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COUNSEL TO DEBTORS AND DEBTORS IN POSSESSION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	Chapter 11
Higher Ground Education, Inc., *et al.*,[1]	§	Case No.: 25-80121-11 (MVL)
Debtors.	§	(Jointly Administered)

NOTICE OF FILING OF SECOND AMENDED DISCLOSURE STATEMENT FOR THE SECOND AMENDED JOINT PLAN OF REORGANIZATION OF HIGHER GROUND EDUCATION, INC., ITS AFFILIATED DEBTORS, AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

PLEASE TAKE NOTICE that on June 27, 2025, Higher Ground Education, Inc. ("**HGE**") and its affiliated debtors and debtors in possession (collectively, the "**Debtors**"), filed the *Disclosure Statement for the Joint Plan of Reorganization of Higher Ground Education, Inc. and Its Affiliated Debtors* [Docket No. 97] (the "**Disclosure Statement**").

[1] The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal identification number, are: Higher Ground Education Inc. (7265); Guidepost A LLC (8540); Prepared Montessorian LLC (6181); Terra Firma Services LLC (6999); Guidepost Birmingham LLC (2397); Guidepost Bradley Hills LLC (2058); Guidepost Branchburg LLC (0494); Guidepost Carmel LLC (4060); Guidepost FIC B LLC (8609); Guidepost FIC C LLC (1518); Guidepost Goodyear LLC (1363); Guidepost Las Colinas LLC (9767); Guidepost Leawood LLC (3453); Guidepost Muirfield Village LLC (1889); Guidepost Richardson LLC (7111); Guidepost South Riding LLC (2403); Guidepost St Robert LLC (5136); Guidepost The Woodlands LLC (6101); Guidepost Walled Lake LLC (9118); HGE FIC D LLC (6499); HGE FIC E LLC (0056); HGE FIC F LLC (8861); HGE FIC G LLC (5500); HGE FIC H LLC (8817); HGE FIC I LLC (1138); HGE FIC K LLC (8558); HGE FIC L LLC (2052); HGE FIC M LLC (8912); HGE FIC N LLC (6774); HGE FIC O LLC (4678); HGE FIC P LLC (1477); HGE FIC Q LLC (3122); HGE FIC R LLC (9661); LePort Emeryville LLC (7324); AltSchool II LLC (0403). The Debtors' mailing address is 1321 Upland Dr. PMB 20442, Houston, Texas 77043.

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PLEASE TAKE FURTHER NOTICE that on October 6, 2025, the Debtors filed the *First Amended Disclosure Statement for the First Amended Joint Plan of Reorganization of Higher Ground Education, Inc., Its Affiliated Debtors, and the Official Committee of Unsecured Creditors* [Docket No. 530] (the "**First Amended Disclosure Statement**").

PLEASE TAKE FURTHER NOTICE that the Debtors hereby file the *Second Amended Disclosure Statement for the Second Amended Joint Plan of Reorganization of Higher Ground Education, Inc., Its Affiliated Debtors, and the Official Committee of Unsecured Creditors* (the "**Second Amended Disclosure Statement**"), attached hereto as **Exhibit A**.

PLEASE TAKE FURTHER NOTICE that a comparison between the First Amended Disclosure Statement and the Second Amended Disclosure Statement is attached hereto as **Exhibit B**.

PLEASE TAKE FURTHER NOTICE that copies of the Second Amended Disclosure Statement and all other pleadings filed in the above-captioned chapter 11 cases may be obtained free of charge by visiting the Debtors' website at www.veritaglobal.net/HigherGround or on the Bankruptcy Court's website at https://ecf.txnb.uscourts.gov/. You can request any pleading you need from (i) the noticing agent at: HigherGroundInfo@veritaglobal.com, (888) 733-1431 (U.S./Canada) (toll-free), +1 (310) 751-2632 (International), or (ii) counsel for the Debtors at: Foley & Lardner LLP, 1144 15th Street, Suite 2200, Denver, CO 80202, Attn: Tim Mohan (tmohan@foley.com), or Foley & Lardner LLP, 1000 Louisiana Street, Suite 2000, Houston, Texas 77002, Attn: Nora McGuffey (nora.mcguffey@foley.com) and Quynh-Nhu Truong (qtruong@foley.com).

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DATED: October 13, 2025

Respectfully submitted by:

/s/ Holland N. O'Neil

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CERTIFICATE OF SERVICE

I hereby certify that on October 13, 2025, a true and correct copy of the foregoing document was served electronically by the Court's PACER system.

/s/ Nora J. McGuffey
Nora J. McGuffey

Exhibit A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	Chapter 11
Higher Ground Education, Inc., *et al.*,[1]	§	Case No.: 25-80121-11 (MVL)
Debtors.	§	(Jointly Administered)

SECOND AMENDED DISCLOSURE STATEMENT FOR THE SECOND AMENDED JOINT PLAN OF REORGANIZATION OF HIGHER GROUND EDUCATION, INC., ITS AFFILIATED DEBTORS, AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

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[1] The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal identification number, are: Higher Ground Education Inc. (7265); Guidepost A LLC (8540); Prepared Montessorian LLC (6181); Terra Firma Services LLC (6999); Guidepost Birmingham LLC (2397); Guidepost Bradley Hills LLC (2058); Guidepost Branchburg LLC (0494); Guidepost Carmel LLC (4060); Guidepost FIC B LLC (8609); Guidepost FIC C LLC (1518); Guidepost Goodyear LLC (1363); Guidepost Las Colinas LLC (9767); Guidepost Leawood LLC (3453); Guidepost Muirfield Village LLC (1889); Guidepost Richardson LLC (7111); Guidepost South Riding LLC (2403); Guidepost St Robert LLC (5136); Guidepost The Woodlands LLC (6101); Guidepost Walled Lake LLC (9118); HGE FIC D LLC (6499); HGE FIC E LLC (0056); HGE FIC F LLC (8861); HGE FIC G LLC (5500); HGE FIC H LLC (8817); HGE FIC I LLC (1138); HGE FIC K LLC (8558); HGE FIC L LLC (2052); HGE FIC M LLC (8912); HGE FIC N LLC (6774); HGE FIC O LLC (4678); HGE FIC P LLC (1477); HGE FIC Q LLC (3122); HGE FIC R LLC (9661); LePort Emeryville LLC (7324); AltSchool II LLC (0403). The Debtors' mailing address is 1321 Upland Dr. PMB 20442, Houston, Texas 77043.

THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT. THE INFORMATION IN THIS DISCLOSURE STATEMENT IS SUBJECT TO CHANGE. THIS DISCLOSURE STATEMENT IS NOT AN OFFER TO SELL ANY SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY ANY SECURITIES.

THE DEBTORS AND COMMITTEE ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO CERTAIN HOLDERS OF CLAIMS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE SECOND AMENDED JOINT PLAN OF REORGANIZATION OF HIGHER GROUND EDUCATION, INC, TOGETHER WITH ITS AFFILIATED DEBTORS (COLLECTIVELY, THE "DEBTORS"), AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS (THE "COMMITTEE," AND WITH THE DEBTORS, THE "PROPONENTS") PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE (AS MAY BE AMENDED, MODIFIED, OR SUPPLEMENTED FROM TIME TO TIME, AND INCLUDING ALL EXHIBITS AND SUPPLEMENTS THERETO, THE "PLAN"). A COPY OF THE PLAN TO WHICH THIS DISCLOSURE STATEMENT RELATES IS ATTACHED HERETO AS EXHIBIT A. FOR THE AVOIDANCE OF DOUBT, THE INFORMATION IN THIS DISCLOSURE STATEMENT IS BEING PROVIDED SOLELY FOR THE PURPOSES OF VOTING TO ACCEPT OR REJECT THE PLAN OR OBJECTING TO CONFIRMATION OF THE PLAN. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE USED BY ANY PARTY FOR ANY OTHER PURPOSE. BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN, EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED HEREIN. IN THE EVENT OF ANY INCONSISTENCIES BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE PLAN SHALL GOVERN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF.

HOLDERS OF CLAIMS OR INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. THE DEBTORS URGE EACH HOLDER OF A CLAIM OR 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 THE RESTRUCTURING TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT (WHEN AND IF APPROVED) DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN EVENTS THAT OCCURRED IN THE DEBTORS' CHAPTER 11 CASES. ALTHOUGH THE PROPONENTS 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 ANTICIPATED 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. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION, INCLUDING WITH RESPECT TO ANY FINANCIAL DATA, PROJECTIONS, OR ANALYSES.

IN PREPARING THIS DISCLOSURE STATEMENT, THE PROPONENTS RELIED ON FINANCIAL DATA DERIVED FROM THE DEBTORS' 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. WHILE THE PROPONENTS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION 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. THE PROPONENTS 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 DEBTORS OR ANY OTHER AUTHORIZED PARTY MAY SEEK TO INVESTIGATE, FILE, AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN, IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THE PROPONENTS 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 PROPONENTS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE PROPONENTS 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 OR 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, MODIFICATION, OR AMENDMENT. THE PROPONENTS RESERVE THE RIGHT TO FILE OR DISTRIBUTE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN.

THE PROPONENTS (I) HAVE NOT AUTHORIZED ANYONE TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ABOUT THE DEBTORS OR THE PLAN THAT IS DIFFERENT FROM, OR IN ADDITION TO, THOSE CONTAINED IN THIS DISCLOSURE STATEMENT OR IN ANY OF THE MATERIALS THAT HAS BEEN INCORPORATED INTO

THIS DISCLOSURE STATEMENT OR PLAN, AS APPLICABLE, AND (II) DO NOT TAKE RESPONSIBILITY FOR, OR CAN PROVIDE ANY ASSURANCE AS TO THE RELIABILITY OF, ANY OTHER INFORMATION THAT OTHERS MAY GIVE YOU. THE PROPONENTS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE VALUE OF THE DEBTORS' PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT, THE PLAN, OR ANY PLAN SUPPLEMENT.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS OR INTERESTS (INCLUDING THOSE HOLDERS OF CLAIMS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, THOSE HOLDERS OF CLAIMS WHO VOTE TO REJECT THE PLAN, OR THOSE HOLDERS OF CLAIMS AND INTERESTS WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO CERTAIN MATERIAL CONDITIONS PRECEDENT DESCRIBED HEREIN AND SET FORTH IN THE PLAN. THERE IS NO ASSURANCE THAT THE PLAN WILL BE CONFIRMED, OR IF CONFIRMED, THAT THE CONDITIONS REQUIRED TO BE SATISFIED FOR THE PLAN TO GO EFFECTIVE WILL BE SATISFIED (OR WAIVED).

YOU ARE ENCOURAGED TO READ THE PLAN, ANY PLAN SUPPLEMENT, AND THIS DISCLOSURE STATEMENT, INCLUDING THE EXHIBITS HERETO, IN THEIR ENTIRETY BEFORE SUBMITTING YOUR BALLOT TO VOTE ON THE PLAN.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A GUARANTEE BY THE BANKRUPTCY COURT OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE MERITS OF THE PLAN.

THE PROPONENTS HAVE SOUGHT TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT; HOWEVER, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR INCORPORATED HEREIN BY REFERENCE HAS NOT BEEN, AND WILL NOT BE, AUDITED OR REVIEWED BY INDEPENDENT AUDITORS UNLESS EXPLICITLY PROVIDED OTHERWISE HEREIN.

ANY DISCUSSION OF FEDERAL, STATE, LOCAL, OR NON-U.S. TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO THE READER OR A HOLDER OF A CLAIM OR INTEREST. READERS AND ALL HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL, AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

SPECIAL NOTICE REGARDING FEDERAL AND STATE SECURITIES LAWS

NEITHER THIS DISCLOSURE STATEMENT NOR THE PLAN HAS BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY SIMILAR FEDERAL, STATE, LOCAL, OR FOREIGN REGULATORY AUTHORITY. THE PLAN HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION, AND NEITHER THE SEC NOR ANY STATE SECURITIES

COMMISSION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR THE MERITS OF THE PLAN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED PURSUANT TO SECTIONS 1125 AND 1126 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(b). THE BANKRUPTCY COURT HAS NOT YET REVIEWED THIS DISCLOSURE STATEMENT OR THE PLAN. THE SECURITIES TO BE ISSUED ON OR AFTER THE EFFECTIVE DATE WILL NOT HAVE BEEN THE SUBJECT OF A REGISTRATION STATEMENT FILED WITH THE SEC UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE UNDER ANY STATE SECURITIES LAW (COLLECTIVELY, THE "BLUE SKY LAWS").

THE DEBTORS EXPECT TO RELY ON SECTION 1145 OF THE BANKRUPTCY CODE OR SECTION 4(A)(2) OF THE SECURITIES ACT AND/OR REGULATION D PROMULGATED THEREUNDER TO EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND BLUE SKY LAWS THE OFFER, ISSUANCE, AND DISTRIBUTION, IF APPLICABLE, OF EQUITY INTERESTS UNDER THE PLAN. NEITHER THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN (THE "SOLICITATION") NOR THIS DISCLOSURE STATEMENT CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY STATE OR JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED.

THIS DISCLOSURE STATEMENT CONTAINS "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF UNITED STATES SECURITIES LAWS. STATEMENTS CONTAINING WORDS SUCH AS "ANTICIPATE," "BELIEVE," "ESTIMATE," "EXPECT," "INTEND," "PLAN," "PROJECT," "TARGET," "MODEL," "CAN," "COULD," "MAY," "SHOULD," "WILL," "WOULD," OR SIMILAR WORDS OR THE NEGATIVE THEREOF, CONSTITUTE "FORWARD-LOOKING STATEMENTS." HOWEVER, NOT ALL FORWARD-LOOKING STATEMENTS IN THIS DISCLOSURE STATEMENT MAY CONTAIN ONE OR MORE OF THESE IDENTIFYING TERMS. FORWARD-LOOKING STATEMENTS ARE BASED ON THE DEBTORS' CURRENT EXPECTATIONS, BELIEFS, ASSUMPTIONS, AND ESTIMATES. THESE STATEMENTS ARE SUBJECT TO SIGNIFICANT RISKS, UNCERTAINTIES, AND ASSUMPTIONS THAT ARE DIFFICULT TO PREDICT AND COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY AND ADVERSELY FROM THOSE EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE DEBTORS OR PERSONS OR ENTITIES ACTING ON THEIR BEHALF ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS DISCLOSURE STATEMENT. THE DEBTORS ARE UNDER NO OBLIGATION TO (AND EXPRESSLY DISCLAIM ANY OBLIGATION TO) UPDATE OR ALTER ANY FORWARD-LOOKING STATEMENTS WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE, UNLESS INSTRUCTED TO DO SO BY THE BANKRUPTCY COURT.

YOU ARE CAUTIONED THAT ALL FORWARD-LOOKING STATEMENTS ARE NECESSARILY SPECULATIVE, AND THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE REFERRED TO IN SUCH FORWARD-LOOKING STATEMENTS. THE LIQUIDATION ANALYSIS, FINANCIAL PROJECTIONS, AND OTHER PROJECTIONS AND FORWARD-LOOKING INFORMATION CONTAINED HEREIN AND ATTACHED HERETO ARE ONLY ESTIMATES, AND THE TIMING AND AMOUNT OF ACTUAL DISTRIBUTIONS TO HOLDERS OF ALLOWED CLAIMS, AMONG OTHER THINGS, MAY BE AFFECTED BY

MANY FACTORS THAT CANNOT BE PREDICTED. ANY ANALYSES, ESTIMATES, OR RECOVERY PROJECTIONS MAY OR MAY NOT TURN OUT TO BE ACCURATE.

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EXHIBITS

ARTICLE I.
Introduction

To implement a comprehensive financial restructuring, on June 17, 2025 and June 18, 2025 (collectively, the "**Petition Date**"), Higher Ground Education, Inc. ("**HGE**") and its affiliated debtors and debtors in possession (collectively, the "**Debtors**"), each commenced voluntary cases (the "**Chapter 11 Cases**") under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"). The Debtors' Chapter 11 Cases have been jointly administered for procedural purposes and are pending before the Honorable Michelle V. Larson in the United States Bankruptcy Court for the Northern District of Texas (the "**Bankruptcy Court**").

Prior to the Petition Date, the Debtors engaged Foley & Lardner LLP ("**Foley**") as their restructuring counsel and Sierra Constellation Partners LLC ("**SCP**") as their financial advisor to advise and assist the Debtors with their restructuring initiatives. In consultation with their retained advisors, the Debtors and the Official Committee of Unsecured Creditors (the "**Committee**," and with the Debtors, the "**Proponents**") have prepared this disclosure statement (including all exhibits hereto, the "**Disclosure Statement**") pursuant to sections 1125 and 1126 of the Bankruptcy Code in connection with the solicitation of acceptances with respect to the *Amended Joint Plan of Reorganization of the Higher Ground Education, Inc., its Affiliated Debtors, and the Official Committee of Unsecured Creditors* (as may be amended or modified from time to time and including all exhibits and supplements thereto, the "**Plan**"), filed contemporaneously herewith and proposed jointly by the Proponents. This Disclosure Statement is intended to provide Holders of Claims and Interests with "adequate information" as that term is defined in section 1125(a)(1) of the Bankruptcy Code, to enable them to make an informed judgment about the Plan. Among other things, the Disclosure Statement describes, in detail, the Debtors' prepetition business operations and corporate structure, the facts and circumstances leading to the Debtors filing of the Chapter 11 Cases, key events in these Chapter 11 Cases, the terms of the Plan and the development thereof by the Proponents, the treatment of Claims and Interests under the Plan, and the alternatives to confirmation of the Plan. The Plan constitutes a separate chapter 11 plan for each of the Debtors, unless otherwise provided for in the Plan. A copy of the Plan is attached hereto as **Exhibit A** and incorporated herein by reference.[2]

The Debtors and the Committee strongly believe that the Plan is in the best interests of the Debtors' estates, their respective creditors and interest holders, and that the Plan represents the best available alternative at this time and will provide material benefits to the stakeholders in these Chapter 11 Cases. For these reasons, the Debtors and the Committee strongly recommend that Holders of Claims entitled to vote to on the Plan vote to accept the Plan.

As described below, you are receiving this Disclosure Statement because you are a Holder of a Claim entitled to vote to accept or reject the Plan. **Before voting on the Plan, you are encouraged to read this Disclosure Statement and all documents attached to this Disclosure Statement in their entirety. As reflected in this Disclosure Statement, there are risks, uncertainties, and other important factors that could cause the Debtors' actual performance or achievements to be materially different from those they may project, and the Proponents undertake no obligation to update any such statement. Certain of these risks, uncertainties, and factors are described in this Disclosure Statement.**

[2] Capitalized terms used but not defined in this Disclosure Statement have the meaning ascribed to such terms in the Plan. Additionally, this Disclosure Statement incorporates the rules of interpretation located in Article 1.2.2 of the Plan. Any summary provided in this Disclosure Statement of any documents attached to this Disclosure Statement, including the Plan, is qualified in its entirety by reference to the Plan, the exhibits, and other materials referenced in the Plan, the Plan Supplement, and the documents being summarized. In the event of any inconsistencies between the terms of this Disclosure Statement and the Plan, the Plan shall govern.

ARTICLE II.
Executive Summary

From their inception in 2016 through the beginning of 2025, the Debtors grew to over 150 schools, becoming the largest owner and operator of Montessori schools in the world. The Debtors' mission was to modernize and mainstream the Montessori education movement. In addition to owning and operating the schools, the Debtors provided training and consulting services to Montessori schools around the world. The Debtors sought to offer an end-to-end experience that covers the entire lifecycle of a family at school, virtually, and at home, from birth through secondary education—enabled by next-gen, accredited Montessori instruction.

By early 2025, however, the Debtors' defaults on key secured loans resulted in the foreclosure and sale of the vast majority of the Debtors' assets and schools. Believing they were unable to secure refinancing or new capital, the Debtors determined that a chapter 11 process was the only viable path to maximize value and continue the Debtors' educational-focused goals. In the months leading up to the Petition Date, the Debtors worked with several of their key stakeholders to formulate a joint pre-arranged chapter 11 plan pursuant to a restructuring support agreement (the "**Restructuring Support Agreement**" or the "**RSA**") among the Debtors and (a) 2HR Learning, Inc. ("**2HR**"), a prepetition secured creditor and arms-length investor which has agreed to act as plan sponsor; (b) YYYYY, Inc. ("**Five Y**"), which agreed to act as the Junior DIP Lender; (c) Guidepost Global Education, Inc. ("**Guidepost Global**"), which has agreed to contribute certain of its assets pursuant to the Plan and to act as the Junior DIP Lender;[3] (d) Ramandeep (Ray) Girn ("**Mr. Girn**") the Debtors' co-founder and former chief executive officer, and Rebecca Girn, the Debtors' co-founder and former general counsel ("**Ms. Girn**" and together with Mr. Girn, the "**Girns**"); (e) Yu Capital, LLC and its affiliated entities that represent a significant number of the Debtors' EB-5 Investors; and (f) the consenting parties thereto (with the other signatories to the RSA, the "**Supporting RSA Parties**").

On June 26, 2025, the Debtors filed their *Joint Plan of Reorganization of Higher Ground Education, Inc. and its Affiliated Debtors* [Docket No. 94] (the "**RSA Plan**"). After its appointment, the Committee made raised its concerns with the RSA Plan and, in an effort to avoid the costs and uncertainty of a protracted contested confirmation process, agreed to explore terms for a consensual plan through mediation. Following numerous weeks of settlement negotiations, the Debtors, the Committee, and the majority of the Supporting RSA Parties reached a settlement in principle that resolves the Committee's concerns. On September 12, 2025, and pursuant to Section 10 of the RSA, the Debtors exercised their "fiduciary out" under the RSA and notified the Supporting RSA Parties that the Debtors were terminating the RSA to pursue confirmation of this Plan (the "**RSA Fiduciary Out**"). In addition to the Committee's support, this Plan is supported by the vast majority of the Supporting RSA Parties (the "**Settlement Parties**").[4]

At a high level, and as further detailed in this Disclosure Statement, the Plan is the result of the Debtors' and the Committee's settlement negotiations with the Settlement Parties and generally provides, among other things, for: (a) derivative standing for the Committee to serve a settlement demand on one or more Non-Released D&Os (defined below); (b) the Surplus DIP Cash, which the Debtors and the Committee project to be $500,000 as of the Effective Date, to be contributed to the Liquidating Trust; (c) the payment of $1,950,000 of Cash from the Settlement Parties to the Liquidating Trust (the "**Settlement Party Payment**"); (d) the transfer of all rights of the Debtors or their Estates existing on the Effective Date under the D&O Insurance Policies to the Liquidating Trust, including the D&O Insurance Proceeds and certain Retained Causes of Action, including against Non-Released D&Os; (e) the contribution by

[3] Guidepost Global is an affiliated entity of Learn Capital, LLC.

[4] For the avoidance of doubt, the Girns are not a Settlement Party and do not support the Plan.

Guidepost Global of Curriculum Assets and the Guidepost Global IP License (each as defined in the Plan); (f) the transfer of the Designated EB-5 Entities (as defined in the Plan) by the Debtors to Guidepost Global; (g) the assignment of certain executory contracts and unexpired leases to Guidepost Global, Cosmic Education Americas Limited ("**CEA**"), or TNC Schools, LLC ("**TNC**") or their designated assignees; (h) the treatment of holders of allowed claims in accordance with the Plan and the priority scheme established by the Bankruptcy Code; and (i) the reorganization of the Debtors by retiring, cancelling, extinguishing and/or discharging the Debtors' prepetition equity interests or its designee(s) and issuing new equity interests in the reorganized debtor(s) to 2HR.

THE PROPONENTS BELIEVE THAT THE TRANSACTIONS, COMPROMISES, AND SETTLEMENTS CONTEMPLATED BY THE PLAN ARE FAIR AND EQUITABLE, MAXIMIZE THE VALUE OF THE DEBTORS' ESTATES, AND MAXIMIZE RECOVERIES TO HOLDERS OF CLAIMS. FOR THE REASON DESCRIBED IN THIS DISCLOSURE STATEMENT, THE DEBTORS AND COMMITTEE STRONGLY RECOMMEND THAT YOU VOTE TO *ACCEPT* THE PLAN.

ARTICLE III.
Questions and Answers Regarding this Disclosure Statement and the Plan

A. What is chapter 11?

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for creditors and similarly situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the date the chapter 11 case is commenced. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

Consummating a chapter 11 plan is the principal objective of a chapter 11 case. A bankruptcy court's confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of the debtor, and any other person or entity, as may be ordered by the bankruptcy court. Subject to certain limited exceptions, the order issued by a bankruptcy court confirming a plan provides for the treatment of the debtor's liabilities in accordance with the terms of the confirmed plan.

B. Why are the Proponents sending me this Disclosure Statement?

The Proponents are seeking to obtain Bankruptcy Court approval of the Plan. Before soliciting acceptances of the Plan, section 1125 of the Bankruptcy Code requires the Proponents to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the Plan and to share such Disclosure Statement with all Holders of Claims whose votes on the Plan are being solicited. This Disclosure Statement is being submitted in accordance with these requirements.

C. What is the Official Committee of Unsecured Creditors?

The Official Committee of Unsecured Creditors was appointed in the Chapter 11 Case by the United States Trustee, a division of the United States Department of Justice. The Committee is a group of five (5) unsecured creditors whose claims are based on various types of claims against the Debtors, including

claims arising under Unexpired Leases. The Committee's duty is to represent all unsecured creditors' interests in these Chapter 11 Cases.

The Committee played a central role in drafting the Plan and this Disclosure Statement. The Committee fully supports the Plan. The Committee believes the Plan protects the rights of all creditors, provides a fair and reasonable settlement of claims that could have been asserted against certain insider and related parties, and that the Plan will fairly distribute the Estates' funds among all creditors.

D. How do I know if the Plan is good for me?

The Committee and the Debtors believe that the Plan is in the best interests of all creditors. The Plan was jointly drafted by and is supported by the Committee, which has a duty to act in the best interest of creditors and are made up of members who are creditors seeking to be paid by the Debtors.

E. Am I entitled to vote on the Plan?

Your ability to vote on the Plan, and your rights, if any, to distribution under the Plan, depend on what type of Claim you hold and whether you held that Claim as of the Voting Record Date. Each category of Holders of Claims or Interests, as set forth in Article 2 and Article 3 of the Plan pursuant to sections 1122(a) and 1123(a)(1) of the Bankruptcy Code, is referred to as a "Class." Each category of Holders of Claims and Interests, pursuant to sections 1122(a) and 1123(a)(1) of the Bankruptcy Code, is referred to as a "Class." Each Class's respective voting status is set forth in Article 2 of the Plan and Article VII.B of this Disclosure Statement and is also provided in the chart below.

Class	Claims and Interests	Status	Voting Rights	Estimated Recovery
Class 1:	Bridge CN-3 Secured Lender Claim	Impaired	Entitled to Vote	0%
Class 2:	WTI Secured Lender Claim	Impaired	Entitled to Vote	0%
Class 3	CN-1 Note Claims	Impaired	Entitled to Vote	0% – 1.8%
Class 4:	CN-2 Note Claims	Impaired	Entitled to Vote	0%
Class 5:	CN-3 Note Claims	Impaired	Entitled to Vote	0%
Class 6:	Other Secured Claims	Unimpaired	Deemed to Accept; Not Entitled to Vote	100%
Class 7:	Non-Tax Priority Claims	Unimpaired	Deemed to Accept; Not Entitled to Vote	100%
Class 8:	General Unsecured Claims	Impaired	Entitled to Vote	1.8% – 10.1%
Class 9:	Intercompany Claims	Impaired	Deemed to Reject; Not Entitled to Vote	0%
Class 10:	Equity	Impaired	Deemed to Reject; Not Entitled to Vote	0%
Class 11:	Subsidiary Equity Interests	Impaired	Deemed to Reject; Not Entitled to Vote	0%

All Claims and Interests are classified in the Classes set forth below in accordance with sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or an Interest, or any portion thereof, is classified in a

particular Class only to the extent that any portion of such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of such Claim or Interest qualifies within the description of such other Classes. A Claim or an Interest is also classified in a particular Class for the purpose of receiving distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

All of the potential Classes for the Debtors are set forth herein. Such groupings shall not affect any Debtor's status as a separate legal Entity, change the organizational structure of the Debtors' business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger or consolidation of any legal Entities, or cause the transfer of any assets, and, except as otherwise provided by or permitted under the Plan, the Debtors shall continue to exist as separate legal Entities after the Effective Date.

F. What will I receive from the Debtors if the Plan is consummated?

A summary of the anticipated recovery to Holders of Claims or Interests under the Plan is set forth in Article VII.B of this Disclosure Statement. Any estimates of Claims or Interests in this Disclosure Statement may vary from the final amounts allowed by the Bankruptcy Court. Your ability to receive distributions under the Plan depends upon the ability of the Proponents to obtain Confirmation of the Plan and meet the conditions necessary to consummate the Plan. Further explanation on this topic can be found in Article IX of this Disclosure Statement.

THE ESTIMATED RECOVERIES SET FORTH HEREIN ARE ESTIMATES ONLY AND THEREFORE ARE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.

G. What will I receive from the Debtors if I hold an Allowed Administrative Claim, Professional Fee Claim, or a Priority Tax Claim?

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Fee Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article 2 of the Plan. A description of these Claims and their treatment is included in Article 3.2 and Article 3.3 of the Plan and Article VII.A of this Disclosure Statement.

H. Are any regulatory approvals required to consummate the Plan?

At this time, the Proponents are evaluating which, if any, regulatory approvals are required to consummate the Plan. To the extent any such regulatory approvals or other authorizations, consents, rulings, or documents are necessary to implement and effectuate the Plan, however, it is a condition precedent to the Effective Date that they be obtained.

I. What happens to my recovery if the Plan is not confirmed or does not go effective?

In the event that the Plan is not confirmed or does not become effective, there is no assurance that the recoveries anticipated by this Plan for Allowed Claims will remain under an alternative plan. It is possible that any alternative plan, if one could be confirmed, may provide Holders of Claims with less than they would have received pursuant to the Plan. The Proponents believe that a liquidation under chapter 7 of the Bankruptcy Code would lead to inferior recoveries for Holders of Claims. For a more detailed description of the consequences of an extended chapter 11 case or a liquidation scenario, see Article IX.E of this Disclosure Statement and the Liquidation Analysis attached hereto as **Exhibit B**.

J. If the Plan provides that I get a distribution, do I get it upon Confirmation or when the Plan goes effective, and what is meant by "Confirmation," "Effective Date," and "Consummation?"

"**Confirmation**" of the Plan refers to approval of the Plan by the Bankruptcy Court. Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan by the Bankruptcy Court, there are conditions that need to be satisfied or waived so that the Plan can go effective. Initial distributions to Holders of Allowed Claims will be made, at the earliest, on the date the Plan becomes effective—the "**Effective Date**"—or as soon as reasonably practicable thereafter, as specified in the Plan. "**Consummation**" of the Plan refers to the occurrence of the Effective Date. See Articles VII.M of this Disclosure Statement for a discussion of conditions precedent to Consummation of the Plan and the Debtors' means for implementation of the Plan.

K. What are the sources of Cash and other consideration required to fund the Plan?

As described in Article 4 of the Plan and Articles VI and VII.G of this Disclosure Statement, after the Effective Date, the Liquidating Trustee will fund distributions under the Plan from (a) the Plan Sponsor Consideration, (b) the Surplus DIP Cash, (c) the Settlement Party Payment, (d) any D&O Claim Resolution, (e) the Liquidating Trust Assets, and (f) the D&O Insurance Policies. The amount of recoveries from any D&O Claim Resolution, the Liquidating Trust Assets, and the D&O Insurance Policies has not been liquidated to a certain dollar amount. As such, the amount of Cash recoverable from these sources of Consideration is not known.

L. Is there potential litigation related to the Plan?

Parties in interest may object to the approval of this Disclosure Statement and may object to Confirmation of the Plan, which objections potentially could give rise to litigation. In the event that it becomes necessary to confirm the Plan over the rejection of certain Classes, the Proponents may seek confirmation of the Plan notwithstanding the dissent of such rejecting Classes. The Bankruptcy Court may confirm the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code, which allows the Bankruptcy Court to confirm a plan that has been rejected by an impaired Class if it determines that the Plan satisfies section 1129(b) of the Bankruptcy Code.

M. How will the preservation of the Debtors' Retained Causes of Action impact my recovery under the Plan?

The Plan provides for the retention of certain Debtors' Retained Causes of Action other than those that are expressly waived, relinquished, exculpated, released, compromised, or settled, as described in greater detail in Article 4.4 of the Plan.

N. Will there be releases and exculpations granted to parties in interest under the Plan?

Yes, the Plan contains certain releases, exculpation, and injunctions, as set forth in Article 10 of the Plan and Article VII.L of this Disclosure Statement. At the Combined Hearing, the Proponents will present evidence to demonstrate the basis for and propriety of the release and exculpation provisions, including that the release, exculpation, and injunction provisions in the Plan are necessary and appropriate and meet the requisite legal standard promulgated by the United States Court of Appeals for the Fifth Circuit and the Supreme Court of the United States.

With respect to the Third-Party Releases (which provide for releases of non-debtor third parties), the Plan provides a mechanism for Holders of Claims and Interests to "opt-out" of granting such releases. Holders

of Claims or Interests who are entitled to vote have the option to opt out of the Third-Party Releases. However, Holders of Claims or Interests who vote to accept or reject the Plan but do not opt out of the Third-Party Releases in the Plan will be deemed as consenting to the Third-Party Releases contained in Article 10.3 of the Plan and will be a "Releasing Party" (as defined in the Plan and provided below). Holders of Claims and Interests who are not entitled to vote on the Plan also have the option for opting out of the Third-Party Releases by completing an Third-Party Release opt-out form.

Importantly, the Plan includes the following parties in the definition of "Released Parties": means each of, and in each case in their capacity as such: (a) the Debtors; (b) the Independent Director; (c) Reorganized HGE; (d) the Committee and its members; (e) the Liquidating Trustee; (f) the Settlement Parties; (g) each current and former Affiliate of each Person in clause (a) through the following clause (f), but only in their capacity as such; and (h) each Related Party of each Entity in clause (a) through (f), but only in their capacity as such; *provided*, *however*, that for the avoidance of doubt, the Non-Released D&Os shall not be a Released Party under this Plan except as may be provided under a D&O Claim Resolution.

The Plan includes the following parties in the definition of "Releasing Parties": "(a) the Debtors; (b) Reorganized HGE; (c) the Committee; (d) the Liquidating Trustee; (e) the Settlement Parties; (f) the Consenting Creditors; (g) current and former Affiliates of each Entity in clause (a) through the following clause (f) for which such Entity is legally entitled to bind such Affiliates to the releases contained in this Plan under applicable Law or that have otherwise received proper notice of this Plan; and (h) each Related Party of each Entity in clause (a) through this clause (f) for which such Entity is legally entitled to bind such Related Party to the releases contained in this Plan under applicable Law or that have otherwise received proper notice of this Plan; *provided*, *however*, that for the avoidance of doubt, the Non-Released D&Os shall not be a Releasing Party under this Plan except as may be provided under a D&O Claim Resolution. Notwithstanding the foregoing, and for the avoidance of doubt, no party shall be a Releasing Party to the extent that such party did not receive proper notice and service of a Third-Party Release opt-out form.

The Plan also includes the following parties in the definition of "Related Parties": "(a) such Entity's current and former Affiliates and (b) such Entity's and such Entity's current and former Affiliates' directors, managers, officers, members of any Governing Body, equity holders (regardless of whether such interests are held directly or indirectly), affiliated investment funds or investment vehicles, managed accounts or funds, predecessors, successors, assigns (whether by operation of Law or otherwise), direct or indirect parent entities and/or subsidiaries, current, former, and future associated entities, managed or advised entities, accounts or funds, partners, limited partners, general partners, principals, members, management companies, fund advisors or managers, fiduciaries, employees, agents (including any disbursing agent), financial advisors, attorneys, accountants, consultants, investment bankers, representatives, and other professionals."

O. What is the deadline to vote on the Plan?

The deadline to submit votes to accept or reject the Plan and complete and submit the Third-Party Release opt-out form (the "**Voting Deadline**"), is **November 17, 2025 at 5:00 p.m. (prevailing Central Time)**.

P. How do I vote for or against the Plan?

Detailed instructions regarding how to vote on the Plan are included with the ballot distributed to Holders of Claims entitled to vote on the Plan (the "**Ballot**"). For your vote to be counted, the Ballot containing your vote must be properly completed and executed as directed, and delivered as directed, so that it is actually received by the Debtors' Claims and Noticing Agent, Kurtzman Carson Consultants, LLC d/b/a

Verita Global ("**Verita**," or the "**Claims and Noticing Agent**") on or before the Voting Deadline of **November 17, 2025 at 5:00 p.m. (prevailing Central Time)**.

Certain procedures will be used to collect and tabulate votes on the Plan, as summarized in Article VIII of this Disclosure Statement. Readers should carefully read the voting instructions in Article VIII of this Disclosure Statement.

Under the Proponents' Plan, all Holders of Claims or Interests in Classes 6 and 7 are unimpaired, as they will be paid in full or, if applicable, entitled to retain their collateral or their Claims or Interests, as applicable. As a result, all holders of Claims in Classes 6 and 7 are conclusively deemed to have accepted the Plan. The Holders of Claims or Interests in Classes 9, 10, and 11 are impaired, as they will not receive any distributions on account of their Claims or Interests and are deemed to reject the Plan and are not entitled to vote to accept or reject the Plan. The Holders of Claims in Classes 1, 2, 3, 4, 5, and 8 are impaired and are entitled to vote to accept or reject the Plan. Thus, only Holders of Claims in Classes 1, 2, 3, 4, 5, and 8 are entitled to vote on the Plan (each a "**Voting Class**" and collectively, the "**Voting Classes**").

Q. Why should I vote "Yes" to the Plan?

You should vote "yes" in support of the Plan because the Committee and the Debtors believe the Plan maximizes the value of the Debtors' assets, incorporates a settlement which provides for a fair and reasonable resolution to the vast majority of the Estates' claims, and outlines a process to get funds to creditors fairly and efficiently. The Committee and the Debtors worked diligently through multiple settlement communications and mediation to negotiate terms of a settlement that is favorable and ensures meaningful recoveries for creditors.

To be clear, you can vote "yes" and opt-out. Opting out of the Third-Party Release and voting in favor of the Plan are two separate things. Parties who elect to opt-out, which is their right, may support the confirmation of the Plan because it may present the fastest path for them to recover value on claims that are not directly against the Debtors or claims that may be pursued derivatively on behalf of the Debtors.

If the Plan is approved, creditors will receive value through cash, releases of claims by the Settlement Parties, rights to the Settlement Party Payment, and recoveries from the Debtors' Retained Causes of Action. If the Plan is not approved, the Chapter 11 Cases will likely be converted to a chapter 7 liquidation, and a trustee will be appointed to pursue litigation or settlement with the same parties who are proposing to fund the Settlement Party Payment. A vote for the Plan will ensure that the Plan is approved by the Bankruptcy Court so that distributions can be made in the near term.

R. What if I vote "No" to the Plan?

If the Debtors and Committee fail to collect the requisite number of "yes" votes, there is a chance that the Plan will not be approved by the Bankruptcy Court. By voting "no," you are not waiving your rights to distributions under the Plan, but you may be putting the Plan at risk of not being approved.

S. Why is the Bankruptcy Court holding a Combined Hearing?

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on confirmation of the Plan and recognizes that any party in interest may object to Confirmation of the Plan. All parties in interest will be served notice of the time, date, and location of the Combined Hearing once scheduled. Because the Debtors' Chapter 11 Cases were administratively consolidated, and because the relief provided in the Plan affects each Debtor and Holders of Claims related to each Debtor, respectively, a

combined hearing will provide the most efficient, comprehensive, and clear result for all stakeholders. The nature of the relief provided in the Plan also makes a combined hearing on adequacy of the Disclosure Statement and confirmation of the Plan the most efficient path to confirmation, which will be consistent with and support the recoveries intended under the Plan.

T. When is the Combined Hearing set to occur?

The Debtors will request that the Bankruptcy Court schedule the Combined Hearing for **November 24, 2025 at 1:30 p.m. (prevailing Central Time)**. The Combined Hearing may be adjourned from time to time without further notice. The Bankruptcy Court, in its discretion and prior to the Combined Hearing, may put in place additional procedures governing the Combined Hearing. Subject to section 1127 of the Bankruptcy Code, the Plan may be modified, if necessary, prior to, during, or as a result of the Combined Hearing, without further notice to parties in interest.

Objections to Confirmation of the Plan must be filed and served on the Debtors, and certain other parties, by **November 17, 2025 at 5:00 p.m. (prevailing Central Time)**, in accordance with any forthcoming notice of the Combined Hearing.

U. What is the purpose of the Combined Hearing?

The purpose of the Combined Hearing is to seek final approval of this Disclosure Statement and Confirmation of the Plan. The confirmation of a plan of reorganization by a bankruptcy court binds the debtor, any issuer of securities under a plan of reorganization, any person acquiring property under a plan of reorganization, any creditor or equity interest holder of a debtor, and any other person or entity as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a plan of reorganization discharges a debtor from any debt that arose before the confirmation of such plan of reorganization and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

V. What is the effect of the Plan on the Debtors' ongoing business?

The Debtors are reorganizing under chapter 11 of the Bankruptcy Code. As a result, the occurrence of the Effective Date of the Plan means that the Debtors will ***not*** be liquidated or forced to go out of business. Following Confirmation, the Plan will be Consummated on the Effective Date, which is the date on which all conditions to Consummation have been satisfied and the Plan is declared effective by the Debtors (*see* Article 11 of the Plan). On or after the Effective Date, and unless otherwise provided in the Plan, Reorganized HGE may operate its business and, except as otherwise provided by the Plan, may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. Additionally, upon the Effective Date, all actions contemplated by the Plan will be deemed authorized and approved.

W. What is the effect of Confirmation and Consummation of the Plan?

Following Confirmation, and subject to satisfaction of each condition precedent in Article 11 of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation, and discharge provisions set forth in Article 10 of the Plan will become effective. **Accordingly, it is important to read the provisions contained in Article 10 and Article 11 of the Plan very carefully so that you understand how Confirmation and Consummation of the Plan—which effectuates such release, injunction, exculpation, and discharge provisions—will affect**

you and any Claim or Interest you may hold with respect to the Debtors so that you may cast your vote accordingly. These provisions are described in Article VII.L of this Disclosure Statement.

X. Will any party have significant influence over the corporate governance and operations of Reorganized HGE?

On the Effective Date, the current members of the Debtors' board of directors and officers shall no longer serve in any such capacity with Reorganized HGE or the Reorganized HGE Subsidiaries and shall be discharged of all duties in connection therewith. The Debtors will disclose in their Plan Supplement the identities of those individuals proposed to serve as directors and officers of Reorganized HGE and the Reorganized HGE Subsidiaries. The deadline for the Debtors to file their Plan Supplement is November 10, 2025.

Y. Who do I contact if I have additional questions with respect to this Disclosure Statement or the Plan?

If you have questions regarding this Disclosure Statement or the Plan, you may contact the Debtors' Claims and Noticing Agent, Verita, by: (a) calling (888) 733-1431 (U.S./Canada) (toll-free), +1 (310) 751-2632 (International), (b) writing to Higher Ground Education, Inc., et al. Ballot Processing, c/o KCC dba Verita, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245 (if by first-class mail, hand delivery or overnight mail), or (c) submitting an inquiry to www.veritaglobal.net/HigherGround/Inquiry (with "HGE Solicitation Inquiry" in the subject line). The Claims and Noticing Agent cannot and will not provide legal advice.

Copies of the Plan, this Disclosure Statement, and any other publicly filed documents in the Chapter 11 Cases are available upon written request to the Claims and Noticing Agent at the email address above or by downloading the exhibits and documents from the website of the Claims and Noticing Agent at www.veritaglobal.net/HigherGround (free of charge) or the Bankruptcy Court's website at https://txnb.uscourts.gov/ (for a fee).

Z. Do the Debtors recommend voting in favor of the Plan?

Yes. The Debtors believe that the Plan provides for better distributions and results to the Debtors' creditors and stakeholders than would otherwise result from any other available alternative. The Debtors believe that the Plan is in the best interest of the Debtors' creditors and stakeholders, and that any alternatives (to the extent they exist) would fail to realize or provide the value inherent under the Plan.

