute to determine whether to alter the treatment of such contract or lease hereunder.

D. Provisions Regarding Distributions

1. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided in Article V of the Plan, Distributions to be made on the Effective Date to Holders of Allowed Claims as provided by Article II or Article V of the Plan shall be deemed made on the Effective Date if made on the Effective Date or as promptly thereafter as practicable by the Liquidation Trust.

2. Method of Distributions to Holders of Claims

All Distributions to be made under the Plan shall be made by the Disbursing Agent or such Third Party Disbursing Agents as the Liquidation Trustee may employ in its sole discretion. Each Disbursing Agent may serve without bond, and any Disbursing Agent may employ or contract with other entities to assist in or make the Distributions required by the Plan, if approved by the Liquidation Trustee.

3. Disbursing Agent

a. Powers of the Disbursing Agent

Without further order of the Bankruptcy Court, the Disbursing Agent shall be empowered to: (i) make all Distributions contemplated in the Plan; (ii) effectuate all actions and execute all agreements, instruments and other documents necessary to perform its duties under the Plan; and (iii) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of the Plan.

b. Expenses Incurred on or After the Effective Date

Except as otherwise ordered by the Bankruptcy Court, consistent with Section III.B.7 of the Plan, the amount of any reasonable fees and out-of-pocket expenses incurred by a Disbursing Agent on or after the Effective Date (including Taxes) and any reasonable compensation to such Disbursing Agent for services rendered shall be paid in Cash by the Liquidation Trustee from the Liquidation Trust Assets in accordance with the terms of the Liquidation Trust Agreement.

c. No Liability

Except on account of gross negligence or willful misconduct, the Disbursing Agent shall have no (i) liability to any party for actions taken in accordance with the Plan or in reliance upon information provided to it in accordance with the Plan or (ii) obligation or liability to any party who does not hold a Claim against the Debtors as of the Distribution Record Date or any other date on which a Distribution is made or who does not otherwise comply with the terms of the Plan.

4. Disputed Claims Reserves

a. Establishment of Disputed Claims Reserves

On the Effective Date or as soon thereafter as is reasonably practicable, the Liquidation Trustee shall establish a Disputed Claims Reserve for Disputed General Unsecured Claims, which the Liquidation Trustee shall administer. The Liquidation Trustee shall reserve, in Cash or other property, on account of the full asserted amount (or such lesser amount as may be determined or estimated by the Bankruptcy Court after notice and a hearing in accordance with Article VI hereof) with respect to each such Disputed Claim. For the avoidance of doubt, the Liquidation Trustee may administer the Disputed Claims Reserve by book entry.

b. Maintenance of Disputed Claims Reserves

To the extent that the property placed in the Disputed Claims Reserve consists of Cash, that Cash shall be deposited in an interest-bearing account. The property in the Disputed Claims Reserve shall be held in trust for the benefit of the Holders of General Unsecured Claims ultimately determined to be Allowed Claims. The Disputed Claims Reserve shall be closed by the Liquidation Trust when all Distributions required to be made under the Plan to the Holders of General Unsecured Claims will have been made in accordance with the terms of the Plan. Upon closure of the Disputed Claims Reserve, all Cash (including any investment yield on the Cash) and other property held in the Disputed Claims Reserve shall be distributed in accordance with the Plan or the Liquidation Trust Agreement, as applicable.

5. Investment of Trust Accounts

To assist in making distributions under the Plan, the Trust Accounts may be held in the name of the Liquidation Trustee or in the name of one or more Third Party Disbursing Agents for the benefit of Holders of Allowed Claims under the Plan, or a secondary Trust Account may be created in the name of the Third Party Disbursing Agent for the purpose of making disbursements. The Liquidation Trustee shall invest, or shall direct the Third Party Disbursing Agents to invest, Cash in the Trust Accounts, subject to any limitations established by the Liquidation Trust Agreement; provided, however, that should the Liquidation Trustee determine, in its sole discretion, that the administrative costs associated with such investment will exceed the return on such investment, it may direct the Third Party Disbursing Agent not to invest such Cash. Distributions of Cash from accounts held by Third Party Disbursing Agents will include a Pro Rata share of any interest or other proceeds, if any, from such investment of Cash, net of any Taxes payable with respect thereto.

6. Delivery of Distributions and Undeliverable or Unclaimed Distributions

a. Delivery of Distributions

Distributions to holders of Allowed Claims will be made by a Disbursing Agent: (i) at the addresses set forth on the respective proofs of Claim Filed by Holders of such Claims or request for payment of Administrative Expense Claim, as applicable; (ii) at the address for a Claim transferee set forth in a valid and timely notice of transfer of Claim Filed with the Bankruptcy Court; (iii) at the addresses set forth in any written notice of address change Filed with the Bankruptcy Court or delivered to the Disbursing Agent after the date of Filing of any related proof of Claim; (iv) at the addresses reflected in the applicable Debtor's Schedules if no proof of Claim has been Filed and the Disbursing Agent has not received a written notice of a change of address; or (v) if clauses (i) through (iv) are not applicable, at the last address directed by such holder after such Claim becomes an Allowed Claim.

b. Undeliverable Distributions Held by Disbursing Agents

i. Holding of Undeliverable Distributions

If any Distribution to a Holder of an Allowed Claim is returned to a Disbursing Agent as undeliverable, no further Distributions will be made to such Holder unless and until the applicable Disbursing Agent is notified by written certification of such Holder's then-current address. Subject to Section V.F.2.c of the Plan, Distributions returned to a Disbursing Agent or otherwise undeliverable will remain in the possession of the applicable Disbursing Agent until such time as a Distribution becomes deliverable. Subject to Section V.F.2.c of the Plan, while remaining in the possession of the applicable Disbursing Agent, undeliverable Distributions will be held for the benefit of the potential claimants of such Distributions.

ii. After Distributions Become Deliverable

On each Distribution Date, the applicable Disbursing Agent will make all Distributions that became deliverable to holders of Allowed Claims after the most recent Distribution Date; provided, however, that the applicable Disbursing Agent, in its sole discretion, may establish a record date prior to each Distribution Date, such that only Claims allowed as of the record date will participate in such periodic Distribution. Notwithstanding the

foregoing, the applicable Disbursing Agent reserves the right, if it determines a Distribution on any Distribution Date is uneconomical or unfeasible, or is otherwise inadvisable, to postpone a Distribution Date.

iii. Failure to Claim Undeliverable Distributions

Any Holder of an Allowed Claim that does not assert its right to an undeliverable Distribution prior to the date that is 60 days prior to the Final Distribution Date will be forever barred from asserting any such Claim against the Debtors, the Estates, the Liquidation Trust, the Liquidation Trustee or the property of any of the foregoing. In such cases, unclaimed Distributions will be maintained for redistribution to other claimants entitled to Distributions pursuant to the Plan.

7. Distribution Record Date

As of 5:00 p.m. (prevailing Eastern Time) on the Distribution Record Date, the transfer registers for Claims shall be closed. The Disbursing Agent shall have no obligation to recognize the transfer or sale of any Claim that occurs after such time on the Distribution Record Date and shall be entitled for all purposes herein to recognize and make Distributions only to those Holders who are Holders of Claims as of 5:00 p.m. on the Distribution Record Date.

Except as otherwise provided in a Final Order of the Bankruptcy Court, the transferees of Claims that are transferred pursuant to Bankruptcy Rule 3001 on or prior to 5:00 p.m. (prevailing Eastern Time) on the Distribution Record Date shall be treated as the Holders of such Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to such transfer has not expired by the Distribution Record Date.

8. De Minimis Distributions

No Distribution of less than \$100 shall be made by the Disbursing Agent. Each such Distribution shall revert in the Liquidation Trust for distribution to Holders of other Allowed Claims in the applicable Class in accordance with the Plan. Whenever a payment of a fraction of a dollar would otherwise be called for, the actual payment may reflect a rounding down to the nearest whole dollar.

9. Compliance with Tax Requirements

In connection with the Plan, the Disbursing Agent shall comply with all Tax withholding and reporting requirements imposed on them by any Governmental Unit, and all Distributions shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Disbursing Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the Distribution to generate sufficient funds to pay applicable withholding Taxes, withholding Distributions pending receipt of information necessary to facilitate such Distributions or establishing any other mechanisms the Disbursing Agent believes are reasonable and appropriate. The Disbursing Agent shall have the right to allocate all Distributions in compliance with applicable wage garnishments, alimony, child support and other spousal awards, liens and encumbrances.