AA. Does the Committee recommend voting in favor of the Plan?

Yes. The Committee believes that the Plan provides for better distributions and results to the Debtors' creditors and stakeholders, including General Unsecured Creditors, than would otherwise result from any other available alternative. The Committee believes that the Plan is in the best interests of all of the Debtors' creditors and stakeholders and that any alternatives (to the extent they exist) would fail to realize or provide the value inherent under the Plan.

ARTICLE IV.
Background and Events Leading to Chapter 11 Cases[5]

A. Overview of the Debtors

HGE was founded in 2016 by a team of educators and business leaders, who had spent their early careers dedicated to creating and scaling LePort Education Inc., a high-quality, high-fidelity Montessori school network headquartered in Southern California. Ramandeep (Ray) Girn founded and led the Debtors as their President and Chief Executive Officer. For many years the team devoted itself to developing, testing, refining, and putting into practice the resources, systems, infrastructure, and pedagogical leadership required to achieve Montessori "at scale," and created a network of schools across the United States. HGE operated its Montessori schools under the Guidepost brand—a brand synonymous with cultivating independent children to "live a life, fully lived."

The Debtors' mission was to modernize and mainstream the Montessori education movement. In addition to owning and operating Montessori schools (the "**Schools**"), the Debtors provided accredited teacher training and licensed content to other Montessori schools. In addition, in 2020, HGE acquired the Altitude platform, a learning management system that HGE believed could be used to operate Guidepost classrooms across the network. Following rapid expansion as the United States emerged from COVID-19 lockdowns, the Debtors offered an end-to-end experience that covered the entire lifecycle of a family at school—virtually and at home—from birth through secondary education, enabled by next-gen, accredited Montessori instruction and programming.

Following the early success of the Schools in the United States, HGE sought to expand its mission, dedication to education, and Montessori platform to China, Canada, and countries in Europe. This foreign expansion began in 2019 through the opening of wholly owned Schools (the "**Foreign Schools**") in Hong Kong and mainland China and the formation of strategic partnerships with parties that wanted to utilize HGE's brand, programming, and pedagogy.

By the fall of 2024, the Debtors were the largest owner and operator of Montessori schools in the world with over 150 Schools in operations and plans for the construction and opening of dozens more Schools. These Schools were located across the United States, with locations in, among other states, Texas, North Carolina, California, New York, New Jersey, Illinois, Massachusetts, Washington, Maryland, Florida, Michigan, Alabama, Indiana, Ohio, Arizona, Kansas, Missouri, and Virginia. In addition to its core campus network, the Debtors offered virtual school, home school and teacher training, and also licensed its content to independent school partners.

B. The Debtors' Corporate Structure and Operations

Prior to the Petition Date, the Debtors operated the Schools through various structures—all managed by centralized operations at HGE. HGE is the ultimate corporate parent company of the Debtors. HGE owned, directly or indirectly, numerous Debtor and non-debtor subsidiaries that were utilized to operate

[5] The facts stated in this Article IV are, for the most part, a restatement of the *Declaration of Jonathan McCarthy in Support of First Day Motion* [Docket No. 15]. The Committee does not agree with the Debtors' characterization of the factual background presented in this portion of the Disclosure Statement but has agreed to the restatement of such background to provide context for the settlements reached during the course of these chapter 11 cases. As discuss further below in Article V.I, the Debtors and the Committee each conducted independent investigations of these prepetition events and performed independent analyses of the merits and value of any potential estate causes of action arising from such matters.

and/or own the Debtors' Schools and accredited training programs. As of the Petition Date, HGE owned and operated seven (7) Schools, which the Debtors closed on or before June 30, 2025.

The Debtors' primary business was owning and operating the Schools. The Schools were either wholly owned by Debtor Guidepost A or were owned by other subsidiary entities (the "**School Subsidiaries**"). The School Subsidiaries were established to own, manage, and/or operate Schools in selected markets in the United States. The School Subsidiaries are either wholly owned by Guidepost A or were majority-owned by Guidepost A with the minority owners consisting of limited interests owned by non-U.S. person investors ("**EB-5 Investors**") under the Employment Based Immigration Preference program, known as "EB-5" (the "**EB-5 Program**").

Further, as of the Petition Date, the Debtors owned, operated, and managed their accredited training programs at Prepared Montessorian LLC ("**Prepared Montessorian**") and Prepared Montessorian TT LLC ("**Prepared TT**"),[6] Prepared Montessorian's former wholly owned subsidiary. The Debtors were known for their pedagogy and innovative Montessori programming that was utilized by Montessori educators within and outside of the Schools.

In furtherance of their mission, the Debtors offered two Montessori programs and brands: the Guidepost Montessori brand for children in their early years (generally infant through pre-kindergarten) and Guidepost Academy for children and young adolescents (generally grades kindergarten through eighth grade). The Debtors' primary focus, however, was the early childhood education space.

In 2016 and 2017, the Debtors started with a small number of Schools and at the end of each calendar year, maintained the following number of Schools:

Year Ending	Number of Schools
2018	12
2019	27
2020	60
2021	81
2022	101
2023	132
2024	150
Petition Date	7

C. The Debtors' Capital Structure

Prior to the Petition Date, the Debtors entered into various financing arrangements to fund the Debtors' Schools and general operations. As of the Petition Date and following the Foreclosures (which are discussed in detail below), the Debtors believe they were obligated to the following lenders:

[6] Prepared TT is not a debtor in these Chapter 11 Cases.

Debt	Approx. Principal Amount Outstanding[7]
Secured Funded Debt	
Bridge CN-3 Notes	$4,800,000
WTI Loan Agreements	$4,680,970
CN Notes	$117,837,932
Total Secured Funded Debt	**$127,318,902**
Unsecured Funded Debt	
Learn Fund XXXVII Promissory Note	$410,350
NRTC Promissory Note	$289,833
Yu FICB Promissory Notes	$1,182,387
YuATI Promissory Notes	$2,200,000
YuHGEA Loan Agreement	$57,424
Yu Capital Loan	$327,858
LFI Unsecured Notes	$12,454,566
Total Unsecured Funded Debt	**$16,922,418**
Total Funded Debt	**$144,241,320**

1. **The Secured WTI Loans**

HGE, Guidepost A, Prepared Montessorian, Prepared TT, and Terra Firma Services LLC, ("**Terra Firma**," and with HGE, Guidepost A, Prepared Montessorian, and Prepared TT, the "**WTI Borrowers**") are parties to several prepetition financing arrangements with Venture Lending & Leasing IX, Inc., ("**Fund IX**") and WTI Fund X, Inc., ("**Fund X**" together with Fund IX, "**WTI**"). Specifically, WTI and the WTI Borrowers entered into (a) the Loan and Secured Agreement, dated February 19, 2021, by and between Fund IX and the Borrowers in the original principal amount of $12 million (as may have been amended, supplemented, restated, and modified from time to time, the "**Fund IX Loan Agreement**"); (b) that certain Loan and Security Agreement, dated as of November 8, 2023, between Fund X and the WTI Borrowers in the original principal amount of $15 million (as may have been amended, supplemented, restated, and modified from time to time, the "**Fund X Loan Agreement**," and with the Fund IX Loan Agreement, the "**WTI Loan Agreements**").

To secure the WTI Borrowers' obligations under the WTI Loan Agreements, each Borrower granted to WTI a blanket security interests in substantially all of such WTI Borrowers' personal property assets, including certain intellectual property owned by HGE and Terra Firma (collectively, the "**WTI Collateral**"). WTI's security interests in the WTI Collateral were perfected by various UCC-1 Financing Statements and Intellectual Property Security Agreements.

As such, WTI are secured by substantially all of the property of the WTI Borrowers, subject to certain perfected security interests in specific assets held by other secured creditors. Pursuant to that Intercreditor Agreement, dated November 8, 2023, between Fund IX and Fund X, the parties agreed that the liens of WTI shall be of equal rank and priority and all of the rights, interests, and obligations under the WTI Loan Agreements and related loan documents shall be shared by WTI *pro rata*.

[7] The Approximate Amount Outstanding reflects the estimated principal amount outstanding as of the Petition Date according to the Debtors' books and records. These numbers are a summary and are not intended to reflect the actual amounts outstanding as of the Petition Date. The Debtors reserve all rights as to the correct amounts of these funded debt obligations.

As of the Petition Date and following the Foreclosures, WTI maintains a perfected, secured claim against the WTI Borrowers in the approximate amount of $4,680,970 (due to the fact that WTI did not foreclose on all of the WTI Collateral).

2. **The CN Notes**

To further fund the Debtors' Schools and business operations, the Debtors entered into that Note Purchase Notice and Note Purchase Agreement, dated May 31, 2024 (as may have been amended, supplemented, restated, and modified from time to time, the "**NPA**") whereby the Debtors were authorized to issue and sell one or more promissory notes in a first series (the "**CN-1 Notes**"), one or more promissory notes in a second series (the "**CN-2 Notes**"), and one or more promissory notes in a third series (the "**CN-3 Notes**," and with the CN-1 Notes and the CN-2 Notes, the "**CN Notes**"). The CN Notes are secured by a blanket lien on all HGE assets (the "**CN Notes Collateral**") pursuant to the Security Agreement, dated May 31, 2024 between HGE and Learn Capital Venture Partners IV, L.P., the Collateral Agent for all notes issued under the NPA (the "**NPA Collateral Agent**"), and any security interests in the CN Notes Collateral (other than as expressly provided for the Bridge CN-3 Notes (as defined below)) are expressly subordinated to WTI's liens in the CN Notes Collateral. The NPA Collateral Agent perfected the CN Notes security interest in the CN Notes Collateral pursuant to a filed UCC-1 Financing Statement with the Delaware Department of State on May 31, 2024, as file number 20243664982.

Upon an event of repayment of the CN Notes, the NPA provides that Holders of the CN-3 Notes are entitled to receive a recovery in full before any payment may be made to Holders of the CN-2 Notes and CN 1 Notes. Once all Holders of CN-3 Notes have been repaid in full, Holders of CN-2 Notes are then entity to receive a recovery in full before any payment may be made to Holders of CN-1 Notes.

Pursuant to the NPA, the CN Notes convert into Conversion Shares upon the first to occur of (a) the consent of the Majority Note Holders or (b) the date that is four months following the date of the Initial Closing (provided, that (i) such date may be extended two times by up to three months each and/or (ii) such conversion may be waived entirely, in each case, with the consent and at the sole discretion of the Majority Note Holders). As Learn Capital, and its affiliated entities, were the Majority Note Holders for the CN Notes, Learn Capital waived any conversion of the CN Notes into the Conversion Shares.

As of the Petition Date, the Debtors believe there was approximately $43,014,365 in CN-3 Notes, $41,304,320, in CN-2 Notes, and $33,566,465 in CN-1 Notes outstanding.[8] Due to the unique nature of each class of CN Notes, the Plan contains separate Classes for CN-1 Notes, CN-2 Notes, and CN-3 Notes.

Lender	Class	Approximate Principal Amount Outstanding
Learn Capital Venture Partners III, L.P., on its own behalf and as nominee for Learn Capital Venture Partners IIIA, L.P.	CN-1 Note	$1,525,938
Learn Capital Venture Partners IV, L.P., on its own and as nominee for Learn Capital Venture Partners IV-US, L.P.	CN-1 Note	$1,333,141[9]
Learn Capital Fund V Growth, L.P.	CN-1 Note	$2,055,391[10]

[8] As noted above, the Committee disputes the Debtors' characterization and amounts summarized herein.

[9] This amount consists of the reclassification of that certain Subordinated Unsecured Promissory, dated February 22, 2023, between Learn Capital Venture Partners III, L.P. and HGE in the amount of $1,333,141.27.

[10] This amount consists of the reclassification of (a) that certain Subordinated Unsecured Promissory, dated December 5, 2022, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $1,029,898.03 and

Lender	Class	Approximate Principal Amount Outstanding
Previously Existing Convertible Notes	CN-1 Notes	$28,651,995[11]
Learn Capital Venture Partners III, L.P., on its own behalf and as nominee for Learn Capital Venture Partners IIIA, L.P.	CN-2 Note	$6,094,549[12]
Learn Capital Fund V Growth, L.P.	CN-2 Note	$30,186,659[13]

(b) that certain Subordinated Unsecured Promissory, dated February 22, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $1,025,493.29.

[11] Pursuant to the Closing Conditions to Note Purchase Agreement and Series E Financing, dated June 13, 2024 (the "**Closing Conditions Agreement**"), "all existing convertible notes outstanding … will be cancelled, exchanged or amended to CN-1 Notes…" At the time of the Closing Conditions Agreement, there were approximately fifty-seven (57) convertible notes outstanding, which were converted into the CN-1 Notes. Many of these notes were not issued new CN-1 Notes and the Debtors tracked and recognized such notes as CN-1 Notes.

[12] This amount consists of the reclassification of: (a) $1,018,064.98 from a Subordinated Unsecured Promissory, dated July 6, 2023, between Learn Capital Venture Partners III, L.P. and HGE; (b) $3,048,897.08 from a Subordinated Unsecured Promissory, dated August 7, 2023, between Learn Capital Venture Partners III, L.P. and HE; (c) $1,014,591.18 from a Subordinated Unsecured Promissory, dated September 7, 2023, between Learn Capital Venture Partners III, L.P. and HGE; and (d) $1,012,996.12 from a Subordinated Unsecured Promissory, dated October 6, 2023, between Learn Capital Venture Partners III, L.P. and HGE.

[13] Of this amount, $5,320,868.44 will be credited toward the satisfaction of the Pro Rata Share of Learn Capital Venture Partners IV, L.P. Further, this amount consists of the reclassification of: (a) that certain Subordinated Unsecured Promissory, dated November 18, 2022, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $4,123,393.44; (b) that certain Subordinated Unsecured Promissory, dated December 21, 2022, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $4,116,017.62; (c) that certain Subordinated Unsecured Promissory, dated January 23, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $3,595,073.13; (d) that certain Subordinated Unsecured Promissory, dated January 30, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $513,386.87; (e) that certain Subordinated Unsecured Promissory, dated March 8, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $1,332,129.06; (f) that certain Subordinated Unsecured Promissory, dated March 22, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $4,812,502.19; (g) that certain Subordinated Unsecured Promissory, dated May 23, 2023, between Learn Capital Venture Partners IV, L.P. and HGE in the amount of $1,020,498.17; (h) that certain Subordinated Unsecured Promissory, dated May 30, 2023, between Learn Capital Venture Partners IV, L.P. and HGE in the amount of $1,020,110.68; (i) that certain Subordinated Unsecured Promissory, dated June 21, 2023, between Learn Capital Venture Partners IV, L.P. and HGE in the amount of $3,566,128.38; (j) that certain Subordinated Unsecured Promissory, dated June 29, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $1,018,451.69; (k) that certain Subordinated Unsecured Promissory, dated September 7, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $2,536,477.96; and (l) that certain Subordinated Unsecured Promissory, dated October 6, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $2,532,490.31.

Lender	Class	Approximate Principal Amount Outstanding
Learn Capital Venture Partners IV, L.P., on its own and as nominee for Learn Capital Venture Partners IV-US, L.P.	CN-2 Note	$5,023,111[14]
Learn Capital Venture Partners III, L.P., on its own behalf and as nominee for Learn Capital Venture Partners IIIA, L.P.	CN-3 Note	$2,000,000
Learn Capital IV Special Opportunities XI, LLC	CN-3 Note	$18,536,514[15]
Venn Growth Partners HGE LP[16]	CN-3 Note	$1,000,000
Branch Hill Capital, LLC	CN-3 Note	$430,020
Nimble Ventures, LLC	CN-3 Note	$531,040
Venn Growth GP Limited	CN-3 Note	$4,197,523[17]
Ramandeep Girn	CN-3 Note	$3,069,031[18]
Learn Capital Special Opportunities Fund XVIII, L.P.	CN-3 Note	$5,300,000
HEAL Partners International Fund 1 LP	CN-3 Note	$380,503
HEAL Partners Australia Fund 1	CN-3 Note	$1,619,417
2HR Learning, Inc.	CN-3 Note	$5,000,000
Ramandeep Girn	CN-3 Note	$903,100[19]
Total Approximate Principal Amount		**$117,837,932**

(a) CN-1 Notes

The CN-1 Notes consist of notes that were issued and categorized as a CN-1 Note or were previously issued notes by the Debtors under separate debt documents that then reclassified into CN-1 Notes. Specifically, there aggregate face amount of the CN-1 Notes total approximately $33,566,465 and relate

[14] This amount consists of the reclassification of that certain Subordinated Unsecured Promissory, dated March 7, 2024, between Learn Capital Venture Partners IV, L.P. and HGE in the amount of $5,023,111.10.

[15] Certain of this amount consists of a reclassification of: (a) that certain Subordinated Unsecured Promissory, dated April 2, 2024, between Learn Capital IV Special Opportunities XI, LLC and HGE in the amount of $1,003,206.10; (b) that certain Subordinated Unsecured Promissory, dated April 2, 2024, between Learn Capital IV Special Opportunities XI, LLC and HGE in the amount of $5,016,030.51; (c) that certain Subordinated Unsecured Promissory, dated April 8, 2024, between Learn Capital IV Special Opportunities XI, LLC and HGE in the amount of $6,017,277.53; and (d) that certain Loan Agreement & Promissory Note, dated June 7, 2024, between Learn Capital IV Special Opportunities XI, LLC and HGE in the amount of $4,000,000.

[16] Venn Growth Partners HGE LP and its affiliates are collectively defined herein as "**Venn**."

[17] Certain of this amount consists of the reclassification of that certain Loan Agreement and Promissory Note, dated June 10, 2024 between Venn Growth GP Limited and HGE in the amount of $750,000.

[18] This amount consists of the reclassification of that certain Note Redemption Agreement dated June 11, 2024 between Guidepost A, Ramandeep Singh Girn, and Rebecca Knapp Girn, and that certain promissory note dated June 30, 2024, issued to Ramandeep Singh Girn in the amount of $3,036,031.53.

[19] This CN-3 Note was issued to Mr. Girn on February 2, 2025 and is the reclassification of that certain unsecured Loan Agreement & Promissory Note, dated June 30, 2024, between Ramandeep Girn and Guidepost A LLC in the amount of $903,100.69 into a secured CN-3 Note.

to unsecured, convertible notes previously issued by the Debtors as "**Champions Round Notes**" or "**Series E Bridge Notes**." Pursuant to the Closing Conditions Agreement, "all existing convertible notes outstanding … will be cancelled, exchanged or amended to CN-1 Notes…"

On June 10, 2024, the Board executed a Unanimous Written Consent whereby the Champions Round Notes and Series E Bridge Notes were to be amended "to provide equivalent terms to those provided to CN-1 Noteholders pursuant to the [NPA]." The Debtors, however, neither amended the Champions Round Notes or the Series E Bridge Notes to align those notes with the CN-1 Notes nor issued new CN-1 Notes to replace the Champions Round Notes or the Series E Bridge Notes. While the Debtors have classified the Champions Round Notes and the Series E Bridge Notes as CN-1 Notes, the Debtors believe that the Champions Round Notes and Series E Bridge Notes may not be governed by the terms of the applicable notes and not the NPA, including any applicable conversion terms.

The Plan provides that all Settlement Parties, which hold approximately $21,014,471 of the CN-1 Notes in the aggregate, will waive distributions under the Plan with respect to their CN-1 Note Claims. As such, the remaining CN-1 Note Claims are those Claims related to the Champions Round Notes and the Series E Bridge Notes.

(b) CN-2 Notes

The CN-2 Notes are those series of CN Notes issued under the NPA with the second higher priority of CN Notes issued under the NPA (other than the Bridge CN-3 Notes). As stated in the NPA, the CN-2 Note Claims do not receive any recovery on behalf of their CN-2 Note Claims until all CN-3 Notes are paid in full. All CN-2 Note Claims are held by Settlement Parties, which are waiving any distributions on account of such CN-2 Note Claims under the Plan.

(c) The CN-3 Notes

The CN-3 Notes are those series of CN Notes issues under the NPA with the highest priority of CN Notes issued under the NPA (other than the Bridge CN-3 Notes). Holders of the CN-3 Note Claims consist of Settlement Parties that are waiving any distributions on behalf of their CN-3 Notes Claims and certain other parties that will receive an offer from Guidepost Global to become an investor or other creditor of Guidepost Global. As such, the Plan provides that all Holders of CN-3 Note Claims will waive any distributions under the Plan on account of such CN-3 Note Claims.

3. **The Secured Bridge CN-3 Loans**

Beginning on and after January 15, 2025, the Debtors and certain lenders entered into the series CN-3 convertible promissory notes (the "**Bridge CN-3 Notes**") in the aggregate principal amount of $4,800,000 (the "**Bridge CN-3 Loans**"), plus interest, fees and costs, and including any premiums, expenses, indemnity, and reimbursement obligations accrued thereunder and all other fees and expenses (including fees and expenses of attorneys and advisors) as provided therein, issued pursuant to the NPA. The Bridge CN-3 Notes are collateralized by a priming lien over the WTI Loan Agreements in the principal amount of up to $5,000,000, in favor of the NPA Collateral Agent. WTI consented to this treatment pursuant to that Closing Conditions to Note Purchase Agreement and Series E Financing #2, effective February 5, 2025, between HGE, WTI, Learn Capital, Learn Capital Special Opportunities Fund XXXVII, LLC, and 2HR Learning, Inc.

As of the Petition Date, $4,800,000 of Bridge CN-3 Notes remained outstanding and are broken out by the Holders of the Bridge CN-3 Loans, as follows:

Lender	Amount
Ramandeep Girn	$500,000
Learn Capital Venture Partners III, L.P.	$2,300,000
2HR Learning, Inc.	$1,000,000
Learn Capital IV Special Opportunities X, LLC	$1,000,000
Total	**$4,800,000**

4. **Learn Capital Debt**

Learn Capital Special Opportunities Fund XXXVII LLC ("**Learn Fund XXXVII**") and HGE, Guidepost FIC A LLC, Guidepost FIC B LLC, Guidepost FIC C LLC, HGE FIC D LLC, HGE FIC E LLC, HGE F LLC, HGE FIC G LLC, HGE FIC I LLC, HGE FIC L LLC, HGE FIC M LLC, HGE FIC N LLC, Guidepost The Woodlands LLC, Guidepost Goodyear LLC, and LePort Emeryville LLC, as debtors (collectively, the "**Learn Borrowers**") are party to that Second Amended and Restated Secured Convertible Promissory Note, dated March 13, 2025 (as the same has been amended, supplemented, restated and otherwise modified from time to time, the "**Learn Fund XXXVII Promissory Note**"), in the original principal amount of $3,800,000.00. The Learn Fund XXXVII Promissory Note is secured by that Second Amended and Restated Security Agreement, dated March 13, 2025, between Learn Fund XXXVII and the Learn Borrowers. Prior to foreclosure, the Learn Fund XXXVII Promissory Note was secured, up to the secured amount for each School set forth in the Learn Fund XXXVII Promissory Note, by a first lien security interest in substantially all of the assets of the following Schools (the "**Learn Fund XXXVII Collateral**"):

Borrower	School	Secured Amount
Guidepost FIC A LLC	Guidepost Montessori at Spruce Tree	$130,000
Guidepost FIC B LLC	Guidepost Montessori at Timber Ridge	$80,000
Guidepost FIC B LLC	Guidepost Montessori at Wicker Park	$20,000
Guidepost FIC B LLC	Guidepost Montessori at Foothill Ranch	$20,000
Guidepost FIC C LLC	Guidepost Montessori at Copper Hill	$20,000
Guidepost Goodyear LLC	Guidepost Montessori at Goodyear	$20,000
Guidepost The Woodlands LLC	Guidepost Montessori at The Woodlands	$20,000
HGE FIC D LLC	Guidepost Montessori at Flower Mound	$20,000
HGE FIC D LLC	Guidepost Montessori at Magnificent Mile	$70,000
HGE FIC E LLC	Guidepost Montessori at Hollywood Beach	$20,000
HGE FIC E LLC	Guidepost Montessori at Peoria	$2,400,000
HGE FIC F LLC	Guidepost Montessori at Plum Canyon	$20,000
HGE FIC G LLC	Guidepost Montessori at Laurel Oak	$30,000
HGE FIC G LLC	Guidepost Montessori at Mahwah	$30,000
HGE FIC I LLC	Guidepost Montessori at Burr Ridge	$20,000
HGE FIC I LLC	Guidepost Montessori at Deerbrook	$70,000
HGE FIC I LLC	Guidepost Montessori at Downtown Naperville	$20,000
HGE FIC I LLC	Guidepost Montessori at Evanston	$70,000
HGE FIC I LLC	Guidepost Montessori at Hollywood Beach East	$20,000
HGE FIC I LLC	Guidepost Montessori at Palm Beach Gardens	$70,000
HGE FIC I LLC	Guidepost Montessori at Baymeadows	$20,000
HGE FIC L LLC	Guidepost Montessori at Kendall Park	$20,000
HGE FIC L LLC	Guidepost Montessori at Paradise Valley	$30,000
HGE FIC L LLC	Guidepost Montessori at Downtown Boston	$20,000

Borrower	School	Secured Amount
HGE FIC L LLC	Guidepost Montessori at Legacy	$20,000
HGE FIC L LLC	Guidepost Montessori at Old Town	$30,000
HGE FIC L LLC	Guidepost Montessori at Princeton Meadows	$20,000
HGE FIC L LLC	Guidepost Montessori at Lynnwood	$30,000
HGE FIC L LLC	Guidepost Montessori at San Rafael	$20,000
HGE FIC M LLC	Guidepost Montessori at Downers Grove	$20,000
HGE FIC M LLC	Guidepost Montessori at Leavenworth	$20,000
HGE FIC M LLC	Guidepost Montessori at Celebration Park	$20,000
HGE FIC N LLC	Guidepost Montessori at Kent	$20,000
HGE FIC N LLC	Guidepost Montessori at North Wales	$20,000
LePort Emeryville LLC	Guidepost Montessori at Emeryville	$320,000

Learn Fund XXXVII's security interests in the Learn Fund XXXVII Collateral were perfected by UCC-1 Financing Statements filed with the Delaware Department of State on March 6, 2025, as File Numbers: 20251574091, 20251573606, 20251573259, 20251574182, 20251573929, 20251573663, 20251572954, 20251573861, 20251574505, 20251573655, 20251573317, 20251573093, and 20251574174 (as amended on March 17, 2025 by Amendment No. 20251830410). As of the Petition Date, approximately $419,351 remains outstanding under the Learn Fund XXXVII Promissory Note, which the Debtors consider unsecured due to either the Foreclosures or subsequent sale of the Learn Fund XXXVII Collateral.

5. **The Yu Capital Loans**

Yu Capital, LLC ("**Yu Capital**") and its affiliates entered into a number of project specific loans with the Debtors that were secured by specific assets, which Yu Capital or its affiliates foreclosed upon. As such, the Debtors consider all of the loans between the Debtors and Yu Capital and its affiliates to be unsecured. As of the Petition Date, the unsecured Yu Capital Loans, include the following:

Yu Capital Entity	Unsecured Amount
YuHGE A LLC	$57,425
YuATI LLC	$2,200,000
YuFIC B, LLC	$1,182,387
NTRC Equity Partners, LLC	$289,833
Yu Capital, LLC	$327,858.63
Total	**$4,057,503.63**

(a) YuHGE A Loan

Guidepost A and YuHGE A LLC ("**YuHGE A**") are party to that Amended and Restated Loan Agreement, dated March 22, 2018, in the original principal amount of $1,000,000 (as amended and supplemented from time to time, the "**YuHGE A Loan**"), secured by that Pledge and Security Agreement between Guidepost A and YuHGE A, and guaranteed by HGE. The YuHGE A Loan was secured by a first priority security interest in Guidepost A's 92.5% equity interest in Guidepost FIC A LLC, an owner of two Schools – Prosperity and Spruce Tree (the "**YuHGE A Collateral**"). YuHGE A perfected its security interest in the YuHGE A Collateral pursuant to that UCC-1 Financing Statement with the Delaware Department of State on February 29, 2024 (as amended on March 27, 2025), as file number 20241354040. As of the Petition Date, approximately $57,425 remains outstanding on the YuHGE A Loan, which the Debtors consider to be unsecured due to the foreclosure of the YuHGE A Collateral.

(b) YuATI Loan

Guidepost A and YuATI LLC ("**YuATI**") are party to that Secured Promissory Notes in the aggregate principal amount of $2,200,000 (the "**YuATI Loan**"), secured by that Pledge and Security Agreement Guidepost A and YuATI. The YuATI Loan was secured by a first priority security interest in the Academy of Thought and Industry – San Francisco Campus and the Academy of Thought and Industry – Austin Campus (the "**YuATI Collateral**"). YuATI perfected its security interest in the YuATI Collateral pursuant to that UCC-1 Financing Statement with the Delaware Department of State on February 29, 2024, as file number 20241354321.

Both Schools that are the YuATI Collateral were closed well before the Petition Date. As such, the Debtors consider the YuATI Loan unsecured. As of the Petition Date, at least $2,200,000 remains outstanding on the YuATI Loan.

(c) YuFIC B Loan

Guidepost A and YuFIC B, LLC ("**YuFIC B**") are party to that Secured Promissory Note, dated December 5, 2021, in the original principal amount of $2,000,000 (the "**YuFIC B Loan**"), secured by that Pledge and Security Agreement Guidepost A and YuFIC B. The YuFIC B Loan was secured by a first priority security interest in the Eldorado School (the "**YuFIC B Collateral**"). YuFIC B perfected its security interest in the YuFIC B Collateral pursuant to that UCC-1 Financing Statement with the Delaware Department of State on February 29, 2024, as file number 20241354180. As of the Petition Date, approximately $1,182,387 remains outstanding on the YuFIC B Loan, which the Debtors consider to be unsecured due to the foreclosure of the YuFIC B Collateral.

(d) NRTC Loan

Guidepost A and NTRC Equity Partners, LLC ("**NTRC**") are party to that Secured Promissory Note, dated July 17, 2023, in the original principal amount of $4,000,000 (the "**NTRC Loan**"), secured by that Pledge and Security Agreement Guidepost A and NTRC. The NTRC Loan was secured by a first priority security interest in the Bee Cave School, the Brushy Creek School, the Round Rock School, and the Westlake School (the "**NRTC Collateral**"). NRTC perfected its security interest in the NRTC Collateral pursuant to that UCC-1 Financing Statement with the Delaware Department of State on February 29, 2024, as file number 20241354305. As of the Petition Date, approximately $289,833 remains outstanding on the NRTC Loan, which the Debtors consider to be unsecured due to the foreclosure of the NRTC Collateral.

(e) Yu Capital Loan

Guidepost A and Yu Capital are party to that Secured Promissory Note, dated January 3, 2025, in the original principal amount of $441,913 (the "**Yu Capital Loan**"), secured by that Pledge and Security Agreement between Guidepost A and Yu Capital, and guaranteed by HGE. The Yu Capital Loan was secured by a security interest in the NTRC Collateral and the YuFIC B Collateral (the "**Yu Capital Collateral").** Yu Capital perfected its security interest in the Yu Capital Collateral pursuant to that UCC-1 Financing Statement with the Delaware Department of State on January 8, 2025, as file number 20250130077. As of the Petition Date, approximately $327,858.63 remains outstanding on the Yu Capital Loan, which the Debtors consider to be unsecured due to the fact that the Yu Capital Collateral was foreclosed upon.

6. Unsecured LFI Notes

Guidepost A and Guidepost Financial Partner, LLC ("**LFI**") entered into certain unsecured promissory notes (as the same has been amended, supplemented, restated and otherwise modified from time to time, the "**LFI Notes**"). As of the Petition Date, there is approximately $12,454,566 outstanding under the LFI Notes. The LFI Notes are unsecured loans that were utilized by Guidepost A to fund the startup costs and rental security deposits for certain Schools (the "LFI Schools").20 Pursuant to the LFI Notes, if the LFI Schools achieved a certain level of profitability, then Guidepost A was required to pay a percentage of such profits to LFI (the "**LFI Profit Share**"). As of the Petition Date, the Debtors only made limited LFI Profit Share payments to LFI, and there is approximately $12.4 million outstanding under the LFI Notes.

7. The Girns' Disputed Claims and the Debtors' Retained Causes of Actions Against the Girns

The Girns filed proofs of claims against the Debtors' estates. *See* Claim Nos. 468 and 469. Specifically, Mr. Girn asserts claims in the amount of not less than $5,356,445.59 and Mrs. Girn asserts claims in the amount of not less than $1,272,917. Potential recoveries for other Creditors may be negatively affected if the Girns' Claims are deemed Allowed.

The Debtors have deemed the Girns' Claims as Disputed Claims and the Debtors or their successors intend to file objections to the Girns' Claims. The Debtors also believe that they have Causes of Actions against the Girns for fraudulent and preferential transfers and the Debtors intend to file adversary proceedings against the Girns to recover these transfers. Potential recoveries from the Causes of Actions against the Girns are considered Liquidating Trust Assets.

D. The Debtors' Equity Structure

1. Common Stock

HGE is authorized to issue 90 million shares of common stock at $0.00001 par value per share, consisting of 80 million shares of Class A common stock ("**Class A**") and 10,000,000 shares of Class B common stock ("**Class B**").[21] As of the Petition Date, there are approximately 22,980,559 Class A shares and 10,000,000 Class B shares issued and outstanding.

2. Preferred Stock

HGE is authorized to issue 9 million shares of Series Seed Preferred Stock ("**Series Seed**"), 12 million shares of Series B Preferred Stock ("**Series B**"), 15 million shares of Series C Preferred Stock ("**Series C**"), and 12 million shares of Series D Preferred Stock ("**Series D**"). All classes of preferred stock have a par value of $0.00001. As of the Petition Date, there are approximately 8,671,641 Series Seed, 3,830,656 Series B, 10,601,355 Series C, and 8,781,030 Series D shares issued and outstanding

3. Common Stock and Preferred Stock Rights

Each holder of a Class A share is entitled to one vote on all matters subject to vote and each holder of a Class B share is entitled to ten votes on each matter subject to vote. Dividends are at the discretion of the Board but may not be declared without both Class A and Class B sharing in the dividend equally. Each

[20] The "LFI Schools" consist of the following Schools: Katy, Parker, Schaumburg, Evanston, Briarwood (Deerbrook), Edgewater, Champlin, and Downers Grove.

[21] Learn Capital, Mr. Girn, and Venn own more than five percent (5%) of the equity in HGE.

share of Class B, at the option of the holder, may at any time be converted into one fully paid and nonassessable share of Class A.

With the exception of dividends on shares of Class A common stock payable in shares of Class A common stock, no dividends can be declared to the common stockholders without the holders of preferred stock sharing equally in the dividend. Each holder of outstanding shares of preferred stock is entitled to cast the number of votes equal to the number of whole shares of Class A common stock into which the shares of preferred stock held by such holder are convertible as of the record date. In general, preferred stockholders vote together with the holders of common stock as a single class on an as-converted basis.

Each share of preferred shares may be converted, at the option of a majority interest in such series without the payment of additional considerations, into the number of fully paid and nonassessable shares of common Class A as is determined by dividing the original issue price for such series of preferred stock by the conversion price in effect the time of conversion. Original issue price means $0.06 per share for the Series Seed, $2.566879 per share for Series B, $2.8606 for Series C, and $4.275758 for Series D. Conversion price is the original issue price pertaining to such series of preferred stock. The conversion rate is subject to adjustments to reflect stock dividends, stock splits, and other events. Further, preferred stock shares are not subject to redemption from HGE.

For distributions of assets upon liquidation, each series of preferred shares have a 2x liquidation preference and rank senior to Class A and Class B common shares. Dividends and distributions of assets upon liquidation will be paid to preferred shareholders based on the conversion formula as if the holder's shares had been converted into Class A common stock

4. **Subsidiary Equity Structure**

As mentioned above, the School Subsidiaries are either wholly owned by Guidepost A or majority-owned by Guidepost A with the minority owners consisting of the EB-5 Investors. Regardless of ownership structure, HGE was the named "Manager" for each of the School Subsidiaries with broad power and authority.

Pursuant to the EB-5 Program, EB-5 Investors may be able to gain permanent residence in the United States by investing the required minimum amount of capital in a domestic commercial enterprise that will create a specified minimum number of full-time jobs.[22] The Debtors' EB-5 Program was related to the opening of specific Schools and the job creation coming from those Schools. Through the EB-5 Program and from 2017 to the Petition Date, the Debtors raised approximately $50 million from EB-5 Investors, with the proceeds are being used for general purposes.

The Debtors' EB-5 Program is generally split into two distinct groups: (a) EB-5 Investors that designated Yu Capital as their representative and "Associate Manager" (the "**Yu Capital EB-5 Investors**") for those EB-5 School Subsidiaries and (b) EB-5 Investors that designated EB5AN Affiliate Network, LLC ("**EB5AN**") as their representative and "Special Manager" (the "**EB5AN EB-5 Investors**") for those

[22] In particular, the following Debtor entities utilized EB-5 Investors: Guidepost FIC B LLC; Guidepost FIC C LLC; HGE FIC D LLC; HGE FIC E LLC; HGE FIC F LLC; HGE FIC G LLC; HGE FIC I LLC; HGE FIC L LLC; HGE FIC M LLC; HGE FIC N LLC; HGE FIC O LLC; HGE FIC P LLC; HGE FIC Q LLC; Guidepost Birmingham LLC; Guidepost Carmel LLC; Guidepost Goodyear LLC; Guidepost Las Colinas LLC; Guidepost Muirfield Village LLC; Guidepost Richardson LLC; Guidepost St Robert LLC; Guidepost The Woodlands LLC; Guidepost Walled Lake LLC; and LePort Emeryville LLC (collectively, the "**EB-5 School Subsidiaries**").

EB-5 School Subsidiaries.[23] Yu Capital EB-5 Investors maintained a Series B membership interest in their respective EB-5 School Subsidiaries and EB5AN EB-5 Investors maintained a Class B membership interest in their respective EB-5 School Subsidiaries (collectively, the "**Limited EB-5 Interests**"). The Limited EB-5 Interests provided for limited management and consent rights with respect to the operations of the EB-5 School Subsidiaries. The Limited EB-5 Interests did, however, provide for a liquidation preference to the Limited EB-5 Interests compared to that of Guidepost A's ownership interests.

E. Significant Prepetition Events Leading to the Chapter 11 Cases

There were various events and factors that led to the commencement of these Chapter 11 Cases. Simply put, the Debtors have been unable to maintain and generate sufficient liquidity to fund operations. Since 2020, the Debtors have raised over $335 million in funding through various debt and equity instruments, including EB-5 capital and lease incentives. The Debtors utilized these proceeds for the expansion and opening of the Debtors' Schools, development of their educational platform, and the maintenance of the same.

As reflected in the Debtors' financial statements, the Debtors' business has never had positive cash flows from operations—resulting in the continuous need for external funding. In the past year, following a period of significant operational challenges and underperformance relative to budget, the Debtors had very limited sources of external funding. As such, recent cash fundings were from either multiple short-term financing arrangements or the sale of certain School assets.

Indeed, as the various efforts to raise third-party capital (or complete the sale of company assets) did not achieve the desired results, the Debtors were continually forced to go to their current investors and lenders to obtain necessary funding, primarily Learn, which the Debtors repeatedly sought funding from. In addition to the Debtors' repeated reliance on Learn, the Debtors also obtained funding from CEA, 2HR, and Mr. Girn to meet extremely short-term operating requirements, including payroll and rent.

Unfortunately, even with multiple short-term commitments from existing lenders and investors, the Debtors believe they ran out of time and capital necessary to effectuate any transaction or reorganization that would have left the Schools under the Debtors' ownership. Because of this, the Debtors focused their efforts on maintaining as many Schools as a going concern, whether owned by the Debtors, the Debtors' secured lenders, or other operators. For a number of unprofitable Schools, the Debtors worked with their landlords to find new operators to ensure that employees remained employed, and students and families could continue to depend on the Schools' continued operations.

1. Financial and Management Issues

The Debtors have experienced massive operating losses that significantly outpaced revenues—cumulating in operating losses of over $440 million in the past five years.

[23] LePort Emeryville LLC also contains EB-5 Investors but such EB-5 Investors do not designate an associate/special manager and do not have any rights requiring their consent to file LePort Emeryville LLC's Chapter 11 Case.

Fiscal Year Ending August	Operating Revenues	Operating Expenses	Loss from Operations
2020	$40,514,610	$96,157,925	$(55,643,310)
2021	$81,909,500	$180,879,010	$(98,969,510)
2022	$123,650,999	$230,608,782	$(106,957,783)
2023	$161,597,696	$264,842,110	$(103,244,414)
2024	$192,478,070	$248,423,727	$(55,495,657)
2025 (through April 2025)	$140,256,616	$165,069,516	$(24,812,999)

For instance, in the fall of 2024, the Debtors operated several Schools that were incurring losses of over $50,000 per month. The Debtors had also committed to a large development pipeline that included over 20 additional campus openings, with projects generally expected to require $1,000,000 or more in future capital to reach breakeven for these planned openings.

Exacerbating the School-level losses were the substantial monthly corporate G&A expenses in excess of $2,500,000. Given the fact that the Debtors' operations consumed significantly more cash than they generated, the Debtors undertook a number of restructuring initiatives to improve financial performance, to boost liquidity and right-size their businesses. Ultimately, the Debtors believe those initiatives did not yield sufficient financial changes in the necessary timeframe to prevent the Foreclosures and avoid these Chapter 11 Cases.

2. **Board and Management Changes**

Beginning in 2024 and continuing in 2025, the Debtors experienced significant changes with respect to their Board and management resulting from general disagreements over strategy, growth, capital raising, and leadership. While certain Board directors wanted the Debtors to transition to a mature, stable, and profitable operators, other directors believed the best path forward was continuing the "hyper-growth" strategy that required significant capital to fund expansion. This philosophical disagreement led to a number of changes of the Board and the Debtors' management, resulting in uncertainty regarding the Debtors' future.

At the beginning of 2025, the Board consisted of: Mr. Girn, Greg Mauro ("**Mauro**"), Robert Hutter ("**Hutter**"), Zheng Yu Huang ("**Huang**"), Matthew Bateman ("**Bateman**"), Jack Chorowsky ("**Chorowsky**"), and Jonathan McCarthy ("**McCarthy**"). Chorowsky served as the Board's independent director. Mr. Girn served as the Debtors' Chief Executive Officer and President, and Ms. Girn served as the Debtors' General Counsel and Secretary. This structure, however, was short-lived due to various resignations and other changes to the Board and officers.

On January 31, 2025, Matthew Bateman resigned from the Board and was not replaced by another director. On February 25, 2025, Mr. Girn and Ms. Girn resigned from all of their respective positions as officers and director of the Debtors. The Board elected Mitch Michulka ("**Michulka**"), the Debtors' Chief Financial Officer, and Maris Mendes ("**Mendes**"), the Debtors' Chief Operations Officer, to serve as the Debtors' co-Chief Executive Officers. On March 10, 2025, Chorowsky resigned from his position as independent director and his position remained unfilled until Marc Kirshbaum ("**Kirshbaum**") Kirshbaum's appointment. On March 28, 2025, Mauro and Hutter resigned from the Board due to Learn's foreclosure and were not replaced. On March 31, 2025, Huang resigned from the Board. At Mr.

Girn's direction, Mr. Girn appointed himself to serve as a director. Mr. Girn then resigned from the Board again on April 4, 2025.

On May 18, 2025, at Learn Capital's designation and Venn's approval, Kirshbaum was elected to serve as the Debtors' independent director (the "**Independent Director**").[24] As of the Petition Date, the Board consists of McCarthy and the Independent Director, with the Independent Director having authorized the filing of these Chapter 11 Cases.

On May 31, 2025, Michulka and Mendes, along with certain of the Debtors' other corporate employees ceased employment for the Debtors and began working for Guidepost Global.[25] As HGE did not have any elected officers, the Independent Director asked that McCarthy accept, on an interim basis, the delegation of the duties and powers of the President and Secretary for HGE. Effective June 1, 2025, the Independent Director appointed McCarthy to serve as HGE's Interim President and Secretary, and he remains in those positions to date.