The Disbursing Agent shall be authorized to require each Holder of a Claim to provide it with an executed Form W-9, Form W-8 or other appropriate tax form or documentation as a condition precedent to being sent a Distribution. The applicable Disbursing Agent shall provide advance written notice of such requirement to each Holder of a Claim affected thereby. The notice shall provide each Holder of a Claim with a specified time period after the date of mailing of such notice to provide an executed Form W-9, Form W-8 or other tax form or documentation to the Disbursing Agent. If a Holder of an Allowed Claim does not provide the Disbursing Agent with an executed Form W-9, Form W-8 or other tax form or documentation within the time period specified in such notice, or such later time period agreed to by the Disbursing Agent in writing in its discretion, then the Disbursing Agent, in its sole discretion, may (a) make a Distribution net of any applicable withholding or (b) determine that such Holder shall be deemed to have forfeited the right to receive any Distribution, in which case, any such Distribution shall revert to the Liquidation Trust for Distribution on account of other Allowed Claims pursuant to the

Plan and the Claim of the Holder originally entitled to such Distribution shall be waived and forever barred without further order of the Bankruptcy Court.

10. Manner of Payment Under the Plan

Unless a Holder of an Allowed Claim and the Disbursing Agent otherwise agree, any Distribution to be made in Cash shall be made, at the election of the Disbursing Agent, by check drawn on a domestic bank or by wire transfer from a domestic bank. Cash payments to foreign creditors may, in addition to the foregoing, be made at the option of the Disbursing Agent in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

11. Time Bar to Cash Payments

Checks issued in respect of Allowed Claims shall be null and void if not negotiated within 180 days after the date of issuance thereof. Requests for reissuance of any voided check shall be made directly to the Disbursing Agent by the Entity to whom such check was originally issued. Any claims in respect of such voided check shall be forever barred and such unclaimed Distribution shall be re-allocated as set forth in Section V.F.2 of the Plan, notwithstanding any federal or state escheat laws to the contrary.

12. Setoffs

Except with respect to Claims released pursuant to the Plan or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the Disbursing Agent may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off against any Claim (and the Distributions to be made on account of such Claim), counterclaims, rights and causes of action of any nature that such Debtor may hold against the Holder of such Claim; provided, however, that the failure to effectuate such a setoff shall not constitute a waiver or release by the applicable Debtor, the Liquidation Trust or the Disbursing Agent of any Causes of Action that the Debtors or Liquidation Trust may possess against the Holder of a Claim.

13. Allocation Between Principal and Accrued Interest

Interest shall not accrue on any Holder's Claim entitled to a Distribution from the Liquidation Trust Assets in respect of the period from the Petition Date to the date a final Distribution is made on such Claim. To the extent that any Allowed Claim entitled to a Distribution from the Liquidation Trust Assets consists of indebtedness and other amounts (such as accrued but unpaid interest thereon), such Distribution shall be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to such other amounts.

14. Distributions to Holders of Disputed Claims

Notwithstanding any other provision of the Plan: (a) no Distributions will be made on account of a Disputed Claim until such Claim becomes an Allowed Claim, if ever; and (b) except as otherwise agreed to by the relevant parties, no partial Distributions shall be made with respect to a Disputed Claim until all such disputes in connection with such Disputed Claim have been resolved by settlement or Final Order.

To the extent that a Disputed Claim becomes an Allowed Claim, any Distributions shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. On the Distribution Date that is at least 30 days after a Disputed Claim becomes an Allowed Claim (or such lesser period as the Disbursing Agent may determine), the Holder of such Claim shall receive any Distribution to which such Holder would have been entitled under the Plan as of the Effective Date (including any Distribution such Holder would have been entitled to on the Distribution Date on which such Holder is receiving its initial Distribution) if such claim had been Allowed as of the Effective Date, without any interest to be paid on account of such Claim.

15. Claims Paid or Payable by Third Parties

a. Claims Paid by Third Parties

To the extent that the Holder of an Allowed Claim receives a Third Party Payment, the Liquidation Trustee shall be authorized to reduce, for the purposes of Distribution, the Allowed amount of such Claim by the amount of the Third Party Payment.

b. Claims Payable by Insurance

No Distributions shall be made on account of any Allowed Claim that is payable pursuant to an Insurance Policy until the Holder of such Allowed Claim has exhausted all remedies with respect to such Insurance Policy.

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable Insurance Policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any other Entity may hold against any other Entity, including insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

E. Disputed, Contingent and Unliquidated Claims

1. Allowance of Claims

After the Effective Date and as applicable, the Liquidation Trustee shall have any and all rights and defenses that the Debtors had with respect to any Claim immediately before the Effective Date, except with respect to any Claim deemed Allowed or released under the Plan.

Any Claim that has been listed in the Schedules as disputed, contingent or unliquidated, and for which no proof of Claim has been timely Filed, is not considered Allowed and shall be expunged without further action and without any further notice to or action, order or approval of the Bankruptcy Court.

2. Prosecution of Objections to Claims

a. Authority to Prosecute and Settle Claims

Except as otherwise specifically provided in the Plan, the Debtors, prior to the Effective Date, and the Liquidation Trustee, after the Effective Date and as applicable, shall have the authority to: (i) File, withdraw or litigate to judgment, objections to Claims; (ii) settle or compromise any Disputed Claim (other than a Professional Fee Claim) without any further notice to or action, order or approval by the Bankruptcy Court; and (iii) direct the Claims and Noticing Agent to adjust the claims register to reflect any such resolutions without any further notice to or action, order or approval by the Bankruptcy Court.

b. Authority to Amend Schedules

The Liquidation Trustee will have the authority to amend the Schedules with respect to any Claim, and will have the authority to make distributions based on such amended Schedules (if no proof of Claim is timely Filed in response thereto) without approval of the Bankruptcy Court. If any such amendment to the Schedules reduces the amount of a Claim or changes the nature or priority of a Claim, the Liquidation Trustee, in accordance with the Bar Date Order, will provide the Holder of such Claim with notice of such amendment and such Holder will have 30 days to File an objection to such amendment in the Bankruptcy Court.

c. Request for Extension of Claims Objection Bar Date

Upon motion to the Bankruptcy Court, the Liquidation Trustee may request one or more extensions to the Claims Objection Bar Date generally or with respect to a specific list of Claims. The Claims Objection Bar Date

shall automatically be extended while such request remains pending. If the Bankruptcy Court denies such request, the Claims Objection Bar Date shall be thirty (3) days after such denial.

3. Estimation of Claims

The Debtors, prior to the Effective Date, and the Liquidation Trustee after the Effective Date, and as applicable, may (but are not required to) at any time request that the Bankruptcy Court estimate any Claim that is contingent or unliquidated 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. The Bankruptcy Court shall retain jurisdiction to estimate any such Claim, including during the litigation of any objection to such Claim or during the appeal relating to such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of Distributions), and the relevant Debtor or the Liquidation Trustee (as the case may be) may elect to pursue any supplemental proceedings to object to any ultimate Distribution on such Claim.

4. Offer of Judgment

The Debtors, before the Effective Date, and the Liquidation Trustee, after the Effective Date and as applicable, are authorized to serve upon a Holder of a Disputed Claim an offer to allow judgment to be taken on account of such Disputed Claim, and, pursuant to Bankruptcy Rules 7068 and 9014, Federal Rule of Civil Procedure 68 shall apply to such offer of judgment. To the extent the Holder of a Disputed Claim must pay the costs incurred by the Debtors or a Liquidation Trustee, after the making of such offer, the Debtors or the Liquidation Trustee, as applicable, may set off such amounts against the amount of any Distribution to be paid to such Holder without any further notice to or action, order or approval of the Bankruptcy Court.

F. Confirmation of the Plan

1. Conditions Precedent to Confirmation

The Bankruptcy Court shall not be requested to enter the Confirmation Order unless and until the following conditions have been satisfied or duly waived pursuant to Section VII.C of the Plan:

- a) The Disclosure Statement Order shall have been entered and shall not have been stayed, modified or vacated on appeal.
- b) The Plan and the Confirmation Order shall be in form and substance reasonably acceptable to the Debtors, the Creditors' Committee and the Secured Parties.
- c) An order approving the Committee Settlement Agreement shall have been entered and shall not have been stayed, modified or vacated on appeal.

2. Conditions Precedent to the Effective Date

The Effective Date will not occur, and the Plan will not be consummated, unless and until the following conditions have been satisfied or duly waived pursuant to Section VII.C of the Plan:

- a) The Confirmation Order shall be in full force and effect, and no stay thereof shall be in effect.
- b) The Liquidation Trust Agreement shall have been executed and delivered to the required parties and, to the extent required, filed with the applicable Governmental Unit in accordance with applicable laws, and the Trust Accounts pursuant to the Liquidation Trust Agreement shall be created and funded as set forth in the Plan.

- c) The Liquidation Trustee shall have been appointed and have accepted his or her appointment.
- d) All other documents and agreements necessary to implement the Plan on the Effective Date shall have been executed and delivered to the required parties and, to the extent required, filed with the applicable Governmental Unit in accordance with applicable laws.
- e) The Professional Fee Escrow Account shall be created and funded as set forth herein.
- f) All other actions required to be taken in connection with the Effective Date shall have occurred.

3. Waiver of Conditions to Confirmation or the Effective Date

Each condition to Confirmation set forth in Section VII.A of the Plan and the conditions to the Effective Date set forth in Sections VII.B.1, 4, 5 and 6 of the Plan may be waived in whole or in part at any time by the joint agreement of the Debtors, the Creditors' Committee, and the Prepetition Agent without an order of the Bankruptcy Court. The conditions to the Effective Date set forth in Sections VII.B.2 and 3 of the Plan may be waived in whole or in part at any time by the joint agreement of the Debtors and the Creditors' Committee without an order of the Bankruptcy Court.

4. Effect of Nonoccurrence of Conditions to the Effective Date

The Debtors reserve the right to seek to withdraw the Plan at any time prior to the Effective Date. If the Plan is withdrawn pursuant to this Section: (a) each of the Plan and the Confirmation Order shall be null and void in all respects, including with respect to (i) the assumption, assumption and assignment or rejection of Executory Contracts and Unexpired Leases and (ii) the releases described in Section VII.F.3 of the Plan; and (b) nothing contained in the Plan or the Confirmation Order shall (i) constitute a waiver or release of any Claims by or against, or any Interest in, any Debtor or (ii) prejudice in any manner the rights of the Debtors or any other party in interest.

5. Nonconsensual Confirmation

Because Classes 5 and 6 are conclusively presumed to have rejected the Plan, the Debtors request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code with respect to such non-accepting Classes, and the Plan shall constitute a motion for such relief. The Debtors reserve the right, without any delay in the occurrence of the Combined Hearing or the Effective Date, to amend the Plan in accordance with Section IX.A of the Plan.

6. Effect of Confirmation

a. Dissolution of Official Committees

On the Effective Date, the Creditors' Committee and any other statutory committee appointed in the Chapter 11 Cases shall dissolve and members thereof shall be released and discharged from any further authority, duties, responsibilities and obligations related to, or arising from, the Chapter 11 Cases, except that the Creditors' Committee shall continue in existence and have standing and capacity to prepare and prosecute applications for the payment of fees and reimbursement of expenses incurred by the Creditors' Committee or its respective Professionals.

b. Exculpation

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is released and exculpated from any Cause of Action for any claim related to any act or omission occurring on or after the Petition Date and prior to the Effective Date in connection with, relating to, or arising out of, postpetition conduct within the Chapter 11 Cases, the Disclosure Statement, the Plan, the

Asset Sales or any Dissolution Transaction, contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the Asset Sales, postpetition conduct within the Chapter 11 Cases, the pursuit of Confirmation, 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.

c. Releases

i. Releases by the Debtors

On and after the Effective Date, each Released Party is deemed released and discharged by the Debtors and their Estates from any and all Claims and Causes of Action, including any derivative claims asserted on behalf of the Debtors, that the Debtors or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim against, or Interest in, a Debtor or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' capital structure, the assertion or enforcement of rights and remedies against the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions between or among a Debtor and another Debtor, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Disclosure Statement, the Plan, the Asset Sales, or any Dissolution Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement, the Plan, the Asset Sales, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the administration and implementation of the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, except for any claims related to any act or omission that is determined in a Final Order to have constituted actual fraud, willful misconduct or gross negligence.

Notwithstanding anything to the contrary in the foregoing paragraph, the releases and discharges set forth in Section VII.F.3.a of the Plan: (A) do not release any post-Effective Date obligations of any party or Entity under (1) the Plan, (2) any Dissolution Transaction or (3) any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan; and (B) do not affect the rights of Holders of Allowed Claims or Interests to receive Distributions under the Plan.

For the avoidance of doubt, and notwithstanding anything herein to the contrary, Claims and Causes of Action against Patrick Roney, Jonathan Sebastiani, Moss Adams LLP (including any affiliates and subsidiaries) and Cherry Bekaert LLP (including any affiliates and subsidiaries) shall not fall within the scope of any releases contained herein.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the releases herein, which includes by reference each of the related provisions and definitions contained herein.

ii. Releases by Holders of Claims

As set forth in the Plan, "Releasing Parties" means collectively, and in each case, in their respective capacities as such: (a) the Debtors; (b) the Secured Parties; (c) the DIP Secured Parties; (d) the Creditors' Committee; (e) all Holders of Claims who vote to accept the Plan and who affirmatively opt in to releases provided in the Plan; (f) all Holders of Claims that abstain from voting on the Plan and who affirmatively opt in to releases provided in the Plan; (g) all Holders of Claims that vote to reject the Plan and who affirmatively opt in to the releases provided in the Plan; and (h) with respect to each of the foregoing Entities in clauses (a) through (g), each such Entity's Representatives for which such Entity is legally entitled to bind such Representatives to the releases contained in the Plan under applicable non-bankruptcy law solely with respect to claims that such Representatives could have legally asserted on behalf of such Entities in clauses (a) through (g).

As further set forth in the Plan, "Released Parties" means collectively, and in each case, in their respective capacities as such: (a) the Secured Parties; (b) the DIP Secured Parties; (c) the Creditors' Committee; (d) with respect to (a) through (c), such Entities' Representatives; and (e) the Debtor Related Parties.

As of the Effective Date, except as otherwise provided herein, each Releasing Party is deemed to have released and discharged each Released Party from any and all Claims and Causes of Action, whether known or unknown, including any derivative claims asserted on behalf of the Debtors, that such Entity 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 Debtors' in- or out-of-court restructuring efforts, intercompany transactions between or among a Debtor and another Debtor, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation or filing of the Disclosure Statement, the Plan, the Asset Sales, or any Dissolution Transaction, contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement, the Plan, the Asset Sales, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the administration and implementation of the Plan or the distribution of property under the Plan, or any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, except for any claims related to any act or omission that is determined in a Final Order to have constituted actual fraud, willful misconduct or gross negligence.

Notwithstanding anything to the contrary in the foregoing paragraph, the releases and discharges set forth in Section VII.F.3.b of the Plan: (A) do not release any post-Effective Date obligations of any party or Entity under (1) the Plan, (2) any Dissolution Transaction or (3) any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan; and (B) do not affect the rights of Holders of Allowed Claims or Interests to receive Distributions under the Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the releases herein, which includes by reference each of the related provisions and definitions contained herein.

d. Injunction

Except as otherwise expressly provided in the Plan or for Distributions required to be paid or delivered pursuant to the Plan or the Confirmation Order, all Entities that have held, hold, or may hold Claims or Interests that have been released pursuant to the Plan, or are subject to exculpation pursuant to Section VII.F.2 of the Plan, are enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Released Parties or the Exculpated Parties (to the extent of the exculpation provided pursuant to Section VII.F.2 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; and (d) 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 pursuant to the Plan. For the avoidance of doubt and notwithstanding anything else in the Plan, the Debtors are not receiving a discharge under section 524(a) of the Bankruptcy Code and, solely with respect to the Debtors, the injunction set forth herein shall terminate as to each Debtor upon the vesting of all such Debtor's property under the Plan in the Liquidation Trust and the closing of such Debtor's Chapter 11 Case.

e. SEC Carve Out

Notwithstanding any language to the contrary contained in the Plan and/or the Confirmation Order, no provision of the Plan or the Confirmation Order shall (i) preclude the SEC from enforcing its police or regulatory powers; or, (b) enjoin, limit, impair or delay the SEC from commencing or continuing any claims, causes of action, proceedings or investigations against any non-Debtor person or non-Debtor entity in any forum.

7. Votes Solicited in Good Faith

Upon entry of the Confirmation Order, (1) the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code and (2) pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code, including in connection with the offer, issuance, sale and purchase of securities offered and sold under the Plan and any previous plan, and, therefore, neither any of such parties or individuals will have any liability for the violation of any applicable law, rule or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale or purchase of any securities offered and sold under the Plan and any previous plan.

G. Miscellaneous Provisions

1. Modification of the Plan

Subject to the restrictions on modifications set forth in section 1127 of the Bankruptcy Code, the Debtors reserve the right to alter, amend or modify the Plan before the Effective Date. Prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court. Holders of Claims that have accepted the Plan shall be deemed to have accepted the Plan as amended, modified or supplemented, if the proposed amendment, modification or supplement does not materially and adversely change the treatment of such Claim; provided, however, that any Holders of Claims who were deemed to accept the Plan because such Claims were Unimpaired shall continue to be deemed to accept the Plan only if, after giving effect to such amendment, modification or supplement, such Claims continue to be Unimpaired.

2. Revocation of the Plan or Non-Occurrence of Confirmation Date or Effective Date

The Debtors reserve the right to revoke or withdraw the Plan as to any (or all) of the Debtors prior to the Effective Date. If the Plan is revoked or withdrawn as to any (or all) of the Debtors, or if the Confirmation Date or the Effective Date as to any (or all) of the Debtors does not occur, then the Plan shall be null and void in all respects solely with respect to such Debtors, and nothing contained in the Plan shall: (a) prejudice in any manner the rights of any Debtor or any other party in interest; (b) constitute a waiver or release of any claims by or against, or any interests in, any of the Debtors or any other Entity; or (c) constitute an admission of any sort by any Debtor or any other Entity. The revocation or withdrawal of the Plan with respect to one or more Debtors shall not require the re-solicitation of the Plan with respect to the remaining Debtors.