3. Failed Prepetition Initiatives to Boost Long-Term Viability

While the Board and management issues created governance and strategic challenges, the Debtors believe that the primary cause of these Chapter 11 Cases was their inability to obtain funding necessary to satisfy secured debt obligations and pay amounts owed in the ordinary course of business from continuing operations. Based on their financial performance and operational issues, the Debtors believed that their ability to continue tapping external sources for funding became unfeasible. Without sources of capital and with continuing multi-million dollar monthly operating losses, the Debtors accelerated initiatives to lower costs and improve liquidity. These changes, however, did not result in sufficient long-term financing and operational changes that could enable the Debtors to continue as a going concern.

(a) Engagement of Investment Bankers

In the past three years, the Debtors pursued various financing, transactional, and restructuring opportunities through the engagement of three different investment bankers and marketing efforts led by the Board and Mr. Girn. The Debtors engaged Barclays Capital Inc. ("**Barclays**"), Rothschild & Co US Inc. ("**Rothschild**"), and SC&H Capital ("**SC&H**"), as investment bankers, to pursue various opportunities for the Debtors, including, among other things, recapitalization of existing debt; the sale of debt and/or equity instruments; the entry into new debt financing arrangements; a potential sale, merger, or other business and/or strategic combination involving the Debtors.

(i) 2024 Capital Raise

Specifically, Rothschild was engaged in January 2024 to facilitate an equity raise that was focused on private equity firms (particularly groups with existing education platforms), late-stage growth equity investors, and hybrid capital investors. Rothschild engaged 67 potential investors, which did not lead to any actionable results.

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[24] John McCarthy is the founder and managing partner of Venn. Venn, and certain of its affiliates, is an equity holder and debt holder in HGE.

[25] Michulka, Mendes, and the other corporate employees—who are now employed by Guidepost Global —are performing work for the Debtors pursuant to a Management Services Agreement, effective as of June 1, 2025, between Guidepost Global and HGE.

Barclays was also retained in January 2024 to focus on new debt funding through outreach to a group of structured debt providers. Barclays engaged 38 total potential investors, with six of those investors executing non-disclosure agreements ("**NDAs**").

Five of those parties then engaged in management meetings and two participated in follow up sessions with the Debtors and their advisors. Unfortunately, no actionable results came from the Rothschild and Barclays engagement at that time.

While these third parties provided generally positive feedback on the Debtors' brand and educational product, there were numerous cited concerns that prevented outside parties from investing, including, among other things: continuous negative cash flows and questionable path to profitability, excessive rent costs (as discussed below), large balance of debt on the balance sheet, high level costs of G&A expenses, and questions about the Debtors' management. As no third-party financing was available, the Debtors completed an insider-led financing under the NPA.

(ii) 2025 Capital Raise/Sale

In December 2024, the Debtors re-engaged Rothschild to pursue transactions for both controlling and minority equity investors. Rothschild led the marketing process with outreach to 18 financial targets and nine strategic targets. Barclays also continued to solicit potential private equity investors for the same opportunities. From these efforts, only one party executed an NDA and no parties engaged in meaningful activities towards consummating an equity transaction. These marketing efforts also did not bring any actionable results for the same reasons as the previous marketing efforts by Rothschild and Barclays.

In February 2025, the Debtors then engaged SC&H to focus on a transaction for the sale of substantially all of the Debtors' assets, with a focus on strategic investors, financial sponsors with existing education platforms, and private equity. SC&H was also tasked with seeking debtor-in-possession financing from parties that would serve as a plan sponsor or potential buyer under a section 363 sale under the Bankruptcy Code. SC&H performed initial outreach to 89 financial buyers, 30 strategic buyers, and four high-net worth individuals / family offices but no offers were received before the WTI Foreclosure.

While Barclays, Rothschild, and SC&H were performing their marketing efforts, certain members of the Debtors' Board also engaged in direct outreach to select strategic investors through personal relationships and/or prior investments in the Debtors. Following market news that the Debtors were closing certain Schools, a number of strategic investors reached out directly to the Debtors regarding potential acquisition opportunities.

In late March 2025, one strategic investor provided a verbal indication of interest for the acquisition of all of the Debtors' schools in Arizona, Illinois, North Carolina, and Virginia for an amount well below WTI's secured debt on those assets. On March 31, 2025 and after WTI's foreclosure on March 22, 2025, another strategic investor provided a non-binding letter of intent to with a contingent purchase price subject to numerous adjustments that the Company did not find value constructive.

The Debtors believe they performed numerous thorough marketing processes that yielded no results that the Debtors could pursue. It was only when the Debtors' financial distress became more public that parties became interested. Even then, the proposals received by those interested parties were at fire sale prices and/or with contingencies that raised serious concerns regarding the likelihood of a closing on a potential transaction. Further, no party came forward with a proposal that was in excess of secured debt held by WTI or any of the other secured lenders.

4. **Rent Deferrals and Lease Amendments**

Other than payroll costs for School-based employees, the Debtors' main operating costs are the rental expenses (the "**Rent Costs**") associated with the Schools' leases (the "**Leases**"), which prior to the Foreclosures, had a weighted-average remaining lease term of approximately 16 years. As of April 30, 2025, the Debtors had approximately $610,971,888 of long-term Lease liabilities. Indeed, the Rent Costs were historically more than one-third of the Debtors' operating revenues. For context, competitors in the early childcare education sector typically operate with Rent Costs at closer to 20% of Revenue. The Debtors' high Rent Costs reflect: (a) many newer Schools that had not yet ramped to mature levels of operating revenue and (ii) above-market rents, driven by lease incentives (*i.e.*, capital contributions from development partners offered in exchange for higher rents).

Year Ending	Operating Revenues	Rent Costs	Percentage of Rent Costs to Operating Revenues
2020	$40,514,615	$24,439,783	60.3%
2021	$81,909,500	$40,115,318	48.9%
2022	$123,650,999	$49,349,071	39.9%
2023	$161,597,696	$63,228,287	39.1%
2024	$192,478,070	$72,096,019	37.5%
2025 (through April 2025)	$140,256,616	$53,879,753	38.4%

Recognizing the massive Rent Costs, payment obligations, and the remaining long-term Lease liabilities, the Board executed a unanimous written consent on July 26, 2024 to (a) immediately stop all rent payments for the Leases beginning in August 2024 and (b) direct the Debtors to engage their landlords for the purposes of negotiating a restructuring of the Lease-related payments (the "**Lease Restructuring**"). In September 2024, the Debtors engaged Keen-Summit Capital Partners LLC to assist the Debtors with the Lease Restructuring.

The Lease Restructuring was a comprehensive and multi-faceted approach that presented landlords multiple options for various amendments to the Leases, including, among other things, rent deferrals, rent abatement, extension of Lease terms, and application of amounts owed to the Debtors under the Lease (*i.e.*, TI budget, startup capital, etc.) towards the unpaid rent. The Debtors' real estate team engaged over 100 landlords to pursue the Lease Restructuring, including the structuring of an entire customer-relationship-management-like negotiations-management tool to track the various landlord negotiations. The Lease Restructuring was a success in that the Debtors executed approximately 120 Lease amendments—representing the vast majority of the Debtors' Leases. Further, for those Leases that could not be amended to a financially satisfactory agreement, the Debtors worked with the landlords to transition operations to a new tenant.

While the Lease Restructuring provided short-term benefits for the Debtors' cash flows, it ultimately was not sufficient to offset ongoing losses. Even with the cash flow savings, the Debtors were unable to achieve positive cash flow from operations. Further, the rent deferrals were only for a period of time with the deferred rent obligations becoming payable in September 2025 for continuing operations. For dozens of other campuses, including certain leases that modified pursuant to the Lease Restructuring, the Debtors were not paying rent for months and were in default thereunder.

5. **Other Restructuring Efforts**

In an attempt to find more time to effectuate an out-of-court restructuring, the Debtors also performed various actions. First, as a result of the Debtors' financial shortcomings and the inability to pay rent at certain Schools, the Debtors were forced to close over fifty (50) Schools in 2025 prior to the Petition

Date. In addition to School closures, Debtors have worked with landlords to transfer as many campuses as possible to other operators in an effort to reduce damages for landlords and help ensure stability of childcare for communities. Second, the Debtors terminated a large number of corporate employees, reducing monthly G&A spend by over 50%. Finally, the Debtors engaged Foley and SCP as restructuring professionals.

F. Foreclosures, Asset Sales, and Post-Foreclosure Operations[26]

1. Loan Defaults and Foreclosures on Certain Assets

As stated above, the Debtors owed a significant amount of secured debt that was collateralized by a number of the Debtors' assets, including, among other things, the Schools, intellectual property, training and teaching programing, and other assets. The Debtors were simply unable to pay the required payments under the various secured debt obligations—whether they be monthly/quarterly interest payments or the payment of principal upon the term of the debt obligations. As a result, numerous secured lenders declared events of default, pursued their statutory remedies, and executed the Foreclosures on the majority of the Debtors' assets.

The Debtors believe that they analyzed and investigated potential alternatives to the Foreclosures, including, among other things, obtaining new funding to cure any defaults, negotiating delays to the Foreclosures, and potential transactions that would monetize certain assets. The Debtors believe that none of these alternatives resulted in any actionable paths for the Debtors.

The Debtors then focused on the path that would: (a) keep as many employees with jobs, (b) allow for as many students and families to continue using the Schools, and (c) continue the Debtors' mission of providing the best Montessori education programming in the United States. While the Debtors would have preferred to lead this path, the reality was that the Debtors were financially unable to continue operations for these Schools and delay the Foreclosures. As such, the Debtors worked with their secured lenders and the Foreclosure Buyers (as defined herein) to ensure that Schools that were foreclosed upon were not impacted by the Foreclosures—ensuring that employees kept their jobs and students and families had Schools to attend.

(a) WTI Default and Foreclosure.

On March 10, 2025, WTI sent the Debtors a Notice of Default under Loan Agreements (the "**WTI Default Notice**") whereby WTI notified the Debtors of defaults under the WTI Loan Documents related to, among other things, the Borrowers' failure to pay necessary principal and interest payments, which the Borrowers failed to pay on December 1, 2024 through and including March 1, 2025. The Debtors investigated options to find funding to pay the WTI Cure Payment and were unable to do so.

As a result, on March 22, 2025, WTI foreclosed (the "**WTI Foreclosure**") on certain of the WTI Collateral (the "**WTI Foreclosed Assets**") and, pursuant to a private sale, sold the WTI Foreclosed Assets to Guidepost Global pursuant to that Foreclosure Sale Agreement dated March 22, 2025 (the "**WTI Sale Agreement**"). Pursuant to the WTI Sale Agreement, Guidepost Global provided consideration of $23,082,335.51 for the acquisition of the WTI Foreclosed Assets, including numerous schools and substantially all of the Debtors' intellectual property, pedagogy, education and training programing, social media assets, and other assets necessary for the continual operations of the Schools.

[26] As noted above, the Committee does not agree with the Debtors' characterization of the prepetition sales and foreclosures, but the following background is provided for context. The Committee and, after the Effective Date, the Liquidating Trustee, reserves all rights.

As WTI did not foreclose on all of the WTI Collateral, WTI maintains a perfected, secured claim against the WTI Borrowers in the amount of $4,680,970.83. The Girns have questioned the legitimacy of the WTI Foreclosure.

(b) Learn Capital Default and Foreclosure

On March 28, 2025, Learn Fund XXXVII delivered a Default Notice (the "**Learn Fund XXXVII Default Notice**") stating that the Learn Borrowers were in default under the Learn Fund XXXVII Promissory Note and related security agreement due to WTI issuing the WTI Default Notice. Learn Fund XXXVII declared the entire unpaid principal and accrued interest under the Learn Fund XXXVII Promissory Note due and payable in an amount not less than $3,820,194.52. Also on March 28, 2025, Learn Fund XXXVII delivered to the Learn Borrowers, Yu Capital, and counsel to EB5AN a Notification of Disposition of Collateral advising the Debtors that Learn Fund XXXVII intended to sell right, title and interest of the Learn Borrowers in and to Learn Fund XXXVII Collateral in which Learn Fund XXXVII has a first priority security interest (the "**Learn Fund XXXVII Disposition Sale**").

On April 17, 2025, Learn Fund XXXVII deliver a letter to Yu Capital and EB5AN providing an offer to sell the Learn Fund XXXVII Collateral, other than the LePort Emeryville School, for $3,513,465.21, plus accruing interest (the "**Learn Fund XXXVII Sale Offer**"). Neither Yu Capital nor EB5AN pursued the Learn Fund XXXVII Sale Offer. The Debtors investigated options to find funding to delay the Learn Fund XXXVII Disposition Sale and were unable to do so.

On April 23, 2025, Learn Fund XXXVII foreclosed certain of the Learn Fund XXXVII Collateral (the "**Learn Fund XXXVII Foreclosed Assets**") and, pursuant to a private sale, sold the Learn Fund XXXVII Foreclosed Assets to CEA. Learn Fund XXXVII maintains an unsecured claim against the Learn Borrowers in the approximate principal amount of $410,350. The Girns have questioned the legitimacy of the foreclosure by Learn Fund XXXVII.

(c) Yu Capital Default and Foreclosure

Following the WTI Default Notice and the Learn Fund XXXVII Default Notice, Yu Capital and certain of its affiliates issued their own default notices and pursued a foreclosure and sale of their collateral.

(i) <u>YuHGE A Foreclosure</u>

The term of the YuHGE A loan ended on June 30, 2024, at which time all outstanding principal amount and unpaid interest were due and payable in full. Guidepost A did not pay the outstanding amount due and payable upon the term date and, on March 3, 2025, YuHGE A issued a Notice of Event of Default (the "**YuHGE A Default Notice**").

On March 31, 2025, YuHGE A issued of Notice of Events of Default, Acceleration of Loans and Public Auction of Collateral (the "**YuHGE A Foreclosure Notice**") whereby Yu Capital A stated that Guidepost A failed to cure the known events of default under the YuHGE A Loan and it intended to conduct a public auction to sell the YuHGE A Collateral.

Because the Debtors were unable to cure all defaults, an auction was conducted at which TNC Schools LLC, as assignee for YuHGE A, submitted a credit bid in the aggregate amount of $1,000,000 and were determined to be the highest bid for the YuHGE A Collateral.

(ii) Yu Capital, YuFIC B, and NRTC Default Notices

On March 3, 2025, Yu Capital issued a Notice of Event of Default (the "**Yu Capital Default Notice**") identifying an event of default related to Guidepost A's failure to make required monthly installment payments for February 2025. The Yu Capital Default Notice stated that if Guidepost A did not cure the defaults under the Yu Capital Loan by March 10, 2025, Yu Capital would exercise its remedies.

The term of the YuFIC B loan ended on June 5, 2021, at which time all outstanding principal amount and unpaid interest were due and payable in full. Guidepost A did not pay the outstanding amount due and payable upon the term date and, on March 31, 2025, YuFIC B issued a Notice of Event of Default (the "**YuFIC B Default Notice**"). The YuFIC B Default Notice stated that if Guidepost A did not pay the YuFIC B Loan in full by April 8, 2025, YuFIC B would exercise its remedies.

On April 11, 2025, NTRC issued a Notice of Event of Default (the "**NTRC Default Notice**") identifying an event of default related to Guidepost A's failure to make required quarterly installment payments on April 10, 2025. The NTRC Default Notice stated that if Guidepost A did not cure the defaults under the NTRC Loan by April 18, 2025, NTRC would exercise its remedies.

(iii) Yu Capital Foreclosure

On March 31, 2025, Yu Capital issued a Notice of Events of Default, Acceleration of Loans and Public Auction of Collateral (the "**Yu Capital Foreclosure Notice**") whereby Yu Capital stated that Guidepost A failed to cure the known events of default under the Yu Capital Loan. Yu Capital also declared that all principal and accrued and unpaid interest under the Yu Capital Loan were immediately due and payable. The Yu Capital Foreclosure Notice also stated that Yu Capital was going to hold a public auction to sell the Yu Capital Collateral on April 29, 2025, at 11:00 a.m. (prevailing Central Time) pursuant to section 9-610 of the UCC (the "**Yu Capital Auction**"). The Yu Capital Foreclosure Notice was provided to the NPA Collateral Agent, Fund IX, Fund X, and US Foods, Inc.

The Debtors were unable to cure all defaults set forth in the Yu Capital Foreclosure Notice by the Yu Capital Auction. At the Yu Capital Auction, TNC Schools LLC, as assignee for NTRC and Yu FICB, submitted a credit bid in the aggregate amount of $5,000,000 and were determined to be the highest bid for the Yu Capital Collateral. Specifically, NTRC submitted a credit bid of $4,000,000 to acquire the NTRC Collateral and YuFIC B submitted a credit bid of $1,000,000 to acquire the YuFIC B Collateral.

Following the Yu Capital Foreclosure, the Debtors still owe approximately $6,257,503 on the various Yu Capital Loans, with (a) $289,833 owed to NTRC, (b) $1,182,387 owed to YuFIC B, (c) $57,424 owed to YuHGEA LLC, (d) $327,858 owed to Yu Capital, and (e) $2,200,000 owed to YuATI. Because all of the collateral securing these obligations were foreclosed upon, the Debtors believe that the outstanding obligations are unsecured.

(d) Sale of Certain Assets

Following the Foreclosures and even with the ability to fund certain operations under the TSAs, the Debtors were still in need of immediate working capital to pay, among other things, rent and payroll for the Schools that were not foreclosed upon and were/are being wound down in an organized manner. The Debtors' options were limited and resulted in the Debtors approaching Learn Capital and CEA for additional funding.

(i) Sale Directly to CEA

To obtain necessary funding, HGE, the subsidiaries listed thereto, and CEA entered into that Asset and Equity Purchase Agreement dated May 7, 2025 (the "**CEA Purchase Agreement**"). Pursuant to the CEA Purchase Agreement, the Debtors sold to CEA (a) the Williamsburg, South Naperville, Bradley Hills, Leadwood, and South Riding Schools, and (b) all equity interests owned by the Debtors in Prepared TT and HGE FIC J LLC[27] for the aggregate consideration of $1,200,000.

(ii) Sale Pursuant to Purchase Option

To be able to fund payroll costs on April 8, 2025, HGE and certain other Debtors issued a Secured Convertible Promissory Note in the amount of $2,200,000 to Learn Capital Fund XXXVII (the "**Purchase Option Note**"), secured by that Security Agreement, dated as of April 7, 2025. The Purchase Option Note was secured by substantially all of the assets in the following Schools (1) Guidepost Montessori at Emeryville; (2) Guidepost Montessori at Carmel; (3) Guidepost Montessori at Richardson; (4) Guidepost Montessori at Oak Brook; (5) Guidepost Montessori at Worthington; (6) Guidepost Montessori at Bridgewater; (7) Guidepost Montessori at Brasswood; and (8) Guidepost Montessori at Kentwood (collectively, the "**Purchase Option Notice Collateral**").

The Purchase Option Note provided Learn Capital Fund XXXVII with the option to acquire the Purchase Option Notice Collateral upon a default under the Purchase Option Note or at any time Learn Capital Fund XXXVII wished to exercise the option (the "**Purchase Option**"). The purchase price for the Purchase Option Note Collateral was (a) the sum of the amount outstanding under the Purchase Option Note and (b) $2,300,000 (the "**Purchase Option Price**"). On May 8, 2025, (x) CEA acquired the Purchase Option Note pursuant to a Note Transfer Agreement, dated May 8, 2025, and (y) pursuant to that Asset and Equity Purchase Agreement, dated May 8, 2025, between HGE, the subsidiaries listed thereto, and CEA, CEA exercised the Purchase Option and paid the Purchase Option Price. CEA did not acquire the Carmel School when it exercised the Purchase Option.

2. **Post-Foreclosure and Asset Sales Operations**

Concurrently with the Foreclosures, the Debtors entered into transition services agreements (the "**TSAs**") with Guidepost Global, CEA, and TNC (the "**Foreclosure Buyers**"). As stated above, the Debtors did not believe they could stop the Foreclosures and wanted to make sure that operations for the foreclosed-upon Schools were not impacted by the Foreclosures—the Debtors' goal was to make sure that as many employees remained employed and students in the Schools, as possible. As such, the Debtors worked with the Foreclosure Buyers to ensure that the foreclosed-upon Schools and the Schools acquired pursuant to the CEA Purchase Agreement and the Purchase Option would continue operating without any harm to the Schools' employees and students.

With this in mind and knowing that the Foreclosure Buyers required additional time to transfer all operations to themselves, the Debtors entered into three different TSAs, one with each of Guidepost Global, CEA, and TNC. Pursuant to the TSAs, the Debtors have been administering various functions on behalf of the Foreclosure Buyers, including, among other things, the transfer of licenses, leases, student deposit processing, cash management systems, and employees (the "**Transition Services**"). In exchange for the performance of the Transition Services, the Foreclosure Buyers were required to make the Debtors' net-zero – meaning that the Foreclosure Buyers reimbursed and paid the Debtors for all expenses related to the Schools that the Foreclosure Buyers acquired and their respective share of the Debtors' overhead costs, subject to limited ongoing obligations by the Debtors.

[27] Guidepost A owned a 49% interest HGE FIC J LLC, an entity that owns the Marlborough School.

On June 1, 2025, substantially all of the Debtors' corporate employees ceased employment with the Debtors and began employment with Guidepost Global. As a result, the Debtors no longer had the staffing necessary to perform the Transition Services for the benefit the Foreclosure Buyers. Therefore, the TSAs with Guidepost Global, CEA, and TNC were terminated, effective June 1, 2025. The Debtors will continue to work with the Foreclosure Buyers to transfer necessary executory contracts, unexpired leases, and other documents to the Foreclosure Buyers to assist the Foreclosure Buyers in the ongoing operations of the Schools.

As the Debtors had ongoing operations and the need to perform several business functions, the Debtors and Guidepost Global entered into a Management Services Agreement, effective as of June 1, 2025 (the "**MSA**"). The MSA was and is necessary for the Debtors to continue operating during the pendency of these Chapter 11 Cases and to continue utilizing several business functions, including, among others, financing and accounting, human resources, and real estate matters. The Debtors have and will compensate Guidepost Global for the reasonable costs of the services performed by Guidepost Global under the MSA.

ARTICLE V.
Events in the Chapter 11 Cases

The Debtors commenced these Chapter 11 Cases by filing voluntary chapter 11 petitions on June 17, 2025, and June 18, 2025. The Chapter 11 Cases are pending before the Honorable Michelle V. Larson in the Bankruptcy Court. The Bankruptcy Court has not appointed a trustee. United States Trustee for the Northern District of Texas (the "**U.S. Trustee**") appointed the Committee on July 8, 2025. *See* Docket No. 158.

A. Restructuring Support Agreement

These Chapter 11 Cases and the RSA Plan were filed in compliance with the RSA that had the support of the Debtors and the Supporting RSA Parties. On June 26, 2025, the Debtors filed the RSA Plan, the *Disclosure Statement for the Joint Plan of Reorganization of Higher Ground Education, Inc. and its Affiliated Debtors* [Docket No. 97] (the "**RSA Disclosure Statement**"), and the *Debtors' Motion for Entry of an Order (I) Authorizing and Approving Assumption of the Restructuring Support Agreement, and (II) Granting Related Relief* [Docket No. 93] (the "**RSA Assumption Motion**"). Following the Committee's formation, the Debtors and the Supporting RSA Parties negotiated the limited assumption of the RSA Assumption Motion in the *Order Granting, in Part, Motion to Assume Restructuring Support Agreement* [Docket No. 254] (the "**Limited RSA Assumption Order**").

As a result of the Debtors' RSA Fiduciary Out, the Debtors filed the *Notice of Withdrawal of Debtors' Motion for Entry of an Order (I) Authorizing and Approving Assumption of the Restructuring Support Agreement, and (II) Granting Related Relief* [Docket No. 456].

B. First Day Motions

On the Petition Date, the Debtors filed multiple motions seeking various relief from the Bankruptcy Court to enable the Debtors to facilitate a smooth transition into chapter 11 (the "**First Day Motions**"). The Bankruptcy Court granted substantially all of the relief requested in the First Day Motions and entered various orders authorizing the Debtors to, among other things:

- Pay certain prepetition insurance premiums and continue insurance programs in the ordinary course [Docket No. 43];

- Pay certain prepetition taxes and assessments and continue paying taxes in the ordinary course [Docket No. 109];

- Honor certain prepetition obligations under the Debtors' deposit programs and continue the Debtors' deposit programs in the ordinary course [Docket No. 88];

- Establish procedures for future rejection of any additional burdensome Executory Contracts and Unexpired Leases [Docket No. 60]; and

- Pay certain prepetition workforce obligations and continue paying employee wages and benefits [Docket No. 61];

- Continue the use of the Debtors' cash management system, bank accounts, and business forms, on an interim basis [Docket No. 62]

Copies of the First Days Motions and related orders can be found on the website managed by Verita, the Debtor's Claims and Noticing Agent. *See* www.veritaglobal.net/HigherGround.

C. Appointment of Creditors' Committee

On July 8, 2025, the U.S. Trustee appointed the Committee under section 1102 of the Bankruptcy Code to represent the interests of unsecured creditors in these Chapter 11 cases [Docket No. 158]. The members of the Creditors' Committee are: (i) 214 Hallandale Beach, LLC; (ii) The School of Practical Philosophy; (iii) Cathy Lim; (iv) Pure Tempe Partnership; and (v) RTS Orchard, LLC.

D. The DIP Motion and DIP Orders

As of the Petition Date, the Debtors had limited cash on hand and limited anticipated revenues from remaining operations. Accordingly, the Debtors required external funding to fund remaining operations and the costs of these Chapter 11 Cases. On June 18, 2025, the Debtors filed the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Obtain Postpetition Senior Secured Financing from YYYYY, LLC; (B) Obtain Postpetition Junior Secured Financing from Guidepost Global Education, Inc.; (C) Utilize Cash Collateral; and (D) Pay Certain Related Fees and Charges; (II) Granting Adequate Protection to the Prepetition Lender; (III) Modifying the Automatic Stay; (IV) Scheduling a Final Hearing; and (V) Granting Certain Related Relief* [Docket No. 14] (the "**DIP Motion**"). The DIP Motion set forth the terms of (i) a $5.5 million senior secured loan from YYYYY, LLC and (ii) a $2.5 million junior secured loan from Guidepost Global, with both loans secured by all of the assets of Higher Ground Education, Inc., Guidepost A LLC, Prepared Montessorian LLC, and Terra Firma Services LLC. The DIP Facilities include a $2 million dollar-for-dollar roll up of certain prepetition loans from the DIP Lenders.

On June 20, 2025, the Bankruptcy Court entered the *Interim Order Authorizing Debtor to (A) Obtain Postpetition Senior Secured Financing from YYYYY, LLC; (B) Obtain Postpetition Junior Secured Financing from Guidepost Global Education, Inc.; (C) Utilize Cash Collateral; and (D) Pay Certain Related Fees and Charges; (II) Granting Adequate Protection to the Prepetition Lender; (III) Modifying the Automatic Stay; (IV) Scheduling a Final Hearing; and (V) Granting Certain Related Relief* [Docket No. 63] (the "**Interim DIP Order**"). Following the Debtors' negotiations with the DIP Lenders, Committee, and U.S. Trustee, on July 22, 2025, the Bankruptcy Court entered the *Final Order Authorizing Debtor to (A) Obtain Postpetition Senior Secured Financing from YYYYY, LLC; (B) Obtain Postpetition Junior Secured Financing from Guidepost Global Education, Inc.; (C) Utilize Cash Collateral; and (D) Pay Certain Related Fees and Charges; (II) Granting Adequate Protection to the*

Prepetition Lender; (III) Modifying the Automatic Stay; (IV) Scheduling a Final Hearing; and (V) Granting Certain Related Relief [Docket No. 253] (the "**Final DIP Order**," and with the Interim DIP Order, the "**DIP Orders**"). The Debtors, the Committee, and the DIP Lenders also negotiated revisions to the debtor-in-possession financing budget attached to the Final DIP Order (the "**Approved Budget**").

E. Retention of Estate Professionals

During these Chapter 11 cases, the Bankruptcy Court authorized the Debtors' retention of (i) Foley, as bankruptcy counsel [Docket No. 324]; (ii) Verita, as the claims, noticing, and solicitation agent [Docket No. 58]; and (iii) SCP, as financial advisor [Docket No. 325]. The Bankruptcy Court also authorized the Committee's retention of Gray Reed, as counsel [Docket No. 421] and Emerald Capital Advisors Corp., as financial advisor [Docket No. 438].

F. Schedules and Statements

On July 8, 2025, the Debtors filed their Schedules of Assets and Liabilities and their Statements of Financial Affairs (as may be amended, modified, or supplemented, the "**Schedules**"). The Schedules identified, among other things, each of the Debtors' assets, liabilities, historical financial operations, and prepetition transfers.

G. Bar Dates

On June 20, 2025, the Bankruptcy Court entered an order approving (i) August 7, 2025, as the General Claims Bar Date for all creditors to file proofs of claim against the Debtors, and (ii) December 15, 2025, as the Governmental Bar Date for all Governmental Units to file proofs of claim against the Debtors [Docket No. 57]. Any references in the Plan or Disclosure Statement to any Claims or Equity Interests shall not constitute an admission of the existence, nature, extent, or enforceability thereof. All known creditors were served notice of the Bar Dates by June 27, 2025. *See* Docket Nos. 87, 100, 160, 259, 282, 290, 294, 336, 340, 408, 439. On July 25, 2025, the Debtors also published the notice of Bar Dates in the national edition of *The Wall Street Journal*. *See* Docket No. 106. Under the circumstances, the Debtors believe they have complied with applicable due process requirements for providing notice to all known creditors in these Chapter 11 Cases.

Pursuant to Article 1.1.3 and Article 3.2 of the Plan, the Administrative Claims Bar Date for Holders of Administrative Expense Claims is the first business day that is thirty (30) days following the Effective Date of the Plan, except as specifically set forth in the Plan or a Final Order of the Court. As set forth in Article 1 of the Plan, "Administrative Expense Claim" means a Claim for costs and expenses of administration of the Estates pursuant to sections 328, 330, 331, 503(b), 507(a)(2), 507(b) or, if applicable, 1114(e)(2) of the Bankruptcy Code, including without limitation: (a) any actual and necessary expenses of preserving the Debtors' Estates, including wages, salaries or commissions for services rendered after the commencement of the Chapter 11 Cases, certain taxes, fines and penalties, any actual and necessary post-petition expenses of operating the business of the Debtors, including post-petition indebtedness or obligations, including the Senior DIP Lender Claim and the Junior DIP Lender Claim, incurred by or assessed against the Debtors in connection with the normal, usual or customary conduct of their business, or for the acquisition or payment of goods or lease of property, or for providing of services to the Debtors; (b) expenses pursuant to section 503(b)(9) of the Bankruptcy Code; (c) all Statutory Fees; and (d) Professional Fee Claims.

H. Executory Contracts and Unexpired Leases

As of the Petition Date, the Debtors were parties to various executory contracts and unexpired leases of nonresidential real property. On June 20, 2025, the Bankruptcy Court entered an order approving procedures to reject and assume unexpired leases and executory contracts [Docket No. 60]. The Debtors have filed three notices to reject certain executory contracts and unexpired leases in these Chapter 11 Cases (the "**Rejection Notices**") [Docket Nos. 387, 388, 416]. The Court has entered orders authorizing all three Rejection Notices [Docket Nos. 452, 453, 512].

The Debtors also filed three different motions for the assumption and assignment of certain executory contracts and unexpired leases [Docket Nos. 99, 263, 313] to Guidepost Global, CEA, and TNC (or their designated entities) (the "**Assumption Motions**"). The Court has entered orders granting all three Assumption Motions [Docket Nos. 513, 514, 515].

I. Analysis of Estate Causes of Action

The Debtors and the Committee have performed independent analyses of Causes of Actions that the Debtors or their Estates may be able to assert against various parties in these Chapter 11 Cases. These Causes of Action may be divided into the following categories:

1. Chapter 5 Avoidance Actions

The Debtors and the Committee, along with their respective professionals, have analyzed potential Causes of Actions under sections 362, 510, 542, 543, 544, 545, 546, 547, 548, 549, 550, or 553 of the Bankruptcy Code (the "**Chapter 5 Causes of Action**"). The Debtors' Schedules identified approximately $20 million of potential Chapter 5 Causes of Action against non-Insider parties and approximately $7.3 million of potential Chapter 5 Causes of Action against Insiders.

The Debtors and Committee believe that there are certain Chapter 5 Causes of Action that may provide beneficial recoveries for the Debtors' Estates and their creditors and will pursue these Chapter 5 Causes of Action through the Liquidating Trust unless expressly released under the Plan or otherwise assigned to Reorganized HGE.

For the avoidance of doubt, potential Chapter 5 Causes of Actions against the Settlement Parties will be released upon the Plan's Effective Date.

2. Foreclosure-Related Claims

The Committee and other parties in interest, including the Girns, have asserted that there may be Causes of Actions against certain parties based on the prepetition sales and foreclosure transactions. Specifically, the Committee and the Girns questioned whether there were legitimate alternatives available for the Debtors with respect to the Foreclosures and the value received with respect to the Foreclosed assets. The Debtors and the Settlement Parties disagree with the Committee's and the Girns' analysis and conclusions, but the parties, other than the Girns, ultimately reached the Plan Settlement to resolve this disagreement.

As part of the Plan Settlement (defined below), the Settlement Parties that may have been involved in the Foreclosures will receive a release from the Debtors and their Estates upon the payment of the Settlement Party Payment of $1.95 million (subject to adjustment if there remains Surplus DIP Cash in excess of $500,000). To be clear, the definition of Settlement Parties excludes certain directors and officers of the Debtors against whom the Committee believes there may be colorable claims worth pursuing (or settling), in addition to the Settlement Party Payment. The Debtors, Committee, and the Settlement Parties believe

that the Settlement Party Payment reflects a reasonable settlement of potential Causes of Actions that the Debtors' Estates may be able to assert against the Settlement Parties with respect to the prepetition sales and foreclosures discussed herein.

3. **D&O-Related Claims and Standing**

The Debtors and Committee believe there may be Debtors' Retained Causes of Action against the Debtors' D&Os for actions or inactions of the Debtors' D&Os while they served in their position(s) for the Debtors. As a result of this analysis, Greg Mauro, Rob Hutter, Jonathan McCarthy, Zhengyu Huang, and Ramandeep (Ray) Girn (collectively, the "**Non-Released D&Os**") will not receive a release from the Debtors and their Estates until a D&O Claim Resolution is consummated.

The Debtors and the Committee believe that the Non-Released D&Os may be subject to actionable claims and causes of action due to their roles at the time of, among other things, the Foreclosures and the prepetition asset sales, as well as other business-related decisions (including those involving the Debtors' Unexpired Leases and Executory Contracts).

On the Effective Date, all Debtors' Retained Causes of Action against the Non-Released D&Os shall be transferred and assigned to, and shall vest in, the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries. Further, all the Debtors' rights and interests in the D&O Insurance Policies will similarly be transferred and assigned to, and shall vest in, the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries.

To potentially pursue Debtors' Retained Causes of Action against the Non-Released D&Os, the Debtors stipulated and agreed to confer to the Committee derivative standing for the purposes of sending one or more demands to one or more Non-Released D&Os and/or the applicable D&O Insurance Carriers (the "**Committee Derivative Standing Stipulation**"). *See* Docket No. 443. On September 25, 2025, the Court entered an order approving the Committee Derivative Standing Stipulation. *See* Docket No. 510. On the Effective Date, the Liquidating Trust will have standing under 11 U.S.C. § 1123(b)(3) to consummate a D&O Claim Resolution by settlement or to pursue any and all Debtors' Retained Causes of Action against any and all Non-Released D&Os and the D&O Insurance Carriers, as applicable.

After investigating potential Causes of Actions against the Independent Director and the Debtors' D&Os not identified as Non-Released D&Os, the Proponents do not believe that any meaningful recovery will result from pursuing any Causes of Action against these Persons.

J. Settlement Negotiations and Plan Mediation

Shortly after the Committee was formed and its professionals were retained, the Committee made clear that it would not support the confirmation of the RSA Plan. In an effort to find a resolution, the Debtors, the Committee, and various Supporting RSA Parties engaged in numerous settlement negotiations, conferences, and a two-day Plan mediation session.

On August 8, 2025, the Debtors hosted a settlement conference with the Committee and certain Supporting RSA Parties (the "**Settlement Conference**"). Following the Settlement Conference, the parties agreed to Plan mediation (the "**Mediation**") with retired U.S. Bankruptcy Judge Russell Nelms serving as the mediator. The Bankruptcy Court entered an agreed order authorizing the Debtors' payment of Judge Nelms's mediation fees on August 13, 2025. *See* Docket No. 334.

The Debtors hosted the Mediation on August 19, 2025 and August 20, 2025. While the Mediation did not result in a settlement, the parties were able to narrow the scope of the outstanding issues and continue

further settlement discussions that ultimately led to the settlement set forth in the Plan (the "**Plan Settlement**").

ARTICLE VI.
Plan Settlement

On September 11, 2025, the Debtors informed the Bankruptcy Court that the Debtors, the Committee, and the Settlement Parties have reached a settlement in principle with respect to these Chapter 11 Cases. This settlement forms the framework for the Plan, as discussed in this Disclosure Statement.

As described herein, the Plan Settlement resolves Causes of Action against the Settlement Parties on behalf of the Debtors and their Estates. The Non-Released D&Os will only receive a release from the Debtors and their Estates upon the consummation of a D&O Claim Resolution.

Below is a summary of the key terms of the Plan Settlement:

- Creation of Liquidating Trust. The Plan will provide for the creation of a Liquidating Trust to hold certain assets for the benefit of the Liquidating Trust Beneficiaries.

- Settlement Party Payment. On the Effective Date, the Settlement Parties shall pay or cause to be paid to the Debtors or Liquidating Trustee, as applicable, aggregate Cash in the amount of $1,950,000 (the "**Settlement Party Payment**"). The amount of the Settlement Party Payment shall be reduced on a dollar-for-dollar basis by the amount of the Excess Surplus DIP Cash. For example, if the Excess Surplus DIP Cash is $100,000, then the Settlement Party Payment will be reduced by $100,000 to $1,895,000.

- Settlement Party Payment True-Up Mechanism. In the event the Debtors or the Liquidating Trustee, as applicable, receive Excess Surplus DIP Cash after the Settlement Parties contribute the Settlement Party Payment, then the Debtors or the Liquidating Trustee, as applicable, shall return such Excess Surplus DIP Cash to Reorganized HGE or otherwise true-up such Excess Surplus DIP Cash as agreed upon by the Settlement Parties.

- Plan Sponsor Consideration. On the Plan Effective Date, the Plan Sponsor shall distribute the Plan Sponsor Consideration, if any, to the Liquidating Trust.

- Junior DIP Lender Consideration. On the Effective Date, in the event the Junior DIP Lender has not fully funded the Junior DIP Loan, the Junior DIP Lender shall contribute all remaining amounts outstanding and available to the Debtors under the Junior DIP Loan to the Liquidating Trust. Notwithstanding the foregoing, the Debtors shall be permitted to setoff valid amounts owed by the Debtors to the Junior DIP Lender against the Junior DIP Lender's remaining funding obligations under the Junior DIP Loan.

- D&O Claim Resolution. On the Effective Date, all Debtors' Retained Causes of Action against all Non-Released D&Os shall be transferred and assigned to, and shall vest in, the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries.

- Settlement Party Release of Certain Claims. On the Effective Date, unless as otherwise expressly set forth in the Plan, the Settlement Parties shall release and waive all Claims and Causes of Action against the Debtors' Estates.

- Settlement Party Mutual Releases. On the Effective Date and upon payment in full of the Settlement Party Payment, the Releasing Parties and the Settlement Parties shall be mutually released as set forth in Article 10.3 of the Plan.

The Plan Settlement was the product of length, arms-length negotiations. The Debtors and the Committee are mindful of their respective fiduciary obligations to act in the best interest of the Debtors' Estates and all creditors and have evaluated the Estate Party Settlement from that perspective. The Debtors and the Committee both strongly believe that the Plan Settlement, on the terms set forth in the Plan, is fair, equitable, and in the best interest of both the creditors and the Debtors' Estates.

ARTICLE VII.
Overview of the Plan

THIS SECTION OF THE DISCLOSURE STATEMENT IS INTENDED ONLY TO PROVIDE A SUMMARY OF THE KEY TERMS, STRUCTURE, CLASSIFICATION, TREATMENT, AND IMPLEMENTATION OF THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE ENTIRE PLAN AND EXHIBITS TO THE PLAN. ALTHOUGH THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN DOCUMENTS REFERRED TO THEREIN, THIS DISCLOSURE STATEMENT DOES NOT PURPORT TO BE A PRECISE OR COMPLETE STATEMENT OF ALL RELATED TERMS AND PROVISIONS, AND SHOULD NOT BE RELIED ON FOR A COMPREHENSIVE DISCUSSION OF THE PLAN. INSTEAD, REFERENCE IS MADE TO THE PLAN AND ALL SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS. THE PLAN ITSELF (INCLUDING ATTACHMENTS) AND THE PLAN SUPPLEMENT WILL CONTROL THE TREATMENT OF HOLDERS OF CLAIMS AND INTERESTS UNDER THE PLAN. TO THE EXTENT THERE ARE ANY INCONSISTENCIES BETWEEN THIS SECTION VII AND THE PLAN (INCLUDING ANY ATTACHMENTS TO THE PLAN) AND THE PLAN SUPPLEMENT, THE PLAN AND PLAN SUPPLEMENT, AS APPLICABLE, SHALL GOVERN.

A. Administrative and Priority Tax Claims

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified and thus are excluded from the Classes of Claims set forth in Article 3.2 and Article 3.3 of the Plan.

1. Administrative Claims

Except to the extent that a Holder of an Allowed Administrative Expense Claim has been paid by the Debtors prior to the Effective Date or such other treatment has been agreed to by the Holder of such Administrative Expense Claim and the Debtors, each Holder of an Allowed Administrative Expense Claim (other than a Professional Fee Claim), in full and final satisfaction, release, settlement and discharge of such Administrative Expense Claim, shall be paid in full, in Cash by the Debtors, in such amounts as (a) are incurred in the ordinary course of business by the Debtors when and as such Claim becomes due and owing, (b) are Allowed by the Bankruptcy Court upon the later of the Effective Date, the date upon which there is a Final Order allowing such Administrative Expense Claim, or any other date specified in such order, or (c) may be agreed upon between the Holder of such Administrative Expense Claim and the Debtors.

HOLDERS OF ADMINISTRATIVE CLAIMS THAT ARE REQUIRED TO, BUT DO NOT, FILE AND SERVE A REQUEST FOR PAYMENT OF SUCH ADMINISTRATIVE CLAIM BY THE ADMINISTRATIVE BAR DATE SHALL BE FOREVER BARRED, ESTOPPED, AND ENJOINED FROM ASSERTING SUCH ADMINISTRATIVE CLAIMS AGAINST THE DEBTORS, REORGANIZED HGE, THE LIQUIDATING TRUST, THE ESTATES, OR THE PROPERTY OF ANY OF THE FOREGOING, AND SUCH ADMINISTRATIVE CLAIMS SHALL BE DEEMED DISCHARGED AS OF THE EFFECTIVE DATE.

2. **Professional Fee Claims**

(a) Final Professional Fee Applications

All final requests for payment of Professional Fee Claims, including the Professional Holdback Amount and Professional Fee Claims incurred during the period from the Petition Date through the Effective Date, must be filed with the Bankruptcy Court and served on the Liquidating Trustee and Reorganized HGE no later than forty-five (45) days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and any applicable orders of the Bankruptcy Court, the Allowed amounts of such Professional Fee Claims shall be determined and paid as directed by the Bankruptcy Court.

(b) Post-Effective Dates Fees and Expenses

Except as otherwise specifically provided in the Plan, from and after the Effective Date, each of Reorganized HGE and the Liquidating Trustee shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash their respective reasonable legal, professional, or other fees and expenses related to implementation of the Plan and Consummation incurred by Reorganized HGE or Liquidating Trust.