3. Conversion or Dismissal of Certain of the Chapter 11 Cases

If the requisite Classes do not vote to accept the Plan or the Bankruptcy Court does not confirm the Plan with respect to any Debtor, such Debtor shall have the right to seek to have its Chapter 11 Case dismissed or converted or to liquidate or dissolve itself under applicable nonbankruptcy law or chapter 7 of the Bankruptcy Code.

4. Inconsistency

In the event of any inconsistency among the Plan, this Disclosure Statement or any exhibit or schedule to this Disclosure Statement, the provisions of the Plan shall govern. In the event of any inconsistency among the Plan and any document or agreement Filed in the Plan Supplement, such document or agreement shall control. In the event of any inconsistency among the Plan or any document or agreement Filed in the Plan Supplement and the Confirmation Order, the Confirmation Order shall control. In the event of any inconsistency among the Plan, any document or agreement filed in the Plan Supplement, the Confirmation Order and the Committee Settlement Agreement, the Committee Settlement Agreement shall control.

5. Exhibits and Schedules

All exhibits and schedules to the Plan (including, but not limited to, the Committee Settlement Agreement and the Plan Supplement) are incorporated into and constitute a part of the Plan as if set forth therein.

6. Exemption from Transfer Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, the transfer of any property under the Plan (including transfers to and from the Liquidation Trust), the making or delivery of any instrument of transfer pursuant to, in implementation of or as contemplated by, the Plan or the revesting, transfer or sale of any real or personal property of the Debtors 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 similar tax or fee. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any stamp tax, transfer tax or similar tax or fee.

7. Severability

If prior to the entry of the Confirmation Order, any term or provision of the Plan is determined by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court may, at the request of the Debtors, alter and interpret such term or provision to the extent necessary to render 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 so altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remaining terms and provisions of the Plan shall remain in full force and effect and shall 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 valid and enforceable pursuant to its terms.

8. Successors and Assigns

Except as expressly provided otherwise in the Plan, the rights, benefits and obligations of any Person 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 or assign, affiliate, representative, beneficiary or guardian, if any, of each Person.

VI. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

The following is a brief summary of the confirmation process. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and to consult their own advisors with respect to the summary provided in this Disclosure Statement.

A. Combined Hearing

The Bankruptcy Court has scheduled the Combined Hearing for at (prevailing Eastern Time). The Combined Hearing may be continued from time to time without further notice other than an adjournment announced in open court or a notice of adjournment filed with the Bankruptcy Court and served on the entities who have filed objections to the Plan, without further notice to other parties in interest.

Any objection to the Plan and final approval of the Disclosure Statement must: (1) be in writing; (2) conform to the Bankruptcy Rules and the local rules and procedures of the Bankruptcy Court; (3) state the name, address, phone number and email address of the objecting party and the amount and nature of the Claim or Interest of such entity, if any; (4) state with particularity the basis and nature of any objection to the Plan and, if practicable, a proposed modification to the Plan that would resolve such objection; and (5) be filed, contemporaneously with a proof of service, with the Bankruptcy Court and served so that it is actually received by the following notice parties

set forth below no later than the Plan Objection Deadline. Unless an objection to the Plan and final approval of the Disclosure Statement is timely served and filed, the Bankruptcy Court will not consider it. Service should be made to:

1. The Debtors

Heather Lennox
Carl E. Black
JONES DAY
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114
Email: hlennox@jonesday.com
ceblack@jonesday.com

-and-

Daniel J. DeFranceschi
Zachary I. Shapiro
Matthew P. Milana
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 N. King Street
Wilmington, Delaware 19801
Email: defranceschi@rlf.com
shapiro@rlf.com
milana@rlf.com

2. The Secured Parties

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Khaled Tarazi
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-and-

Matthew P. Ward
Morgan L. Patterson
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1313 North Market Street, Suite 1200
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Email: matthew.ward@wbd-us.com
morgan.patterson@wbd-us.com

3. The Creditors' Committee

Stephanie Slater Ward
FOX ROTHSCHILD LLP
1201 N. Market Street, Suite 1200

Wilmington, DE 19899
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-and-

Michael A. Sweet
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-and-

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jesseharris@foxrothschild.com

B. Requirements for Confirmation of the Plan⁵

At the Combined Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that the Plan satisfies or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code and that they have complied or will have complied with all of the requirements of the Bankruptcy Code.

1. Feasibility

The Bankruptcy Code requires that to confirm a chapter 11 plan, the Bankruptcy Court must find that confirmation of such plan is not likely to be followed by the liquidation or the need for further financial reorganization of the debtor, unless contemplated by the plan. The Plan provides for the liquidation and distribution of the Debtors' remaining assets. To the extent necessary, at the Combined Hearing, the Debtors will demonstrate that the Debtors and the Liquidation Trust will have sufficient funding to complete the winddown of the Debtors' estates and to make distributions to Holders of Allowed Claims that are entitled to receive distributions under the Plan.

2. Best Interests of Creditors – Liquidation Analysis⁶

Notwithstanding acceptance of the Plan by a voting Impaired Class, to confirm the Plan, the Bankruptcy Court must still independently determine that the Plan is in the best interests of each Holder of a Claim or Interest in any such Impaired Class that has not voted to accept the Plan, meaning that the Plan provides each such Holder with a recovery that has a value at least equal to the value of the recovery that each such Holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date. Accordingly, if an Impaired Class does not unanimously vote to accept the Plan, the best interests test requires the Bankruptcy Court to find that the Plan provides to each member of such Impaired Class a recovery on account of the Class member's Claim or

⁵ The descriptions contained herein are only a summary of certain confirmation requirements; they are not exhaustive of all confirmation requirements and should not be construed as such.

⁶ A more detailed liquidation analysis will be attached hereto as Exhibit B.

Interest that has a value, as of the Effective Date, at least equal to the value of the recovery that each such Class member would receive if the Debtors were liquidated under chapter 7.

Because the Plan proposes a liquidation of all of the Debtors' assets, the Debtors have analyzed factors that will impact recoveries available to creditors in each scenario. These factors include professionals' fees and expenses, asset disposition expenses, applicable Taxes, potential Claims arising during the pendency of the Plan or chapter 7 case and trustee fees and expenses.

Liquidating the Debtors' Estates under the Plan would likely provide Holders of Allowed Claims with a larger, more timely recovery due to the potential for delay and administrative friction that would result from converting to a chapter 7 liquidation at this stage of the Chapter 11 Cases. In particular, delays caused by the chapter 7 trustee becoming familiar with the remaining assets would result in the Debtors' Estates incurring additional expenses, and the chapter 7 trustee would not have the technical expertise or knowledge of the Debtors' businesses that the Debtors and their Professionals have in proposing the Plan.

In addition to the expected delays, recoveries would be further reduced (in comparison with those provided for under the Plan) by the expenses that would be incurred in a chapter 7 liquidation, including the additional expenses incurred by the chapter 7 trustee and any retained professionals in familiarizing themselves with the Debtors' Estates and assets and these specific Chapter 11 Cases, in order to complete the administration of the Estates. See, e.g., 11 U.S.C. § 326(a) (providing for compensation of a chapter 7 trustee up to three percent of the value of the assets); 11 U.S.C. § 503(b)(2) (providing administrative expense status for compensation and expenses of a chapter 7 trustee and such trustee's professionals).

In a chapter 7 liquidation, the Debtors' Estates would continue to be obligated to pay all unpaid expenses incurred by the Debtors during the Chapter 11 Cases (such as compensation for Professionals), which may constitute Allowed Claims. In addition, the conversion to chapter 7 could impair the Debtors' ability to satisfy their obligations under the Sale TSAs, resulting in disputes and claims under the Sale TSAs, and which claims may constitute Administrative Expense Claims. Moreover, the conversion to chapter 7 would also require the establishment of a new bar date for filing claims that would be at least 90 days following conversion. See Fed. R. Bankr. P. 1019(2); 3002(c). Thus, the amount of Claims ultimately filed and Allowed against the Debtors' Estates could materially increase upon conversion, thereby further reducing creditor recoveries compared to those available under the Plan.

The information contained in the Debtors' liquidation analysis will provide a summary of the recoveries under the Plan and in a chapter 7 liquidation.

In light of the foregoing, the Debtors believe that the Plan provides their creditors with a significantly superior recovery compared to what they could reasonably expect to realize in a hypothetical chapter 7 liquidation.

C. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, that except as described in the following section, each class of claims or interests that is impaired under a plan accept the plan. A class that is not "impaired" under a plan is presumed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. Pursuant to section 1124 of the Bankruptcy Code, a class of claims or interests is "impaired" under a plan unless, with respect to each claim or interest of such class, the plan: (1) leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or (2) cures any default, reinstates the maturity of such claim or interest as such maturity existed before such default and compensates the holder of such claim or interest for any damages incurred.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired creditors as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject a plan. Thus, a Class of creditor Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number of those actually voting cast their Ballots in favor of acceptance. Only Holders of Claims in the Voting Classes (i.e., Classes 2 and 4) will be entitled to vote on the Plan.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of interests as acceptance by holders of at least two-thirds in dollar amount of those interests who actually vote to accept or reject a plan.