Upon the Effective Date, any requirement that Professional Persons comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and Reorganized HGE and the Liquidating Trustee, as applicable, may employ and pay any Professional Person in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

(c) Professional Holdback Escrow Account

Pursuant to the global settlement among the Debtors, the Settlement Parties, and the Committee, the DIP Lenders (a) have funded or (b) shall fund, no later than two (2) business days following entry by the Bankruptcy Court of the order conditionally approving the Disclosure Statement and solicitation of the Plan, which shall be in a form reasonably acceptable to the DIP Lenders, the Professional Holdback Escrow Account in the full amount of the Professional Holdback Amount. The Professional Holdback Escrow Account shall be held for the sole benefit of the Professional Persons until all Allowed Professional Fee Claims have been paid in full up to the amount of Professional Fee Claims agreed to in the Approved Budget. No Liens, claims, or interests of any kind shall encumber the Professional Holdback Escrow Account or the Cash contained therein in any way. Funds held in the Professional Holdback Escrow Account shall not be considered property of the Debtors' Estates or of Reorganized HGE. Any funds remaining in the Professional Holdback Escrow Account after payment of all Allowed Professional Fee Claims shall become Liquidating Trust Assets and shall be distributed pursuant to the terms of this Plan and the Liquidating Trust Agreement.

Upon Allowance of a Professional Fee Claim, the same shall be paid as soon as reasonably practicable in Cash by the Liquidating Trustee from the funds held in the Professional Holdback Escrow Account;

provided that the Debtors' and the Liquidating Trustee's obligations to pay Allowed Professional Fee Claims shall not be limited or be deemed limited to funds held in the Professional Fee Escrow Account. To the extent that there are insufficient funds in the Professional Fee Escrow Account to satisfy all Allowed Professional Fee Claims in full, any such Allowed Professional Fee Claims (or portions thereof that remain unpaid from the Professional Fee Escrow Account) shall be paid as an Allowed Administrative Claim in accordance with Article 3.2.2 of the Plan.

For the avoidance of doubt, any Allowed Professional Fee Claims greater than the amounts set forth in the Approved Budget shall not negatively impact the amount of the Excess Surplus DIP Cash that can be utilized by the Settlement Parties to reduce the amount of the Settlement Party Payment

3. **Priority Tax Claims**

Except to the extent that a Holder of an Allowed Priority Tax Claim or Secured Tax Claim has been paid by the Debtors prior to the Effective Date or agrees to a different treatment, each Holder of an Allowed Priority Tax Claim and Secured Tax Claim, in full and final satisfaction, release, settlement and discharge of such Priority Tax Claim or Secured Tax Claim, shall receive on account of such Claim, payment in full in Cash as soon as reasonably practicable after the Effective Date or such other treatment in accordance with the terms set forth in section 1129(a)(9)(c) of the Bankruptcy Code.

4. **Senior DIP Lender Claim**

The Senior DIP Lender Claim shall be Allowed in the full amount of all amounts advanced under the Senior DIP Loan, plus accrued interest. Pursuant to the Subscription Option, the Senior DIP Lender shall have the option to convert up to 100% of the outstanding Allowed Senior DIP Lender Claim into shares of Reorganized HGE Common Stock at a rate of 10% of the Allowed Senior DIP Lender Claim for 60 shares of Reorganized HGE Common Stock, up to a maximum of 100% of the Allowed Senior DIP Lender Claim for 600 shares out of the total 1000 shares of Reorganized HGE Common Stock.

Any portion of the Allowed Senior DIP Lender Claim not exchanged for Reorganized HGE Common Stock pursuant to an election of the Subscription Option (the "Unexchanged DIP Amount"), shall be satisfied either (a) by payment in full, in Cash, by the Plan Sponsor on the Effective Date, which Cash shall be separate from and in addition to the Plan Consideration; or (b) if and only if agreed by the Plan Sponsor and the Senior DIP Lender, by non-Cash satisfaction through a dollar-for-dollar reduction in the funding of the Plan Consideration or other agreed offsets, in each case until the Unexchanged DIP Amount is reduced to $0.00. For the avoidance of doubt, no distribution on account of the Allowed Senior DIP Lender Claim shall be made from Cash-on-Hand, Surplus DIP Cash, the Settlement Party Payment, any D&O Claim Resolution, or the Liquidating Trust Assets under the Plan.

5. **Junior DIP Lender Claim**

The Junior DIP Lender Claim shall be Allowed in full. On the Effective Date, in consideration for the Settlement and Releases contained herein, each Holder of an Allowed Junior DIP Lender Claim, in full and final satisfaction, release, settlement, and discharge of such Allowed Junior DIP Financing Claim, agrees that its Junior DIP Lender Claim shall be forgiven in its entirety.

6. **Statutory Fees**

All fees payable pursuant to section 1930(a) of the Judicial Code, as determined by the Bankruptcy Court at a hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid by each of the Debtors, Reorganized HGE or the Liquidating Trustee, respectively, with respect to the disbursements incurred by each of them, respectively, for each quarter (including any fraction thereof) until the Chapter 11 Cases are

converted, dismissed, or closed, whichever occurs first; *provided*, *however*, that all fees attributable to Guidepost Global on account of the transfer of the Designated EB-5 Entities (if any) to Guidepost Global shall be paid by Guidepost Global. For avoidance of doubt, the U.S. Trustee shall not be required to File any Administrative Claim in the Chapter 11 Cases and shall not be treated as providing any release under the Plan in connection therewith.

B. Classification of Claims and Interests

This Plan constitutes a separate Plan proposed by each Debtor. Except for the Claims addressed in Article 3 of the Plan, all Claims and Interests are classified in the Classes set forth below in accordance with section 1122 of the Bankruptcy Code. A Claim or an Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or an Interest is also classified in a particular Class for the purpose of receiving distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

Voting tabulations for recording acceptances or rejections of the Plan shall be conducted on a Debtor-by-Debtor basis as set forth above.

Class	Claims and Interests	Status	Voting Rights
Class 1:	Bridge CN-3 Secured Lender Claim	Impaired	Entitled to Vote
Class 2:	WTI Secured Lender Claim	Impaired	Entitled to Vote
Class 3	CN-1 Note Claims	Impaired	Entitled to Vote
Class 4:	CN-2 Note Claims	Impaired	Entitled to Vote
Class 5:	CN-3 Note Claims	Impaired	Entitled to Vote
Class 6:	Other Secured Claims	Unimpaired	Deemed to Accept; Not Entitled to Vote
Class 7:	Non-Tax Priority Claims	Unimpaired	Deemed to Accept; Not Entitled to Vote
Class 8:	General Unsecured Claims	Impaired	Entitled to Vote
Class 9:	Intercompany Claims	Impaired	Deemed to Reject; Not Entitled to Vote
Class 10:	Equity	Impaired	Deemed to Reject; Not Entitled to Vote
Class 11:	Subsidiary Equity Interests	Impaired	Deemed to Reject; Not Entitled to Vote

To the extent a Class contains Allowed Claims or Allowed Interests with respect to any Debtor, the classification of Allowed Claims and Allowed Interests is specified below.

Class 1—Bridge CN-3 Secured Lender Claims

a. *Impairment:* Class 1 consists of the Bridge CN-3 Secured Lender Claims. Class 1 is Impaired, and the Holders of Claims in Class 1 are entitled to vote to accept or reject the Plan.

b. *Treatment*: Except to the extent a Holder of a Bridge CN-3 Secured Lender Claim agrees to less favorable treatment, on or as soon as practicable after the later of the Claims Objection Deadline and the date on which a Bridge CN-3 Secured Lender Claim becomes an Allowed Secured Claim, all Holders of Allowed Bridge CN-3 Secured Lender Claims held by Settlement Parties shall be deemed to have waived their distribution under the Plan on account of their respective Allowed Bridge CN-3 Secured Lender Claims. All other Allowed Bridge CN-3 Secured Lender Claims held by Holders other than the Settlement Parties shall receive a Cash distribution in the aggregate amount of $500,000. The Bridge CN-3 Secured Lender Claim held by the Girns is deemed a Disputed Claim under the Plan.

Class 2—WTI Secured Lender Claims

a. *Impairment*: Class 2 consists of the WTI Secured Lender Claim. Class 2 is Impaired, and the Holders of Claims in Class 2 are entitled to vote to accept or reject the Plan.

b. *Treatment*: On the Effective Date, Holders of WTI Secured Lender Claims, in full and final satisfaction, release, settlement, and discharge of such WTI Secured Lender Claims, shall waive its right to a distribution under the Plan on account of its WTI Secured Lender Claim.

Class 3—CN-1 Note Claims

a. *Impairment*: Class 3 consists of the CN Note Claims. Class 3 is Impaired, and the Holders of Claims in Class 3 are entitled to vote to accept or reject the Plan.

b. *Treatment*: On or as soon as practicable after the Effective Date, except to the extent a Holder of Allowed CN-1 Note Claim agrees to less favorable treatment, each Holder of an Allowed CN-1 Note Claim shall receive, in full and final satisfaction of such CN-1 Note Claim, a beneficial interest in the Liquidating Trust. Thereafter, each such Holder of an Allowed CN-1 Note Claim shall receive Cash distributions from the Liquidating Trust. Distributions from the Liquidating Trust to Holders of Allowed CN-1 Note Claims shall be on a pro rata basis with all other Liquidating Trust Beneficiaries in accordance with the terms of the Liquidating Trust Agreement. The CN-1 Note Claim held by the Girns is deemed a Disputed Claim under the Plan. For the avoidance of doubt, all Settlement Parties that are also Holders of CN-1 Note Claims, the Girns, and any other Holder of a CN-1 Note Claim that accepts a proposal from Guidepost Global to become an investor or other creditor of Guidepost Global, shall be deemed to waive their distribution on account of their CN-1 Note Claims and shall receive no beneficial interest in or Cash distribution from the Liquidating Trust.

Class 4—CN-2 Note Claims

a. *Impairment***:** Class 4 consists of the CN-2 Note Claims. Class 4 is Impaired, and the Holders of Claims in Class 4 are entitled to vote to accept or reject the Plan.

b. *Treatment*: The CN-2 Note Claims are allowed under the Plan. All Holders of CN-2 Note Claims shall be deemed to have waived their distribution under the Plan on account of their respective Allowed CN-2 Note Claims; *provided, however,* that all CN-2 Note Claims held by Plan Sponsor and Senior DIP Lender shall not be deemed satisfied, released, settled, and/or discharged under the Plan.

Class 5—CN-3 Note Claims

a. *Impairment*: Class 5 consists of the CN-3 Note Claims, the Holders of which (a) are Settlement Parties or (b) will be offered the right to become an investor or other creditor of Guidepost Global in lieu of receiving a distribution under the Plan. Class 5 is Impaired, and the Holders of Claims in Class 5 are entitled to vote to accept or reject the Plan.

b. *Treatment*: The CN-3 Note Claims held by the Settlement Parties are Allowed Claims under the Plan. All Holders of Allowed CN-3 Note Claims shall be deemed to have waived their distribution under the Plan on account of their respective Allowed CN-3 Note Claims; *provided*, *however*, that all CN-3 Note Claims held by the Plan Sponsor and Senior DIP Lender shall not be deemed satisfied, released, settled, and/or discharged under this Plan.

For the avoidance of doubt, all Settlement Partners that are also Holders of CN-3 Note Claims, the Girns, and any other Holder of a CN-3 Note Claim that accepts a proposal from Guidepost Global to become an investor or other creditor of Guidepost Global, shall be deemed to waive their distribution on account of their CN-3 Note Claims and shall receive no beneficial interest in or Cash distribution from the Liquidating Trust. Further, the CN-3 Note Claim held by the Girns is deemed a Disputed Claim under the Plan.

Class 6—Other Secured Claims

a. *Non-Impairment*: Class 6 consists of all Other Secured Claims. Class 6 is Unimpaired, and pursuant to section 1126(f) of the Bankruptcy Code, the Holders of Claims in Class 6 are conclusively presumed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

b. *Subclassification:* Each Other Secured Claim, if any, shall constitute and comprise a separate Subclass numbered 6.1, 6.2, 6.3 and so on.

c. *Treatment*: Except to the extent a Holder of a Allowed Other Secured Claim agrees to less favorable treatment, on or as soon as practicable after the later of the Claims Objection Deadline and the date on which an Other Secured Claim becomes Allowed, each Allowed Other Secured Claim, in full and final satisfaction, release, settlement and discharge of such Allowed Other Secured Claim, shall be, at the Debtors' option, (a) Reinstated, (b) satisfied by the Debtors' surrender of the collateral securing such Claim (except to the extent such collateral constitutes Reorganized HGE Assets), (c) offset against, and to the extent of, the Debtors' claims against the Holder of such Claim, or (d) otherwise rendered Unimpaired (*provided* that such unimpairment shall not impact the Reorganized HGE Assets without the express consent of Plan Sponsor). For the avoidance of doubt, all Settlement Parties shall be deemed to

waive their distribution or other treatment on account of their Other Secured Claims, if any. Further, any Other Secured Claim held by the Girns is deemed a Disputed Claim under the Plan.

Class 7—Non-Tax Priority Claims

a. *Non-Impairment:* Class 7 consists of all Non-Tax Priority Claims. Class 7 is Unimpaired, and pursuant to section 1126(f) of the Bankruptcy Code, the Holders of Claims in Class 7 are conclusively presumed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

b. *Treatment*: The legal, equitable and contractual rights of the Holders of Allowed Non-Tax Priority Claims are unaltered by the Plan. Except to the extent that a Holder of an Allowed Non-Tax Priority Claim agrees to a less favorable treatment, each Holder of an Allowed Non-Tax Priority Claim, in full and final satisfaction, release, settlement, and discharge of such Allowed Non-Tax Priority Claim, shall be paid in full, in Cash, on or as soon as reasonably practicable after the later of the Claims Objection Deadline and the date on which a Non-Tax Priority Claim becomes Allowed, or in accordance with the terms of any agreement between the Debtors, the Committee, the Plan Sponsor and the Holder of an Allowed Non-Tax Priority Claim. For the avoidance of doubt, all Settlement Parties shall be deemed to waive their distribution or other treatment on account of their Non-Tax Priority Claims, if any. Further, any Non-Tax Priority Claim held by the Girns is deemed a Disputed Claim under the Plan.

Class 8—General Unsecured Claims

a. *Impairment:* Class 8 consists of all General Unsecured Claims. Class 8 is Impaired, and the Holders of Class 8 Claims are entitled to vote on the Plan.

b. *Treatment:* On or as soon as practicable after the Effective Date, except to the extent that a Holder of an Allowed General Unsecured Claim agrees to less favorable treatment, each Holder of an Allowed General Unsecured Claim shall receive, in full and final satisfaction of such Allowed General Unsecured Claim, a beneficial interest in the Liquidating Trust. Thereafter, each such Holder of an Allowed General Unsecured Claim shall receive Cash distributions from the Liquidating Trust. Distributions from the Liquidating Trust to Holders of Allowed General Unsecured Claims shall be on a pro rata basis with all other Liquidating Trust Beneficiaries in accordance with the terms of the Liquidating Trust Agreement. For the avoidance of doubt, all Settlement Parties shall be deemed to waive their distribution or other treatment on account of their General Unsecured Claims, if any. Further, any General Unsecured Claim held by the Girns is deemed a Disputed Claim under the Plan.

Class 9—Intercompany Claims

a. *Impairment:* Class 9 consists of all Intercompany Claims. Class 9 is Impaired, and pursuant to section 1126(g) of the Bankruptcy Code, the Holders of Intercompany Claims in Class 9 are deemed to reject the Plan and are not entitled to vote to accept or reject the Plan.

b. *Treatment:* On the Effective Date, all Intercompany Claims shall be cancelled, and Holders of Intercompany Claims shall not receive or retain any Property under the Plan on account of their Intercompany Claims.

Class 10 — Equity

a. *Impairment:* Class 10 consists of all Equity Interests. Class 10 is Impaired, and pursuant to section 1126(g) of the Bankruptcy Code, the Holders of Equity Interests in Class 10 are deemed to reject the Plan and are not entitled to vote to accept or reject the Plan.

b. *Treatment:* On the Effective Date, all Equity shall be retired, cancelled, extinguished and discharged, and Holders of Equity Interests shall not receive or retain any Property under the Plan on account of such Equity Interests.

Class 11—Subsidiary Equity Interests

a. *Non-Impairment:* Class 11 consists of Subsidiary Equity Interests. Class 11 is Impaired, and pursuant to section 1126(f) of the Bankruptcy Code, the Holders of Subsidiary Equity Interests in Class 11 are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

b. *Treatment:* On the Effective Date, all Subsidiary Equity Interests shall be retired, cancelled, extinguished and discharged, and Holders of Subsidiary Equity Interests shall not receive or retain any Property under the Plan on account of such Subsidiary Equity Interests; *provided*, *however*, that the Subsidiary Equity Interests in the Designated EB-5 Entities will not be retired, cancelled, extinguished and discharged and will be transferred to Guidepost Global in accordance with Article 4.8 of the Plan.

C. Elimination of Vacant Classes

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

D. Voting Classes; Deemed Acceptance

If Holders of Claims in a particular Impaired Class of Claims were given the opportunity to vote to accept or reject this Plan and notified that a failure of any Holders of Claims in such Impaired Class of Claims to vote to accept or reject this Plan would result in such Impaired Class of Claims being deemed to have accepted this Plan, but no Holders of Claims in such Impaired Class of Claims voted to accept or reject this Plan, then the Debtors shall request the Bankruptcy Court to deem the Plan accepted by the Holders of such Claims or Interests in such Class.

E. Subordinated Claims

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments under the Plan take into account and conform to the relative

priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors, Reorganized HGE, or the Liquidating Trustee reserve the right to reclassify any Allowed Claim or Allowed Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

F. Controversy Concerning Impairment

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

1. Nonconsensual Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by one or more of the Classes entitled to vote pursuant to Article 3 of the Plan. The Proponents shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests.

The Proponents reserve the right to jointly modify the Plan in accordance with Article 6.3 and Article 13.6 of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a Class of Claims to render such Class of Claims Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules or to withdraw the Plan as to any Debtor.

G. Means for Execution and Implementation of the Plan

1. Plan Consideration

Sources of consideration for Plan distributions shall be (a) the Plan Sponsor Consideration, (b) the Surplus DIP Cash, (c) the Settlement Party Payment, (d) any D&O Claim Resolution, (e) the Liquidating Trust Assets, and (f) the D&O Insurance Policies.

2. Global Settlement

The Debtors, the Committee, and the Settlement Parties have reached a global resolution of all issues among them in these Chapter 11 Cases. Pursuant to Bankruptcy Rule 9019, the Plan does, and shall, constitute a compromise, settlement, and release of all potential claims by and among the Debtors, the Committee, and Settlement Parties on the terms set forth below. Entry of the Confirmation Order shall constitute approval of the global resolution set forth below, which shall become effective upon the Effective Date.

3. Liquidating Trust

On the Effective Date, the Liquidating Trust will be formed pursuant to the Liquidating Trust Agreement to receive and administer the Liquidating Trust Assets. In addition, the Liquidating Trust shall serve as a successor to the Debtors pursuant to sections 1123(a)(5)(B) and (b)(3)(B) of the Bankruptcy Code to: (a) administer the terms of the Plan, including making payments in accordance with Article 7 of the Plan to all Holders of Allowed Claims and Interests; (b) make distributions pursuant to the Plan and the Liquidating Trust Agreement; (c) assert any Debtors' Retained Cause of Action that constitutes a

Liquidating Trust Asset on behalf of the Debtors and their Estates; and (d) take such other action as may be authorized by the Liquidating Trust Agreement, including objecting to any and all Claims other than Professional Fee Claims.

Except as otherwise provided in the Plan or the Plan Supplement, or in any agreement, instrument, or other document incorporated in the Plan, on the Effective Date, all of the Liquidating Trust Assets shall automatically vest in the Liquidating Trust free and clear of all Liens, Claims, interests, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the Liquidating Trustee may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, except as otherwise provided in the Liquidating Trust Agreement.

Upon the transfer of the Liquidating Trust Assets, as more fully set forth in the Liquidating Trust Agreement, the Debtors will have no reversionary or further interest in or with respect to the Liquidating Trust Assets. For U.S. federal income tax purposes, the Liquidating Trust Beneficiaries will be treated as grantors and owners thereof and it is intended that the Liquidating Trust be classified as a liquidating trust under Section 301.7701-4 of the Treasury Regulations. Accordingly, for U.S. federal income tax purposes, it is intended that the Liquidating Trust Beneficiaries be treated as if they had received an interest in the Liquidating Trust Assets and then contributed such interests to the Liquidating Trust.

On the Effective Date, the authority, power, and incumbency of the persons acting as managers, directors, and officers of the Debtors shall be deemed to have resigned and the Liquidating Trustee shall be appointed as the sole manager, director, and/or officer of the Debtors and shall succeed to the powers of the Debtors' managers, directors, and officers. From and after the Effective Date, the Liquidating Trustee shall be the sole representative of, and shall act for, the Debtors' Estates. The Liquidating Trustee, as applicable, shall be deemed to be substituted in lieu of the Debtors as the proper party in interest in all matters, including (a) motions, contested matters, and adversary proceedings pending in the Bankruptcy Court, and (b) all matters pending in any courts, tribunals, forums, or administrative proceedings outside of the Bankruptcy Court, in each case without the need or requirement for the Liquidating Trustee to file motions or substitutions of parties or counsel in any such matter.

4. **Preservation of Debtors' Retained Causes of Action**

Except as otherwise provided in this Plan, an agreement or document entered into in connection with the Plan, or in a Final Order of the Bankruptcy Court, pursuant to section 1123(b) of the Bankruptcy Code and as set forth more fully in the Disclosure Statement, the Debtors reserve and, as of the Effective Date, assign to the Liquidating Trust the Debtors' Retained Causes of Action identified in the Plan Supplement. On and after the Effective Date, the Liquidating Trustee, as appropriate may pursue the Debtors' Retained Causes of Action on behalf of and for the benefit of the Liquidating Trust Beneficiaries.

No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Debtors' Retained Cause of Action against it as any indication that the Liquidating Trustee will not pursue any and all available Causes of Action against it. Unless any Cause of Action against an Entity is expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order of the Bankruptcy Court, the Litigation Trustee expressly reserves all Debtors' Retained Causes of Action for later adjudication, and, therefore no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion (judicial, equitable, or otherwise), or laches, shall apply to such Debtors' Retained Causes of Action upon, after, or as a consequence of Plan confirmation or the Effective Date.

The Debtors or the Liquidating Trustee, as applicable, reserve such Debtors' Retained Causes of Action notwithstanding the rejection of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. The Liquidating Trustee shall retain and shall have, including through their authorized agents or representatives, the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Debtors' Retained Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

Except as otherwise provided in the Plan, the Confirmation Order, or in any settlement agreement approved during the Chapter 11 Cases: (a) any and all rights, Claims, Causes of Action, defenses, and counterclaims of or accruing to the Debtors or their Estates with respect to the Debtors' Retained Causes of Action shall remain assets of and vest in the Liquidating Trust, whether or not litigation relating thereto is pending on the Effective Date, and whether or not any such rights, claims, Causes of Action, defenses, and counterclaims with respect to the Debtors' Retained Causes of Action have been listed or referred to in the Plan, the Schedules, or any other document filed with the Bankruptcy Court; and (b) neither the Debtors nor the Liquidating Trust waive, relinquish, or abandon (nor shall they be estopped or otherwise precluded from asserting) any right, Claim, Cause of Action, defense, or counterclaim with respect to the Debtors' Retained Causes of Action that constitutes Property of the Estates: (i) whether or not such right, Claim, Cause of Action, defense, or counterclaim with respect to the Debtors' Retained Causes of Action has been listed or referred to in the Plan or the Schedules, or any other document filed with the Bankruptcy Court, (ii) whether or not such right, Claim, Cause of Action, defense, or counterclaim with respect to the Debtors' Retained Causes of Action is currently known to the Debtors, and (iii) whether or not a defendant in any litigation relating to such right, Claim, Cause of Action, defense, or counterclaim with respect to the Debtors' Retained Causes of Action filed a Proof of Claim in the Chapter 11 Cases, filed a notice of appearance or any other pleading or notice in the Chapter 11 Cases, voted for or against the Plan, or received or retained any consideration under the Plan. Without in any manner limiting the generality of the foregoing, notwithstanding any otherwise applicable principle of law or equity, including, without limitation, any principles of judicial estoppel, res judicata, collateral estoppel, issue preclusion, or any similar doctrine, the failure to list, disclose, describe, identify, or refer to a right, Claim, Cause of Action, defense, or counterclaim with respect to the Debtors' Retained Causes of Action, or potential right, Claim, Cause of Action, defense, or counterclaim with respect to the Debtors' Retained Causes of Action, in the Plan, the Schedules, or any other document filed with the Bankruptcy Court shall in no manner waive, eliminate, modify, release, or alter the Debtors' or the Liquidating Trustee's, as applicable, right to commence, prosecute, defend against, settle, and realize upon any rights, Claims, Causes of Action, defenses, or counterclaims with respect to the Debtors' Retained Causes of Action that the Debtors or the Liquidating Trust has, or may have, as of the Confirmation Date. The Liquidating Trustee may commence, prosecute, defend against, settle, and realize upon any rights, Claims, Causes of Action, defenses, and counterclaims with respect to the Debtors' Retained Causes of Action in its sole discretion, in accordance with what is in the best interests, and for the benefit, of the Debtors' Estates.

5. Authorization and Issuance of Reorganized HGE Common Stock

On the Effective Date, 1,000 shares of the Reorganized HGE Common Stock, representing 100% of the equity of Reorganized HGE, shall be issued to the Plan Sponsor or an entity designated by the Plan Sponsor, in consideration for the Plan Sponsor Consideration and to the Senior DIP Lender, to the extent that it exercises the Subscription Option. The Reorganized HGE Common Stock shall be free and clear of all Liens, Claims, interests, and encumbrances of any kind. All the shares of Reorganized HGE Common Stock issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessable. On the Effective Date, none of the Reorganized HGE Common Stock will be listed on a national securities exchange. Reorganized HGE may take all necessary actions, if applicable, after the Effective

Date to suspend any requirement to (a) be a reporting company under the Securities Exchange Act, and (b) file reports with the Securities and Exchange Commission or any other entity or party.

6. **Contribution of Guidepost Global Assets**

On the Effective Date, Guidepost Global will contribute the Guidepost Global Assets to Reorganized HGE, for the benefit of Plan Sponsor.

7. **Assignment of Transferred Executory Contracts / Unexpired Leases to Guidepost Global**

Unless previously assumed and assigned prior to the Effective Date or otherwise the subject of a motion or notice to assume or assume and assign filed on or before the Effective Date, on the Effective Date, the Transferred Executory Contracts / Unexpired Leases shall be assigned to Guidepost Global, CEA, and/or TNC, notwithstanding any anti-assignment and/or change of control provisions contained in such Executory Contracts and Unexpired Leases. Guidepost Global, CEA, and/or TNC, as applicable, shall be responsible for the payment of any Cure Claims and Administrative Expense Claims arising from any Transferred Executory Contract / Unexpired Lease.

8. **Transfer of Designated EB-5 Entities to Guidepost Global**

On the Effective Date, in consideration for Guidepost Global funding the Junior DIP Loan and contributing the Guidepost Global Assets, the Debtors will transfer the Designated EB-5 Entities (but not their assets, except as otherwise set forth in the Plan Supplement) to Guidepost Global free and clear of all liens, Claims, encumbrances, and other interests in the Designated EB-5 Entities. The Debtors shall cooperate in good faith and execute, acknowledge, and deliver all such further documents, instruments, and assurances, and take all such further actions as may be reasonably necessary or desirable to effectuate and facilitate the transfer contemplated by this section. Following the Effective Date, Reorganized HGE and/or the Liquidating Trust, upon request by Guidepost Global, Yu Capital, TNC, or EB5AN, shall cooperate in good faith to promptly execute and deliver any additional documents or perform any acts that may be required to carry out the intent and purpose of this section and to complete the transfer in accordance with its terms; *provided* that the requesting party shall pay for Reorganized HGE's or the Liquidating Truste's documented costs in connection with same.

9. **Cancellation and Surrender of Securities and Agreements**

On the Effective Date, all Equity of Higher Ground Education and each other Debtor identified in the Plan Supplement shall be retired, cancelled, extinguished, and/or discharged in accordance with the terms of the Plan. Except as otherwise provided in the Plan or the Plan Supplement, on the Effective Date: (a) the obligations of the Debtors under any certificate, share, note, bond, indenture, purchase right, option, warrant, or other instrument or document, directly or indirectly, evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors giving rise to any Claim or Equity Interest shall be cancelled as to the Debtors and Reorganized HGE shall not have any continuing obligations thereunder and (b) the obligations of the Debtors pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, or certificate or articles of incorporation or similar documents governing the shares, certificates, notes, bonds, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of the Debtors shall be released and discharged.

10. **Release of Liens**

Upon request by the Debtors, Reorganized HGE, the Liquidating Trustee, or the Plan Sponsor, any Person holding a Lien in any of the Debtors' Property shall execute any lien release or similar document(s) required to implement the Plan or reasonably requested by the Debtors, Reorganized HGE, the Liquidating Trustee, or the Plan Sponsor in a prompt and diligent manner. Notwithstanding the foregoing, any of the Debtors, Reorganized HGE, the Liquidating Trustee, and the Plan Sponsor are authorized to execute any lien release or similar document(s) required to implement the Plan.

11. **Vesting of Assets and Operation of Business into Reorganized HGE**

On the Effective Date, except as otherwise expressly provided in the Plan or Confirmation Order, the Reorganized HGE Assets shall vest or re-vest in Reorganized HGE, in each instance free and clear of all Liens, Claims, interests, and encumbrances of any kind. The Reorganized HGE Subsidiaries that are not Designated EB-5 Entities shall be retained by Reorganized HGE. To the extent not prohibited by applicable non-bankruptcy law, all licenses, permits, certificates of occupancy, and similar rights and privileges in the name of any of the Reorganized HGE Subsidiaries that are required by any federal, state, or local governmental agency in order for Reorganized HGE to conduct education-related operations at the locations operated by Reorganized HGE prior to the Effective Date shall be deemed assumed by the Debtors without further action on the Effective Date pursuant to the Confirmation Order.

Neither the issuance of Reorganized HGE Common Stock nor any transfer of Property through the Plan shall result in Reorganized HGE, or any of its subsidiaries or affiliates, (a) having any liability or responsibility for any Claim against or Interest in the Debtors, the Debtors' Estates, or any Insider of the Debtors, or (b) having any liability or responsibility to the Debtors, except as expressly provided in the Plan. Without limiting the effect or scope of the foregoing, and to the fullest extent permitted by applicable laws, neither the issuance of Reorganized HGE Common Stock nor the transfer of assets contemplated in the Plan shall subject Reorganized HGE or its properties, subsidiaries, assets, affiliates, successors, or assigns to any liability for Claims against the Debtors' interests in such assets by reason of such issuance of Reorganized HGE Common Stock or transfer of assets under any applicable laws, including, without limitation, any successor liability, except as expressly provided in the Plan.

On the Effective Date, except as otherwise provided in the Plan, Reorganized HGE may operate its business and may use, acquire, or dispose of any and all of its property, without supervision of or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, except as expressly provided in the Plan.

12. **Satisfaction of Claims or Interests**

Unless otherwise provided in the Plan, any distributions and deliveries to be made on account of Allowed Claims shall be in full and final satisfaction, release, settlement, and discharge of such Allowed Claims.

13. Continuation of Bankruptcy Injunction or Stays

All injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

14. **Administration Pending Effective Date**

Prior to the Effective Date, the Debtors shall continue to operate their businesses as debtors-in-possession, subject to all applicable requirements of the Bankruptcy Code and the Bankruptcy Rules. After the Effective Date, Reorganized HGE may operate their businesses, and may use, acquire, and dispose of Reorganized HGE Assets free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, but subject to the continuing jurisdiction of the Bankruptcy Court as set forth in Article 12 of the Plan.

15. **Exemption from Securities Laws**

Any rights issued under, pursuant to or in effecting the Plan, including, without limitation, the Reorganized HGE Common Stock and the offering and issuance thereof by any party, including without limitation the Debtors or the Estate, shall be exempt from Section 5 of the Securities Act of 1933, if applicable, and from any state or federal securities laws requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of, or broker or dealer in, a security, and shall otherwise enjoy all exemptions available for Distributions of securities under a plan of reorganization in accordance with all applicable law, including without limitation section 1145 of the Bankruptcy Code. If the issuance of the Reorganized HGE Common Stock does not qualify for an exemption under section 1145 of the Bankruptcy Code, the Reorganized HGE Common Stock shall be issued in a manner, which qualifies for any other available exemption from registration, whether as a private placement under Rule 506 of the Securities Act, Section 4(2) of the Securities Act, and/or the safe harbor provisions promulgated thereunder.

16. **"Change of Control" Provisions**

For purposes of effectuating the Plan, none of the transactions contemplated herein shall constitute a change of control under any agreement, contract, or document of the Debtors, or create, or be deemed to create, any right or any other claim in connection therewith based upon a provision related to a "change of control," or comparable term in any Executory Contract or Unexpired Lease being assigned and/or assumed pursuant to the Plan.

17. **Substantive Consolidation of the Debtors for Voting and Distribution Purposes Only**

On and after the Effective Date, and solely for purposes of voting on, and making distributions under, the Plan, each and every Claim in the Debtors' Chapter 11 Cases against any of the Debtors shall be deemed filed against the consolidated Debtors and shall be deemed a single consolidated Claim against and obligation of the consolidated Debtors. Such limited consolidation shall in no manner affect or alter (other than for Plan voting and distribution purposes) (a) the legal and corporate structures of the Debtors or Reorganized HGE, or (b) pre- and post-Petition Date Liens, guarantees, and security interests that are required to be maintained for any reason. From and after the Effective Date, Reorganized HGE and each of the Reorganized HGE Subsidiaries will be deemed a separate and distinct entity, properly capitalized, vested with all of the assets of such Debtor as they existed prior to the Effective Date and having the liabilities and obligations provided for under the Plan. Notwithstanding anything in Article 4.17 of the Plan to the contrary, all post-Effective Date Statutory Fees payable to the U.S. Trustee pursuant to 28 U.S.C. §1930, if any, shall be calculated on a separate legal entity basis for each Debtor.

18. **Dissolution of Certain Debtors**

On or after the Effective Date, certain of the Debtors may be dissolved without further action under applicable law, regulation, order, or rule, including any action by the stockholders, members, the board of

directors, or similar governing body of the Debtors, Reorganized HGE, or the Liquidating Trustee. Reorganized HGE and the Liquidating Trustee shall have the power and authority to take any action necessary to wind down and dissolve the foregoing Debtors, and may, to the extent applicable: (a) file a certificate of dissolution for such entities, together with all other necessary corporate and company documents, to effect the dissolution of such entities under the applicable laws of their states of formation; (b) complete and file all final or otherwise required federal, state, and local tax returns and pay taxes required to be paid for such Debtors, and pursuant to section 505(b) of the Bankruptcy Code, request an expedited determination of any unpaid tax liability of any of such Debtors, as determined under applicable tax laws; and (c) represent the interests of such Debtors before any taxing authority in all tax matters, including any action, proceeding or audit. For the avoidance of doubt, the Liquidating Trustee is not permitted to dissolve Reorganized HGE or the Reorganized HGE Subsidiaries.

19. Dissolution of the Committee and Cessation of Fee and Expense Payments

On the Effective Date, the Committee will dissolve, and the members of the Committee and the Committee's Professionals will cease to have any role arising from or relating to the Chapter 11 Cases; *provided* that the Committee shall have post-Effective Date standing to object to Administrative Expense Claims and Professional Fee Claims and shall be entitled to file a Professional Fee Claim for services rendered to the Committee before the Effective Date, subject to rights of any party in interest to object thereto. Nothing in the Plan shall prohibit or limit the ability of the Debtors' or Committee's Professionals to represent either the Liquidating Trustee or to be compensated or reimbursed per the Plan and the Liquidating Trust Agreement in connection with such representation.

H. Corporate Governance and Management of Reorganized HGE

1. Corporate Action and Existence

The Debtors shall deliver all documents and perform all actions reasonably contemplated with respect to implementation of the Plan. The Debtors, or their designees, are authorized (a) to execute on behalf of the Debtors, in a representative capacity and not individually, any documents or instruments after the Confirmation Date or at the Closing that may be necessary to consummate the Plan and (b) to undertake any other action on behalf of the Debtors to consummate the Plan. Each of the matters provided for under the Plan involving the corporate structure of the Debtors or corporate action to be taken by or required of the Debtors will, as of the Effective Date, be deemed to have occurred and be effective as provided herein, and shall be authorized, approved, and (to the extent taken before the Effective Date) ratified in all respects without any requirement of further action by stockholders, creditors, or directors of the Debtors. On the Effective Date, all matters provided for in the Plan involving the corporate structure of Reorganized HGE, and all corporate actions required by the Debtors, their Estates, and Reorganized HGE in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the Debtors, their Estates, or Reorganized HGE.

Upon the Effective Date, and without any further action by the shareholders, directors, or officers of Reorganized HGE, Reorganized HGE's Corporate Documents shall be deemed amended (a) to the extent necessary, to incorporate the provisions of the Plan, and (b) to prohibit the issuance by Reorganized HGE of nonvoting securities to the extent required under section 1123(a)(6) of the Bankruptcy Code, subject to further amendment of such Corporate Documents as permitted by applicable law, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval other than any requisite filings required under applicable state, provincial or federal law. The Corporate Documents shall be filed with the Plan Supplement.

Except as otherwise provided in the Plan, each Debtor shall continue to exist after the Effective Date as a separate corporate entity, limited liability company, partnership, or other form, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to its certificate of incorporation and bylaws (or other formation documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation and bylaws (or other formation documents) are amended under the Plan, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law). Prior to the Effective Date, the Debtors may engage in such corporate and financial transactions, including mergers, asset transfers, consolidations, amalgamations, separations, series organizations, reorganization and otherwise for the purposes of optimizing the post Effective Date corporate and tax structure of Reorganized HGE. If proposed prior to the Effective Date, any such transaction will be subject to Court approval, if such approval would be necessary under the Bankruptcy Code.

2. Management and Board of Reorganized HGE

In accordance with Section 1129(a)(5)(A) of the Bankruptcy Code, the Debtors will disclose in the Plan Supplement the identities of those individuals proposed to serve, following the Effective Date, as directors and officers of Reorganized HGE and the Reorganized HGE Subsidiaries. Upon the Effective Date, the current members of the Debtors' board of directors and officers shall no longer serve in any such capacity with Reorganized HGE and shall be discharged of all duties in connection therewith.

3. Disclosure of any Insiders to be Employed or Retained by Reorganized HGE

In accordance with Section 1129(a)(5)(B) of the Bankruptcy Code, the Debtors will disclose on or before the Confirmation Date the identity of any Insider that will be employed or retained by Reorganized HGE, and the nature of any compensation for such Insider.

I. Distributions Under the Plan

1. Distributions to Holders of Allowed Claims Only

Until a Disputed Claim becomes an Allowed Claim, distributions of Cash and/or other Instruments or Property otherwise available to the Holder of such Claim shall not be made. Prior to the Effective Date, Holders of Allowed Claims shall be required to provide the Debtors an Internal Revenue Service Form W-9 (or, if applicable, an appropriate Internal Revenue Service Form W-8). After the Effective Date, Holders of Allowed Claims shall be required to provide the Liquidating Trustee an Internal Revenue Service Form W-9 (or, if applicable, an appropriate Internal Revenue Service Form W-8).

2. Delivery of Distributions

(a) In General

Subject to Bankruptcy Rule 9010 and except as otherwise provided in the Plan, all distributions to any Holder of an Allowed Claim including, without limitation, distributions of Reorganized HGE Common Stock, and, to the extent applicable, Cash, to Holders of Allowed Claims, shall be made at the address of such Holder as set forth in the Debtors' books and records and/or on the Schedules filed with the Bankruptcy Court unless the Debtors, Reorganized HGE, or the Liquidating Trustee have been notified in writing of a change of address including, without limitation, by the filing of a Proof of Claim by such

Holder that contains an address for such Holder different from the address reflected on such books and records or Schedules for such Holder.

(b) Timing of Distributions

In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, and if so completed shall be deemed to have been completed as of the required date.

(c) Distributions of Unclaimed Property

In the event that any distribution to any Holder is returned as undeliverable, the Liquidating Trustee shall use reasonable efforts to determine the current address of such Holder, but no distribution to such Holder shall be made unless and until the Liquidating Trustee has determined the then current address of such Holder, at which time such distribution shall be made to such Holder without interest or accruals of any kind. Such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code on the six-month anniversary of the date of the attempted delivery of such distribution. After that date, all unclaimed property or interest in property shall revert to Reorganized HGE or the Liquidating Trust and the Claim of any Holder to such property or interest in property shall be discharged and forever barred.

3. **Time Bar to Cash Payments**

Checks issued by Reorganized HGE or the Liquidating Trust on account of Allowed Claims shall be null and void if not negotiated within ninety (90) days from and after the date of issuance thereof. Holders of Allowed Claims shall make all requests for reissuance of checks to Reorganized HGE or the Liquidating Trust. Any Claim in respect of a voided check must be made on or before the six-month anniversary of the date of issuance. After such date, all Claims and respective voided checks shall be discharged and forever barred and Reorganized HGE or the Liquidating Trust, as applicable, shall retain all monies related thereto.

4. **Setoffs**

The Debtors, Reorganized HGE, or the Liquidating Trust may, but shall not be required to, set off or recoup against any Allowed Claim, and the payments or other distributions to be made pursuant to the Plan in respect of such Allowed Claim, any claims, rights or Causes of Action of any nature whatsoever that the Debtors, Reorganized HGE, or the Liquidating Trust may have against the Holder of such Claim; *provided*, *however*, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors, Reorganized HGE, or the Liquidating Trust of any such claims, rights, or Causes of Action.

J. Procedures for Disputed Claims

1. **Resolution of Disputed Claims.**

Except as set forth in any order of the Bankruptcy Court (including prior bar date orders), any Holder of a Claim against the Debtors shall file a Proof of Claim with the Bankruptcy Court or with the agent designated by the Debtors for this purpose on or before the Claims Bar Date. The Debtors prior to the Effective Date, and thereafter Reorganized HGE or the Liquidating Trustee, shall have the exclusive authority to file objections to Proofs of Claim on or before the Claims Objection Deadline, and to settle,

compromise, withdraw, or litigate to judgment objections to any and all Claims, regardless of whether classified or otherwise. From and after the Effective Date, Reorganized HGE or the Liquidating Trustee may settle or compromise any Disputed Claim without approval of the Bankruptcy Court.

2. **Estimation of Claims**

Any Debtor may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether such Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal related to any such objection. In the event the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned objection, estimation, and resolution procedures are cumulative and are not necessarily exclusive of one another. Claims may be estimated and thereafter resolved by any permitted mechanism.

3. **No Partial Distributions Pending Allowance**

Notwithstanding any other provision in the Plan, except as otherwise agreed by the Debtors, the Liquidating Trustee, or Reorganized HGE, no partial payments or distributions shall be made with respect to a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order.

4. **Distributions After Allowance**

To the extent that a Disputed Claim becomes an Allowed Claim, the Liquidating Trustee or Reorganized HGE, as applicable, shall distribute to the Holder thereof the distributions, if any, to which such Holder is then entitled under the Plan. Any such distributions shall be made in accordance with and at the time mandated by the Plan. No interest shall be paid on any Disputed Claim that later becomes an Allowed Claim.

K. Executory Contracts and Unexpired Leases

1. **Assumption of Executory Contracts and Unexpired Leases**

As of the Effective Date, all Executory Contracts and Unexpired Leases, including the Reorganized HGE Contracts or Leases and Transferred Executory Contracts / Unexpired Leases, to which any Debtor is a party and which are included in the Plan Supplement, shall be, and shall be deemed to be, assumed or assumed and assigned in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code. All Executory Contracts and Unexpired Leases not listed in the Plan Supplement, and not assumed or assumed and assigned prior to the Effective Date or otherwise the subject of a motion or notice to assume or assume and assign filed on or before the Effective Date, and that were not previously rejected, shall be rejected as of the Effective Date in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions or assumptions and assignments and rejections pursuant to sections 365 and 1123 of the Bankruptcy Code. Each Reorganized HGE Contract or Lease assumed or assumed and assigned pursuant to the Plan shall vest or re-vest in and be fully enforceable by Reorganized HGE in accordance with its terms, except as

modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption or assumption and assignment or applicable federal law.

2. **Cures of Defaults of Assumed Executory Contracts or Unexpired Leases**

Except as otherwise specifically provided in the Plan, any monetary defaults under each Executory Contract and Unexpired Lease to be assumed or assumed and assigned pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date or in the ordinary course of business, subject to the limitation described below, or on such other terms as the parties to such Executory Contract and Unexpired Lease may otherwise agree. Any and all Cure Claims related to designation of an Executory Contract and Unexpired Lease by the Plan Sponsor shall be paid by the Plan Sponsor in addition to the funding of the Plan Sponsor Consideration. Any and all Cure Claims related to a Transferred Executory Contracts / Unexpired Leases shall be paid by Guidepost Global, CEA, or TNC, as applicable. In the event of a dispute regarding: (1) the amount of any payments to cure such a default, (2) the ability of Reorganized HGE or any 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 assumed and assigned, or (3) any other matter pertaining to assumption and/or assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption or assumption and assignment; *provided*, *however*, that based on the Bankruptcy Court's resolution of any such dispute, the applicable Debtor or Reorganized HGE shall have the right, within 14 days after the entry of such Final Order and subject to approval of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code, to reject the applicable Executory Contract and Unexpired Lease.

Assumption or assumption and assignment of any Executory Contract and Unexpired Lease pursuant to the Plan or otherwise 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, arising under any assumed or assumed and assigned Executory Contract and Unexpired Lease at any time prior to the effective date of assumption and/or assignment. Any Proofs of Claim filed with respect to an Executory Contract and Unexpired Lease that has been assumed or assumed and assigned shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

3. **Rejection of Compensation and Benefit Programs**

Except as set forth in Article 9.5 of the Plan, all employment, retirement, indemnification, and other compensation or benefits agreements or arrangements shall be rejected, and neither the Plan Sponsor nor Reorganized HGE (nor its Subsidiaries) shall have any obligations in connection with any such employment, retirement, indemnification, and other compensation or benefits agreements or arrangements following the Effective Date.

4. **Pass-Through Assets**

Any rights or arrangements or other assets necessary or useful to the operation of the Debtors' business that are not Designated EB-5 Entities or Liquidating Trust Assets (the "**Pass-Through Assets**"), shall, in the absence of any other treatment, but subject to the further agreement and consent of Plan Sponsor with respect to any such rights or arrangements or other assets, be passed through the bankruptcy proceedings for the benefit of Reorganized HGE (if constituting Reorganized HGE Assets) and shall otherwise be unaltered and unaffected by the bankruptcy filings or the Chapter 11 Cases.

5. **D&O Liability Insurance Policy**

Notwithstanding anything to the contrary herein, each of the D&O Insurance Policies and any agreements, documents, or instruments relating thereto issued to or entered into by the Debtors prior to the Petition Date shall not be considered Executory Contracts and shall neither be assumed nor rejected by the Debtors; *provided*, *however*, that to the extent a court of competent jurisdiction determines that any D&O Insurance Policy is an Executory Contract, such D&O Policy shall be assumed by Debtors and assigned to the Liquidating Trust as of the Effective Date. Subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption and assignment pursuant to section 365 of the Bankruptcy Code. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed by the parties thereto prior to the Effective Date, no payments are required to cure any defaults of the Debtors existing as of the Confirmation Date with respect to the D&O Insurance Policies, and prior payments for premiums or other charges made prior to the Petition Date under or with respect to the D&O Insurance Policies shall be indefeasible. Nothing in the Plan, the Plan Supplement, the Confirmation Order, or any other order of the Bankruptcy Court, (a) alters, modifies, or otherwise amends the terms and conditions of (or the coverage provided by) the D&O Insurance Policies or (b) alters or modifies the duty, if any, that the insurers or third-party administrators pay claims covered by the D&O Insurance Policies. Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of D&O Insurance Policies, if applicable. For the avoidance of doubt, neither the Plan Sponsor nor Reorganized HGE (nor its Reorganized HE Subsidiaries) shall have any obligations or personal or direct or indirect liability whatsoever in connection with any the foregoing, including, without limitation, any employment, retirement, indemnification, and other agreements or arrangements, following the Effective Date, and the sole recourse of any and all Persons and the sole source of any recovery in connection therewith (if any) shall be against the D&O Insurance Policy.

6. **Modifications, Amendments, Supplements, Restatements, or Other Agreements**

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed or assumed and assigned shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts or Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts or Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

7. **Bar Date for Filing Claims for Rejection Damages**

If the rejection of an Executory Contract and Unexpired Lease pursuant to the Plan gives rise to a Claim, a Proof of Claim must be served upon the Debtors and the Debtors' counsel within 30 days after notice of entry of the Effective Date. Any such Claim not served within such time period will be forever barred. Each such Claim will constitute a General Unsecured Claim, to the extent such Claim is Allowed by the Bankruptcy Court.

8. Reservation of Rights

Nothing contained in the Plan shall constitute an admission by the Debtors that any Executory Contract or Unexpired Lease is in fact an Executory Contract or Unexpired Lease or that Reorganized HGE has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors, Reorganized HGE, Guidepost Global, CEA, or TNC, as applicable, shall have 30 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

L. Settlement, Releases, Injunctions, and Discharge

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

Unless otherwise set forth in the Plan, pursuant to section 1123 of the Bankruptcy Code, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims and Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The Plan shall be deemed a motion to approve the good faith compromise and settlement of all such Claims, Interests, and controversies pursuant to Bankruptcy Rule 9019. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, Reorganized HGE or the Liquidating Trust may compromise and settle Claims against, and Interests in, the Debtors and their Estates and Causes of Action against other Entities. Subject to Article 7 and Article 8 of the Plan, all distributions made to Holders of Allowed Claims and Allowed Interests, as applicable, in any Class are intended to be and shall be final.

2. Releases by the Debtors

Notwithstanding anything contained in this Plan or the Confirmation Order to the contrary, pursuant to section 1123(b) of the Bankruptcy Code, in exchange for good and valuable consideration, including the obligations of the Debtors under this Plan and the contributions of the Released Parties in facilitating the reorganization of the Debtors and implementation of the Plan, the adequacy of which is hereby confirmed, on and after the Effective Date, each Released Party is hereby conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged by and on behalf of each and all of the Debtors, their Estates, and if applicable, Reorganized HGE, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other Entities who may purport to assert any Claim or Cause of Action, directly or derivatively, by, through, for, or because of the foregoing Entities, from any and all Claims, Interests, obligations, rights, suits, damages, and Causes of Action whatsoever (including any derivative claims and Avoidance Actions, asserted or assertable on behalf of the Debtors, Reorganized HGE, the Liquidating Trustee, and the Debtors' Estates), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or herein-after arising, whether in law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common law, or any other applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement, or otherwise, that such Holders or their Estates, Affiliates, heirs, executory, administrators, successors, assigns, managers, accountants,

attorneys, representatives, consultants, agents, and any other Persons claiming under or through them 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, or that any holder of any Claim against or Interest in a Debtor or other Entity could have asserted on behalf of the Debtors, Reorganized HGE, and their Estates, including without limitation, based on or relating to, or in any manner arising from, in whole or in part, among other things, the Debtors or their Estates (including the capital structure, management, ownership, or operation thereof), the Chapter 11 Cases, the RSA, Reorganized HGE (including the capital structure, management, ownership, or operation thereof), the purchase, sale, or rescission of any Security of the Debtors, Reorganized HGE, and the Debtors' Estates, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in this Plan, the business or contractual arrangements or interaction between or among any Debtor and any Released Party, the operations and financings in respect of the Debtors (whether before or after the Petition Date), the distribution of any Cash or other property of the Debtors to any Released Party, the assertion of enforcement of rights or remedies against the Debtors, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, including all prior recapitalizations, restructurings, or refinancing efforts and transactions, any Securities issued by the Debtors and the ownership thereof, the Debtors' in- or out-of-court restructuring efforts, the decision to file the Chapter 11 Cases, any intercompany transactions, any related adversary proceedings, the formulation, documentation, preparation, dissemination, solicitation, negotiation, entry into, or filing of the Disclosure Statement, this Plan, the Plan Supplement, the RSA, the DIP Loans, DIP Financing Documents, or any Definitive Document, contract instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement, the DIP Loans, the DIP Documents, this Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of this Plan, including the issuance or distribution of Securities pursuant to this Plan, or the distribution of property under this Plan or any other related agreement, or upon any other act, or omission, transaction, agreement, event, or other occurrence taking place on or before, in respect of the foregoing clause, the Effective Date.

Notwithstanding anything to the contrary in the foregoing, the Debtors do not, pursuant to the releases set forth above, release: (a) any Debtors' Retained Causes of Action or any Person or Entity that is the subject thereof; (b) any post-Effective Date obligations of any Person or Entity under this Plan, the Confirmation Order or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement this Plan or transactions thereunder; (c) the rights of any Holder of Allowed Claims to receive distributions under this Plan; or (d) the Non-Released D&Os.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the Debtor Release, which includes by reference each of the related provisions and definitions contained in this Plan, and further, shall constitute the Bankruptcy Court's finding that the Debtor Release is: (a) in exchange for the good and valuable consideration provided by the Released Parties, including, the Released Parties' contribution to facilitating the transactions contemplated in the Plan and implementing this Plan; (b) a good faith settlement and compromise of the Claims or Causes of Action released by the Debtor Release; (c) in the best interests of the Debtors and all Holders of Claims and Interests; (d) fair, equitable, and reasonable; (e) given and made after due notice and opportunity for a hearing; and (f) a bar to any of the Debtors, Reorganized HGE, or the Debtors' Estates asserting any Claim or Cause of Action released pursuant to the Debtor Release.

3. **Releases by Releasing Parties**

Notwithstanding anything contained herein or the Confirmation Order to the contrary, pursuant to section 1123(b) of the Bankruptcy Code, to the maximum extent permitted by applicable law, in exchange for good and valuable consideration, including the obligations of the Debtors under this Plan and the contributions and services of the Released Parties in facilitating the reorganization of the Debtors and implementation of the Plan, the adequacy of which is hereby confirmed, on and after the Effective Date, each Released Party, is hereby conclusively, absolutely, unconditionally, irrevocably and forever, released, waived, and discharged by each and all of the Releasing Parties, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other Entities who may purport to assert any Cause of Action, directly or derivatively, by, through, for, or because of the foregoing Entities, from any and all claims and Causes of Action whatsoever (including any derivative claims, asserted or assertable on behalf of any of the Debtors, Reorganized HGE, and their Estates), obligations, rights, suits, or damages, whether liquidated or unliquidated, fixed, or contingent, matured, or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or herein after arising, whether in law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common law, or any other applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement, or otherwise, that such Holders or their Estates, Affiliates, heirs, executory, administrators, successors, assigns, managers, accountants, attorneys, representatives, consultants, agents, and any other Persons claiming under or through them would have 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, the Debtors, Reorganized HGE, and their Estates, including without limitation, based on or relating to, or in any manner arising from, in whole or in part, among other things, the Debtors or their Estates (including the capital structure, management, ownership, or operation thereof), the Chapter 11 Cases, the Plan, the RSA, Reorganized HGE (including the capital structure, management, ownership, or operation thereof), the purchase, sale, or rescission of any Security of the Debtors, Reorganized HGE, and their Estates, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in this Plan, the business or contractual arrangements or interaction between or among any Debtor and any Released Party, the operations and financings in respect of the Debtors (whether before or after the Petition Date), the distribution of any Cash or other property of the Debtors to any Released Party, the assertion of enforcement of rights or remedies against the Debtors, the restructuring of any Claim or Interest before or during the Chapter 11 Cases including all prior recapitalizations, restructurings, or refinancing efforts and transactions, any Securities issued by the Debtors and the ownership thereof, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the decision to file the Chapter 11 Cases, any related adversary proceedings, the formulation, documentation, preparation, dissemination, solicitation, negotiation, entry into, or filing of the Disclosure Statement, this Plan, the Plan Supplement, the RSA, the DIP Loans, DIP Financing Documents, or any Definitive Document, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of this Plan, including the issuance or distribution of Securities pursuant to this Plan, or the distribution of property under this Plan or any other related agreement, or upon any other act, or omission, transaction, agreement, event, or other occurrence taking place on or before, in respect of the foregoing clause, the Effective Date; *provided* that the provisions of this Third-Party Release shall not operate to waive, release, or otherwise impair any Causes of Action arising from willful misconduct, actual or criminal fraud, or gross negligence of such applicable Released Party as determined by the Final Order of the Bankruptcy Court or any other court of competent jurisdiction.

In exchange for the foregoing Third-Party Release of the Settlement Parties, the Settlement Parties, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other entities who may purport to assert any causes of action, directly or derivatively, by, through, for, or because of the foregoing entities, shall be deemed to have released, and shall be permanently enjoined from any prosecution or attempted prosecution of, any and all claims, causes of action, interests, damages, remedies, demands, rights, actions, suits, debts, sums of money, obligations, judgments, liabilities, accounts, defenses, offsets, counterclaims, crossclaims, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, now existing or hereafter arising, contingent or non-contingent, liquidated or unliquidated, choate or inchoate, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or otherwise, which any of them has or may have against the Releasing Parties. For the avoidance of doubt, the Settlement Parties, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other entities who may purport to assert any causes of action, directly or derivatively, by, through, for, or because of the foregoing entities, shall be deemed to have released, and shall be permanently enjoined from any prosecution or attempted prosecution of, any and all claims, causes of action, interests, damages, remedies, demands, rights, actions, suits, debts, sums of money, obligations, judgments, liabilities, accounts, defenses, offsets, counterclaims, crossclaims, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, now existing or hereafter arising, contingent or non-contingent, liquidated or unliquidated, choate or inchoate, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or otherwise, which any of them has or may have against the other Settlement Parties.

Notwithstanding anything to the contrary in the foregoing, the Released Parties do not, pursuant to the releases set forth above, release: (a) any Debtors' Retained Causes of Action; (b) any post-Effective Date obligations of any Person or Entity under this Plan, the Confirmation Order, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement this Plan or transactions thereunder; or (c) the rights of any Holder 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 Third-Party Release, which includes by reference each of the related provisions and definitions contained in this Plan, and further, shall constitute the Bankruptcy Court's finding that the Third-Party Release is: (a) consensual; (b) essential to the Confirmation of this Plan; (c) given in exchange for the good and valuable consideration provided by the Released Parties, including the Released Parties' contributions to facilitating the transactions contemplated in the Plan and implementing this Plan; (d) in the best interests of the Debtors and their Estates; (e) fair, equitable, and reasonable; (f) given and made after due notice and opportunity for a hearing; and (g) a bar to any of the Releasing Parties asserting any Claim or Cause of Action released pursuant to the Third-Party Release.

4. **Exculpation**

To the fullest extent permitted by applicable law, no Exculpated Party will have or incur, and each Exculpated Party will be exculpated from, any Claim or Cause of Action arising from the Petition Date through the Effective Date in connection with or arising out of the administration of the Chapter 11 Cases, the formulation, documentation, preparation, dissemination, solicitation, negotiation, entry into, or filing of the Disclosure Statement, this Plan, the Plan Supplement, the RSA, the DIP Loans, DIP Financing Documents, or any Definitive Document, the filing of the

Chapter 11 Cases, the solicitation of votes for, or Confirmation or Consummation of, this Plan, the funding of this Plan, the occurrence of the Effective Date, the administration of this Plan or the property to be distributed under this Plan, the issuance of Securities under or in connection with this Plan, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors or the Reorganized HGE, if applicable, in connection with this Plan or the transactions in furtherance of any of the foregoing, other than Claims or Causes of Action in each case arising out of or related to any act or omission of an Exculpated Party that is a criminal act or constitutes actual fraud, willful misconduct, or gross negligence as determined by a Final Order, but in all respects such Persons will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to this Plan. The Exculpated Parties have acted in compliance with the applicable provisions of the Bankruptcy Code with regard to the solicitation and distribution of Securities pursuant to this Plan and, therefore, are not, and on account of such distributions will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan or such distributions made pursuant to this Plan, including the issuance of Securities thereunder. The exculpation will be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable law or rules protecting such Exculpated Parties from liability.

The Exculpated Parties have, and upon Confirmation shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to this Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan or such distributions made pursuant to this Plan.

Solely with respect to the exculpation provisions, notwithstanding anything to the contrary in this Plan, each of the Exculpated Parties and the 1125(e) Exculpation Parties shall not incur liability for any Cause of Action or Claim related to any act or omission in connection with, relating to, or arising out of, in whole or in part, (a) the solicitation of acceptance or rejection of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code or (b) the participation, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, in the offer, issuance, sale, or purchase of a security, offered or sold under the Plan. No Entity or Person may commence or pursue a Claim or Cause of Action of any kind against any of the Exculpated Parties or 1125(e) Exculpation Parties that arose or arises from, in whole or in part, a Claim or Cause of Action subject to the terms of this paragraph, without this Court (i) first determining, after notice and a hearing, that such Claim or Cause of Action represents a colorable Claim for actual fraud, gross negligence, or willful misconduct against any such Exculpated Party or 1125(e) Exculpation Party and such party is not exculpated pursuant to this provision; and (ii) specifically authorizing such Entity or Person to bring such Claim or Cause of Action against any such Exculpated Party or 1125(e) Exculpation Party. The Bankruptcy Court will have sole and exclusive jurisdiction to adjudicate the underlying colorable Claim or Causes of Action.

5. **Injunction**

Except as otherwise expressly provided in this Plan or the Confirmation Order or for obligations or distributions issued or required to be paid pursuant to this Plan or the Confirmation Order, effective as of the Effective Date, all Entities that have held, hold, or may hold Claims, Interests, Causes of Action, or liabilities that have been released, discharged, or are subject to exculpation are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, Reorganized HGE, the Exculpated Parties, the 1125(e) Exculpation Parties, or the Released Parties: (a) commencing or continuing in any manner any

action, suit, or other proceeding of any kind on account of or in connection with or with respect to any such Claims, Interests, Causes of Action, or liabilities; (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, Interests, Causes of Action, or liabilities; (c) creating, perfecting, or enforcing any 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, Interests, Causes of Action or liabilities; (d) asserting any right of setoff or subrogation, or recoupment, of any kind against any obligation due from such Entities or against the property of such Entities or the Estates on account of or in connection with or with respect to any such Claims, Interests, Causes of Action, or liabilities unless such Holder has filed a motion requesting the right to perform such setoff on or before the Effective Date or has filed a Proof of Claim or proof of Interest indicating that such Holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims, Interests, Causes of Action, or liabilities released, settled or subject to exculpation pursuant to this Plan. Notwithstanding anything to the contrary in the foregoing, the injunction set forth above does not enjoin the enforcement of any obligations arising on or after the Effective Date of any Person or Entity under this Plan, any post-Effective Date transaction contemplated by the Plan, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement this Plan.

Upon entry of the Confirmation Order, all Holders of Claims and Interests and their respective current and former employees, agents, officers, directors, managers, principals, and direct and indirect Affiliates, in their capacities as such, shall be enjoined from taking any actions to interfere with the implementation or Consummation of this Plan. Each Holder of an Allowed Claim or Allowed Interest, as applicable, by accepting, or being eligible to accept, distributions under or reinstatement of such Claim or Interest, as applicable, pursuant to this Plan, shall be deemed to have consented to the injunction provisions set forth in Article 10.5 of the Plan.

No Person or Entity may commence or pursue a Claim or Cause of Action, as applicable, of any kind against the Debtors, Reorganized HGE, the Exculpated Parties, the 1125(e) Exculpation Parties, or the Released Parties, as applicable, that relates to or is reasonably likely to relate to any act or omission in connection with, relating to, or arising out of a Claim or Cause of Action, as applicable, subject to Article 10.2, Article 10.3, Article 10.4, and Article 10.5 of the Plan, without the Bankruptcy Court (a) first determining, after notice and a hearing, that such Claim or Cause of Action, as applicable, represents a colorable Claim of any kind, and (b) specifically authorizing such Person or Entity to bring such Claim or Cause of Action, as applicable, against any such Debtor, Reorganized HGE, Exculpated Party, 1125(e) Exculpation Party, or Released Party, as applicable. The Bankruptcy Court will have sole and exclusive jurisdiction to adjudicate the underlying colorable Claim or Causes of Action.

BY ACCEPTING DISTRIBUTIONS PURSUANT TO THE PLAN, EACH HOLDER OF AN ALLOWED CLAIM OR ALLOWED INTEREST EXTINGUISHED, DISCHARGED, OR RELEASED PURSUANT TO THE PLAN WILL BE DEEMED TO HAVE AFFIRMATIVELY AND SPECIFICALLY CONSENTED TO BE BOUND BY THE PLAN, INCLUDING, WITHOUT LIMITATION, THE INJUNCTIONS SET FORTH IN ARTICLE 10.5 OF THE PLAN.

THE INJUNCTIONS IN ARTICLE 10.5 OF THE PLAN SHALL EXTEND TO ANY SUCCESSORS OF THE DEBTORS, REORGANIZED HGE, THE RELEASED PARTIES, THE EXCULPATED PARTIES, AND THE 1125(E) EXCULPATED PARTIES, AND THEIR RESPECTIVE PROPERTY AND INTERESTS IN PROPERTY.

Any Person injured by any willful violation of such injunction may seek to recover actual damages, including costs and attorneys' fees and, in appropriate circumstances, may seek to recover punitive damages from the willful violator.

6. Discharge of Claims and Termination of Interests

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by Reorganized HGE), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim based upon such debt or right is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (c) the Holder of such a Claim or Interest has accepted the Plan or voted to reject the Plan. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the occurrence of the Effective Date, except as otherwise specifically provided in the Plan.

M. Conditions Precedent to Confirmation and Consummation of the Plan

1. Conditions Precedent to Confirmation

It shall be a condition precedent to Confirmation of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Section 11.3 of the Plan:

(a) No termination event or continuing event of default under the DIP Loan Facility Order shall have occurred;

(b) the Confirmation Order shall be in a form and substance acceptable to the Debtors, the Plan Sponsor, and the Committee, and for the avoidance of doubt, shall provide for the Plan Sponsor and Senior DIP Lender, subject to its exercise of the Subscription Option, to be issued 100% of the Reorganized HGE Common Stock free and clear of all liens, claims, rights, interests, security interests and encumbrances of any kind (other than those expressly identified in writing as acceptable to Plan Sponsor in its sole and absolute discretion);

(c) the Plan shall be in form and substance reasonably acceptable to the Debtors, the Plan Sponsor, and the Committee;

(d) the final version of the Plan Supplement and all of the schedules, documents, and exhibits contained therein shall have been filed with the Bankruptcy Court and

the same shall be in form and substance reasonably acceptable to the Debtors, the Plan Sponsor, and the Committee; and

(e) no termination event, breach or failure to company with the terms of the Definitive Documents, the Confirmation Order, or any other material final order of the Bankruptcy Court shall have occurred and be continuing, unless waived by the relevant parties.

2. **Conditions Precedent to the Effective Date**

It shall be a condition precedent to the Effective Date of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article 11.3 of the Plan:

(a) all conditions to Confirmation in Article 11.1 of the Plan shall have been either (and shall continue to be) satisfied or waived pursuant to Article 11.3 of the Plan;

(b) all documents required under the Plan, including lien releases, shall have been delivered;

(c) the Confirmation Order, in form and substance reasonably acceptable to the Debtors, the Plan Sponsor, and the Committee and shall have been entered and shall have become a Final Order;

(d) the Plan Sponsor Consideration, the Settlement Party Payment, and the Surplus DIP Cash shall be sufficient to fund all Plan Obligations;

(e) the Debtors and Insiders shall not have caused or permitted to occur an "ownership change" as such term is used in section 382 of title 26 of the United States Code;

(f) the Plan Sponsor shall have wired the Plan Sponsor Consideration to the Liquidating Trust;

(g) the Settlement Parties shall have wired the Settlement Party Payment to the Liquidating Trust;

(h) the Debtors shall have wired the Surplus DIP Cash, if any, to the Liquidating Trust;

(i) all actions, documents, certificates, and agreements necessary to implement the Plan, including documents contained in the Plan Supplement, shall have been effected or executed and delivered, as the case may be, to the required parties and, to the extent required, filed with the applicable governmental units in accordance with applicable laws;

(j) the Liquidating Trust shall be established and funded and the Liquidating Trustee shall have been appointed in accordance with the provisions of the Plan and the terms of the Liquidating Trust Agreement;

(k) the Reorganized HGE Common Stock and any and all agreements and documents relating thereto shall have been executed, issued and delivered by Reorganized HGE; and

(l) the Professional Holdback Escrow Account shall have been fully funded as required pursuant to the Plan

N. Waiver of Conditions

The conditions to Confirmation and the Effective Date set forth in this Article VII may be waived by the Proponents, together by joint agreement, (with the express written consent of the Plan Sponsor) without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

O. Effective of Failure of Conditions

If Consummation does not occur, the Plan shall be null and void in all respects, and nothing contained in the Plan or the Disclosure Statement shall: (a) constitute a waiver or release of any claims by the Debtors, any Holders of Claims or Interests, or any other Entity; (b) prejudice in any manner the rights of the Debtors, any Holders of Claims or Interests, or any other Entity; or (c) constitute an admission, acknowledgment, offer, or undertaking by the Debtors, any Holders of Claims or Interests, or any other Entity in any respect.

P. Substantial Consummation

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

Q. Amendment, Modification, and Severability of Plan Provisions

If, prior to Confirmation, any term or provision hereof is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the joint request of the Proponents (with the express written consent of the Plan Sponsor), shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions hereof 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 hereof, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

1. The Plan may be amended or modified before the Effective Date by the joint agreement of the Proponents (with the express written consent of the Plan Sponsor) to the extent provided by section 1127 of the Bankruptcy Code.

2. The Proponents reserve the right to jointly modify or amend the Plan (with the express written consent of the Plan Sponsor) upon a determination by the Bankruptcy Court that the Plan, in its current form, is not confirmable pursuant to section 1129 of the Bankruptcy Code. To the extent such a modification or amendment is permissible under section 1127 of the Bankruptcy Code, without the need

to resolicit acceptances, the Proponents reserve the right to sever any provisions of the Plan that the Bankruptcy Court finds objectionable.

3. The Proponents reserve the right to jointly revoke or withdraw the Plan prior to the Confirmation Date. If the Proponents jointly revoke or withdraw the Plan, or if Confirmation does not occur, then the Plan shall be null and void, and nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims by or against, or any Interests in, the Debtors; or (b) prejudice in any manner the rights of the Proponents in any further proceedings.

ARTICLE VIII.
Solicitation, Voting, and Related Matters[28]

A. Overview

HOLDERS OF CLAIMS ENTITLED TO VOTE SHOULD CAREFULLY READ THE VOTING INSTRUCTIONS BELOW.

THE PROPONENTS RESERVE THE RIGHT, AT ANY TIME OR FROM TIME TO TIME, TO EXTEND THE PERIOD OF TIME (ON A DAILY BASIS, IF NECESSARY) DURING WHICH BALLOTS WILL BE ACCEPTED FOR ANY REASON, INCLUDING DETERMINING WHETHER OR NOT THE REQUISITE NUMBER OF ACCEPTANCES HAVE BEEN RECEIVED. THE DEBTORS WILL GIVE NOTICE OF ANY SUCH EXTENSION IN A MANNER DEEMED REASONABLE TO THE PROPONENTS IN THEIR DISCRETION. THERE CAN BE NO ASSURANCE THAT THE PROPONENTS WILL EXERCISE THEIR RIGHT TO EXTEND THE VOTING DEADLINE.

In accordance with the *Order (I) Conditionally Approving the Disclosure Statement; (II) Scheduling a Combined Disclosure Statement Approval and Plan Confirmation Hearing; (III) Establishing a Plan and Disclosure Statement Objection Deadline and Related Procedures; (IV) Approving the Solicitation and Notice Procedures; and (V) Granting Related Relief* (the "**Disclosure Statement Order**")[29] and the solicitation procedures approved via the Disclosure Statement Order (the "**Solicitation Procedures**"), the Debtors will commence solicitation of the Plan by delivering a copy of the Solicitation Package to Holders of Claims in Classes 1, 2, 3, 4, 5, and 8 entitled to vote to accept or reject the Plan.

The Debtors have sought and obtained Bankruptcy Court approval of Solicitation Procedures for solicitation of acceptance of the Plan and to establish **November 17, 2025 at 5:00 p.m. (prevailing Central Time)** as the deadline for the receipt of votes to accept or reject the Plan via the Ballot applicable ballot to be used for voting on the Plan (the "**Voting Deadline**"). For the avoidance of doubt, the Voting Deadline includes the deadline by which Third-Party Release opt-out forms must be executed, completed, and returned to the Claims and Noticing Agent.

This Disclosure Statement and the Plan are being distributed to Holders of Claims in the Voting Classes comprised of Classes 1, 2, 3, 4, 5, and 8 in connection with the solicitation of votes to accept or reject the Plan. The following table sets forth the timetable for the solicitation process and the anticipated Chapter 11 Cases, with all provided below being subject to the approval and availability of the Bankruptcy Court.

Proposed Solicitation and Confirmation Timeline

[28] Subject to change based on Court approval of dates and related procedures.

[29] *See* Docket No. [●].

Proposed Solicitation and Confirmation Timeline	
Voting Record Date	**September 1, 2025**
Commence Solicitation	**On or before the date that is three (3) Business Days after entry of the Scheduling Order, or as soon as reasonably practicable thereafter**
Publication Deadline	**On or before the date that is three (3) Business Days after entry of the Scheduling Order, or as soon as reasonably practicable thereafter**
Plan Supplement Deadline	**No later than November 10, 2025**
Voting Deadline	**November 17, 2025 at 5:00 p.m. (prevailing Central Time)**
Deadline to Object to Approval of Disclosure Statement or Confirmation of Plan	**November 17, 2025 at 5:00 p.m. (prevailing Central Time)**
Deadline to File Briefs in Support of Approval of Disclosure Statement and Confirmation	**November 21, 2025 (prevailing Central Time)**
Combined Hearing to Approve Disclosure Statement and Confirm Plan	**November 24, 2025 at 1:30 p.m. (prevailing Central Time)**

B. Holders of Claims Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all holders of claims against or interests in a debtor are entitled to vote on a chapter 11 plan. Holders of Claims in Classes 1, 2, 3, 4, 5, and 8 are entitled to vote to accept or reject the Plan. The Holders of Claims in the Voting Classes are Impaired under the Plan and, if the Plan is confirmed and consummated, may receive a distribution under the Plan. Accordingly, Holders of Claims in the Voting Classes have the right to vote to accept or reject the Plan. The Debtors are not soliciting votes on the Plan from Holders of Claims or Interests in Classes 6, 7, 9, 10, and 11

THE DISCUSSION OF THE SOLICITATION AND VOTING PROCESS SET FORTH IN THIS DISCLOSURE STATEMENT IS ONLY A SUMMARY. PLEASE REFER TO THE DISCLOSURE STATEMENT ORDER AND SOLICITATION PROCEDURES FOR A MORE COMPREHENSIVE DESCRIPTION OF THE SOLICITATION AND VOTING PROCESS.

C. Voting Record Date

September 1, 2025 (the "**Voting Record Date**") is the date that was used for determining which Holders of Claims are entitled to vote to accept or reject the Plan and receive the Solicitation Package in accordance with the Solicitation Procedures. Except as otherwise set forth herein, the Voting Record Date and all of the Debtors' solicitation and voting procedures shall apply to all of the Debtors' creditors and other parties in interest.

D. Solicitation Procedures

The following materials constitute the solicitation package (the "**Solicitation Package**") distributed to Holders of Claims in each Voting Class:

- the appropriate Ballot and applicable voting instructions, including the Opt-Out Form, together with a pre-addressed, postage pre-paid return envelope; and

- this Disclosure Statement and all exhibits hereto, including the Plan and all exhibits thereto (which may be distributed in paper or USB-flash drive format).

The Debtors will distribute the Solicitation Package to Holders of Claims in each Voting Class no later than three (3) Business Days after entry of the Solicitation Order. The Debtors will file the Plan Supplement in accordance with the terms of the Plan and the timeline provided by the Disclosure Statement Order. As the Plan Supplement is updated or otherwise modified, such modified or updated documents will be made available on the Debtors' restructuring website. The Debtors will not serve paper or USB-flash drive copies of the Plan Supplement.

You may obtain copies of any pleadings filed with the Bankruptcy Court, including the Plan, the Plan Supplement, and this Disclosure Statement for free by visiting the Debtors' restructuring website, www.veritaglobal.net/HigherGround, or for a fee at https://txnb.uscourts.gov/.

E. Voting Procedures

In order for the Holder of a Claim in a Voting Class to have such Holder's Ballot counted as a vote to accept or reject the Plan, such Holder's Ballot must be properly executed, completed, and delivered such that it is **actually received** before the Voting Deadline by the Claims and Noticing Agent, in accordance and in compliance with the Solicitation Procedures established by the Disclosure Statement Order.

IF A BALLOT IS RECEIVED AFTER THE VOTING DEADLINE, IT WILL NOT BE COUNTED UNLESS THE PROPONENTS DETERMINE OTHERWISE. IT IS IMPORTANT THAT A HOLDER OF A CLAIM IN A VOTING CLASS FOLLOWS THE SPECIFIC INSTRUCTIONS PROVIDED ON SUCH HOLDER'S BALLOT.

F. Voting Tabulation

The Debtors' tabulation of Ballots shall be conducted in accordance with the Solicitation Procedures. A Ballot does not constitute, and shall not be deemed to be, a Proof of Claim or an assertion or admission of a Claim. Only Holders of Claims in the Voting Classes shall be entitled to vote with regard to such Claims.

Unless the Proponents decide otherwise, Ballots received after the Voting Deadline may not be counted. A Ballot will be deemed delivered only when the Claims and Noticing Agent actually receives the executed Ballot as instructed in the applicable voting instructions.

The Bankruptcy Code may require the Debtors to disseminate additional solicitation materials if the Proponents make material changes to the terms of the Plan or if the Debtors waive a material condition to confirmation of the Plan. In that event, the solicitation will be extended to the extent directed by the Bankruptcy Court.

To the extent there are multiple Claims within a Voting Class, the Proponents may, in their discretion, and to the extent possible, aggregate the Claims of any particular Holder within a Voting Class for the purpose of counting votes.

In the event a designation of lack of good faith is requested by a party in interest under section 1126(e) of the Bankruptcy Code, the Bankruptcy Court will determine whether any vote to accept and/or reject the

Plan cast with respect to that Claim will be counted for purposes of determining whether the Plan has been accepted and/or rejected.

The following Ballots shall not be counted in determining the acceptance or rejection of the Plan: (i) any Ballot that is illegible or contains insufficient information to permit the identification of the holder of such Claim; (ii) any Ballot cast by any Entity that does not hold a Claim in a Voting Class; (iii) any Ballot cast for a Claim scheduled as unliquidated, contingent, or disputed for which no Proof of Claim was timely filed by the Voting Record Date (unless the applicable bar date has not yet passed, in which case such Claim shall be entitled to vote in the amount of $1.00); (iv) any unsigned Ballot or Ballot lacking an original signature; (v) any Ballot not marked to accept or reject the Plan or marked both to accept and reject the Plan; (vi) any Ballot sent to any of the Debtors, the Debtors' agents or representatives, or the Debtors' advisors (other than the Claims and Noticing Agent); and (vii) any Ballot submitted by any Entity not entitled to vote pursuant to the procedures described in the Disclosure Statement Order. **Please refer to your Ballot, the Disclosure Statement Order, and the Solicitation Procedures for additional requirements with respect to voting to accept or reject the Plan.**

The Debtors will file a voting report (the "**Voting Report**") with the Bankruptcy Court by no later than two (2) days before the Combined Hearing. The Voting Report shall, among other things, delineate every Ballot that does not conform to the voting instructions or that contains any form of irregularity including, but not limited to, those Ballots that are late or (in whole or in material part) illegible, unidentifiable, lacking signatures, or lacking necessary information, received via facsimile, or damaged (in each case, an "**Irregular Ballot**"). The Debtors will attempt to reconcile the amount of any Claim reported on a Ballot with the Debtors' records, but in the event such amount cannot be timely reconciled without undue effort on the part of the Debtors, the amount shown in the Debtors' records shall govern. The Voting Report shall indicate the Debtors' intentions with regard to each Irregular Ballot. None of the Debtors, the Committee, or any other Person or Entity will be under any duty to provide notification of defects or irregularities with respect to delivered Ballots other than as provided in the Voting Report, nor will any of them incur any liability for failure to provide such notification.

PLEASE REFER TO YOUR BALLOT, THE DISCLOSURE STATEMENT ORDER, AND THE SOLICITATION PROCEDURES FOR ADDITIONAL REQUIREMENTS WITH RESPECT TO VOTING TO ACCEPT OR REJECT THE PLAN.

G. Votes Required for Acceptance by a Class

Under the Bankruptcy Code, acceptance of a plan of reorganization by a class of claims or interests is determined by calculating the amount and, if a class of claims, the number, of claims and interests voting to accept, as a percentage of the allowed claims or interests, as applicable, that have voted. Acceptance by a class of claims requires an affirmative vote of more than one-half (1/2) in number of total allowed claims that have voted and an affirmative vote of at least two-thirds (2/3) in dollar amount of the total allowed claims that have voted. Acceptance by a class of interests requires an affirmative vote of at least two-thirds (2/3) in amount of the total allowed interests that have voted.

H. Certain Factors to Be Considered Prior to Voting

There are a variety of factors that all Holders of Claims 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 and include, among other things:

- unless otherwise specifically indicated, 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 the Disclosure Statement;

- although the Proponents believe that the Plan complies with all applicable provisions of the Bankruptcy Code, the Proponents can neither assure such compliance nor that the Bankruptcy Court will confirm the Plan;

- the Proponents may request Confirmation without the acceptance of the Plan by all Impaired Classes in accordance with section 1129(b) of the Bankruptcy Code; and

- any delays of either Confirmation or Consummation could result in, among other things, increased Administrative Claims and Professional Fee Claims.

While these factors could affect distributions available to Holders of Allowed Claims and Allowed Interests under the Plan, the occurrence or impact of such factors may not necessarily affect the validity of the vote of the Voting Classes or necessarily require a re-solicitation of the votes of Holders of Claims in the Voting Classes pursuant to section 1127 of the Bankruptcy Code.

For a further discussion of risk factors, please refer to "Risk Factors" described in Article X of this Disclosure Statement.

ARTICLE IX.
Final Approval of the Disclosure Statement and Confirmation of the Plan

A. The Combined Hearing

At the Combined Hearing, the Bankruptcy Court will determine whether to approve the Disclosure Statement and whether the Plan should be confirmed in light of both the affirmative requirements of the Bankruptcy Code and objections, if any, that are timely filed. **The Combined Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Combined Hearing or the filing of a notice of such adjournment served in accordance with the order approving the Solicitation Procedures.**

For the avoidance of doubt, the U.S. Trustee reserves all rights to object to the Disclosure Statement under 11 U.S.C. § 1125 and the Chapter 11 Plan under 11 U.S.C. § 1129 at the Combined Hearing.

B. Deadline to Object to Approval of the Disclosure Statement and Confirmation of the Plan

The Debtors will provide notice of the Combined Hearing, and, if approved by the Bankruptcy Court, the notice will provide that objections to the Disclosure Statement and Confirmation of the Plan must be filed and served at or before **November 17, 2025 at 5:00 p.m. (prevailing Central Time)** (the "**Objection Deadline**"). Unless objections to the Disclosure Statement or Confirmation of the Plan are timely served and filed, they may not be considered by the Bankruptcy Court.

C. Requirements for Approval of the Disclosure Statement

Pursuant to section 1126(b) of the Bankruptcy Code, solicitation of votes to accept or reject a chapter 11 plan must comply with applicable federal or state securities laws and regulations (including the registration and disclosure requirements thereof) or, if such laws and regulations do not apply, provide "adequate information" under section 1125 of the Bankruptcy Code. At the Combined Hearing, the

Debtors will seek a determination from the Court that the Disclosure Statement satisfies section 1126(b) of the Bankruptcy Code.

D. Requirements for Confirmation of the Plan

Among the requirements for Confirmation are the following: (a) the Plan is accepted by all impaired Classes of Claims and Interests or, if the Plan is rejected by an Impaired Class, at least one Impaired Class of Claims or Interests has voted to accept the Plan and a determination that the Plan "does not discriminate unfairly" and is "fair and equitable" as to Holders of Claims or Interests in all rejecting Impaired Classes; (b) the Plan is feasible; and (c) the Plan is in the "best interests" of Holders of Impaired Claims and Interests (*i.e.,* Holders of Class 1 Claims, Holders of Class 2 Claims, Holders of Class 3 Claims, Holders of Class 4 Claims, Holders of Class 5 Claims, Holders of Class 8 Claims, Holders of Class 9 Claims, Holders of Class 10 Interests, and Holders of Class 11 Interests).

At the Combined Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Proponents believe that the Plan satisfies or will satisfy all of the necessary requirements of chapter 11 of the Bankruptcy Code. Specifically, in addition to other applicable requirements, the Proponents believe that the Plan satisfies or will satisfy the applicable Confirmation requirements of section 1129 of the Bankruptcy Code set forth below.

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Proponents have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, will be disclosed to the Bankruptcy Court, and any such payment: (a) made before confirmation will be reasonable or (b) will be subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after confirmation.
- Either each Holder of an Impaired Claim against or Interest in the Debtors will accept the Plan, or each non-accepting Holder will receive or retain under the Plan on account of such Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount that the Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code.
- Except to the extent that the Holder of a particular Claim agrees to a different treatment of its Claim, the Plan provides that, to the extent an Allowed Administrative Claim has not already been paid in full or otherwise satisfied during the Chapter 11 Cases, Allowed Administrative Claims will be paid in full on the Effective Date, or as soon thereafter as is reasonably practicable.
- Each Class of Claims has accepted the Plan or is Unimpaired and deemed to have accepted the Plan, or that the requirements of section 1129(b) have been met.
- Confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors or any successors thereto under the Plan.

- All fees of the type described in section 1930 of the Judicial Code, including the Statutory Fees of the U.S. Trustee, will be paid as of the Effective Date.

E. Best Interests of Creditors/Liquidation Analysis

1. Introduction

To demonstrate compliance with the "best interests" test, the Debtors, with the assistance of their advisors and Professionals, prepared a liquidation analysis, attached hereto as **Exhibit B** (the "**Liquidation Analysis**"), showing that the value of the distributions provided to Holders of Allowed Claims and Interests under the Plan would be the same or greater than under a hypothetical chapter 7 liquidation, assuming that the Chapter 11 Cases were converted to chapter 7 proceedings and chapter 7 trustees were appointed for each Debtor entity. This analysis seeks to estimate the recoveries that would be realized by creditors in such a scenario and compare those recoveries with the treatment creditors will receive under the Plan.

As set forth in detail below and in the Liquidation Analysis, the Debtors believe that, in a hypothetical liquidation, the recovery to creditors would be substantially lower than under the Plan. By contrast, in a chapter 7 liquidation, distributions to General Unsecured Creditors would likely be nonexistent, and secured creditors would face the risk of receiving significantly less than agreed-upon treatment provided for under the Plan.

2. Methodology and Assumptions

The Liquidation Analysis is a hypothetical exercise based on a number of assumptions that are necessarily speculative and uncertain. The estimated outcomes presented herein are not predictions or guarantees of actual results, but rather reasonable estimates based on the Debtors' books and records, historical performance, asset valuations, and market conditions, as of the date of this Disclosure Statement.

For the purpose of the Liquidation Analysis, it is assumed that the Chapter 11 Cases would be converted to chapter 7 on the Effective Date of the Plan and that chapter 7 trustees would be appointed immediately thereafter. These trustees would be responsible for winding down the Debtors' estates, marshalling and liquidating all assets, reconciling claims, and distributing proceeds in accordance with the priority scheme established by the Bankruptcy Code.

The Liquidation Analysis assumes that all of the Debtors' tangible and intangible assets would be liquidated through a combination of piecemeal sales, auctions, or bulk transfers. Additionally, the analysis assumes that the chapter 7 trustees would incur substantial costs in the form of trustee commissions, professional fees, wind-down expenses, and other costs. The Debtors also assume that a liquidation would take considerable time, likely extending well beyond one year, during which the value of the estates could further deteriorate due to delayed realization of proceeds and market volatility.

3. Assets in Liquidation

The Debtors' principal assets consist of cash and cash equivalents, accounts receivable, intellectual property rights, and rights under certain contracts and licenses. Based on the Debtors' most recent audited financial statements, the Debtors believe they also have approximately $243 million of federal net operating losses, $174 million of state net operating losses, and $2.5 million of foreign net operating losses as of the Petition Date. Each category of asset would face unique challenges in a chapter 7 liquidation and the Debtors would recover substantially less in a chapter 7 liquidation sale.