D. Requirements of Section 1129(b) of the Bankruptcy Code

The Bankruptcy Code permits confirmation of a plan even if it is not accepted by all impaired classes, as long as (1) the plan otherwise satisfies the requirements for confirmation under section 1129(a) of the Bankruptcy Code and (2) the plan is "fair and equitable" and does not "discriminate unfairly" as to any impaired class that has not accepted the plan. These so-called "cramdown" provisions are set forth in section 1129(b) of the Bankruptcy Code. The Debtors believe that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the foregoing requirements for "cramdown," or non-consensual Confirmation of the Plan, pursuant to section 1129(b) of the Bankruptcy Code.

1. Fair and Equitable Test

This test applies to classes of different priority and status (e.g., secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the amount of the allowed claims in such class. As to the non-accepting class, the test sets different standards depending on the type of claims or interests in such class. As set forth below, the Debtors believe that the Plan satisfies the "fair and equitable" requirement.

a. Secured Claims

The condition that a plan be "fair and equitable" to a non-accepting class of secured claims includes the requirements that: (i) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan; (ii) each holder of a secured claim in the class receives deferred Cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens; or (iii) each holder of a secured claim receives the indubitable equivalent of its secured claims. Under the Plan, the holders of Class 2 Allowed Secured Lender Claims will retain their liens and receive the proceeds thereof, except to the extent that they have permitted the Debtors or the Liquidation Trust to use such proceeds to wind-down the Debtors' estates or pay Allowed Claims required to be paid in full under the Plan, or to the extent that such Holders have agreed to allow such proceeds to be transferred to the Liquidation Trust for payment of the expenses of such trust and distribution to holders of Allowed Class 4 General Unsecured Claims. As a result, the Plan is fair and equitable as to Class 2 Allowed Prepetition Secured Lender Claims.

b. Unsecured Claims

The condition that a plan be "fair and equitable" to a non-accepting class of unsecured claims includes the requirement that either: (i) the plan provides that each holder of a claim of such class receives or retains on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) the holder of any claim or any equity interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or junior equity interest on any property.

Under the Plan, no holder of any claim or any equity interest junior to the General Unsecured Claims (Class 4) will receive or retain any property. All Interests in VWE (Class 5) and Other Subsidiary Debtors (Class 7) are being cancelled and Holders thereof will not receive any distribution under the Plan. Similarly, 510(b) Claims (Class 8) will not receive any distributions or retain any property under the Plan. As a result, the Plan is fair and equitable as to Class 4 General Unsecured Claims.

c. Interests

The condition that a plan be "fair and equitable" to a non-accepting class of equity interests includes the requirement that either: (i) the plan provides that each holder of an equity interest in that class receives or retains under the plan on account of that equity interest property of a value, as of the effective date of the plan, equal to the

greater of: (A) the allowed amount of any fixed liquidation preference to which such holder is entitled; (B) any fixed redemption price to which such holder is entitled; or (C) the value of such interest; or (ii) if the class does not receive the amount as required under (i) hereof, no class of equity interests junior to the non-accepting class may receive a distribution under the plan.

Under the Plan, Interests in VWE (Class 5) and Other Subsidiary Debtors (Class 7) will be cancelled, so Classes 5 and 7 are deemed to reject the plan. Although Interests in Surviving Subsidiary Debtors (Class 6) will be reinstated, the Surviving Subsidiary Debtors will be subject to Dissolution Transactions on or after the Effective Date. As such, the Plan is fair and equitable to all Class 5 and 7 Interests.

2. Unfair Discrimination

A chapter 11 plan does not "discriminate unfairly" if a dissenting class is treated substantially equally with respect to other classes similarly situated, and no class receives more than it is legally entitled to receive for its claims or interests. The Debtors carefully designed the Plan to ensure that recoveries on account of Claims in a particular Class against each of the Debtors did not result in unfair discrimination among similarly situated Classes. The Debtors do not believe that the Plan discriminates unfairly against any impaired Class of Claims or Interests.

VII. PLAN-RELATED RISK FACTORS

Holders of Claims should read and carefully consider the risk factors set forth below, as well as the other information set forth in this Disclosure Statement and the documents delivered together with this Disclosure Statement, referred to or incorporated by reference in this Disclosure Statement, before voting to accept or reject the Plan. These factors should not be regarded as constituting the only risks present in connection with the Debtors' businesses or the Plan and its implementation.

A. Risk Factors Related to Certain Bankruptcy Considerations

1. The Debtors May Not Be Able to Secure Confirmation of the Plan

The Debtors will need to satisfy section 1129 of the Bankruptcy Code, which sets forth the requirements for confirmation of a chapter 11 plan and requires, among other things, a finding by a bankruptcy court that: (a) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (b) the value of distributions to non-accepting holders of claims and interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtor were liquidated under chapter 7 of the Bankruptcy Code. As described in Section VI.B.1 of this Disclosure Statement, the Debtors believe that the Plan is feasible because the Debtors believe that the Plan can pay all Allowed Administrative, Priority and Priority Tax Claims in full, but the Court could find otherwise.

Additionally, there can be no assurance that the requisite acceptances to confirm the Plan will be received. In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponent's request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the Bankruptcy Court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting class. The Debtors believe that the Plan satisfies these requirements, and the Debtors may request such nonconsensual Confirmation in accordance with section 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation of the Plan may result in, among other things, increased expenses.

Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim or an Allowed Interest might challenge whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or the Bankruptcy Rules. Even if the Bankruptcy Court determines that the Tabulation Rules and the voting results are appropriate, the

Bankruptcy Court can still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation have not been met. If the Plan is not confirmed, it is unclear what distributions, if any, Holders of Allowed Claims will receive with respect to their Allowed Claims.

Finally, all of the conditions to Confirmation of the Plan must be satisfied. The Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation.

2. Sufficient Votes to Confirm the Plan May Not be Received

In the event that the votes received are sufficient in number and amount to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received and the Bankruptcy Court does not confirm the Plan, the Debtors may seek to pursue another strategy to wind down the Estates, such as an alternative chapter 11 plan, a dismissal of these Chapter 11 Cases, a conversion to a chapter 7 case(s) or other strategies. There can be no assurance that the terms of any such alternative strategies would be similar or as favorable to the Holders of Allowed Claims and Allowed Interests as those proposed in the Plan.

3. Parties in Interest May Object to the Plan's Classification of Claims and Interests or the Amount of Such Claims or Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests, each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion, including with respect to the deemed consolidation of the Debtors as described in Section V.A of this Disclosure Statement.

Further, certain parties in interest, including the Debtors, reserve the right, under the Plan, to object to the amount or classification of any Claim. The estimates set forth in this Disclosure Statement cannot be relied upon by any Holder of a Claim where such Claim is or may be subject to an objection or is not yet Allowed. Any Holder of a Claim that is or may be subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

4. The Effective Date May Not Occur

Although the Debtors believe that the Effective Date could occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether the Effective Date will, in fact, occur.

5. The Debtors May Modify the Plan to Remove Consolidation of Estates

A party in interest may object to the deemed consolidation of the Debtors' Estates described in Section V.A, and the Court may, with or without any such objection, not approve such deemed consolidation. In that event, the Debtors may modify the Plan so as to no longer provide for the consolidation of the Estates for the purposes of implementation, voting, achieving Confirmation, calculating and making Distributions on Claims and filing post-Confirmation reports, resulting in the Estates being administered and liquidated separately.

B. Risk Factors That May Affect Recoveries Available to Holders of Allowed Claims Under the Plan

1. The Amount of Allowed Claims May Adversely Affect the Recovery of Some Holders of Allowed Claims

The Distributions available to Holders of Allowed Claims in Class 4 under the Plan can be affected by a variety of contingencies, including, without limitation, the aggregate amount of Allowed Class 4 Claims and the Liquidation Trust Expenses. The Debtors cannot determine with any certainty at this time the number or amount of such Claims that will ultimately be Allowed, and thus the projected recoveries for Class 4 Claims disclosed in this Disclosure Statement are highly speculative. While the Debtors do not currently believe that the amount of recoveries by Holders of Claims in Class 4 will be impacted by the ultimate Allowed amount of administrative, priority and priority tax claims in these cases so long as the Effective Date occurs during calendar year 2024, there can be no guarantee of that result.

2. Any Valuation of Any Assets to be Distributed Under the Plan is Speculative

Any valuation of any of the assets to be distributed under the Plan is necessarily speculative. Accordingly, the ultimate value, if any, of these assets could materially affect, among other things, recoveries to the Debtors' creditors.

3. The Debtors Cannot Guarantee the Timing of Such Recoveries

The timing of actual distributions to Holders of Allowed Claims may be affected by many factors that cannot be predicted. Therefore, the Debtors cannot guarantee the timing of any recovery on an Allowed Claim.

4. Class 4 Recoveries are Highly Speculative and Uncertain

Under the Plan, recoveries to Holders of Claims in Class 4 are based, among other things, on funds to be recovered by the Liquidation Trustee on account of the Retained Causes of Action. It is uncertain what, if anything, the Liquidation Trustee will recover on account of such Causes of Action.

a. Non-Transferability

Holders of Claims in Class 4 also should be aware that their rights to Distributions from the Liquidation Trust are not transferable. Therefore, there will not any trading market for such rights, nor will those rights be listed on any public exchange or other market. The lack of liquidity of the rights to Distributions from the Liquidation Trust may have a negative impact on their value.

b. Uncertainty of Recovery Value

In addition to the prohibition on the transfer of rights to distributions from the Liquidation Trust as discussed above, the value of such rights will depend on various significant risks and uncertainties, including, without limitations, (a) the success of the Liquidation Trust in securing resolutions on a favorable basis with respect to claims the Liquidation Trust is pursuing; (b) the effect of substantial delays in liquidating claims and other contingent assets and liabilities; and (c) the effects of any changes in tax and other government rules and regulations applicable to the Liquidation Trust. All of these risks are beyond the control of the Liquidation Trust. The amount of any recovery realized by the Liquidation Trust and its beneficiaries will vary depending upon the extent to which these risks materialize. In addition, the resolution of the claims held by the Liquidation Trust may require a substantial amount of time to be resolved and liquidated. The associated delays could reduce the value of any recovery.

5. Certain Tax Implications of the Debtors' Bankruptcies

Holders of Allowed Claims should carefully review Section VIII of this Disclosure Statement, "Certain U.S. Federal Income Tax Consequences of Consummation of the Plan," for a description of certain tax implications of the Plan and the Debtors' Chapter 11 Cases.

C. Risks Relating to Securities Laws

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan from registration under the Securities Act and state securities laws if three principal requirements are satisfied: (1) the securities must be offered and sold under a plan and must be securities of the debtor, an affiliate participating in a joint plan with the debtor or a successor to the debtor under the plan; (2) the recipients of the securities must hold a prepetition or administrative expense claim against the debtor or an interest in the debtor; and (3) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or principally in such exchange and partly for cash or property. To the extent that the rights to Distributions from the Liquidation Trusts are deemed to constitute securities issued in accordance with the Plan, the Debtors believe that such interests satisfy the requirements of section 1145(a)(1) of the Bankruptcy Code and, therefore, such interests are exempt from registration under the Securities Act and applicable state securities law.

D. Disclosure Statement Disclaimer

1. The Financial Information Contained in This Disclosure Statement Has Not Been Audited

In preparing this Disclosure Statement, the Debtors and their advisors relied on financial data derived from the Debtors' books and records that was available at the time of such preparation. Although the Debtors have used their reasonable business judgment to ensure the accuracy of the financial information, and any conclusions or estimates drawn from such financial information, provided in this Disclosure Statement, and although the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to warrant that the financial information contained herein, or any such conclusions or estimates drawn therefrom, is without inaccuracies.

2. Information Contained in This Disclosure Statement Is For Soliciting Votes

The information contained in this Disclosure Statement is for the purpose of soliciting acceptances of the Plan and may not be relied upon for any other purpose.

3. This Disclosure Statement Was Not Reviewed or Approved by the SEC

This Disclosure Statement was not filed with the SEC under the Securities Act or applicable state securities laws. Neither the SEC nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement or the exhibits or the statements contained in this Disclosure Statement.

4. This Disclosure Statement May Contain Forward Looking Statements

This Disclosure Statement may contain "forward looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "projections," "business outlook," "estimate," or similar expressions constitute forward-looking statements and may include, without limitations, information regarding the Debtors' expectations with respect to future events. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those risks described under the caption "Plan-Related Risk Factors" in Section VII of this Disclosure Statement.

5. No Legal or Tax Advice Is Provided to You by This Disclosure Statement

This Disclosure Statement is not legal advice to you. The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each Holder of a Claim or an Interest should consult his or her own legal counsel, accountant or other applicable advisor with regard to any legal, tax and other matters concerning his, her or its Claim or Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

6. No Admissions Made

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by any entity (including, without limitation, the Debtors) nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, Holders of Allowed Claims or Interests or any other parties in interest.

7. Failure to Identify Potential Objections

No reliance should be placed on the fact that a particular litigation Claim or projected objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement. The Liquidation Trustees may object to Claims or Interests after Confirmation or the Effective Date of the Plan irrespective of whether this Disclosure Statement identifies objections to such Claims or Interests.

8. No Waiver of Right to Object or Right to Recover Transfers and Assets

The vote by a Holder of a Claim or Interest for or against the Plan does not constitute a waiver or release of any claims, causes of action or rights of the Debtors (or any entity, as the case may be) to object to that Holder's Claim or Interest, or recover any preferential, fraudulent or other voidable transfer of assets, regardless of whether any claims or causes of action of the Debtors or their Estates are specifically or generally identified in this Disclosure Statement.

9. Information Was Provided by the Debtors and Was Relied Upon by the Debtors' Advisors

The Debtors' advisors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although the Debtors' advisors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not independently verified the information contained in this Disclosure Statement.

10. Potential Exists for Inaccuracies, and the Debtors Have No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtors as of the date of this Disclosure Statement, unless otherwise specified in this Disclosure Statement, and the delivery of this Disclosure Statement after the date of this Disclosure Statement does not imply that there has not been a change in the information set forth in this Disclosure Statement since that date. While the Debtors have used their reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

11. No Representations Outside This Disclosure Statement are Authorized

No representations concerning or relating to the Debtors, these Chapter 11 Cases or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your

decision. You should promptly report unauthorized representations or inducements to counsel to the Debtors and the U.S. Trustee.

E. Liquidation Under Chapter 7

If no plan can be confirmed, these Chapter 11 Cases may be converted to a case(s) under chapter 7 of the Bankruptcy Code, pursuant to which a chapter 7 trustee would be elected or appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effect that a chapter 7 liquidation could have on the recoveries of Holders of Claims and the Debtors' Estates is summarized in Section VI.B.2 hereof, entitled "Best Interests of Creditors – Liquidation Analysis," and further detailed in Exhibit B hereto.

VIII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF CONSUMMATION OF THE PLAN

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to certain Holders of Allowed Claims that are U.S. Holders (as defined below). The following summary is based on the Internal Revenue Code of 1986 (as amended, the "IRC"), Treasury Regulations promulgated thereunder, judicial decisions, administrative rules and pronouncements as in effect on the date hereof. Changes in such rules or new interpretations thereof may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below. This summary addresses certain U.S. federal income tax consequences only to Holders of Claims that are entitled to vote (i.e., Holders of Prepetition Secured Lender Claims and Holders of General Unsecured Claims) and it does not address the U.S. federal income tax consequences to the Debtors, to Holders of Interests or to Holders of Claims that are not entitled to vote on the Plan. The U.S. federal income tax consequences of the Plan are complex and are subject to significant uncertainties.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular Holder of an Allowed Claim in light of such Holder's particular facts and circumstances. In addition, this summary addresses only U.S. federal income taxes. Thus, the following discussion does not address foreign, state or local tax consequences, or any estate, gift or other non-income tax consequences, of the Plan, nor does it purport to address the U.S. federal income tax consequences of the Plan to Holders of Allowed Claims that are subject to special treatment under the IRC (such as Persons who are related to the Debtors within the meaning of the IRC, Holders liable for the alternative minimum tax, Holders whose functional currency is not the U.S. dollar, Holders that received their Claims as compensation, S corporations, broker dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax exempt organizations, governmental entities, pass-through entities such as partnerships and Holders of Claims who are themselves in bankruptcy). Accordingly, this summary should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular Holder of a Claim or Interest.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds an Allowed Claim, the tax treatment of a partner or other investor in such partnership will generally depend upon the status of the partner or investor and the activities of the partnership. If you are a partner or other investor in a partnership holding an Allowed Claim, you should consult your tax advisors.

For purposes of this discussion, a "U.S. Holder" is a Holder that is: (A) an individual citizen or resident of the United States for U.S. federal income tax purposes; (B) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (C) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (D) a trust (1) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons have authority to control all substantial decisions of the trust or (2) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person (as defined in the IRC).

The following discussion assumes that the Plan will be implemented as described herein and does not address the tax consequences if the Plan is not carried out. Furthermore, this discussion assumes that Holders of Allowed Claims only hold Claims in a single Class. This discussion further assumes that the various debt and other arrangements to which the Debtors are a party will be respected for U.S. federal income tax purposes in accordance

with their form. In addition, a substantial amount of time may elapse between the confirmation date and the receipt of a final distribution under the Plan. Events subsequent to the date of this Disclosure Statement, such as additional tax legislation, court decisions or administrative changes, could affect the U.S. federal income tax consequences of the Plan and the transactions contemplated thereunder.