4. **Administrative Expenses in Chapter 7**

The cost of administering a chapter 7 liquidation would be substantial. In addition to Statutory Fees owed to the Office of the United States Trustee, chapter 7 trustees would be entitled to commissions based on distributions made, typically up to 3%–5% of the gross proceeds. Trustees would likely retain their own financial advisors, accountants, and attorneys to assist in the liquidation and claims reconciliation processes. Professional fees in a liquidation are typically higher than in a going-concern restructuring due to inefficiencies, regulatory delays, and the lack of institutional knowledge regarding the Debtors' operations.

Additional expenses would arise from the need to wind down business operations, address federal and state regulatory compliance issues, and dispose of inventory and intellectual property. Furthermore, tax obligations may arise upon asset sales, and litigation risks could increase in the absence of the negotiated releases and settlements embodied in the Plan. All of these costs would be paid ahead of any distributions to General Unsecured Creditors, thereby significantly reducing the funds available to satisfy creditor claims.

5. **Estimated Recoveries Under Chapter 7 vs. the Plan**

Under the Plan, all Settlement Parties are waiving distributions in effort to yield some recoveries for the Debtors' general unsecured creditors. Without this Plan, the Plan Sponsor Contribution, the Plan Settlement Payment, the Surplus DIP Cash, and potential recoveries from the D&O Claim Resolution, the Debtors' general unsecured creditors would recover nothing while Settlement Parties and other prepetition secured creditors would recover minimal amounts, if anything, on account of their secured claims.

By contrast, in a chapter 7 liquidation scenario, and without the Settlement Parties' concessions and amounts contributed under the Plan Settlement, the Proponents believe that secured creditors would recover only a fraction of their claims (if anything) due to fire-sale discounts on transferred assets and the costs of liquidation. General unsecured creditors, which include numerous trade vendors, service providers, landlords, and employees, would receive no distribution.

Therefore, while the Plan contemplates general unsecured creditors recovering *pro rata* on account of their Allowed Claims, a chapter 7 liquidation would likely result no distributions for general unsecured creditors and any recoveries for secured creditors would be materially diminished.

6. **Conclusion**

The Proponents believe that confirmation and implementation of the Plan will yield a substantially greater return for creditors and stakeholders than would be available in a chapter 7 liquidation. The Plan maximizes the value of the Debtors' assets through a carefully structured series of transactions and settlement of claims with the Settlement Parties, including the various sources of recovery available under the Plan Settlement. The Plan also avoids the unnecessary administrative expenses, delays, and value destruction associated with a piecemeal liquidation of the Debtors' assets. Accordingly, the Proponents submit that the Plan satisfies the "best interests of creditors" test under section 1129(a)(7) of the Bankruptcy Code and represents the most favorable outcome for all creditors and interest holders.

F. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires, as a condition to confirmation of a Chapter 11 plan, that the Bankruptcy Court find that confirmation of the plan is not likely to be followed by the liquidation,

or the need for further financial reorganization, of the debtor or any successor under the plan, unless such liquidation or reorganization is proposed under the plan. This requirement is commonly referred to as the "feasibility" standard. This section demonstrates that the Plan proposed by the Debtors and the Plan Sponsor meets the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

While this Plan is a plan of reorganization, the consideration to fund Plan distributions to Holders of Allowed Claims is not contingent on the future financial performance of Reorganized HGE. Further, any and all Cure Claims related to the assumption and assignment of Executory Contracts and Unexpired Leases are being paid by the assignees to such Executory Contracts and Unexpired Leases. Any Executory Contracts and Unexpired Leases not previously assumed and assigned or rejected will be deemed rejected as of the Effective Date – meaning that the Debtors will not have any potential Cure Claims that are required to be paid. As such, the Debtors will not require a further reorganization to effectuate the terms of the Plan.

Based on the foregoing and the fact that the Plan does not require any future performance by Reorganized HGE to fund any distributions under the Plan, the Proponents believe that financial projections of Reorganized HGE are not relevant to determining the Plan's feasibility. Accordingly, the Proponents believe that section 1129(a)(11) of the Bankruptcy Code is satisfied under the Plan.

G. Acceptance by Impaired Classes

The Bankruptcy Code requires that, except as described in the following section, each impaired class of claims or interests must accept a plan in order for it to be confirmed. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to the class is not required. A class is "impaired" unless the plan: (i) leaves unaltered the legal, equitable, and contractual rights to which the claim or the interest entitles the holder of the claim or interest; (ii) cures any default, reinstates the original terms of such obligation, compensates the holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest; or (iii) provides that, on the consummation date, the holder of such claim receives cash equal to the allowed amount of that claim or, with respect to any equity interest, the holder of such interest receives value equal to the greater of (a) any fixed liquidation preference to which the holder of such equity interest is entitled, (b) the fixed redemption price to which such holder is entitled, or (c) the value of the interest.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of allowed claims in that class, counting only those claims that actually voted to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number of creditors actually voting cast their ballots in favor of acceptance. For a class of impaired interests to accept a plan, section 1126(d) of the Bankruptcy Code requires acceptance by interest holders that hold at least two-thirds (2/3) in amount of the allowed interests of such class, counting only those interests that actually voted to accept or reject the plan. Thus, a class of interests will have voted to accept the plan only if two-thirds in amount actually voting cast their ballots in favor of acceptance.

H. Confirmation Without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted the plan; *provided* that the plan has been accepted by at least one impaired class of claims. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent's request, in a procedure commonly known as "cramdown," so long as the plan does not "discriminately unfairly" and is

"fair and equitable" with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.

If any Impaired Class of Claims or Interests rejects the Plan, including Classes of Claims or Interests deemed to reject the Plan, the Debtors will request Confirmation of the Plan, as it may be modified from time to time, under the "cramdown" provision under section 1129(b) of the Bankruptcy Code. The Proponents reserve the right to modify the Plan in accordance with Article 6.3 and Article 13.6 of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a Class of Claims to render such Class of Claims Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules or to withdraw the Plan as to such Debtor.

The Debtors believe that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the requirements for cramdown and the Debtors will be prepared to meet their burden to establish that the Plan can be confirmed pursuant to section 1129(b) of the Bankruptcy Code as part of Confirmation of the Plan.

1. **No Unfair Discrimination**

The "unfair discrimination" test applies with respect to classes of claim or interests that are of equal priority but are receiving different treatment under a proposed plan. The test does not require that the treatment be the same or equivalent, but that the treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (*e.g.,* classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. Under certain circumstances, a proposed plan may treat two classes of unsecured creditors differently without unfairly discriminating against either class.

With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. Accordingly, the Proponents believe that the Plan meets the standard to demonstrate that the Plan does not discriminate unfairly, and the Proponents will be prepared to meet their burden to establish that there is no unfair discrimination as part of Confirmation of the Plan.

2. **Fair and Equitable Test**

The "fair and equitable" 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 each non-accepting class and as set forth below, the test sets different standards depending on the type of claims or interests in such class. The Proponents believe that the Plan satisfies the "fair and equitable" requirement via the various mechanisms for full recoveries for all creditors provided for via the Plan. There is no Class receiving more than a 100% recovery, and all senior Classes are receiving a full recovery or agree to receive a different treatment under the Plan, thereby entitling junior Classes to receive full recovery under the Plan.

(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 value, as of the effective

date, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the claimant's liens; and/or (iii) the holders of such secured claims receive the realization of the indubitable equivalent of such secured claims under the plan.

(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 receive or retain on account of such claim property of a value, as of the effective date, equal to the allowed amount of such claim; or (i) the holder of any claim or any interest that is junior to the claims of such class will not receive or retain any property under the plan on account of such junior claim or junior interest, subject to certain exceptions.

(c) Interests

The condition that a plan be "fair and equitable" to a non-accepting class of interests, includes the requirements that either: (i) the plan provides that each holder of an interest in that class receives or retains under the plan on account of that interest property of a value, as of the effective date, 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) the holder of any interest that is junior to the interests of such class will not receive or retain any property under the plan on account of such junior interest.

ARTICLE X.
Risk Factors

BEFORE TAKING ANY ACTION WITH RESPECT TO THE PLAN, HOLDERS OF CLAIMS AGAINST THE DEBTORS WHO ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ AND CONSIDER CAREFULLY THE RISK FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT, THE PLAN, AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH, REFERRED TO, OR INCORPORATED BY REFERENCE INTO THIS DISCLOSURE STATEMENT, INCLUDING OTHER DOCUMENTS FILED WITH THE BANKRUPTCY COURT IN THE CHAPTER 11 CASES. THE RISK FACTORS SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS PRESENT IN CONNECTION WITH THE DEBTORS' BUSINESSES OR THE RESTRUCTURING AND CONSUMMATION OF THE PLAN. EACH OF THE RISK FACTORS DISCUSSED IN THIS DISCLOSURE STATEMENT MAY APPLY EQUALLY TO THE DEBTORS AND REORGANIZED HGE, AS APPLICABLE AND AS CONTEXT REQUIRES.

A. Bankruptcy Law Considerations

While the Proponents believe that these Chapter 11 Cases have been efficient and not materially harmful to the value of their assets, the Proponents cannot be certain that this will be the case. Further, it is impossible to predict with certainty the amount of time that one or more of the Debtors may spend in bankruptcy or to assure the parties in interest that the Plan will be confirmed. Even if confirmed on a timely basis, bankruptcy proceedings to confirm the Plan could have an adverse effect on the amount of distributable value available to the Holders of Claims or Interests.

The occurrence or non-occurrence of any or all of the following contingencies, and any others, could affect distributions available to Holders of Allowed Claims under the Plan but will not necessarily affect

the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of Holders of Claims in such Impaired Classes.

1. Parties in Interest May Object to the Plan's Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity 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 Proponents created Classes of Claims and Interests each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims or Interests, as applicable, in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

Although the Proponents believe that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code, a Holder could challenge the classification. In such event, the cost of the Plan and the time needed to confirm the Plan may increase, and the Proponents cannot be sure that the Bankruptcy Court will agree with the Proponents' classification of Claims and Interests. If the Bankruptcy Court concludes that either or both of the classifications of Claims and Interests under the Plan do not comply with the requirements of the Bankruptcy Code, the Debtors may need to modify the Plan. Such modification could require a re-solicitation of votes on the Plan. The Plan may not be confirmed if the Bankruptcy Court determines that the Debtors' classification of Claims and Interests is not appropriate.

2. The Conditions Precedent to the Effective Date of the Plan May Not Occur

As more fully set forth in Article 11 of the Plan, the Effective Date of the Plan is subject to a number of conditions precedent. If such conditions precedent are not met or waived, the Effective Date will not take place.

3. The Proponents May Not Be Able to Satisfy Vote Requirements

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Proponents intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Proponents may seek to confirm an alternative chapter 11 plan or transaction. There can be no assurance that the terms of any such alternative chapter 11 plan or other transaction would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan and the Proponents do not believe that any such transaction exists or is likely to exist that would be more beneficial to the Estates than the Plan.

4. The Proponents May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the bankruptcy court that: (a) the plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting Classes; (b) the plan is not likely to be followed by a liquidation or a need for further financial reorganization unless liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting Holders of Claims and Interests within a particular Class under the 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.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A dissenting Holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement and the voting results are appropriate, the Bankruptcy Court can decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation have not been met, including the requirement that the terms of the Plan do not "unfairly discriminate" and are "fair and equitable" to non-accepting Classes.

If the Plan is not confirmed, it is unclear what distributions, if any, Holders of Allowed Claims and Interests will receive with respect to their Allowed Claims and Interests, as applicable. Subject to the limitations contained in the Plan, the Debtors reserve the right to modify the Plan and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, resolicit votes on such modified Plan. Any modifications could result in a less favorable treatment of any Class than the treatment currently provided in the Plan, such as a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan.

5. Parties in Interest May Object to the Releases Contained in the Plan

Confirmation is also subject to the Bankruptcy Court's approval of the settlement, release, injunction, and related provisions described in Article 10 of the Plan. Certain parties in interest may assert that the Proponents cannot demonstrate that they meet the relevant standards for approval of releases, exculpations, and injunctions.

6. The Proponents May Object to the Amount or Classification of a Claim or Interest

Except as otherwise provided in the Plan, the Proponents reserve the right to object to the amount or classification of any Claim or Interest under the Plan. The estimates set forth in this Disclosure Statement cannot be relied upon by any Holder of a Claim or Interest where such Claim or Interest is subject to an objection or dispute. Any Holder of a Claim or Interest that is subject to an objection or dispute may not receive its expected share of the estimated distributions described in this Disclosure Statement.

7. The Proponents May Not Be Able to Pursue Nonconsensual Confirmation Over Certain Impaired Non-Accepting Classes

Generally, a bankruptcy court may confirm a plan under the Bankruptcy Code's "cramdown" provisions over the objection of an impaired non-accepting class of claims or interests if at least one impaired class of claims has accepted the plan (with acceptance being determined without including the vote of any "insider" in that accepting 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 rejecting impaired classes.

While the Proponents believe they may secure Plan support from the Holders of Claims well in excess of the requisite two-thirds in amount and more than one-half in number (the amount required for an accepting Class of Claims pursuant to section 1126(c) of the Bankruptcy Code) there is no guarantee that those Holders will vote those Claims favor of the Plan. There can be no assurances that the Proponents will confirm a chapter 11 plan and emerge as a reorganized company in that event, and it is unclear what distributions, if any, Holders of Allowed Claims and Interests will receive with respect to their Allowed Claims and Interests in that instance. In addition, the pursuit of an alternative restructuring proposal may result in, among other things, increased expenses relating to claims of estate professionals.

Finally, to the extent that a Voting Class votes to reject the Plan, the Proponents may not be able to seek to "cramdown" such Voting Class under section 1129(b) of the Bankruptcy Code because there is no other impaired Class of Claims entitled to vote under the Plan.

8. **The Chapter 11 Cases May Be Converted to Cases under Chapter 7 of the Bankruptcy Code**

If the Bankruptcy Court finds that it would be in the best interest of creditors and/or the debtor in a chapter 11 case, the Bankruptcy Court may convert a chapter 11 bankruptcy case to a case under chapter 7 of the Bankruptcy Code. In such event, a chapter 7 trustee would be appointed or elected to liquidate the debtor's assets for distribution in accordance with the priorities established by the Bankruptcy Code. The Proponents believe that liquidation under chapter 7 would result in significantly diminished distributions being made to creditors than those provided for in a chapter 11 plan because of (a) the likelihood that the assets would have to be sold or otherwise disposed of in a disorderly fashion over a short period of time, rather than reorganizing or selling the business as a going concern at a later time in a controlled manner, (b) additional administrative expenses involved in the appointment of a chapter 7 trustee, and (c) additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation, including Claims resulting from the rejection of Unexpired Leases and other Executory Contracts in connection with cessation of operations. For a more detailed description of the consequences of an extended chapter 11 case, or of a liquidation scenario, see Article IX.E of this Disclosure Statement, titled "Best Interests of Creditors/Liquidation Analysis" and the Liquidation Analysis attached hereto as **Exhibit B**.

9. **Any of the Chapter 11 Cases May Be Dismissed**

If the Bankruptcy Court finds that the Debtors have incurred substantial or continuing loss or diminution to the estate and lack of a reasonable likelihood of rehabilitation of the Debtors or the ability to effectuate substantial Consummation of a confirmed plan, or otherwise determines that cause exists, the Bankruptcy Court may dismiss one or all of the Chapter 11 Cases. In such event, the Proponents would be unable to confirm the Plan with respect to the applicable Debtor or Debtors, which may ultimately result in significantly smaller distributions to creditors than those provided for in the Plan.

B. Continued Risk Upon Confirmation and Recoveries Under the Plan

Even if the Plan is consummated, the Debtors will continue to face a number of risks, including certain risks that are beyond their control, such as deterioration or other changes in economic conditions, changes in the industry, changes in interest rates, potential revaluing of their assets due to chapter 11 proceedings, and increasing expenses.

At the outset of the Chapter 11 Cases, the Bankruptcy Code provides the Debtors with the exclusive right to propose the Plan and prohibits creditors and others from proposing a plan. The Debtors will have retained the exclusive right to propose the Plan upon filing their Petitions. If the Bankruptcy Court terminates that right, however, or the exclusivity period expires, there could be a material adverse effect on the Debtors' ability to achieve Confirmation of the Plan to achieve the Debtors' stated goals. Furthermore, even if the Debtors' debts are reduced and/or discharged through the Plan, the Debtors may need to raise additional funds through public or private debt or equity financing or other various means to fund the Debtors' business after the completion of the proceedings related to the Chapter 11 Cases. Adequate funds may not be available when needed or may not be available on favorable terms.

1. Dependence on Plan Settlement Contributions from Settlement Parties

The Debtors' ability to make payments under the Plan may be affected by a number of factors, including receiving the Plan Settlement contributions from the Settlement Parties. Although the Settlement Parties have agreed to provide the Plan Settlement contributions, including, among other things, the Settlement Party Payment, the Surplus DIP Cash, and the Plan Sponsor Consideration, the Settlement Parties are not debtors in these Chapter 11 Cases and are under no court order to make such contribution. Indeed, a change in circumstances—such as deteriorating financial performance abroad or operational strain—could cause the Settlement Parties to withdraw or reduce support. Any such action would materially impair the Debtors', Reorganized HGE's, and/or the Liquidating Trust's ability to fund distributions to creditors or operate effectively post-emergence

2. Contingencies Could Affect Distributions to Holders of Allowed Claims

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies, which could affect distributions available to Holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

The estimated Claims and creditor recoveries set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary from the estimated Claims contained in this Disclosure Statement.

3. Risk of Non-Occurrence of the Effective Date

The Effective Date of the Plan is conditioned upon several requirements, including the entry of the Confirmation Order and satisfaction of conditions relating to the Plan Settlement and execution of Definitive Documents. If these conditions are not met or waived, the Plan may not become effective, resulting in protracted bankruptcy proceedings or conversion of the Chapter 11 Cases to chapter 7. Although the Proponents believe that the Effective Date may 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. As more fully set forth in Article 11 of the Plan, the Effective Date of the Plan is subject to a number of conditions precedent. If such conditions precedent are not met, the Effective Date will not take place.

4. Certain Tax Implications of the Debtors' Bankruptcy and Reorganization

Holders of Allowed Claims should carefully review Article XII of this Disclosure Statement to determine how the tax implications of the Plan and the Chapter 11 Cases may adversely affect the Debtors.

C. Risk Factors Related to the Business Operations of the Debtors and Reorganized HGE

1. The Debtors Are Subject to the Risks and Uncertainties Associated with Any Chapter 11 Restructuring

For the duration of these Chapter 11 Cases, the Debtors' ability to effectuate this reorganization will be subject to the risks and uncertainties associated with bankruptcy. These risks include, among other things, the Debtors' ability to obtain approval of the Bankruptcy Court with respect to pleadings and motion papers filed in the Chapter 11 Cases from time to time.

The Debtors are also subject to risks and uncertainties with respect to the actions and decisions of creditors and other third parties who have interests in the Chapter 11 Cases that may be inconsistent with the Plan.

These risks and uncertainties could affect the Debtors' Estates in various ways. Also, pursuant to the Bankruptcy Code, the Debtors need Bankruptcy Court approval for transactions outside the ordinary course of business, which may limit their ability to respond timely to certain events or take advantage of certain opportunities. Because of the risks and uncertainties associated with the Chapter 11 Cases, the Debtors cannot predict or quantify the ultimate effect that events occurring during the Chapter 11 Cases will have on their businesses, financial condition, and results of operations.

As a result of the Chapter 11 Cases, the realization of assets and the satisfaction of liabilities are subject to uncertainty. While operating as debtors in possession, and subject to approval of the Bankruptcy Court, or otherwise as permitted in the normal course of business or Bankruptcy Court order, the Debtors may sell or otherwise dispose of assets and liquidate or settle liabilities. Further, the Plan could materially change the amounts and classifications of assets and liabilities reported in the historical consolidated financial statements. The historical consolidated financial statements do not include any adjustments to the reported amounts of assets or liabilities that might be necessary as a result of Confirmation.

2. Pending and Future Litigation Matters

In the ordinary course of business, the Debtors are parties to certain lawsuits, legal proceedings, collection proceedings, and claims arising out of their business operations. The Debtors cannot predict with certainty the outcome of these lawsuits, legal proceedings, and claims. Particularly, with respect to the pending litigation involving various litigation counterparties, while the Debtors believe that these claims are meritless, the Debtors cannot predict such success with absolute certainty.

With certain exceptions, the filing of the Chapter 11 Cases operates as a stay with respect to the commencement or continuation of litigation against the Debtors that was or could have been commenced before the commencement of the Chapter 11 Cases. In addition, the Debtors' liability with respect to litigation stayed by the commencement of the Chapter 11 Cases generally is subject to discharge, settlement, and release upon confirmation of a plan under chapter 11, with certain exceptions. Therefore, certain litigation Claims against the Debtors may be subject to discharge in connection with the Chapter 11 Cases. Specific litigation includes or may include (a) workers' compensation cases involving current and former employees, (b) landlord-tenant disputes, (c) wrongful termination employee actions, (d) regulatory matters, and (e) other litigation matters that have since been closed.

Notwithstanding the foregoing, there also may be in the future certain litigation that could result in a material judgment against the Debtors or Reorganized HGE. Such litigation, and any judgment in connection therewith, could have a material negative effect on the Debtors or Reorganized HGE, as applicable.

D. Miscellaneous Risk Factors and Disclaimers

1. The Financial Information Is Based on the Debtors' Books and Records and, Unless Otherwise Stated, No Audit Was Performed

In preparing this Disclosure Statement, the Proponents relied on financial data derived from their books and records that were available at the time of such preparation. Although the Debtors have used their reasonable business judgment to assure the accuracy of the financial information provided in this Disclosure Statement, and while the Proponents believe that such financial information fairly reflects their

financial condition, the Debtors are unable to warrant or represent that the financial information contained in this Disclosure Statement (or any information in any of the exhibits to the Disclosure Statement) is without inaccuracies.

2. **No Legal or Tax Advice Is Provided by This Disclosure Statement**

This Disclosure Statement is not legal advice to any person or Entity. The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each reader should consult its own legal counsel and accountant with regard to any legal, tax, and other matters concerning its Claim. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote to accept or reject the Plan or whether to object to Confirmation.

3. **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 the Debtors or Committee) nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, Reorganized HGE, the Committee, Holders of Allowed Claims or Interests, or any other parties in interest.

4. **Failure to Identify Litigation Claims or Projected Objections**

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim is, or is not, identified in this Disclosure Statement. The Debtors may seek to investigate, file, and prosecute Claims and may object to Claims after Confirmation and Consummation of the Plan, irrespective of whether this Disclosure Statement identifies such Claims or objections to Claims.

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

Counsel to and other advisors retained by the Proponents have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although counsel to and other advisors retained by the Proponents have performed certain limited due diligence in connection with the preparation of this Disclosure Statement and the exhibits to the Disclosure Statement, they have not independently verified the information contained in this Disclosure Statement or the information in the exhibits to the Disclosure Statement.

6. **No Representations Outside This Disclosure Statement Are Authorized**

No representations concerning or relating to the Debtors, the 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 voting Holders' 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 voting Holders in arriving at their decision.

Voting Holders should promptly report unauthorized representations or inducements to counsel to the Debtors, the Committee, and the Office of the United States Trustee for the Northern District of Texas.

7. **No Duty to Update**

The statements contained in this Disclosure Statement are made by the Proponents as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not

imply that there has been no change in the information set forth herein since that date. The Proponents have no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

ARTICLE XI.
Certain Securities Law Matters

A. Introduction

The Plan proposes a series of transactions and distributions that may involve the issuance, transfer, or retention of securities within the meaning of applicable United States federal and state securities laws. This section provides a comprehensive discussion of those implications, including the applicability of registration exemptions, the potential issuance or reinstatement of securities, resale limitations, the treatment of insider and affiliate transactions, and related compliance issues. This disclosure is intended to Holders of Claims and Interests and other parties in interest in understanding the legal framework under which any such securities transactions may be affected in connection with Confirmation and Consummation of the Plan.

Importantly, no securities are being offered or sold through this Disclosure Statement, and this Disclosure Statement does not constitute an offer or solicitation with respect to any securities. Any securities potentially issued under the Plan will be issued in reliance on one or more exemptions from registration under applicable federal and state securities laws.

B. Applicability of Section 1145 of the Bankruptcy Code

Section 1145(a) of the Bankruptcy Code provides a statutory exemption from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the "**Securities Act**"), and from state "blue sky" laws, for the offer or sale of certain securities under a confirmed chapter 11 plan. Specifically, Section 1145 provides that the offer or sale of securities is exempt from registration if:

- The securities are issued under a chapter 11 plan;
- The securities are issued by the debtor, a successor to the debtor, or an affiliate of the debtor that is participating in the plan of reorganization with the debtor; and
- The securities are issued in exchange for a claim against, an interest in, or an administrative expense claim against the debtor.

This exemption covers the issuance of stock, bonds, and other instruments that are "securities" within the meaning of Section 2(a)(1) of the Securities Act, including common and preferred equity, debt instruments, and certain derivative instruments.

If any securities are distributed to creditors or equity holders under the Plan in exchange for allowed claims or interests, the Debtors believe that such issuances will satisfy the requirements of Section 1145. Moreover, any retention or deemed issuance of equity interests held by the Plan Sponsor would not constitute a public offering under the Securities Act and would not require registration.

C. Possible Issuances of Securities Under the Plan

Although the Plan does not mandate the issuance of publicly tradable securities, it does contemplate several transactions that may, directly or indirectly, result in the issuance or retention of securities. These include:

1. Issuance of Reorganized HGE Common Stock

On the Effective Date, 1,000 shares of the Reorganized HGE Common Stock, representing 100% of the equity of Reorganized HGE, shall be issued to the Plan Sponsor or an entity designated by the Plan Sponsor, in consideration for the Plan Sponsor Consideration and to the Senior DIP Lender, to the extent that it exercises the Subscription Option. The Reorganized HGE Common Stock shall be free and clear of all Liens, Claims, interests, and encumbrances of any kind. All the shares of Reorganized HGE Common Stock issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessable. On the Effective Date, none of the Reorganized HGE Common Stock will be listed on a national securities exchange. Reorganized HGE may take all necessary actions, if applicable, after the Effective Date to suspend any requirement to (a) be a reporting company under the Securities Exchange Act, and (b) file reports with the Securities and Exchange Commission or any other entity or party.

D. Applicability of Section 4(a)(2) and Regulation D

Where the Section 1145 exemption does not apply—such as issuances of the Reorganized HGE Common Stock—the Debtors will rely on the "private offering" exemption set forth in Section 4(a)(2) of the Securities Act. This exemption is available for transactions that do not involve any public offering. Courts and the SEC consider several factors in determining whether a transaction qualifies, including:

- The sophistication of the offeree(s);
- Access to material information;
- Number of offerees;
- Absence of general solicitation.

Issuances to the Plan Sponsor, as a sophisticated entity with comprehensive access to information, clearly fall within this exemption. In addition, the Debtors may utilize Regulation D, including Rule 506(b), to ensure compliance with federal and state securities laws for any other applicable transactions.

E. Use of Regulation S for Non-U.S. Persons

The Plan Sponsor and other affiliates of the Debtors are non-U.S. persons under Regulation S of the Securities Act. To the extent any securities are issued outside the United States to such entities, the Debtors believe that Regulation S will provide a separate exemption from registration, provided that:

- The offer and sale occur outside the United States;
- No directed selling efforts are made in the U.S.; and
- The purchaser is a non-U.S. person.

Issuances that comply with Regulation S are not subject to U.S. registration requirements, and resales are subject to minimal restrictions if sold offshore after the required holding period.

F. Restrictions on Resale of Securities

To the extent applicable, securities issued under the Plan pursuant to Section 1145 may be resold by recipients without registration, unless the holder is an "underwriter" as defined in Section 1145(b)(1), which includes:

- Persons who acquire securities with a view to distribution;
- Affiliates of the issuer;
- Persons who resell securities on behalf of the debtor or an affiliate.

Affiliates, including the Plan Sponsor and any of its designated entities or officers of Reorganized HGE, may be considered underwriters and thus may not resell such securities absent an effective registration statement or another applicable exemption.

Securities issued under Section 4(a)(2), Regulation D, or Regulation S will be deemed "restricted securities" and will be subject to resale limitations under Rule 144 unless held by non-affiliates who meet the applicable holding period and other requirements.

G. State Securities ("Blue Sky") Laws

To the extent securities are issued pursuant to Section 1145, state securities law registration requirements are preempted. For securities issued under other exemptions, such as Section 4(a)(2), Regulation D, or Regulation S, compliance with applicable state blue sky laws may be required unless preempted under the National Securities Markets Improvement Act of 1996 ("**NSMIA**"). Where required, the Debtors will ensure that such securities are exempt from registration under the applicable state law through reliance on Rule 506 or other available exemptions.

H. No Public Market for Debtors' Securities

There is currently no public market for any securities of the Debtors, and the Debtors do not anticipate that a public market will develop post-confirmation. The Debtors do not intend to register any securities issued under the Plan with the SEC or list them on any securities exchange. As a result, any securities distributed under the Plan are likely to be illiquid and may be subject to restrictions on transfer.

I. No Reporting Obligations Under the Exchange Act

Following confirmation of the Plan, the Debtors do not intend to register any class of securities under Section 12 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor do they intend to become subject to the periodic reporting requirements of Section 13 or Section 15(d) of the Exchange Act. Accordingly, holders of any securities issued under the Plan should not expect to receive periodic financial statements or reports from the Debtors or Reorganized HGE, unless otherwise required by contract or law.

J. No Offer or Solicitation

This Disclosure Statement has been prepared in accordance with Section 1125 of the Bankruptcy Code and is not intended to constitute an offer to sell or a solicitation of an offer to buy any securities. Any such offer or sale, if it occurs, will be made only in compliance with applicable securities laws and pursuant to a valid exemption from registration.

K. Conclusion

The Proponents believe that all securities transactions contemplated under the Plan will be exempt from federal and state registration requirements, either under Section 1145 of the Bankruptcy Code, Section 4(a)(2) of the Securities Act, Regulation D, or Regulation S. The Debtors do not intend to register any securities issued under the Plan, and no public market is expected to exist for such securities. Accordingly, recipients of any such securities should be prepared to hold them indefinitely and should consult their own legal and financial advisors regarding the securities law implications of their receipt and any potential transfer of such securities

ARTICLE XII.
Certain U.S. Federal Tax Consequences of the Plan

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

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

The U.S. federal income tax treatment of a Holder of an Allowed Claim that receives a distribution in satisfaction of such Claim will depend upon the nature of the Claim, the tax status of the Holder, the form of the consideration received, and the extent to which the Claim includes accrued but unpaid interest.

In general, a Holder of a Claim will recognize gain or loss in an amount equal to the difference between (i) the "amount realized" by the Holder in satisfaction of the Claim (i.e., the sum of the cash and fair market value of any property received) and (ii) the Holder's adjusted tax basis in the Claim. A Holder's adjusted tax basis in a Claim generally equals the Holder's cost for the Claim, with certain adjustments for payments previously received and other applicable rules. Each applicable Holder should consult with its own tax advisors as to the tax consequences of such distributions, and the applicability of the installment sale rules.

B. Reporting and Withholding Obligations

All distributions under the Plan are subject to applicable tax withholding, including backup withholding under section 3406 of the Tax Code, unless the recipient provides a properly completed IRS Form W-9 (for U.S. persons) or Form W-8 (for non-U.S. persons). Backup withholding generally applies to

reportable payments if the recipient fails to provide a taxpayer identification number or underreports interest or dividend income.

Any amounts withheld from a payment to a Holder under the backup withholding rules may be credited against the Holder's U.S. federal income tax liability, and a refund may be obtained to the extent such withholding exceeds the actual tax liability of the Holder.

C. Information Reporting

The Debtors, Reorganized HGE, or the Liquidating Trust may be required to file information returns with the IRS with respect to distributions made pursuant to the Plan. Holders may also be required to furnish certain information to establish an exemption from withholding or to comply with tax reporting obligations.

D. Importance of Tax Advice

THE FOREGOING IS INTENDED TO BE A GENERAL SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE IMPLEMENTATION OF THE PLAN. IT IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING. THE TAX CONSEQUENCES TO HOLDERS MAY VARY BASED ON INDIVIDUAL CIRCUMSTANCES AND MAY BE AFFECTED BY OTHER FACTORS, INCLUDING WHETHER THE HOLDER HAS TAKEN A BAD DEBT DEDUCTION, THE HOLDER'S METHOD OF ACCOUNTING, OR WHETHER THE HOLDER IS A NON-U.S. PERSON.

HOLDERS OF CLAIMS THAT RECEIVE DISTRIBUTIONS UNDER THE PLAN SHOULD CONSULT WITH THEIR TAX ADVISORS REGARDING THE ALLOCATION OF CONSIDERATION AND THE TAX IMPLICATIONS OF THE PLAN TO THEIR PARTICULAR SITUATION.

ARTICLE XIII.
Conclusion and Recommendation

In the opinion of the Debtors and the Committee, the Plan is preferable to the alternatives described in this Disclosure Statement because it provides for a larger distribution to Holders of Allowed Claims and Interests than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. In addition, any alternative other than Confirmation could result in extensive delays and increased administrative expenses, resulting in smaller distributions to Holders of Allowed Claims than proposed under the Plan. Accordingly, the Debtors and Committee recommend that Holders of Claims and Interests entitled to vote to accept or reject the Plan support Confirmation and vote to **accept** the Plan.

Dated: October 13, 2025

Respectfully submitted,

HIGHER GROUND EDUCATION, INC., *et al*.,
Debtors and Debtors in Possession

By: */s/ Jonathan McCarthy*
Jonathan McCarthy
Interim President & Secretary

-and-

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: */s/ Sophiea Kim*
Sophiea Kim
Co-Chair

By: */s/ Terry Nugent*
Terry Nugent
Co-Chair

Exhibit B

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	Chapter 11
Higher Ground Education, Inc., *et al.*,[1]	§	Case No.: 25-80121-11 (MVL)
Debtors.	§	(Jointly Administered)

~~FIRST~~SECOND AMENDED DISCLOSURE STATEMENT FOR THE ~~FIRST~~SECOND AMENDED JOINT PLAN OF REORGANIZATION OF HIGHER GROUND EDUCATION, INC., ITS AFFILIATED DEBTORS, AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

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COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

[1] The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal identification number, are: Higher Ground Education Inc. (7265); Guidepost A LLC (8540); Prepared Montessorian LLC (6181); Terra Firma Services LLC (6999); Guidepost Birmingham LLC (2397); Guidepost Bradley Hills LLC (2058); Guidepost Branchburg LLC (0494); Guidepost Carmel LLC (4060); Guidepost FIC B LLC (8609); Guidepost FIC C LLC (1518); Guidepost Goodyear LLC (1363); Guidepost Las Colinas LLC (9767); Guidepost Leawood LLC (3453); Guidepost Muirfield Village LLC (1889); Guidepost Richardson LLC (7111); Guidepost South Riding LLC (2403); Guidepost St Robert LLC (5136); Guidepost The Woodlands LLC (6101); Guidepost Walled Lake LLC (9118); HGE FIC D LLC (6499); HGE FIC E LLC (0056); HGE FIC F LLC (8861); HGE FIC G LLC (5500); HGE FIC H LLC (8817); HGE FIC I LLC (1138); HGE FIC K LLC (8558); HGE FIC L LLC (2052); HGE FIC M LLC (8912); HGE FIC N LLC (6774); HGE FIC O LLC (4678); HGE FIC P LLC (1477); HGE FIC Q LLC (3122); HGE FIC R LLC (9661); LePort Emeryville LLC (7324); AltSchool II LLC (0403). The Debtors' mailing address is 1321 Upland Dr. PMB 20442, Houston, Texas 77043.

THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT. THE INFORMATION IN THIS DISCLOSURE STATEMENT IS SUBJECT TO CHANGE. THIS DISCLOSURE STATEMENT IS NOT AN OFFER TO SELL ANY SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY ANY SECURITIES.

THE DEBTORS AND COMMITTEE ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO CERTAIN HOLDERS OF CLAIMS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE ~~FIRST~~SECOND AMENDED JOINT PLAN OF REORGANIZATION OF HIGHER GROUND EDUCATION, INC, TOGETHER WITH ITS AFFILIATED DEBTORS (COLLECTIVELY, THE "DEBTORS"), AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS (THE "COMMITTEE," AND WITH THE DEBTORS, THE "PROPONENTS") PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE (AS MAY BE AMENDED, MODIFIED, OR SUPPLEMENTED FROM TIME TO TIME, AND INCLUDING ALL EXHIBITS AND SUPPLEMENTS THERETO, THE "PLAN"). A COPY OF THE PLAN TO WHICH THIS DISCLOSURE STATEMENT RELATES IS ATTACHED HERETO AS EXHIBIT A. FOR THE AVOIDANCE OF DOUBT, THE INFORMATION IN THIS DISCLOSURE STATEMENT IS BEING PROVIDED SOLELY FOR THE PURPOSES OF VOTING TO ACCEPT OR REJECT THE PLAN OR OBJECTING TO CONFIRMATION OF THE PLAN. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE USED BY ANY PARTY FOR ANY OTHER PURPOSE. BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN, EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED HEREIN. IN THE EVENT OF ANY INCONSISTENCIES BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE PLAN SHALL GOVERN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF.

HOLDERS OF CLAIMS OR INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. THE DEBTORS URGE EACH HOLDER OF A CLAIM OR 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 THE RESTRUCTURING TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT (WHEN AND IF APPROVED) DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN EVENTS THAT OCCURRED IN THE DEBTORS' CHAPTER 11 CASES. ALTHOUGH THE PROPONENTS

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 ANTICIPATED 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. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION, INCLUDING WITH RESPECT TO ANY FINANCIAL DATA, PROJECTIONS, OR ANALYSES.

IN PREPARING THIS DISCLOSURE STATEMENT, THE PROPONENTS RELIED ON FINANCIAL DATA DERIVED FROM THE DEBTORS' 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. WHILE THE PROPONENTS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION 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. THE PROPONENTS 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 DEBTORS OR ANY OTHER AUTHORIZED PARTY MAY SEEK TO INVESTIGATE, FILE, AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN, IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THE PROPONENTS 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 PROPONENTS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE PROPONENTS 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 OR 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, MODIFICATION, OR AMENDMENT. THE PROPONENTS RESERVE THE RIGHT TO FILE OR DISTRIBUTE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN.

THE PROPONENTS (I) HAVE NOT AUTHORIZED ANYONE TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ABOUT THE DEBTORS OR THE PLAN THAT IS DIFFERENT FROM, OR IN ADDITION TO, THOSE CONTAINED IN THIS DISCLOSURE STATEMENT OR IN ANY OF THE MATERIALS THAT HAS BEEN INCORPORATED INTO THIS DISCLOSURE STATEMENT OR PLAN, AS APPLICABLE, AND (II) DO NOT TAKE RESPONSIBILITY FOR, OR CAN PROVIDE ANY ASSURANCE AS TO THE RELIABILITY OF, ANY OTHER INFORMATION THAT OTHERS MAY GIVE YOU. THE PROPONENTS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE VALUE OF THE DEBTORS' PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT, THE PLAN, OR ANY PLAN SUPPLEMENT.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS OR INTERESTS (INCLUDING THOSE HOLDERS OF CLAIMS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, THOSE HOLDERS OF CLAIMS WHO VOTE TO REJECT THE PLAN, OR THOSE HOLDERS OF CLAIMS AND INTERESTS WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO CERTAIN MATERIAL CONDITIONS PRECEDENT DESCRIBED HEREIN AND SET FORTH IN THE PLAN. THERE IS NO ASSURANCE THAT THE PLAN WILL BE CONFIRMED, OR IF CONFIRMED, THAT THE CONDITIONS REQUIRED TO BE SATISFIED FOR THE PLAN TO GO EFFECTIVE WILL BE SATISFIED (OR WAIVED).

YOU ARE ENCOURAGED TO READ THE PLAN, ANY PLAN SUPPLEMENT, AND THIS DISCLOSURE STATEMENT, INCLUDING THE EXHIBITS HERETO, IN THEIR ENTIRETY BEFORE SUBMITTING YOUR BALLOT TO VOTE ON THE PLAN.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A GUARANTEE BY THE BANKRUPTCY COURT OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE MERITS OF THE PLAN.

THE PROPONENTS HAVE SOUGHT TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT; HOWEVER, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR INCORPORATED HEREIN BY REFERENCE HAS NOT BEEN, AND WILL NOT BE, AUDITED OR REVIEWED BY INDEPENDENT AUDITORS UNLESS EXPLICITLY PROVIDED OTHERWISE HEREIN.

ANY DISCUSSION OF FEDERAL, STATE, LOCAL, OR NON-U.S. TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO THE READER OR A HOLDER OF A CLAIM OR INTEREST. READERS AND ALL HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL, AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

SPECIAL NOTICE REGARDING FEDERAL AND STATE SECURITIES LAWS

NEITHER THIS DISCLOSURE STATEMENT NOR THE PLAN HAS BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY SIMILAR FEDERAL, STATE, LOCAL, OR FOREIGN REGULATORY AUTHORITY. THE PLAN HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION, AND NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR THE MERITS OF THE PLAN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED PURSUANT TO SECTIONS 1125 AND 1126 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(b). THE BANKRUPTCY COURT HAS NOT YET REVIEWED THIS DISCLOSURE STATEMENT OR THE PLAN. THE SECURITIES TO BE ISSUED ON OR AFTER THE EFFECTIVE DATE WILL NOT HAVE BEEN THE SUBJECT OF A REGISTRATION STATEMENT FILED WITH THE SEC UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE UNDER ANY STATE SECURITIES LAW (COLLECTIVELY, THE "BLUE SKY LAWS").

THE DEBTORS EXPECT TO RELY ON SECTION 1145 OF THE BANKRUPTCY CODE OR SECTION 4(A)(2) OF THE SECURITIES ACT AND/OR REGULATION D PROMULGATED THEREUNDER TO EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND BLUE SKY LAWS THE OFFER, ISSUANCE, AND DISTRIBUTION, IF APPLICABLE, OF EQUITY INTERESTS UNDER THE PLAN. NEITHER THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN (THE "SOLICITATION") NOR THIS DISCLOSURE STATEMENT CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY STATE OR JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED.

THIS DISCLOSURE STATEMENT CONTAINS "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF UNITED STATES SECURITIES LAWS. STATEMENTS CONTAINING WORDS SUCH AS "ANTICIPATE," "BELIEVE," "ESTIMATE," "EXPECT," "INTEND," "PLAN," "PROJECT," "TARGET," "MODEL," "CAN," "COULD," "MAY," "SHOULD," "WILL," "WOULD," OR SIMILAR WORDS OR THE NEGATIVE THEREOF, CONSTITUTE "FORWARD-LOOKING STATEMENTS." HOWEVER, NOT ALL FORWARD-LOOKING STATEMENTS IN THIS DISCLOSURE STATEMENT MAY CONTAIN ONE OR MORE OF THESE IDENTIFYING TERMS. FORWARD-LOOKING STATEMENTS ARE BASED ON THE DEBTORS' CURRENT EXPECTATIONS, BELIEFS, ASSUMPTIONS, AND ESTIMATES. THESE STATEMENTS ARE SUBJECT TO SIGNIFICANT RISKS, UNCERTAINTIES, AND ASSUMPTIONS THAT ARE DIFFICULT TO PREDICT AND COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY AND ADVERSELY FROM THOSE EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE DEBTORS OR PERSONS OR ENTITIES ACTING ON THEIR BEHALF ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS DISCLOSURE STATEMENT. THE DEBTORS ARE UNDER NO OBLIGATION TO (AND EXPRESSLY DISCLAIM ANY OBLIGATION TO) UPDATE OR ALTER ANY FORWARD-LOOKING STATEMENTS WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE, UNLESS INSTRUCTED TO DO SO BY THE BANKRUPTCY COURT.