This summary of the U.S. federal income tax consequences of the Plan is not binding on the Internal Revenue Service (the "IRS"), and no ruling will be sought or has been sought from the IRS with respect to any of the tax aspects of the Plan, no opinion of counsel has been obtained or will be obtained by the Debtors with respect thereto, and no tax opinion is given by this Disclosure Statement. The U.S. federal income tax consequences of certain aspects of the Plan may therefore be uncertain due to the lack of applicable legal authority and may be subject to administrative or judicial interpretations that differ from the discussion below.

The following discussion is not exhaustive and the U.S. federal income tax consequences to each Holders of an Allowed Claim will differ and will depend on factors specific to each such Holder, including (A) whether the Holder's Allowed Claim (or portion thereof) constitutes a claim for principal or interest; (B) the origin of the Holder's Allowed Claim; (C) whether the Holder reports income on the accrual or cash basis method; (D) whether the Holder receives distributions under the Plan in more than one taxable year; (E) whether the Holder has previously included in income any accrued but unpaid interest with respect to the surrendered Allowed Claim; and (F) whether the Holder has taken a bad debt deduction or otherwise recognized a loss with respect to the Allowed Claim. The discussion is not a substitute for careful tax planning and professional tax advice based upon the individual circumstances of each Holder of an Allowed Claim. Accordingly, each Holder of an Allowed Claim is strongly urged to consult with its own tax advisor regarding the U.S. federal, state, local and foreign income and other tax consequences of the Plan.

A. U.S. Federal Income Tax Consequences to Holders of Allowed Claims

1. U.S. Federal Income Tax Consequences to U.S. Holders of Allowed Secured Lender Claims and U.S. Holders of Allowed General Unsecured Claims

In accordance with the Plan, each Holder of an Allowed Secured Lender Claim or Allowed General Unsecured Claim will be entitled to receive distributions as detailed in Sections V.A.3.b and V.A.3.d above, respectively. As discussed in Section V.I above, on the Effective Date, the Debtors will generally transfer the Liquidation Trust Assets to the Liquidation Trust, which was established for the purpose of, among other things, liquidating such assets and making distributions to Holders of Allowed Prepetition Secured Lender Claims. The Liquidation Trusts are intended to be treated for U.S. federal income tax purposes as liquidating trusts described in Treasury Regulation section 301.7701-4(d) and, to the extent applicable, as one or more Disputed Claims Reserves treated as disputed ownership funds described in Treasury Regulation section 1.468B-9. The remainder of this discussion assumes that this treatment is correct. It is possible that the IRS could require an alternative characterization of the Liquidation Trusts, which could result in different (and possibly adverse) tax consequences to the Liquidation Trusts or Holders of Allowed Secured Lender Claims or Allowed General Unsecured Claims.

Except to the extent of the Disputed Claims Reserves, the Liquidation Trusts are not expected to be treated as taxable entities for U.S. federal income tax purposes. Accordingly, except to the extent distributions are made to Allowed Secured Lender Claims or Allowed General Unsecured Claims as of the Effective Date (as described below), (a) the Debtors will be deemed to have distributed to (i) the Holders of Allowed Secured Lender Claims an undivided interest in their Pro Rata shares of the Liquidation Trust Assets, subject to any liabilities of the Debtors assumed by the Liquidation Trust and any liabilities of the Liquidation Trust itself and (ii) the Holders of Allowed General Unsecured Claims an undivided interest in their Pro Rata shares of the Liquidation Trust Assets, subject to any liabilities of the Debtors assumed by the Liquidation Trust and any liabilities of the Liquidation Trust itself, and (b) such Holders will be deemed to have contributed such assets (subject to such liabilities) to the applicable Liquidation Trust in exchange for beneficial interests in such Liquidation Trust.

Subject to the discussion below in the last paragraph of this Section VIII.A.1 regarding distributions made as of the Effective Date, each U.S. Holder of an Allowed Secured Lender Claim or Allowed General Unsecured Claim (each such Holder is referred to in this discussion as a "Beneficial Owner") will recognize gain or loss upon receipt of such Pro Rata share equal to the difference between the "amount realized" by such Beneficial Owner and

such Beneficial Owner's adjusted tax basis in his, her or its Claim. The amount realized is equal to the fair market value of such Beneficial Owner's Pro Rata share of the applicable Liquidation Trust Assets (subject to any applicable liabilities), less the amount (if any) allocable to accrued but unpaid interest, as discussed below under the heading "—Accrued Interest." Any such gain or loss realized by a Beneficial Owner generally should constitute capital gain or loss to such creditor unless such Claim is not a capital asset in the hands of such Beneficial Owner. If an Allowed Secured Lender Claim or Allowed General Unsecured Claim, as applicable, is a capital asset and it has been held for more than one year, the Beneficial Owner will realize long-term capital gain or loss. The deductibility of capital losses is subject to limitations. The tax basis of the applicable Liquidation Trust Assets deemed received in the exchange will equal the amount realized by the Beneficial Owner (as described above) and the holding period for such assets will begin on the day following the exchange. For the avoidance of doubt, U.S. Holders of Allowed Secured Lender Claims or Allowed General Unsecured Claims are not intended to be treated for U.S. federal income tax purposes as receiving Liquidation Trust Assets that are contributed to any Disputed Claims Reserves until such time as distributions are made from such Disputed Claims Reserves, in which case (and at which time) U.S. Holders of Allowed Secured Lender Claims or Allowed General Unsecured Claims are intended to be treated as receiving the distributions actually received from the Disputed Claims Reserves, if any.

For U.S. federal income tax purposes, it is intended that each Beneficial Owner be treated as an owner of the applicable Liquidation Trust and, thus, will be subject to tax on such Beneficial Owner's Pro Rata share of taxable income or gain, if any, of the applicable Liquidation Trust, regardless of whether the corresponding Cash proceeds are distributed to each Beneficial Owner. Accordingly, each Beneficial Owner will be required to include in its annual taxable income, and pay tax to the extent due on, its allocable share of each item of income, gain, loss, deduction or credit recognized by the applicable Liquidation Trust, including interest or dividend income earned on bank accounts and other investments, and the applicable Liquidation Trustee will allocate such items to the Holders using any reasonable allocation method. If the applicable Liquidation Trust sells or otherwise disposes of a Liquidation Trust Asset in a transaction in which gain or loss is recognized, each Beneficial Owner that is entitled to a distribution from such Liquidation Trust Asset, or the proceeds thereof, will be required to include in income gain or loss equal to the difference between (a) the Beneficial Owner's Pro Rata share of the Cash or property received in exchange for the applicable Liquidation Trust Asset sold or otherwise disposed of and (b) the Beneficial Owner's adjusted basis in its Pro Rata share of the applicable Liquidation Trust Asset. The character and amount of any gain or loss will be determined by reference to the character of the asset sold or otherwise disposed of. Each Beneficial Owner will be required to report any income or gain recognized on the sale or other disposition of an applicable Liquidation Trust Asset whether or not the applicable Liquidation Trust distributes the sale proceeds currently and may, as a result, incur a tax liability before the Beneficial Owner receives a distribution from the applicable Liquidation Trust Asset.

Notwithstanding the foregoing, distributions made as of the Effective Date to U.S. Holders of Allowed Secured Lender Claims or Allowed General Unsecured Claims are intended to be treated for U.S. federal income tax purposes as made directly from the Debtors to such Holders of such Allowed Claims. Generally, where a U.S. Holder receives only Cash in respect of an Allowed Claim, such a Holder would recognize taxable gain or loss in an amount equal to the difference between the amount of the Cash received and such Holder's adjusted tax basis in its Allowed Claim. Any gain or loss recognized would be capital or ordinary, depending on the status of the Allowed Claim in the U.S. Holder's hands. Generally, any gain or loss recognized by a U.S. Holder of an Allowed Claim would be a long-term capital gain or loss if the Allowed Claim is a capital asset in the hands of such Holder and such Holder has held such Allowed Claim for more than one year, unless such Holder had previously claimed a bad debt deduction or such Holder had accrued market discount with respect to such Allowed Claim. See the discussions below under the headings "—Bad Debt or Worthless Securities Deduction" and "—Market Discount." The deductibility of capital losses is subject to limitations. To the extent any portion of a U.S. Holder's recovery is allocable to interest on such Holder's Allowed Claim that was not previously included in such Holder's income, such portion would be treated as interest income to such Holder. See the discussion below under the heading "—Accrued Interest."

2. Accrued Interest

A U.S. Holder of an Allowed Claim generally will recognize ordinary income to the extent that such Holder receives Cash or property that is allocable to accrued but unpaid interest that such Holder has not yet included in its income. If an Allowed Claim includes interest, and if the U.S. Holder receives less than the amount

of the Allowed Claim pursuant to the Plan, the U.S. Holder must allocate the Plan consideration between principal and interest. The Plan provides that all distributions to a U.S. Holder of an Allowed Claim will apply first to the principal amount of such Claim until such principal amount is paid in full and then to any interest accrued on such Claim prior to the Petition Date, and the remaining portion of such distributions, if any, shall apply to any interest accrued on such Claim after the Petition Date. There is no assurance, however, that the IRS will respect this treatment and will not determine that all or a portion of amounts distributed to such U.S. Holder, and attributable to principal under the Plan, is properly allocable to interest. U.S. Holders of Allowed Claims are urged to consult their own tax advisors in this regard. If the Plan consideration allocable to interest with respect to an Allowed Claim is less than the amount that the U.S. Holder has previously included as interest income, the previously included but unpaid interest may be deducted, generally as a loss.