YOU ARE CAUTIONED THAT ALL FORWARD-LOOKING STATEMENTS ARE NECESSARILY SPECULATIVE, AND THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE REFERRED TO IN SUCH FORWARD-LOOKING STATEMENTS. THE LIQUIDATION ANALYSIS, FINANCIAL PROJECTIONS, AND OTHER PROJECTIONS AND FORWARD-LOOKING INFORMATION CONTAINED HEREIN AND ATTACHED HERETO ARE ONLY ESTIMATES, AND THE TIMING AND AMOUNT OF ACTUAL DISTRIBUTIONS TO HOLDERS OF ALLOWED CLAIMS, AMONG OTHER THINGS, MAY BE AFFECTED BY MANY FACTORS THAT CANNOT BE PREDICTED. ANY ANALYSES, ESTIMATES, OR RECOVERY PROJECTIONS MAY OR MAY NOT TURN OUT TO BE ACCURATE.

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EXHIBITS

ARTICLE I.
Introduction

To implement a comprehensive financial restructuring, on June 17, 2025 and June 18, 2025 (collectively, the "**Petition Date**"), Higher Ground Education, Inc. ("**HGE**") and its affiliated debtors and debtors in possession (collectively, the "**Debtors**"), each commenced voluntary cases (the "**Chapter 11 Cases**") under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"). The Debtors' Chapter 11 Cases have been jointly administered for procedural purposes and are pending before the Honorable Michelle V. Larson in the United States Bankruptcy Court for the Northern District of Texas (the "**Bankruptcy Court**").

Prior to the Petition Date, the Debtors engaged Foley & Lardner LLP ("**Foley**") as their restructuring counsel and Sierra Constellation Partners LLC ("**SCP**") as their financial advisor to advise and assist the Debtors with their restructuring initiatives. In consultation with their retained advisors, the Debtors and the Official Committee of Unsecured Creditors (the "**Committee**," and with the Debtors, the "**Proponents**") have prepared this disclosure statement (including all exhibits hereto, the "**Disclosure Statement**") pursuant to sections 1125 and 1126 of the Bankruptcy Code in connection with the solicitation of acceptances with respect to the *Amended Joint Plan of Reorganization of the Higher Ground Education, Inc., its Affiliated Debtors, and the Official Committee of Unsecured Creditors* (as may be amended or modified from time to time and including all exhibits and supplements thereto, the "**Plan**"), filed contemporaneously herewith and proposed jointly by the Proponents. This Disclosure Statement is intended to provide Holders of Claims and Interests with "adequate information" as that term is defined in section 1125(a)(1) of the Bankruptcy Code, to enable them to make an informed judgment about the Plan. Among other things, the Disclosure Statement describes, in detail, the Debtors' prepetition business operations and corporate structure, the facts and circumstances leading to the Debtors filing of the Chapter 11 Cases, key events in these Chapter 11 Cases, the terms of the Plan and the development thereof by the Proponents, the treatment of Claims and Interests under the Plan, and the alternatives to confirmation of the Plan. The Plan constitutes a separate chapter 11 plan for each of the Debtors, unless otherwise provided for in the Plan. A copy of the Plan is attached hereto as **Exhibit A** and incorporated herein by reference.[2]

The Debtors and the Committee strongly believe that the Plan is in the best interests of the Debtors' estates, their respective creditors and interest holders, and that the Plan represents the best available alternative at this time and will provide material benefits to the stakeholders in these Chapter 11 Cases. For these reasons, the Debtors and the Committee strongly recommend that Holders of Claims entitled to vote to on the Plan vote to accept the Plan.

As described below, you are receiving this Disclosure Statement because you are a Holder of a Claim entitled to vote to accept or reject the Plan. **Before voting on the Plan, you are encouraged to read this Disclosure Statement and all documents attached to this Disclosure Statement in their entirety. As reflected in this Disclosure Statement, there are risks, uncertainties, and other important factors that could cause the Debtors' actual performance or achievements to be materially different from**

[2] Capitalized terms used but not defined in this Disclosure Statement have the meaning ascribed to such terms in the Plan. Additionally, this Disclosure Statement incorporates the rules of interpretation located in Article 1.2.2 of the Plan. Any summary provided in this Disclosure Statement of any documents attached to this Disclosure Statement, including the Plan, is qualified in its entirety by reference to the Plan, the exhibits, and other materials referenced in the Plan, the Plan Supplement, and the documents being summarized. In the event of any inconsistencies between the terms of this Disclosure Statement and the Plan, the Plan shall govern.

those they may project, and the Proponents undertake no obligation to update any such statement. Certain of these risks, uncertainties, and factors are described in this Disclosure Statement.

ARTICLE II.
Executive Summary

From their inception in 2016 through the beginning of 2025, the Debtors grew to over 150 schools, becoming the largest owner and operator of Montessori schools in the world. The Debtors' mission was to modernize and mainstream the Montessori education movement. In addition to owning and operating the schools, the Debtors provided training and consulting services to Montessori schools around the world. The Debtors sought to offer an end-to-end experience that covers the entire lifecycle of a family at school, virtually, and at home, from birth through secondary education—enabled by next-gen, accredited Montessori instruction.

By early 2025, however, the Debtors' defaults on key secured loans resulted in the foreclosure and sale of the vast majority of the Debtors' assets and schools. Believing they were unable to secure refinancing or new capital, the Debtors determined that a chapter 11 process was the only viable path to maximize value and continue the Debtors' educational-focused goals. In the months leading up to the Petition Date, the Debtors worked with several of their key stakeholders to formulate a joint pre-arranged chapter 11 plan pursuant to a restructuring support agreement (the "**Restructuring Support Agreement**" or the "**RSA**") among the Debtors and (a) 2HR Learning, Inc. ("**2HR**"), a prepetition secured creditor and arms-length investor which has agreed to act as plan sponsor; (b) YYYYY, Inc. ("**Five Y**"), which agreed to act as the Junior DIP Lender; (c) Guidepost Global Education, Inc. ("**Guidepost Global**"), which has agreed to contribute certain of its assets pursuant to the Plan and to act as the Junior DIP Lender;[3] (d) Ramandeep (Ray) Girn ("**Mr. Girn**") the Debtors' co-founder and former chief executive officer, and Rebecca Girn, the Debtors' co-founder and former general counsel ("**Ms. Girn**" and together with Mr. Girn, the "**Girns**"); (e) Yu Capital, LLC and its affiliated entities that represent a significant number of the Debtors' EB-5 Investors; and (f) the consenting parties thereto (with the other signatories to the RSA, the "**Supporting RSA Parties**").

On June 26, 2025, the Debtors filed their *Joint Plan of Reorganization of Higher Ground Education, Inc. and its Affiliated Debtors* [Docket No. 94] (the "**RSA Plan**"). After its appointment, the Committee made raised its concerns with the RSA Plan and, in an effort to avoid the costs and uncertainty of a protracted contested confirmation process, agreed to explore terms for a consensual plan through mediation. Following numerous weeks of settlement negotiations, the Debtors, the Committee, and the majority of the Supporting RSA Parties reached a settlement in principle that resolves the Committee's concerns. On September 12, 2025, and pursuant to Section 10 of the RSA, the Debtors exercised their "fiduciary out" under the RSA and notified the Supporting RSA Parties that the Debtors were terminating the RSA to pursue confirmation of this Plan (the "**RSA Fiduciary Out**"). In addition to the Committee's support, this Plan is supported by the vast majority of the Supporting RSA Parties (the "**Settlement Parties**").[4]

At a high level, and as further detailed in this Disclosure Statement, the Plan is the result of the Debtors' and the Committee's settlement negotiations with the Settlement Parties and generally provides, among other things, for: (a) derivative standing for the Committee to serve a settlement demand on one or more Non-Released D&Os (defined below); (b) the Surplus DIP Cash, which the Debtors and the Committee project to be $500,000 as of the Effective Date, to be contributed to the Liquidating Trust; (c) the

[3] Guidepost Global is an affiliated entity of Learn Capital, LLC.

[4] For the avoidance of doubt, the Girns are not a Settlement Party and do not support the Plan.

payment of $1,950,000 of Cash from the Settlement Parties to the Liquidating Trust (the "**Settlement Party Payment**"); (d) the transfer of all rights of the Debtors or their Estates existing on the Effective Date under the D&O Insurance Policies to the Liquidating Trust, including the D&O Insurance Proceeds and certain Retained Causes of Action, including against Non-Released D&Os; (e) the contribution by Guidepost Global of Curriculum Assets and the Guidepost Global IP License (each as defined in the Plan); (f) the transfer of the Designated EB-5 Entities (as defined in the Plan) by the Debtors to Guidepost Global; (g) the assignment of certain executory contracts and unexpired leases to Guidepost Global, Cosmic Education Americas Limited ("**CEA**"), or TNC Schools, LLC ("**TNC**") or their designated assignees; (h) the treatment of holders of allowed claims in accordance with the Plan and the priority scheme established by the Bankruptcy Code; and (i) the reorganization of the Debtors by retiring, cancelling, extinguishing and/or discharging the Debtors' prepetition equity interests or its designee(s) and issuing new equity interests in the reorganized debtor(s) to 2HR.

THE PROPONENTS BELIEVE THAT THE TRANSACTIONS, COMPROMISES, AND SETTLEMENTS CONTEMPLATED BY THE PLAN ARE FAIR AND EQUITABLE, MAXIMIZE THE VALUE OF THE DEBTORS' ESTATES, AND MAXIMIZE RECOVERIES TO HOLDERS OF CLAIMS. FOR THE REASON DESCRIBED IN THIS DISCLOSURE STATEMENT, THE DEBTORS AND COMMITTEE STRONGLY RECOMMEND THAT YOU VOTE TO *ACCEPT* THE PLAN.

ARTICLE III.
Questions and Answers Regarding this Disclosure Statement and the Plan

A. What is chapter 11?

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for creditors and similarly situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the date the chapter 11 case is commenced. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

Consummating a chapter 11 plan is the principal objective of a chapter 11 case. A bankruptcy court's confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of the debtor, and any other person or entity, as may be ordered by the bankruptcy court. Subject to certain limited exceptions, the order issued by a bankruptcy court confirming a plan provides for the treatment of the debtor's liabilities in accordance with the terms of the confirmed plan.

B. Why are the Proponents sending me this Disclosure Statement?

The Proponents are seeking to obtain Bankruptcy Court approval of the Plan. Before soliciting acceptances of the Plan, section 1125 of the Bankruptcy Code requires the Proponents to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the Plan and to share such Disclosure Statement with all Holders of Claims whose votes on the Plan are being solicited. This Disclosure Statement is being submitted in accordance with these requirements.

C. What is the Official Committee of Unsecured Creditors?

The Official Committee of Unsecured Creditors was appointed in the Chapter 11 Case by the United States Trustee, a division of the United States Department of Justice. The Committee is a group of five (5) unsecured creditors whose claims are based on various types of claims against the Debtors, including claims arising under Unexpired Leases. The Committee's duty is to represent all unsecured creditors' interests in these Chapter 11 Cases.

The Committee played a central role in drafting the Plan and this Disclosure Statement. The Committee fully supports the Plan. The Committee believes the Plan protects the rights of all creditors, provides a fair and reasonable settlement of claims that could have been asserted against certain insider and related parties, and that the Plan will fairly distribute the Estates' funds among all creditors.

D. How do I know if the Plan is good for me?

The Committee and the Debtors believe that the Plan is in the best interests of all creditors. The Plan was jointly drafted by and is supported by the Committee, which has a duty to act in the best interest of creditors and are made up of members who are creditors seeking to be paid by the Debtors.

E. Am I entitled to vote on the Plan?

Your ability to vote on the Plan, and your rights, if any, to distribution under the Plan, depend on what type of Claim you hold and whether you held that Claim as of the Voting Record Date. Each category of Holders of Claims or Interests, as set forth in Article 2 and Article 3 of the Plan pursuant to sections 1122(a) and 1123(a)(1) of the Bankruptcy Code, is referred to as a "Class." Each category of Holders of Claims and Interests, pursuant to sections 1122(a) and 1123(a)(1) of the Bankruptcy Code, is referred to as a "Class." Each Class's respective voting status is set forth in Article 2 of the Plan and Article VII.B of this Disclosure Statement and is also provided in the chart below.

Class	Claims and Interests	Status	Voting Rights	Estimated Recovery
Class 1:	Bridge CN-3 Secured Lender Claim	Impaired	Entitled to Vote	0%
Class 2:	WTI Secured Lender Claim	Impaired	Entitled to Vote	0%
Class 3	CN-1 Note Claims	Impaired	Entitled to Vote	0% – 1.8%
Class 4:	CN-2 Note Claims	Impaired	Entitled to Vote	0%
Class 5:	CN-3 Note Claims	Impaired	Entitled to Vote	0%
Class 6:	Other Secured Claims	Unimpaired	Deemed to Accept; Not Entitled to Vote	100%
Class 7:	Non-Tax Priority Claims	Unimpaired	Deemed to Accept; Not Entitled to Vote	100%
Class 8:	General Unsecured Claims	Impaired	Entitled to Vote	1.8% – 10.1%
Class 9:	Intercompany Claims	Impaired	Deemed to Reject; Not Entitled to Vote	0%
Class 10:	Equity	Impaired	Deemed to Reject; Not Entitled to Vote	0%
Class 11:	Subsidiary Equity Interests	Impaired	Deemed to Reject;	0%

Class	Claims and Interests	Status	Voting Rights	Estimated Recovery
			Not Entitled to Vote	

All Claims and Interests are classified in the Classes set forth below in accordance with sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or an Interest, or any portion thereof, is classified in a particular Class only to the extent that any portion of such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of such Claim or Interest qualifies within the description of such other Classes. A Claim or an Interest is also classified in a particular Class for the purpose of receiving distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

All of the potential Classes for the Debtors are set forth herein. Such groupings shall not affect any Debtor's status as a separate legal Entity, change the organizational structure of the Debtors' business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger or consolidation of any legal Entities, or cause the transfer of any assets, and, except as otherwise provided by or permitted under the Plan, the Debtors shall continue to exist as separate legal Entities after the Effective Date.

F. What will I receive from the Debtors if the Plan is consummated?

A summary of the anticipated recovery to Holders of Claims or Interests under the Plan is set forth in Article VII.B of this Disclosure Statement. Any estimates of Claims or Interests in this Disclosure Statement may vary from the final amounts allowed by the Bankruptcy Court. Your ability to receive distributions under the Plan depends upon the ability of the Proponents to obtain Confirmation of the Plan and meet the conditions necessary to consummate the Plan. Further explanation on this topic can be found in Article IX of this Disclosure Statement.

THE ESTIMATED RECOVERIES SET FORTH HEREIN ARE ESTIMATES ONLY AND THEREFORE ARE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.

G. What will I receive from the Debtors if I hold an Allowed Administrative Claim, Professional Fee Claim, or a Priority Tax Claim?

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Fee Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article 2 of the Plan. A description of these Claims and their treatment is included in Article 3.2 and Article 3.3 of the Plan and Article VII.A of this Disclosure Statement.

H. Are any regulatory approvals required to consummate the Plan?

At this time, the Proponents are evaluating which, if any, regulatory approvals are required to consummate the Plan. To the extent any such regulatory approvals or other authorizations, consents, rulings, or documents are necessary to implement and effectuate the Plan, however, it is a condition precedent to the Effective Date that they be obtained.

I. What happens to my recovery if the Plan is not confirmed or does not go effective?

In the event that the Plan is not confirmed or does not become effective, there is no assurance that the recoveries anticipated by this Plan for Allowed Claims will remain under an alternative plan. It is possible that any alternative plan, if one could be confirmed, may provide Holders of Claims with less than they would have received pursuant to the Plan. The Proponents believe that a liquidation under chapter 7 of the Bankruptcy Code would lead to inferior recoveries for Holders of Claims. For a more detailed description of the consequences of an extended chapter 11 case or a liquidation scenario, see Article IX.E of this Disclosure Statement and the Liquidation Analysis attached hereto as **Exhibit B**.

J. If the Plan provides that I get a distribution, do I get it upon Confirmation or when the Plan goes effective, and what is meant by "Confirmation," "Effective Date," and "Consummation?"

"**Confirmation**" of the Plan refers to approval of the Plan by the Bankruptcy Court. Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan by the Bankruptcy Court, there are conditions that need to be satisfied or waived so that the Plan can go effective. Initial distributions to Holders of Allowed Claims will be made, at the earliest, on the date the Plan becomes effective—the "**Effective Date**"—or as soon as reasonably practicable thereafter, as specified in the Plan. "**Consummation**" of the Plan refers to the occurrence of the Effective Date. See Articles VII.M of this Disclosure Statement for a discussion of conditions precedent to Consummation of the Plan and the Debtors' means for implementation of the Plan.

K. What are the sources of Cash and other consideration required to fund the Plan?

As described in Article 4 of the Plan and Articles VI and VII.G of this Disclosure Statement, after the Effective Date, the Liquidating Trustee will fund distributions under the Plan from (a) the Plan Sponsor Consideration, (b) the Surplus DIP Cash, (c) the Settlement Party Payment, (d) any D&O Claim Resolution, (e) the Liquidating Trust Assets, and (f) the D&O Insurance Policies. The amount of recoveries from any D&O Claim Resolution, the Liquidating Trust Assets, and the D&O Insurance Policies has not been liquidated to a certain dollar amount. As such, the amount of Cash recoverable from these sources of Consideration is not known.

L. Is there potential litigation related to the Plan?

Parties in interest may object to the approval of this Disclosure Statement and may object to Confirmation of the Plan, which objections potentially could give rise to litigation. In the event that it becomes necessary to confirm the Plan over the rejection of certain Classes, the Proponents may seek confirmation of the Plan notwithstanding the dissent of such rejecting Classes. The Bankruptcy Court may confirm the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code, which allows the Bankruptcy Court to confirm a plan that has been rejected by an impaired Class if it determines that the Plan satisfies section 1129(b) of the Bankruptcy Code.

M. How will the preservation of the Debtors' Retained Causes of Action impact my recovery under the Plan?

The Plan provides for the retention of certain Debtors' Retained Causes of Action other than those that are expressly waived, relinquished, exculpated, released, compromised, or settled, as described in greater detail in Article 4.4 of the Plan.

N. Will there be releases and exculpations granted to parties in interest under the Plan?

Yes, the Plan contains certain releases, exculpation, and injunctions, as set forth in Article 10 of the Plan and Article VII.L of this Disclosure Statement. At the Combined Hearing, the Proponents will present evidence to demonstrate the basis for and propriety of the release and exculpation provisions, including that the release, exculpation, and injunction provisions in the Plan are necessary and appropriate and meet the requisite legal standard promulgated by the United States Court of Appeals for the Fifth Circuit and the Supreme Court of the United States.

With respect to the Third-Party Releases (which provide for releases of non-debtor third parties), the Plan provides a mechanism for Holders of Claims and Interests to "opt-out" of granting such releases. Holders of Claims or Interests who are entitled to vote have the option to opt out of the Third-Party Releases. However, Holders of Claims or Interests who vote to accept or reject the Plan but do not opt out of the Third-Party Releases in the Plan will be deemed as consenting to the Third-Party Releases contained in Article 10.3 of the Plan and will be a "Releasing Party" (as defined in the Plan and provided below). Holders of Claims and Interests who are not entitled to vote on the Plan also have the option for opting out of the Third-Party Releases by completing an Third-Party Release opt-out form.

Importantly, the Plan includes the following parties in the definition of "Released Parties": means each of, and in each case in their capacity as such: (a) the Debtors; (b) the Independent Director; (c) Reorganized HGE; (d) the Committee and its members; (e) the Liquidating Trustee; (f) the Settlement Parties; (g) each current and former Affiliate of each Person in clause (a) through the following clause (f), but only in their capacity as such; and (h) each Related Party of each Entity in clause (a) through (f), but only in their capacity as such; *provided*, *however*, that for the avoidance of doubt, the Non-Released D&Os shall not be a Released Party under this Plan except as may be provided under a D&O Claim Resolution.

The Plan includes the following parties in the definition of "Releasing Parties": "(a) the Debtors; (b) Reorganized HGE; (c) the Committee; (d) the Liquidating Trustee; (e) the Settlement Parties; (f) the Consenting Creditors; (g) current and former Affiliates of each Entity in clause (a) through the following clause (f) for which such Entity is legally entitled to bind such Affiliates to the releases contained in this Plan under applicable Law or that have otherwise received proper notice of this Plan; and (h) each Related Party of each Entity in clause (a) through this clause (f) for which such Entity is legally entitled to bind such Related Party to the releases contained in this Plan under applicable Law or that have otherwise received proper notice of this Plan; *provided*, *however*, that for the avoidance of doubt, the Non-Released D&Os shall not be a Releasing Party under this Plan except as may be provided under a D&O Claim Resolution. Notwithstanding the foregoing, and for the avoidance of doubt, no party shall be a Releasing Party to the extent that such party did not receive proper notice and service of a Third-Party Release opt-out form.

The Plan also includes the following parties in the definition of "Related Parties": "(a) such Entity's current and former Affiliates and (b) such Entity's and such Entity's current and former Affiliates' directors, managers, officers, members of any Governing Body, equity holders (regardless of whether such interests are held directly or indirectly), affiliated investment funds or investment vehicles, managed accounts or funds, predecessors, successors, assigns (whether by operation of Law or otherwise), direct or indirect parent entities and/or subsidiaries, current, former, and future associated entities, managed or advised entities, accounts or funds, partners, limited partners, general partners, principals, members, management companies, fund advisors or managers, fiduciaries, employees, agents (including any disbursing agent), financial advisors, attorneys, accountants, consultants, investment bankers, representatives, and other professionals."

O. What is the deadline to vote on the Plan?

The deadline to submit votes to accept or reject the Plan, and complete and submit the Third-Party Release opt-out form (the "**Voting Deadline**"), is **November 17, 2025 at 5:00 p.m. (prevailing Central Time)**.

P. How do I vote for or against the Plan?

Detailed instructions regarding how to vote on the Plan are included with the ballot distributed to Holders of Claims entitled to vote on the Plan (the "**Ballot**"). For your vote to be counted, the Ballot containing your vote must be properly completed and executed as directed, and delivered as directed, so that it is actually received by the Debtors' Claims and Noticing Agent, Kurtzman Carson Consultants, LLC d/b/a Verita Global ("**Verita**," or the "**Claims and Noticing Agent**") on or before the Voting Deadline of **November 17, 2025 at 5:00 p.m. (prevailing Central Time)**.

Certain procedures will be used to collect and tabulate votes on the Plan, as summarized in Article VIII of this Disclosure Statement. Readers should carefully read the voting instructions in Article VIII of this Disclosure Statement.

Under the Proponents' Plan, all Holders of Claims or Interests in Classes 6 and 7 are unimpaired, as they will be paid in full or, if applicable, entitled to retain their collateral or their Claims or Interests, as applicable. As a result, all holders of Claims in Classes 6 and 7 are conclusively deemed to have accepted the Plan. The Holders of Claims or Interests in Classes 9, 10, and 11 are impaired, as they will not receive any distributions on account of their Claims or Interests and are deemed to reject the Plan and are not entitled to vote to accept or reject the Plan. The Holders of Claims in Classes 1, 2, 3, 4, 5, and 8 are impaired and are entitled to vote to accept or reject the Plan. Thus, only Holders of Claims in Classes 1, 2, 3, 4, 5, and 8 are entitled to vote on the Plan (each a "**Voting Class**" and collectively, the "**Voting Classes**").

Q. Why should I vote "Yes" to the Plan?

You should vote "yes" in support of the Plan because the Committee and the Debtors believe the Plan maximizes the value of the Debtors' assets, incorporates a settlement which provides for a fair and reasonable resolution to the vast majority of the Estates' claims, and outlines a process to get funds to creditors fairly and efficiently. The Committee and the Debtors worked diligently through multiple settlement communications and mediation to negotiate terms of a settlement that is favorable and ensures meaningful recoveries for creditors.

To be clear, you can vote "yes" and opt-out. Opting out of the Third-Party Release and voting in favor of the Plan are two separate things. Parties who elect to opt-out, which is their right, may support the confirmation of the Plan because it may present the fastest path for them to recover value on claims that are not directly against the Debtors or claims that may be pursued derivatively on behalf of the Debtors.

If the Plan is approved, creditors will receive value through cash, releases of claims by the Settlement Parties, rights to the Settlement Party Payment, and recoveries from the Debtors' Retained Causes of Action. If the Plan is not approved, the Chapter 11 Cases will likely be converted to a chapter 7 liquidation, and a trustee will be appointed to pursue litigation or settlement with the same parties who are proposing to fund the Settlement Party Payment. A vote for the Plan will ensure that the Plan is approved by the Bankruptcy Court so that distributions can be made in the near term.

R. What if I vote "No" to the Plan?

If the Debtors and Committee fail to collect the requisite number of "yes" votes, there is a chance that the Plan will not be approved by the Bankruptcy Court. By voting "no," you are not waiving your rights to distributions under the Plan, but you may be putting the Plan at risk of not being approved.

S. Why is the Bankruptcy Court holding a Combined Hearing?

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on confirmation of the Plan and recognizes that any party in interest may object to Confirmation of the Plan. All parties in interest will be served notice of the time, date, and location of the Combined Hearing once scheduled. Because the Debtors' Chapter 11 Cases were administratively consolidated, and because the relief provided in the Plan affects each Debtor and Holders of Claims related to each Debtor, respectively, a combined hearing will provide the most efficient, comprehensive, and clear result for all stakeholders. The nature of the relief provided in the Plan also makes a combined hearing on adequacy of the Disclosure Statement and confirmation of the Plan the most efficient path to confirmation, which will be consistent with and support the recoveries intended under the Plan.

T. When is the Combined Hearing set to occur?

The Debtors will request that the Bankruptcy Court schedule the Combined Hearing for **November 24, 2025 at 1:30 p.m. (prevailing Central Time)**. The Combined Hearing may be adjourned from time to time without further notice. The Bankruptcy Court, in its discretion and prior to the Combined Hearing, may put in place additional procedures governing the Combined Hearing. Subject to section 1127 of the Bankruptcy Code, the Plan may be modified, if necessary, prior to, during, or as a result of the Combined Hearing, without further notice to parties in interest.

Objections to Confirmation of the Plan must be filed and served on the Debtors, and certain other parties, by **November 17, 2025 at 5:00 p.m. (prevailing Central Time)**, in accordance with any forthcoming notice of the Combined Hearing.

U. What is the purpose of the Combined Hearing?

The purpose of the Combined Hearing is to seek final approval of this Disclosure Statement and Confirmation of the Plan. The confirmation of a plan of reorganization by a bankruptcy court binds the debtor, any issuer of securities under a plan of reorganization, any person acquiring property under a plan of reorganization, any creditor or equity interest holder of a debtor, and any other person or entity as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a plan of reorganization discharges a debtor from any debt that arose before the confirmation of such plan of reorganization and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

V. What is the effect of the Plan on the Debtors' ongoing business?

The Debtors are reorganizing under chapter 11 of the Bankruptcy Code. As a result, the occurrence of the Effective Date of the Plan means that the Debtors will ***not*** be liquidated or forced to go out of business. Following Confirmation, the Plan will be Consummated on the Effective Date, which is the date on which all conditions to Consummation have been satisfied and the Plan is declared effective by the Debtors (*see* Article 11 of the Plan). On or after the Effective Date, and unless otherwise provided in the Plan, Reorganized HGE may operate its business and, except as otherwise provided by the Plan, may use,

acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. Additionally, upon the Effective Date, all actions contemplated by the Plan will be deemed authorized and approved.

W. What is the effect of Confirmation and Consummation of the Plan?

Following Confirmation, and subject to satisfaction of each condition precedent in Article 11 of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation, and discharge provisions set forth in Article 10 of the Plan will become effective. **Accordingly, it is important to read the provisions contained in Article 10 and Article 11 of the Plan very carefully so that you understand how Confirmation and Consummation of the Plan—which effectuates such release, injunction, exculpation, and discharge provisions—will affect you and any Claim or Interest you may hold with respect to the Debtors so that you may cast your vote accordingly.** These provisions are described in Article VII.L of this Disclosure Statement.

X. Will any party have significant influence over the corporate governance and operations of Reorganized HGE?

On the Effective Date, the current members of the Debtors' board of directors and officers shall no longer serve in any such capacity with Reorganized HGE or the Reorganized HGE Subsidiaries and shall be discharged of all duties in connection therewith. The Debtors will disclose in their Plan Supplement the identities of those individuals proposed to serve as directors and officers of Reorganized HGE and the Reorganized HGE Subsidiaries. The deadline for the Debtors to file their Plan Supplement is November 10, 2025.

Y. Who do I contact if I have additional questions with respect to this Disclosure Statement or the Plan?

If you have questions regarding this Disclosure Statement or the Plan, you may contact the Debtors' Claims and Noticing Agent, Verita, by: (a) calling (888) 733-1431 (U.S./Canada) (toll-free), +1 (310) 751-2632 (International), (b) writing to Higher Ground Education, Inc., et al. Ballot Processing, c/o KCC dba Verita, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245 (if by first-class mail, hand delivery or overnight mail), or (c) submitting an inquiry to www.veritaglobal.net/HigherGround/Inquiry (with "HGE Solicitation Inquiry" in the subject line). The Claims and Noticing Agent cannot and will not provide legal advice.

Copies of the Plan, this Disclosure Statement, and any other publicly filed documents in the Chapter 11 Cases are available upon written request to the Claims and Noticing Agent at the email address above or by downloading the exhibits and documents from the website of the Claims and Noticing Agent at www.veritaglobal.net/HigherGround (free of charge) or the Bankruptcy Court's website at https://txnb.uscourts.gov/ (for a fee).

Z. Do the Debtors recommend voting in favor of the Plan?

Yes. The Debtors believe that the Plan provides for better distributions and results to the Debtors' creditors and stakeholders than would otherwise result from any other available alternative. The Debtors believe that the Plan is in the best interest of the Debtors' creditors and stakeholders, and that any alternatives (to the extent they exist) would fail to realize or provide the value inherent under the Plan.

AA. Does the Committee recommend voting in favor of the Plan?

Yes. The Committee believes that the Plan provides for better distributions and results to the Debtors' creditors and stakeholders, including General Unsecured Creditors, than would otherwise result from any other available alternative. The Committee believes that the Plan is in the best interests of all of the Debtors' creditors and stakeholders and that any alternatives (to the extent they exist) would fail to realize or provide the value inherent under the Plan.

ARTICLE IV.
Background and Events Leading to Chapter 11 Cases[45]

A. Overview of the Debtors

HGE was founded in 2016 by a team of educators and business leaders, who had spent their early careers dedicated to creating and scaling LePort Education Inc., a high-quality, high-fidelity Montessori school network headquartered in Southern California. Ramandeep (Ray) Girn founded and led the Debtors as their President and Chief Executive Officer. For many years the team devoted itself to developing, testing, refining, and putting into practice the resources, systems, infrastructure, and pedagogical leadership required to achieve Montessori "at scale," and created a network of schools across the United States. HGE operated its Montessori schools under the Guidepost brand—a brand synonymous with cultivating independent children to "live a life, fully lived."

The Debtors' mission was to modernize and mainstream the Montessori education movement. In addition to owning and operating Montessori schools (the "**Schools**"), the Debtors provided accredited teacher training and licensed content to other Montessori schools. In addition, in 2020, HGE acquired the Altitude platform, a learning management system that HGE believed could be used to operate Guidepost classrooms across the network. Following rapid expansion as the United States emerged from COVID-19 lockdowns, the Debtors offered an end-to-end experience that covered the entire lifecycle of a family at school—virtually and at home—from birth through secondary education, enabled by next-gen, accredited Montessori instruction and programming.

Following the early success of the Schools in the United States, HGE sought to expand its mission, dedication to education, and Montessori platform to China, Canada, and countries in Europe. This foreign expansion began in 2019 through the opening of wholly owned Schools (the "**Foreign Schools**") in Hong Kong and mainland China and the formation of strategic partnerships with parties that wanted to utilize HGE's brand, programming, and pedagogy.

By the fall of 2024, the Debtors were the largest owner and operator of Montessori schools in the world with over 150 Schools in operations and plans for the construction and opening of dozens more Schools. These Schools were located across the United States, with locations in, among other states, Texas, North Carolina, California, New York, New Jersey, Illinois, Massachusetts, Washington, Maryland, Florida,

[45] The facts stated in this Article IV are, for the most part, a restatement of the *Declaration of Jonathan McCarthy in Support of First Day Motion* [Docket No. 15]. The Committee does not agree with the Debtors' characterization of the factual background presented in this portion of the Disclosure Statement but has agreed to the restatement of such background to provide context for the settlements reached during the course of these chapter 11 cases. As discuss further below in Article V.I, the Debtors and the Committee each conducted independent investigations of these prepetition events and performed independent analyses of the merits and value of any potential estate causes of action arising from such matters.

Michigan, Alabama, Indiana, Ohio, Arizona, Kansas, Missouri, and Virginia. In addition to its core campus network, the Debtors offered virtual school, home school and teacher training, and also licensed its content to independent school partners.

B. The Debtors' Corporate Structure and Operations

Prior to the Petition Date, the Debtors operated the Schools through various structures—all managed by centralized operations at HGE. HGE is the ultimate corporate parent company of the Debtors. HGE owned, directly or indirectly, numerous Debtor and non-debtor subsidiaries that were utilized to operate and/or own the Debtors' Schools and accredited training programs. As of the Petition Date, HGE owned and operated seven (7) Schools, which the Debtors closed on or before June 30, 2025.

The Debtors' primary business was owning and operating the Schools. The Schools were either wholly owned by Debtor Guidepost A or were owned by other subsidiary entities (the "**School Subsidiaries**"). The School Subsidiaries were established to own, manage, and/or operate Schools in selected markets in the United States. The School Subsidiaries are either wholly owned by Guidepost A or were majority-owned by Guidepost A with the minority owners consisting of limited interests owned by non-U.S. person investors ("**EB-5 Investors**") under the Employment Based Immigration Preference program, known as "EB-5" (the "**EB-5 Program**").

Further, as of the Petition Date, the Debtors owned, operated, and managed their accredited training programs at Prepared Montessorian LLC ("**Prepared Montessorian**") and Prepared Montessorian TT LLC ("**Prepared TT**"),[56] Prepared Montessorian's former wholly owned subsidiary. The Debtors were known for their pedagogy and innovative Montessori programming that was utilized by Montessori educators within and outside of the Schools.

In furtherance of their mission, the Debtors offered two Montessori programs and brands: the Guidepost Montessori brand for children in their early years (generally infant through pre-kindergarten) and Guidepost Academy for children and young adolescents (generally grades kindergarten through eighth grade). The Debtors' primary focus, however, was the early childhood education space.

In 2016 and 2017, the Debtors started with a small number of Schools and at the end of each calendar year, maintained the following number of Schools:

Year Ending	Number of Schools
2018	12
2019	27
2020	60
2021	81
2022	101
2023	132
2024	150
Petition Date	7

[56] Prepared TT is not a debtor in these Chapter 11 Cases.

C. The Debtors' Capital Structure

Prior to the Petition Date, the Debtors entered into various financing arrangements to fund the Debtors' Schools and general operations. As of the Petition Date and following the Foreclosures (which are discussed in detail below), the Debtors believe they were obligated to the following lenders:

Debt	Approx. Principal Amount Outstanding[67]
Secured Funded Debt	
Bridge CN-3 Notes	$4,800,000
WTI Loan Agreements	$4,680,970
CN Notes	$117,837,932
Total Secured Funded Debt	**$127,318,902**
Unsecured Funded Debt	
Learn Fund XXXVII Promissory Note	$410,350
NRTC Promissory Note	$289,833
Yu FICB Promissory Notes	$1,182,387
YuATI Promissory Notes	$2,200,000
YuHGEA Loan Agreement	$57,424
Yu Capital Loan	$327,858
LFI Unsecured Notes	$12,454,566
Total Unsecured Funded Debt	**$16,922,418**
Total Funded Debt	**$144,241,320**

1. The Secured WTI Loans

HGE, Guidepost A, Prepared Montessorian, Prepared TT, and Terra Firma Services LLC, ("**Terra Firma**," and with HGE, Guidepost A, Prepared Montessorian, and Prepared TT, the "**WTI Borrowers**") are parties to several prepetition financing arrangements with Venture Lending & Leasing IX, Inc., ("**Fund IX**") and WTI Fund X, Inc., ("**Fund X**" together with Fund IX, "**WTI**"). Specifically, WTI and the WTI Borrowers entered into (a) the Loan and Secured Agreement, dated February 19, 2021, by and between Fund IX and the Borrowers in the original principal amount of $12 million (as may have been amended, supplemented, restated, and modified from time to time, the "**Fund IX Loan Agreement**"); (b) that certain Loan and Security Agreement, dated as of November 8, 2023, between Fund X and the WTI Borrowers in the original principal amount of $15 million (as may have been amended, supplemented, restated, and modified from time to time, the "**Fund X Loan Agreement**," and with the Fund IX Loan Agreement, the "**WTI Loan Agreements**").

To secure the WTI Borrowers' obligations under the WTI Loan Agreements, each Borrower granted to WTI a blanket security interests in substantially all of such WTI Borrowers' personal property assets, including certain intellectual property owned by HGE and Terra Firma (collectively, the "**WTI Collateral**"). WTI's security interests in the WTI Collateral were perfected by various UCC-1 Financing Statements and Intellectual Property Security Agreements.

[67] The Approximate Amount Outstanding reflects the estimated principal amount outstanding as of the Petition Date according to the Debtors' books and records. These numbers are a summary and are not intended to reflect the actual amounts outstanding as of the Petition Date. The Debtors reserve all rights as to the correct amounts of these funded debt obligations.

As such, WTI are secured by substantially all of the property of the WTI Borrowers, subject to certain perfected security interests in specific assets held by other secured creditors. Pursuant to that Intercreditor Agreement, dated November 8, 2023, between Fund IX and Fund X, the parties agreed that the liens of WTI shall be of equal rank and priority and all of the rights, interests, and obligations under the WTI Loan Agreements and related loan documents shall be shared by WTI *pro rata*.

As of the Petition Date and following the Foreclosures, WTI maintains a perfected, secured claim against the WTI Borrowers in the approximate amount of $4,680,970 (due to the fact that WTI did not foreclose on all of the WTI Collateral).

2. **The CN Notes**

To further fund the Debtors' Schools and business operations, the Debtors entered into that Note Purchase Notice and Note Purchase Agreement, dated May 31, 2024 (as may have been amended, supplemented, restated, and modified from time to time, the "**NPA**") whereby the Debtors were authorized to issue and sell one or more promissory notes in a first series (the "**CN-1 Notes**"), one or more promissory notes in a second series (the "**CN-2 Notes**"), and one or more promissory notes in a third series (the "**CN-3 Notes**," and with the CN-1 Notes and the CN-2 Notes, the "**CN Notes**"). The CN Notes are secured by a blanket lien on all HGE assets (the "**CN Notes Collateral**") pursuant to the Security Agreement, dated May 31, 2024 between HGE and Learn Capital Venture Partners IV, L.P., the Collateral Agent for all notes issued under the NPA (the "**NPA Collateral Agent**"), and any security interests in the CN Notes Collateral (other than as expressly provided for the Bridge CN-3 Notes (as defined below)) are expressly subordinated to WTI's liens in the CN Notes Collateral. The NPA Collateral Agent perfected the CN Notes security interest in the CN Notes Collateral pursuant to a filed UCC-1 Financing Statement with the Delaware Department of State on May 31, 2024, as file number 20243664982.

Upon an event of repayment of the CN Notes, the NPA provides that Holders of the CN-3 Notes are entitled to receive a recovery in full before any payment may be made to Holders of the CN-2 Notes and CN 1 Notes. Once all Holders of CN-3 Notes have been repaid in full, Holders of CN-2 Notes are then entity to receive a recovery in full before any payment may be made to Holders of CN-1 Notes.

Pursuant to the NPA, the CN Notes convert into Conversion Shares upon the first to occur of (a) the consent of the Majority Note Holders or (b) the date that is four months following the date of the Initial Closing (provided, that (i) such date may be extended two times by up to three months each and/or (ii) such conversion may be waived entirely, in each case, with the consent and at the sole discretion of the Majority Note Holders). As Learn Capital, and its affiliated entities, were the Majority Note Holders for the CN Notes, Learn Capital waived any conversion of the CN Notes into the Conversion Shares.

As of the Petition Date, the Debtors believe there was approximately $43,014,365 in CN-3 Notes, $41,304,320, in CN-2 Notes, and $33,566,465 in CN-1 Notes outstanding.[~~7~~8] Due to the unique nature of each class of CN Notes, the Plan contains separate Classes for CN-1 Notes, CN-2 Notes, and CN-3 Notes.

[~~7~~8] As noted above, the Committee disputes the Debtors' characterization and amounts summarized herein.

Lender	Class	Approximate Principal Amount Outstanding
Learn Capital Venture Partners III, L.P., on its own behalf and as nominee for Learn Capital Venture Partners IIIA, L.P.	CN-1 Note	$1,525,938
Learn Capital Venture Partners IV, L.P., on its own and as nominee for Learn Capital Venture Partners IV-US, L.P.	CN-1 Note	$1,333,141[8]9
Learn Capital Fund V Growth, L.P.	CN-1 Note	$2,055,391[9]10
Previously Existing Convertible Notes	CN-1 Notes	$28,651,995[10]11
Learn Capital Venture Partners III, L.P., on its own behalf and as nominee for Learn Capital Venture Partners IIIA, L.P.	CN-2 Note	$6,094,549[11]12
Learn Capital Fund V Growth, L.P.	CN-2 Note	$30,186,659[12]13

[8]9 This amount consists of the reclassification of that certain Subordinated Unsecured Promissory, dated February 22, 2023, between Learn Capital Venture Partners III, L.P. and HGE in the amount of $1,333,141.27.

[9]10 This amount consists of the reclassification of (a) that certain Subordinated Unsecured Promissory, dated December 5, 2022, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $1,029,898.03 and (b) that certain Subordinated Unsecured Promissory, dated February 22, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $1,025,493.29.

[10]11 Pursuant to the Closing Conditions to Note Purchase Agreement and Series E Financing, dated June 13, 2024 (the "**Closing Conditions Agreement**"), "all existing convertible notes outstanding … will be cancelled, exchanged or amended to CN-1 Notes…" At the time of the Closing Conditions Agreement, there were approximately fifty-seven (57) convertible notes outstanding, which were converted into the CN-1 Notes. Many of these notes were not issued new CN-1 Notes and the Debtors tracked and recognized such notes as CN-1 Notes.

[11]12 This amount consists of the reclassification of: (a) $1,018,064.98 from a Subordinated Unsecured Promissory, dated July 6, 2023, between Learn Capital Venture Partners III, L.P. and HGE; (b) $3,048,897.08 from a Subordinated Unsecured Promissory, dated August 7, 2023, between Learn Capital Venture Partners III, L.P. and HE; (c) $1,014,591.18 from a Subordinated Unsecured Promissory, dated September 7, 2023, between Learn Capital Venture Partners III, L.P. and HGE; and (d) $1,012,996.12 from a Subordinated Unsecured Promissory, dated October 6, 2023, between Learn Capital Venture Partners III, L.P. and HGE.

[12]13 Of this amount, $5,320,868.44 will be credited toward the satisfaction of the Pro Rata Share of Learn Capital Venture Partners IV, L.P. Further, this amount consists of the reclassification of: (a) that certain Subordinated Unsecured Promissory, dated November 18, 2022, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $4,123,393.44; (b) that certain Subordinated Unsecured Promissory, dated December 21, 2022, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $4,116,017.62; (c) that certain Subordinated Unsecured Promissory, dated January 23, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $3,595,073.13; (d) that certain Subordinated Unsecured Promissory, dated January 30, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $513,386.87; (e) that certain Subordinated Unsecured Promissory, dated March 8, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $1,332,129.06; (f) that certain Subordinated Unsecured Promissory, dated March 22, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $4,812,502.19; (g) that certain Subordinated Unsecured Promissory, dated May 23, 2023, between Learn Capital Venture Partners IV, L.P. and HGE in the amount of $1,020,498.17; (h) that certain Subordinated Unsecured Promissory, dated May 30, 2023, between Learn Capital Venture Partners IV, L.P. and HGE in the amount of $1,020,110.68; (i) that certain Subordinated Unsecured Promissory, dated June 21, 2023, between Learn Capital Venture Partners IV, L.P. and HGE in the amount of $3,566,128.38; (j) that certain Subordinated Unsecured Promissory, dated June 29, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $1,018,451.69; (k) that certain Subordinated Unsecured Promissory, dated September 7, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $2,536,477.96; and (l) that certain Subordinated Unsecured Promissory, dated October 6, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of $2,532,490.31.