3. Post-Effective Date Cash Distributions

Because certain U.S. Holders of Allowed Claims may receive Cash distributions after the Effective Date, the imputed interest provisions of the IRC may apply and cause a portion of the subsequent distributions to be treated as interest. Additionally, because U.S. Holders may receive distributions with respect to an Allowed Claim in a taxable year or years following the year of the initial distribution, any loss and a portion of any gain realized by the U.S. Holder may be deferred. All U.S. Holders of Allowed Claims are urged to consult their tax advisors regarding the possible application of (or ability to elect out of) the "installment method" of reporting with respect to their Claims.

4. Market Discount

If a U.S. Holder of an Allowed Claim purchased the Claim for an amount that is less than its stated redemption price at maturity, the amount of the difference may be treated as "market discount" for U.S. federal income tax purposes, unless the difference is less than a specified *de minimis* amount. Under the market discount rules, the U.S. Holder is required to treat any gain on the sale, exchange, retirement or other disposition of the Allowed Claim as ordinary income to the extent of the market discount that the U.S. Holder has not previously included in income and which is treated as having accrued on the Allowed Claim at the time of its payment or disposition.

5. Bad Debt or Worthless Securities Deduction

A U.S. Holder who receives in respect of an Allowed Claim an amount less than the U.S. Holder's tax basis in the Claim may be entitled in the year of receipt (or in an earlier or later year) to a bad debt deduction in some amount under section 166(a) of the IRC or a worthless securities deduction under section 165(g) of the IRC. The rules governing the character, timing and amount of bad debt and worthless securities deductions place considerable emphasis on the facts and circumstances of the U.S. Holder, the obligor and the instrument with respect to which a deduction is claimed. U.S. Holders of Allowed Claims, therefore, are urged to consult their tax advisors with respect to their ability to take such a deduction.

6. Medicare Surtax

Subject to certain limitations and exceptions, U.S. Holders who are individuals, estates or trusts may be required to pay a 3.8% Medicare surtax on all or part of that U.S. Holder's "net investment income," which includes, among other items, dividends on stock and interest (including original issue discount) on debt, and capital gains from the sale or other taxable disposition of stock or debt. U.S. Holders should consult their own tax advisors regarding the effect, if any, of this surtax on their receipt of distributions pursuant to the Plan.

B. Backup Withholding and Information Reporting

Generally, information reporting requirements will apply to all payments or distributions under the Plan and by the Liquidation Trusts, unless you are an exempt recipient. Additionally, a U.S. Holder may be subject to backup withholding at applicable rates, unless the U.S. Holder (1) is a person exempt from backup withholding and, when required, demonstrates this or (2) provides a correct taxpayer identification number ("TIN") on IRS Form W-9

(or a suitable substitute form) and timely provides the other information, makes the representations required by such form and complies with the other requirements of the backup withholding rules. A U.S. Holder may become subject to backup withholding if, among other things, the U.S. Holder (1) fails to properly report interest and dividends for U.S. federal income tax purposes or (2) in certain circumstances, fails to certify, under penalty of perjury, that it has furnished a correct TIN. A U.S. Holder that does not timely provide a correct TIN also may be subject to penalties imposed by the IRS. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is properly furnished to the IRS.

C. Importance of Obtaining Professional Tax Assistance

The foregoing is intended to be only a summary of certain U.S. federal income tax consequences of the Plan and is not a substitute for careful tax planning with a tax professional. The U.S. federal, state, local and foreign income and other tax consequences of the Plan are complex and, in some cases, uncertain. Such consequences may also vary based on the individual circumstances of each Holder of an Allowed Claim. Accordingly, each Holder of an Allowed Claim is strongly urged to consult with his, her or its own tax advisor regarding the U.S. federal, state, local and foreign income and other tax consequences of the Plan.]

IX. RECOMMENDATION AND CONCLUSION

The Debtors believe that the confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtors urge all parties entitled to vote to accept the Plan and to evidence their acceptance by duly completing and returning their Ballots so that they will be received on or before the Voting Deadline.

Dated:

Respectfully submitted,

Vintage Wine Estates, Inc. (NV), on its own behalf and
on behalf of its Debtor-subsiaries

By: _____

Name: Kristina Johnston

Title: Chief Financial Officer

EXHIBIT A

Joint Plan of Liquidation for the Debtors

EXHIBIT B

Liquidation Analysis

Meier's Wine Cellars Acquisition, LLC et al.*Liquidation Analysis*

\$ in thousands

	Estimated Value	Chapter 7 Liquidation				Chapter 11 Liquidating Plan				
		Low Value		High Value		Low Value		High Value		
		\$	%	\$	%	\$	%	\$	%	
Liquidation Proceeds										
Unrestricted Cash on Hand ⁽¹⁾	5,000	5,000	100.0%	5,000	100.0%	5,000	100.0%	5,000	100.0%	
Holdbacks from Asset Sales	5,410	2,739	50.6%	3,650	67.5%	2,739	50.6%	3,650	67.5%	
Accounts Receivable & Other Collections	6,197	1,859	30.0%	3,718	60.0%	3,099	50.0%	4,338	70.0%	
Adequate Assurance	358	251	70.0%	358	100.0%	358	100.0%	358	100.0%	
Lease Deposits	67	26	38.8%	52	77.6%	26	38.8%	52	77.6%	
Insurance Collateral ⁽²⁾	1,299	0	0.0%	650	50.0%	0	0.0%	650	50.0%	
Surety Collateral	1,500	0	0.0%	1,500	100.0%	0	0.0%	1,500	100.0%	
ERC Credits	2,799	0	0.0%	2,799	100.0%	0	0.0%	2,799	100.0%	
Total Proceeds Available for Distribution	\$ 22,630	\$ 9,875	43.6%	\$ 17,727	78.3%	\$ 11,222	49.6%	\$ 18,347	81.1%	
Trustee Budget										
Trustee / Administrator Fees ⁽³⁾		(658)		(899)		(990)		(990)		
US Trustee Fees		(253)		(253)		(253)		(253)		
Professional Fees		(240)		(128)		(240)		(240)		
Operating Expenses		(439)		(375)		(1,051)		(1,051)		
Total Trustee Budget		\$ (1,590)		\$ (1,654)		\$ (2,534)		\$ (2,534)		
Total Net Proceeds Available for Distribution		\$ 8,284	36.6%	\$ 16,072	71.0%	\$ 8,688	38.4%	\$ 15,813	69.9%	
Claims Recovery										
Lender Claims ⁽⁴⁾⁽⁵⁾	310,975	120,979	38.9%	121,890	39.2%	120,979	38.9%	121,890	39.2%	
Other Secured Claims ⁽⁶⁾	409	409	100.0%	409	100.0%	409	100.0%	409	100.0%	
Admin Claims ⁽⁷⁾	1,399	1,399	100.0%	1,399	100.0%	1,399	100.0%	1,399	100.0%	
Priority Claims	588	588	100.0%	588	100.0%	588	100.0%	588	100.0%	
Lender Deficiency Claim ⁽⁸⁾	189,540	2,783	1.5%	8,856	4.7%	2,256	1.2%	7,743	4.1%	
General Unsecured Claims ⁽⁹⁾	25,000	366	1.5%	1,171	4.7%	1,297	5.2%	2,024	8.1%	

Notes:

- (1) Amount provided under the Committee Settlement Agreement.
- (2) The Debtors have posted cash collateral of approximately \$1.3 million for workers comp and auto insurance. Estimates related to the return of this collateral are unknown due to outstanding claims.
- (3) Costs include trustee/administrator counsel. Chapter 7 trustee fees are estimated as 3% of proceeds available for distribution, less wind down costs.
- (4) Lender secured claim recovery includes DIP rollup of \$29 million, cash settlement payment of \$89,239,932 paid prior to the effective date and estimated holdback payment.
- (5) In addition to the recoveries estimated above, the Secured Lender retains a lien on the assets of non-debtor VWE Captive, LLC, which is estimated to hold approximately \$9.1 million of cash on the effective date.
- (6) Other Secured Claims excludes \$1.2 million barrel loan paid out of sale proceeds.
- (7) In a chapter 7 liquidation, additional claims asserting administrative priority could arise under the TSAs to the extent the Debtors' obligations thereunder cannot be satisfied.
- (8) Lender deficiency claim is calculated as the secured claim less the DIP rollup, cash settlement payment and the midpoint of the expected holdback payment.
- (9) The Debtors and Riveron estimate that approximately \$25 million of general unsecured claims will ultimately be allowed.