Lender	Class	Approximate Principal Amount Outstanding
Learn Capital Venture Partners IV, L.P., on its own and as nominee for Learn Capital Venture Partners IV-US, L.P.	CN-2 Note	$5,023,111[13][14]
Learn Capital Venture Partners III, L.P., on its own behalf and as nominee for Learn Capital Venture Partners IIIA, L.P.	CN-3 Note	$2,000,000
Learn Capital IV Special Opportunities XI, LLC	CN-3 Note	$18,536,514[14][15]
Venn Growth Partners HGE LP[15][16]	CN-3 Note	$1,000,000
Branch Hill Capital, LLC	CN-3 Note	$430,020
Nimble Ventures, LLC	CN-3 Note	$531,040
Venn Growth GP Limited	CN-3 Note	$4,197,523[16][17]
Ramandeep Girn	CN-3 Note	$3,069,031[17][18]
Learn Capital Special Opportunities Fund XVIII, L.P.	CN-3 Note	$5,300,000
HEAL Partners International Fund 1 LP	CN-3 Note	$380,503
HEAL Partners Australia Fund 1	CN-3 Note	$1,619,417
2HR Learning, Inc.	CN-3 Note	$5,000,000
Ramandeep Girn	CN-3 Note	$903,100[18][19]
Total Approximate Principal Amount		**$117,837,932**

(a) CN-1 Notes

The CN-1 Notes consist of notes that were issued and categorized as a CN-1 Note or were previously issued notes by the Debtors under separate debt documents that then reclassified into CN-1 Notes.

[13][14] This amount consists of the reclassification of that certain Subordinated Unsecured Promissory, dated March 7, 2024, between Learn Capital Venture Partners IV, L.P. and HGE in the amount of $5,023,111.10.

[14][15] Certain of this amount consists of a reclassification of: (a) that certain Subordinated Unsecured Promissory, dated April 2, 2024, between Learn Capital IV Special Opportunities XI, LLC and HGE in the amount of $1,003,206.10; (b) that certain Subordinated Unsecured Promissory, dated April 2, 2024, between Learn Capital IV Special Opportunities XI, LLC and HGE in the amount of $5,016,030.51; (c) that certain Subordinated Unsecured Promissory, dated April 8, 2024, between Learn Capital IV Special Opportunities XI, LLC and HGE in the amount of $6,017,277.53; and (d) that certain Loan Agreement & Promissory Note, dated June 7, 2024, between Learn Capital IV Special Opportunities XI, LLC and HGE in the amount of $4,000,000.

[15][16] Venn Growth Partners HGE LP and its affiliates are collectively defined herein as "**Venn**."

[16][17] Certain of this amount consists of the reclassification of that certain Loan Agreement and Promissory Note, dated June 10, 2024 between Venn Growth GP Limited and HGE in the amount of $750,000.

[17][18] This amount consists of the reclassification of that certain Note Redemption Agreement dated June 11, 2024 between Guidepost A, Ramandeep Singh Girn, and Rebecca Knapp Girn, and that certain promissory note dated June 30, 2024, issued to Ramandeep Singh Girn in the amount of $3,036,031.53.

[18][19] This CN-3 Note was issued to Mr. Girn on February 2, 2025 and is the reclassification of that certain unsecured Loan Agreement & Promissory Note, dated June 30, 2024, between Ramandeep Girn and Guidepost A LLC in the amount of $903,100.69 into a secured CN-3 Note.

Specifically, there aggregate face amount of the CN-1 Notes total approximately $33,566,465 and relate to unsecured, convertible notes previously issued by the Debtors as "**Champions Round Notes**" or "**Series E Bridge Notes**." Pursuant to the Closing Conditions Agreement, "all existing convertible notes outstanding … will be cancelled, exchanged or amended to CN-1 Notes…"

On June 10, 2024, the Board executed a Unanimous Written Consent whereby the Champions Round Notes and Series E Bridge Notes were to be amended "to provide equivalent terms to those provided to CN-1 Noteholders pursuant to the [NPA]." The Debtors, however, neither amended the Champions Round Notes or the Series E Bridge Notes to align those notes with the CN-1 Notes nor issued new CN-1 Notes to replace the Champions Round Notes or the Series E Bridge Notes. While the Debtors have classified the Champions Round Notes and the Series E Bridge Notes as CN-1 Notes, the Debtors believe that the Champions Round Notes and Series E Bridge Notes may not be governed by the terms of the applicable notes and not the NPA, including any applicable conversion terms.

The Plan provides that all Settlement Parties, which hold approximately $21,014,471 of the CN-1 Notes in the aggregate, will waive distributions under the Plan with respect to their CN-1 Note Claims. As such, the remaining CN-1 Note Claims are those Claims related to the Champions Round Notes and the Series E Bridge Notes.

(b) CN-2 Notes

The CN-2 Notes are those series of CN Notes issued under the NPA with the second higher priority of CN Notes issued under the NPA (other than the Bridge CN-3 Notes). As stated in the NPA, the CN-2 Note Claims do not receive any recovery on behalf of their CN-2 Note Claims until all CN-3 Notes are paid in full. All CN-2 Note Claims are held by Settlement Parties, which are waiving any distributions on account of such CN-2 Note Claims under the Plan.

(c) The CN-3 Notes

The CN-3 Notes are those series of CN Notes issues under the NPA with the highest priority of CN Notes issued under the NPA (other than the Bridge CN-3 Notes). Holders of the CN-3 Note Claims consist of Settlement Parties that are waiving any distributions on behalf of their CN-3 Notes Claims and certain other parties that will receive an offer from Guidepost Global to become an investor or other creditor of Guidepost Global. As such, the Plan provides that all Holders of CN-3 Note Claims will waive any distributions under the Plan on account of such CN-3 Note Claims.

3. **The Secured Bridge CN-3 Loans**

Beginning on and after January 15, 2025, the Debtors and certain lenders entered into the series CN-3 convertible promissory notes (the "**Bridge CN-3 Notes**") in the aggregate principal amount of $4,800,000 (the "**Bridge CN-3 Loans**"), plus interest, fees and costs, and including any premiums, expenses, indemnity, and reimbursement obligations accrued thereunder and all other fees and expenses (including fees and expenses of attorneys and advisors) as provided therein, issued pursuant to the NPA. The Bridge CN-3 Notes are collateralized by a priming lien over the WTI Loan Agreements in the principal amount of up to $5,000,000, in favor of the NPA Collateral Agent. WTI consented to this treatment pursuant to that Closing Conditions to Note Purchase Agreement and Series E Financing #2, effective February 5, 2025, between HGE, WTI, Learn Capital, Learn Capital Special Opportunities Fund XXXVII, LLC, and 2HR Learning, Inc.

As of the Petition Date, $4,800,000 of Bridge CN-3 Notes remained outstanding and are broken out by the Holders of the Bridge CN-3 Loans, as follows:

Lender	Amount
Ramandeep Girn	$500,000
Learn Capital Venture Partners III, L.P.	$2,300,000
2HR Learning, Inc.	$1,000,000
Learn Capital IV Special Opportunities X, LLC	$1,000,000
Total	**$4,800,000**

4. **Learn Capital Debt**

Learn Capital Special Opportunities Fund XXXVII LLC ("**Learn Fund XXXVII**") and HGE, Guidepost FIC A LLC, Guidepost FIC B LLC, Guidepost FIC C LLC, HGE FIC D LLC, HGE FIC E LLC, HGE F LLC, HGE FIC G LLC, HGE FIC I LLC, HGE FIC L LLC, HGE FIC M LLC, HGE FIC N LLC, Guidepost The Woodlands LLC, Guidepost Goodyear LLC, and LePort Emeryville LLC, as debtors (collectively, the "**Learn Borrowers**") are party to that Second Amended and Restated Secured Convertible Promissory Note, dated March 13, 2025 (as the same has been amended, supplemented, restated and otherwise modified from time to time, the "**Learn Fund XXXVII Promissory Note**"), in the original principal amount of $3,800,000.00. The Learn Fund XXXVII Promissory Note is secured by that Second Amended and Restated Security Agreement, dated March 13, 2025, between Learn Fund XXXVII and the Learn Borrowers. Prior to foreclosure, the Learn Fund XXXVII Promissory Note was secured, up to the secured amount for each School set forth in the Learn Fund XXXVII Promissory Note, by a first lien security interest in substantially all of the assets of the following Schools (the "**Learn Fund XXXVII Collateral**"):

Borrower	School	Secured Amount
Guidepost FIC A LLC	Guidepost Montessori at Spruce Tree	$130,000
Guidepost FIC B LLC	Guidepost Montessori at Timber Ridge	$80,000
Guidepost FIC B LLC	Guidepost Montessori at Wicker Park	$20,000
Guidepost FIC B LLC	Guidepost Montessori at Foothill Ranch	$20,000
Guidepost FIC C LLC	Guidepost Montessori at Copper Hill	$20,000
Guidepost Goodyear LLC	Guidepost Montessori at Goodyear	$20,000
Guidepost The Woodlands LLC	Guidepost Montessori at The Woodlands	$20,000
HGE FIC D LLC	Guidepost Montessori at Flower Mound	$20,000
HGE FIC D LLC	Guidepost Montessori at Magnificent Mile	$70,000
HGE FIC E LLC	Guidepost Montessori at Hollywood Beach	$20,000
HGE FIC E LLC	Guidepost Montessori at Peoria	$2,400,000
HGE FIC F LLC	Guidepost Montessori at Plum Canyon	$20,000
HGE FIC G LLC	Guidepost Montessori at Laurel Oak	$30,000
HGE FIC G LLC	Guidepost Montessori at Mahwah	$30,000
HGE FIC I LLC	Guidepost Montessori at Burr Ridge	$20,000
HGE FIC I LLC	Guidepost Montessori at Deerbrook	$70,000
HGE FIC I LLC	Guidepost Montessori at Downtown Naperville	$20,000
HGE FIC I LLC	Guidepost Montessori at Evanston	$70,000
HGE FIC I LLC	Guidepost Montessori at Hollywood Beach East	$20,000
HGE FIC I LLC	Guidepost Montessori at Palm Beach Gardens	$70,000
HGE FIC I LLC	Guidepost Montessori at Baymeadows	$20,000
HGE FIC L LLC	Guidepost Montessori at Kendall Park	$20,000

Borrower	School	Secured Amount
HGE FIC L LLC	Guidepost Montessori at Paradise Valley	$30,000
HGE FIC L LLC	Guidepost Montessori at Downtown Boston	$20,000
HGE FIC L LLC	Guidepost Montessori at Legacy	$20,000
HGE FIC L LLC	Guidepost Montessori at Old Town	$30,000
HGE FIC L LLC	Guidepost Montessori at Princeton Meadows	$20,000
HGE FIC L LLC	Guidepost Montessori at Lynnwood	$30,000
HGE FIC L LLC	Guidepost Montessori at San Rafael	$20,000
HGE FIC M LLC	Guidepost Montessori at Downers Grove	$20,000
HGE FIC M LLC	Guidepost Montessori at Leavenworth	$20,000
HGE FIC M LLC	Guidepost Montessori at Celebration Park	$20,000
HGE FIC N LLC	Guidepost Montessori at Kent	$20,000
HGE FIC N LLC	Guidepost Montessori at North Wales	$20,000
LePort Emeryville LLC	Guidepost Montessori at Emeryville	$320,000

Learn Fund XXXVII's security interests in the Learn Fund XXXVII Collateral were perfected by UCC-1 Financing Statements filed with the Delaware Department of State on March 6, 2025, as File Numbers: 20251574091, 20251573606, 20251573259, 20251574182, 20251573929, 20251573663, 20251572954, 20251573861, 20251574505, 20251573655, 20251573317, 20251573093, and 20251574174 (as amended on March 17, 2025 by Amendment No. 20251830410). As of the Petition Date, approximately $419,351 remains outstanding under the Learn Fund XXXVII Promissory Note, which the Debtors consider unsecured due to either the Foreclosures or subsequent sale of the Learn Fund XXXVII Collateral.

5. The Yu Capital Loans

Yu Capital, LLC ("**Yu Capital**") and its affiliates entered into a number of project specific loans with the Debtors that were secured by specific assets, which Yu Capital or its affiliates foreclosed upon. As such, the Debtors consider all of the loans between the Debtors and Yu Capital and its affiliates to be unsecured. As of the Petition Date, the unsecured Yu Capital Loans, include the following:

Yu Capital Entity	Unsecured Amount
YuHGE A LLC	$57,425
YuATI LLC	$2,200,000
YuFIC B, LLC	$1,182,387
NTRC Equity Partners, LLC	$289,833
Yu Capital, LLC	$327,858.63
Total	**$4,057,503.63**

(a) YuHGE A Loan

Guidepost A and YuHGE A LLC ("**YuHGE A**") are party to that Amended and Restated Loan Agreement, dated March 22, 2018, in the original principal amount of $1,000,000 (as amended and supplemented from time to time, the "**YuHGE A Loan**"), secured by that Pledge and Security Agreement between Guidepost A and YuHGE A, and guaranteed by HGE. The YuHGE A Loan was secured by a first priority security interest in Guidepost A's 92.5% equity interest in Guidepost FIC A LLC, an owner of two Schools – Prosperity and Spruce Tree (the "**YuHGE A Collateral**"). YuHGE A perfected its security interest in the YuHGE A Collateral pursuant to that UCC-1 Financing Statement with the Delaware Department of State on February 29, 2024 (as amended on March 27, 2025), as file

number 20241354040. As of the Petition Date, approximately $57,425 remains outstanding on the YuHGE A Loan, which the Debtors consider to be unsecured due to the foreclosure of the YuHGE A Collateral.

(b) YuATI Loan

Guidepost A and YuATI LLC ("**YuATI**") are party to that Secured Promissory Notes in the aggregate principal amount of $2,200,000 (the "**YuATI Loan**"), secured by that Pledge and Security Agreement Guidepost A and YuATI. The YuATI Loan was secured by a first priority security interest in the Academy of Thought and Industry – San Francisco Campus and the Academy of Thought and Industry – Austin Campus (the "**YuATI Collateral**"). YuATI perfected its security interest in the YuATI Collateral pursuant to that UCC-1 Financing Statement with the Delaware Department of State on February 29, 2024, as file number 20241354321.

Both Schools that are the YuATI Collateral were closed well before the Petition Date. As such, the Debtors consider the YuATI Loan unsecured. As of the Petition Date, at least $2,200,000 remains outstanding on the YuATI Loan.

(c) YuFIC B Loan

Guidepost A and YuFIC B, LLC ("**YuFIC B**") are party to that Secured Promissory Note, dated December 5, 2021, in the original principal amount of $2,000,000 (the "**YuFIC B Loan**"), secured by that Pledge and Security Agreement Guidepost A and YuFIC B. The YuFIC B Loan was secured by a first priority security interest in the Eldorado School (the "**YuFIC B Collateral**"). YuFIC B perfected its security interest in the YuFIC B Collateral pursuant to that UCC-1 Financing Statement with the Delaware Department of State on February 29, 2024, as file number 20241354180. As of the Petition Date, approximately $1,182,387 remains outstanding on the YuFIC B Loan, which the Debtors consider to be unsecured due to the foreclosure of the YuFIC B Collateral.

(d) NRTC Loan

Guidepost A and NTRC Equity Partners, LLC ("**NTRC**") are party to that Secured Promissory Note, dated July 17, 2023, in the original principal amount of $4,000,000 (the "**NTRC Loan**"), secured by that Pledge and Security Agreement Guidepost A and NTRC. The NTRC Loan was secured by a first priority security interest in the Bee Cave School, the Brushy Creek School, the Round Rock School, and the Westlake School (the "**NRTC Collateral**"). NRTC perfected its security interest in the NRTC Collateral pursuant to that UCC-1 Financing Statement with the Delaware Department of State on February 29, 2024, as file number 20241354305. As of the Petition Date, approximately $289,833 remains outstanding on the NRTC Loan, which the Debtors consider to be unsecured due to the foreclosure of the NRTC Collateral.

(e) Yu Capital Loan

Guidepost A and Yu Capital are party to that Secured Promissory Note, dated January 3, 2025, in the original principal amount of $441,913 (the "**Yu Capital Loan**"), secured by that Pledge and Security Agreement between Guidepost A and Yu Capital, and guaranteed by HGE. The Yu Capital Loan was secured by a security interest in the NTRC Collateral and the YuFIC B Collateral (the "**Yu Capital Collateral").** Yu Capital perfected its security interest in the Yu Capital Collateral pursuant to that UCC-1 Financing Statement with the Delaware Department of State on January 8, 2025, as file number 20250130077. As of the Petition Date, approximately $327,858.63 remains outstanding on the

Yu Capital Loan, which the Debtors consider to be unsecured due to the fact that the Yu Capital Collateral was foreclosed upon.

6. **Unsecured LFI Notes**

Guidepost A and Guidepost Financial Partner, LLC ("**LFI**") entered into certain unsecured promissory notes (as the same has been amended, supplemented, restated and otherwise modified from time to time, the "**LFI Notes**"). As of the Petition Date, there is approximately $12,454,566 outstanding under the LFI Notes. The LFI Notes are unsecured loans that were utilized by Guidepost A to fund the startup costs and rental security deposits for certain Schools (the "LFI Schools").[19]20 Pursuant to the LFI Notes, if the LFI Schools achieved a certain level of profitability, then Guidepost A was required to pay a percentage of such profits to LFI (the "**LFI Profit Share**"). As of the Petition Date, the Debtors only made limited LFI Profit Share payments to LFI, and there is approximately $12.4 million outstanding under the LFI Notes.

7. The Girns' Disputed Claims and the Debtors' Retained Causes of Actions Against the Girns

The Girns filed proofs of claims against the Debtors' estates. *See* Claim Nos. 468 and 469. Specifically, Mr. Girn asserts claims in the amount of not less than $5,356,445.59 and Mrs. Girn asserts claims in the amount of not less than $1,272,917. Potential recoveries for other Creditors may be negatively affected if the Girns' Claims are deemed Allowed.

The Debtors have deemed the Girns' Claims as Disputed Claims and the Debtors or their successors intend to file objections to the Girns' Claims. The Debtors also believe that they have Causes of Actions against the Girns for fraudulent and preferential transfers and the Debtors intend to file adversary proceedings against the Girns to recover these transfers. Potential recoveries from the Causes of Actions against the Girns are considered Liquidating Trust Assets.

D. The Debtors' Equity Structure

1. Common Stock

HGE is authorized to issue 90 million shares of common stock at $0.00001 par value per share, consisting of 80 million shares of Class A common stock ("**Class A**") and 10,000,000 shares of Class B common stock ("**Class B**").[20]21 As of the Petition Date, there are approximately 22,980,559 Class A shares and 10,000,000 Class B shares issued and outstanding.

2. Preferred Stock

HGE is authorized to issue 9 million shares of Series Seed Preferred Stock ("**Series Seed**"), 12 million shares of Series B Preferred Stock ("**Series B**"), 15 million shares of Series C Preferred Stock ("**Series C**"), and 12 million shares of Series D Preferred Stock ("**Series D**"). All classes of preferred stock have a par value of $0.00001. As of the Petition Date, there are approximately 8,671,641 Series Seed, 3,830,656 Series B, 10,601,355 Series C, and 8,781,030 Series D shares issued and outstanding

[19]20 The "LFI Schools" consist of the following Schools: Katy, Parker, Schaumburg, Evanston, Briarwood (Deerbrook), Edgewater, Champlin, and Downers Grove.

[20]21 Learn Capital, Mr. Girn, and Venn own more than five percent (5%) of the equity in HGE.

3. Common Stock and Preferred Stock Rights

Each holder of a Class A share is entitled to one vote on all matters subject to vote and each holder of a Class B share is entitled to ten votes on each matter subject to vote. Dividends are at the discretion of the Board but may not be declared without both Class A and Class B sharing in the dividend equally. Each share of Class B, at the option of the holder, may at any time be converted into one fully paid and nonassessable share of Class A.

With the exception of dividends on shares of Class A common stock payable in shares of Class A common stock, no dividends can be declared to the common stockholders without the holders of preferred stock sharing equally in the dividend. Each holder of outstanding shares of preferred stock is entitled to cast the number of votes equal to the number of whole shares of Class A common stock into which the shares of preferred stock held by such holder are convertible as of the record date. In general, preferred stockholders vote together with the holders of common stock as a single class on an as-converted basis.

Each share of preferred shares may be converted, at the option of a majority interest in such series without the payment of additional considerations, into the number of fully paid and nonassessable shares of common Class A as is determined by dividing the original issue price for such series of preferred stock by the conversion price in effect the time of conversion. Original issue price means $0.06 per share for the Series Seed, $2.566879 per share for Series B, $2.8606 for Series C, and $4.275758 for Series D. Conversion price is the original issue price pertaining to such series of preferred stock. The conversion rate is subject to adjustments to reflect stock dividends, stock splits, and other events. Further, preferred stock shares are not subject to redemption from HGE.

For distributions of assets upon liquidation, each series of preferred shares have a 2x liquidation preference and rank senior to Class A and Class B common shares. Dividends and distributions of assets upon liquidation will be paid to preferred shareholders based on the conversion formula as if the holder's shares had been converted into Class A common stock

4. Subsidiary Equity Structure

As mentioned above, the School Subsidiaries are either wholly owned by Guidepost A or majority-owned by Guidepost A with the minority owners consisting of the EB-5 Investors. Regardless of ownership structure, HGE was the named "Manager" for each of the School Subsidiaries with broad power and authority.

Pursuant to the EB-5 Program, EB-5 Investors may be able to gain permanent residence in the United States by investing the required minimum amount of capital in a domestic commercial enterprise that will create a specified minimum number of full-time jobs.[~~21~~22] The Debtors' EB-5 Program was related to the opening of specific Schools and the job creation coming from those Schools. Through the EB-5 Program

[~~21~~22] In particular, the following Debtor entities utilized EB-5 Investors: Guidepost FIC B LLC; Guidepost FIC C LLC; HGE FIC D LLC; HGE FIC E LLC; HGE FIC F LLC; HGE FIC G LLC; HGE FIC I LLC; HGE FIC L LLC; HGE FIC M LLC; HGE FIC N LLC; HGE FIC O LLC; HGE FIC P LLC; HGE FIC Q LLC; Guidepost Birmingham LLC; Guidepost Carmel LLC; Guidepost Goodyear LLC; Guidepost Las Colinas LLC; Guidepost Muirfield Village LLC; Guidepost Richardson LLC; Guidepost St Robert LLC; Guidepost The Woodlands LLC; Guidepost Walled Lake LLC; and LePort Emeryville LLC (collectively, the "**EB-5 School Subsidiaries**").

and from 2017 to the Petition Date, the Debtors raised approximately $50 million from EB-5 Investors, with the proceeds are being used for general purposes.

The Debtors' EB-5 Program is generally split into two distinct groups: (a) EB-5 Investors that designated Yu Capital as their representative and "Associate Manager" (the "**Yu Capital EB-5 Investors**") for those EB-5 School Subsidiaries and (b) EB-5 Investors that designated EB5AN Affiliate Network, LLC ("**EB5AN**") as their representative and "Special Manager" (the "**EB5AN EB-5 Investors**") for those EB-5 School Subsidiaries.[22][23] Yu Capital EB-5 Investors maintained a Series B membership interest in their respective EB-5 School Subsidiaries and EB5AN EB-5 Investors maintained a Class B membership interest in their respective EB-5 School Subsidiaries (collectively, the "**Limited EB-5 Interests**"). The Limited EB-5 Interests provided for limited management and consent rights with respect to the operations of the EB-5 School Subsidiaries. The Limited EB-5 Interests did, however, provide for a liquidation preference to the Limited EB-5 Interests compared to that of Guidepost A's ownership interests.

E. Significant Prepetition Events Leading to the Chapter 11 Cases

There were various events and factors that led to the commencement of these Chapter 11 Cases. Simply put, the Debtors have been unable to maintain and generate sufficient liquidity to fund operations. Since 2020, the Debtors have raised over $335 million in funding through various debt and equity instruments, including EB-5 capital and lease incentives. The Debtors utilized these proceeds for the expansion and opening of the Debtors' Schools, development of their educational platform, and the maintenance of the same.

As reflected in the Debtors' financial statements, the Debtors' business has never had positive cash flows from operations—resulting in the continuous need for external funding. In the past year, following a period of significant operational challenges and underperformance relative to budget, the Debtors had very limited sources of external funding. As such, recent cash fundings were from either multiple short-term financing arrangements or the sale of certain School assets.

Indeed, as the various efforts to raise third-party capital (or complete the sale of company assets) did not achieve the desired results, the Debtors were continually forced to go to their current investors and lenders to obtain necessary funding, primarily Learn, which the Debtors repeatedly sought funding from. In addition to the Debtors' repeated reliance on Learn, the Debtors also obtained funding from CEA, 2HR, and Mr. Girn to meet extremely short-term operating requirements, including payroll and rent.

Unfortunately, even with multiple short-term commitments from existing lenders and investors, the Debtors believe they ran out of time and capital necessary to effectuate any transaction or reorganization that would have left the Schools under the Debtors' ownership. Because of this, the Debtors focused their efforts on maintaining as many Schools as a going concern, whether owned by the Debtors, the Debtors' secured lenders, or other operators. For a number of unprofitable Schools, the Debtors worked with their landlords to find new operators to ensure that employees remained employed, and students and families could continue to depend on the Schools' continued operations.

[22][23] LePort Emeryville LLC also contains EB-5 Investors but such EB-5 Investors do not designate an associate/special manager and do not have any rights requiring their consent to file LePort Emeryville LLC's Chapter 11 Case.

1. Financial and Management Issues

The Debtors have experienced massive operating losses that significantly outpaced revenues—cumulating in operating losses of over $440 million in the past five years.

Fiscal Year Ending August	Operating Revenues	Operating Expenses	Loss from Operations
2020	$40,514,610	$96,157,925	$(55,643,310)
2021	$81,909,500	$180,879,010	$(98,969,510)
2022	$123,650,999	$230,608,782	$(106,957,783)
2023	$161,597,696	$264,842,110	$(103,244,414)
2024	$192,478,070	$248,423,727	$(55,495,657)
2025 (through April 2025)	$140,256,616	$165,069,516	$(24,812,999)

For instance, in the fall of 2024, the Debtors operated several Schools that were incurring losses of over $50,000 per month. The Debtors had also committed to a large development pipeline that included over 20 additional campus openings, with projects generally expected to require $1,000,000 or more in future capital to reach breakeven for these planned openings.

Exacerbating the School-level losses were the substantial monthly corporate G&A expenses in excess of $2,500,000. Given the fact that the Debtors' operations consumed significantly more cash than they generated, the Debtors undertook a number of restructuring initiatives to improve financial performance, to boost liquidity and right-size their businesses. Ultimately, the Debtors believe those initiatives did not yield sufficient financial changes in the necessary timeframe to prevent the Foreclosures and avoid these Chapter 11 Cases.

2. Board and Management Changes

Beginning in 2024 and continuing in 2025, the Debtors experienced significant changes with respect to their Board and management resulting from general disagreements over strategy, growth, capital raising, and leadership. While certain Board directors wanted the Debtors to transition to a mature, stable, and profitable operators, other directors believed the best path forward was continuing the "hyper-growth" strategy that required significant capital to fund expansion. This philosophical disagreement led to a number of changes of the Board and the Debtors' management, resulting in uncertainty regarding the Debtors' future.

At the beginning of 2025, the Board consisted of: Mr. Girn, Greg Mauro ("**Mauro**"), Robert Hutter ("**Hutter**"), Zheng Yu Huang ("**Huang**"), Matthew Bateman ("**Bateman**"), Jack Chorowsky ("**Chorowsky**"), and Jonathan McCarthy ("**McCarthy**"). Chorowsky served as the Board's independent director. Mr. Girn served as the Debtors' Chief Executive Officer and President, and Ms. Girn served as the Debtors' General Counsel and Secretary. This structure, however, was short-lived due to various resignations and other changes to the Board and officers.

On January 31, 2025, Matthew Bateman resigned from the Board and was not replaced by another director. On February 25, 2025, Mr. Girn and Ms. Girn resigned from all of their respective positions as officers and director of the Debtors. The Board elected Mitch Michulka ("**Michulka**"), the Debtors' Chief Financial Officer, and Maris Mendes ("**Mendes**"), the Debtors' Chief Operations Officer, to serve

as the Debtors' co-Chief Executive Officers. On March 10, 2025, Chorowsky resigned from his position as independent director and his position remained unfilled until Marc Kirshbaum ("**Kirshbaum**") Kirshbaum's appointment. On March 28, 2025, Mauro and Hutter resigned from the Board due to Learn's foreclosure and were not replaced. On March 31, 2025, Huang resigned from the Board. At Mr. Girn's direction, Mr. Girn appointed himself to serve as a director. Mr. Girn then resigned from the Board again on April 4, 2025.

On May 18, 2025, at Learn Capital's designation and Venn's approval, Kirshbaum was elected to serve as the Debtors' independent director (the "**Independent Director**").[2324] As of the Petition Date, the Board consists of McCarthy and the Independent Director, with the Independent Director having authorized the filing of these Chapter 11 Cases.

On May 31, 2025, Michulka and Mendes, along with certain of the Debtors' other corporate employees ceased employment for the Debtors and began working for Guidepost Global.[2425] As HGE did not have any elected officers, the Independent Director asked that McCarthy accept, on an interim basis, the delegation of the duties and powers of the President and Secretary for HGE. Effective June 1, 2025, the Independent Director appointed McCarthy to serve as HGE's Interim President and Secretary, and he remains in those positions to date.

3. Failed Prepetition Initiatives to Boost Long-Term Viability

While the Board and management issues created governance and strategic challenges, the Debtors believe that the primary cause of these Chapter 11 Cases was their inability to obtain funding necessary to satisfy secured debt obligations and pay amounts owed in the ordinary course of business from continuing operations. Based on their financial performance and operational issues, the Debtors believed that their ability to continue tapping external sources for funding became unfeasible. Without sources of capital and with continuing multi-million dollar monthly operating losses, the Debtors accelerated initiatives to lower costs and improve liquidity. These changes, however, did not result in sufficient long-term financing and operational changes that could enable the Debtors to continue as a going concern.

(a) Engagement of Investment Bankers

In the past three years, the Debtors pursued various financing, transactional, and restructuring opportunities through the engagement of three different investment bankers and marketing efforts led by the Board and Mr. Girn. The Debtors engaged Barclays Capital Inc. ("**Barclays**"), Rothschild & Co US Inc. ("**Rothschild**"), and SC&H Capital ("**SC&H**"), as investment bankers, to pursue various opportunities for the Debtors, including, among other things, recapitalization of existing debt; the sale of debt and/or equity instruments; the entry into new debt financing arrangements; a potential sale, merger, or other business and/or strategic combination involving the Debtors.

(i) 2024 Capital Raise

[2324] John McCarthy is the founder and managing partner of Venn. Venn, and certain of its affiliates, is an equity holder and debt holder in HGE.

[2425] Michulka, Mendes, and the other corporate employees—who are now employed by Guidepost Global —are performing work for the Debtors pursuant to a Management Services Agreement, effective as of June 1, 2025, between Guidepost Global and HGE.

Specifically, Rothschild was engaged in January 2024 to facilitate an equity raise that was focused on private equity firms (particularly groups with existing education platforms), late-stage growth equity investors, and hybrid capital investors. Rothschild engaged 67 potential investors, which did not lead to any actionable results.

Barclays was also retained in January 2024 to focus on new debt funding through outreach to a group of structured debt providers. Barclays engaged 38 total potential investors, with six of those investors executing non-disclosure agreements ("**NDAs**").

Five of those parties then engaged in management meetings and two participated in follow up sessions with the Debtors and their advisors. Unfortunately, no actionable results came from the Rothschild and Barclays engagement at that time.

While these third parties provided generally positive feedback on the Debtors' brand and educational product, there were numerous cited concerns that prevented outside parties from investing, including, among other things: continuous negative cash flows and questionable path to profitability, excessive rent costs (as discussed below), large balance of debt on the balance sheet, high level costs of G&A expenses, and questions about the Debtors' management. As no third-party financing was available, the Debtors completed an insider-led financing under the NPA.

(ii) 2025 Capital Raise/Sale

In December 2024, the Debtors re-engaged Rothschild to pursue transactions for both controlling and minority equity investors. Rothschild led the marketing process with outreach to 18 financial targets and nine strategic targets. Barclays also continued to solicit potential private equity investors for the same opportunities. From these efforts, only one party executed an NDA and no parties engaged in meaningful activities towards consummating an equity transaction. These marketing efforts also did not bring any actionable results for the same reasons as the previous marketing efforts by Rothschild and Barclays.

In February 2025, the Debtors then engaged SC&H to focus on a transaction for the sale of substantially all of the Debtors' assets, with a focus on strategic investors, financial sponsors with existing education platforms, and private equity. SC&H was also tasked with seeking debtor-in-possession financing from parties that would serve as a plan sponsor or potential buyer under a section 363 sale under the Bankruptcy Code. SC&H performed initial outreach to 89 financial buyers, 30 strategic buyers, and four high-net worth individuals / family offices but no offers were received before the WTI Foreclosure.

While Barclays, Rothschild, and SC&H were performing their marketing efforts, certain members of the Debtors' Board also engaged in direct outreach to select strategic investors through personal relationships and/or prior investments in the Debtors. Following market news that the Debtors were closing certain Schools, a number of strategic investors reached out directly to the Debtors regarding potential acquisition opportunities.

In late March 2025, one strategic investor provided a verbal indication of interest for the acquisition of all of the Debtors' schools in Arizona, Illinois, North Carolina, and Virginia for an amount well below WTI's secured debt on those assets. On March 31, 2025 and after WTI's foreclosure on March 22, 2025, another strategic investor provided a non-binding letter of intent to with a contingent purchase price subject to numerous adjustments that the Company did not find value constructive.

The Debtors believe they performed numerous thorough marketing processes that yielded no results that the Debtors could pursue. It was only when the Debtors' financial distress became more public that parties became interested. Even then, the proposals received by those interested parties were at fire sale

prices and/or with contingencies that raised serious concerns regarding the likelihood of a closing on a potential transaction. Further, no party came forward with a proposal that was in excess of secured debt held by WTI or any of the other secured lenders.

4. **Rent Deferrals and Lease Amendments**

Other than payroll costs for School-based employees, the Debtors' main operating costs are the rental expenses (the "**Rent Costs**") associated with the Schools' leases (the "**Leases**"), which prior to the Foreclosures, had a weighted-average remaining lease term of approximately 16 years. As of April 30, 2025, the Debtors had approximately $610,971,888 of long-term Lease liabilities. Indeed, the Rent Costs were historically more than one-third of the Debtors' operating revenues. For context, competitors in the early childcare education sector typically operate with Rent Costs at closer to 20% of Revenue. The Debtors' high Rent Costs reflect: (a) many newer Schools that had not yet ramped to mature levels of operating revenue and (ii) above-market rents, driven by lease incentives (*i.e.*, capital contributions from development partners offered in exchange for higher rents).

Year Ending	Operating Revenues	Rent Costs	Percentage of Rent Costs to Operating Revenues
2020	$40,514,615	$24,439,783	60.3%
2021	$81,909,500	$40,115,318	48.9%
2022	$123,650,999	$49,349,071	39.9%
2023	$161,597,696	$63,228,287	39.1%
2024	$192,478,070	$72,096,019	37.5%
2025 (through April 2025)	$140,256,616	$53,879,753	38.4%

Recognizing the massive Rent Costs, payment obligations, and the remaining long-term Lease liabilities, the Board executed a unanimous written consent on July 26, 2024 to (a) immediately stop all rent payments for the Leases beginning in August 2024 and (b) direct the Debtors to engage their landlords for the purposes of negotiating a restructuring of the Lease-related payments (the "**Lease Restructuring**"). In September 2024, the Debtors engaged Keen-Summit Capital Partners LLC to assist the Debtors with the Lease Restructuring.

The Lease Restructuring was a comprehensive and multi-faceted approach that presented landlords multiple options for various amendments to the Leases, including, among other things, rent deferrals, rent abatement, extension of Lease terms, and application of amounts owed to the Debtors under the Lease (*i.e.*, TI budget, startup capital, etc.) towards the unpaid rent. The Debtors' real estate team engaged over 100 landlords to pursue the Lease Restructuring, including the structuring of an entire customer-relationship-management-like negotiations-management tool to track the various landlord negotiations. The Lease Restructuring was a success in that the Debtors executed approximately 120 Lease amendments—representing the vast majority of the Debtors' Leases. Further, for those Leases that could not be amended to a financially satisfactory agreement, the Debtors worked with the landlords to transition operations to a new tenant.

While the Lease Restructuring provided short-term benefits for the Debtors' cash flows, it ultimately was not sufficient to offset ongoing losses. Even with the cash flow savings, the Debtors were unable to achieve positive cash flow from operations. Further, the rent deferrals were only for a period of time with the deferred rent obligations becoming payable in September 2025 for continuing operations. For dozens of other campuses, including certain leases that modified pursuant to the Lease Restructuring, the Debtors were not paying rent for months and were in default thereunder.

5. Other Restructuring Efforts

In an attempt to find more time to effectuate an out-of-court restructuring, the Debtors also performed various actions. First, as a result of the Debtors' financial shortcomings and the inability to pay rent at certain Schools, the Debtors were forced to close over fifty (50) Schools in 2025 prior to the Petition Date. In addition to School closures, Debtors have worked with landlords to transfer as many campuses as possible to other operators in an effort to reduce damages for landlords and help ensure stability of childcare for communities. Second, the Debtors terminated a large number of corporate employees, reducing monthly G&A spend by over 50%. Finally, the Debtors engaged Foley and SCP as restructuring professionals.

F. Foreclosures, Asset Sales, and Post-Foreclosure Operations[~~25~~26]

1. Loan Defaults and Foreclosures on Certain Assets

As stated above, the Debtors owed a significant amount of secured debt that was collateralized by a number of the Debtors' assets, including, among other things, the Schools, intellectual property, training and teaching programing, and other assets. The Debtors were simply unable to pay the required payments under the various secured debt obligations—whether they be monthly/quarterly interest payments or the payment of principal upon the term of the debt obligations. As a result, numerous secured lenders declared events of default, pursued their statutory remedies, and executed the Foreclosures on the majority of the Debtors' assets.

The Debtors believe that they analyzed and investigated potential alternatives to the Foreclosures, including, among other things, obtaining new funding to cure any defaults, negotiating delays to the Foreclosures, and potential transactions that would monetize certain assets. The Debtors believe that none of these alternatives resulted in any actionable paths for the Debtors.

The Debtors then focused on the path that would: (a) keep as many employees with jobs, (b) allow for as many students and families to continue using the Schools, and (c) continue the Debtors' mission of providing the best Montessori education programming in the United States. While the Debtors would have preferred to lead this path, the reality was that the Debtors were financially unable to continue operations for these Schools and delay the Foreclosures. As such, the Debtors worked with their secured lenders and the Foreclosure Buyers (as defined herein) to ensure that Schools that were foreclosed upon were not impacted by the Foreclosures—ensuring that employees kept their jobs and students and families had Schools to attend.

(a) WTI Default and Foreclosure.

On March 10, 2025, WTI sent the Debtors a Notice of Default under Loan Agreements (the "**WTI Default Notice**") whereby WTI notified the Debtors of defaults under the WTI Loan Documents related to, among other things, the Borrowers' failure to pay necessary principal and interest payments, which the Borrowers failed to pay on December 1, 2024 through and including March 1, 2025. The Debtors investigated options to find funding to pay the WTI Cure Payment and were unable to do so.

[~~25~~26] As noted above, the Committee does not agree with the Debtors' characterization of the prepetition sales and foreclosures, but the following background is provided for context. The Committee and, after the Effective Date, the Liquidating Trustee, reserves all rights.

As a result, on March 22, 2025, WTI foreclosed (the "**WTI Foreclosure**") on certain of the WTI Collateral (the "**WTI Foreclosed Assets**") and, pursuant to a private sale, sold the WTI Foreclosed Assets to Guidepost Global pursuant to that Foreclosure Sale Agreement dated March 22, 2025 (the "**WTI Sale Agreement**"). Pursuant to the WTI Sale Agreement, Guidepost Global provided consideration of $23,082,335.51 for the acquisition of the WTI Foreclosed Assets, including numerous schools and substantially all of the Debtors' intellectual property, pedagogy, education and training programing, social media assets, and other assets necessary for the continual operations of the Schools.

As WTI did not foreclose on all of the WTI Collateral, WTI maintains a perfected, secured claim against the WTI Borrowers in the amount of $4,680,970.83. The Girns have questioned the legitimacy of the WTI Foreclosure.

(b) Learn Capital Default and Foreclosure

On March 28, 2025, Learn Fund XXXVII delivered a Default Notice (the "**Learn Fund XXXVII Default Notice**") stating that the Learn Borrowers were in default under the Learn Fund XXXVII Promissory Note and related security agreement due to WTI issuing the WTI Default Notice. Learn Fund XXXVII declared the entire unpaid principal and accrued interest under the Learn Fund XXXVII Promissory Note due and payable in an amount not less than $3,820,194.52. Also on March 28, 2025, Learn Fund XXXVII delivered to the Learn Borrowers, Yu Capital, and counsel to EB5AN a Notification of Disposition of Collateral advising the Debtors that Learn Fund XXXVII intended to sell right, title and interest of the Learn Borrowers in and to Learn Fund XXXVII Collateral in which Learn Fund XXXVII has a first priority security interest (the "**Learn Fund XXXVII Disposition Sale**").

On April 17, 2025, Learn Fund XXXVII deliver a letter to Yu Capital and EB5AN providing an offer to sell the Learn Fund XXXVII Collateral, other than the LePort Emeryville School, for $3,513,465.21, plus accruing interest (the "**Learn Fund XXXVII Sale Offer**"). Neither Yu Capital nor EB5AN pursued the Learn Fund XXXVII Sale Offer. The Debtors investigated options to find funding to delay the Learn Fund XXXVII Disposition Sale and were unable to do so.

On April 23, 2025, Learn Fund XXXVII foreclosed certain of the Learn Fund XXXVII Collateral (the "**Learn Fund XXXVII Foreclosed Assets**") and, pursuant to a private sale, sold the Learn Fund XXXVII Foreclosed Assets to CEA. Learn Fund XXXVII maintains an unsecured claim against the Learn Borrowers in the approximate principal amount of $410,350. The Girns have questioned the legitimacy of the foreclosure by Learn Fund XXXVII.

(c) Yu Capital Default and Foreclosure

Following the WTI Default Notice and the Learn Fund XXXVII Default Notice, Yu Capital and certain of its affiliates issued their own default notices and pursued a foreclosure and sale of their collateral.

(i) YuHGE A Foreclosure

The term of the YuHGE A loan ended on June 30, 2024, at which time all outstanding principal amount and unpaid interest were due and payable in full. Guidepost A did not pay the outstanding amount due and payable upon the term date and, on March 3, 2025, YuHGE A issued a Notice of Event of Default (the "**YuHGE A Default Notice**").

On March 31, 2025, YuHGE A issued of Notice of Events of Default, Acceleration of Loans and Public Auction of Collateral (the "**YuHGE A Foreclosure Notice**") whereby Yu Capital A stated that

Guidepost A failed to cure the known events of default under the YuHGE A Loan and it intended to conduct a public auction to sell the YuHGE A Collateral.

Because the Debtors were unable to cure all defaults, an auction was conducted at which TNC Schools LLC, as assignee for YuHGE A, submitted a credit bid in the aggregate amount of $1,000,000 and were determined to be the highest bid for the YuHGE A Collateral.

(ii) Yu Capital, YuFIC B, and NRTC Default Notices

On March 3, 2025, Yu Capital issued a Notice of Event of Default (the "**Yu Capital Default Notice**") identifying an event of default related to Guidepost A's failure to make required monthly installment payments for February 2025. The Yu Capital Default Notice stated that if Guidepost A did not cure the defaults under the Yu Capital Loan by March 10, 2025, Yu Capital would exercise its remedies.

The term of the YuFIC B loan ended on June 5, 2021, at which time all outstanding principal amount and unpaid interest were due and payable in full. Guidepost A did not pay the outstanding amount due and payable upon the term date and, on March 31, 2025, YuFIC B issued a Notice of Event of Default (the "**YuFIC B Default Notice**"). The YuFIC B Default Notice stated that if Guidepost A did not pay the YuFIC B Loan in full by April 8, 2025, YuFIC B would exercise its remedies.

On April 11, 2025, NTRC issued a Notice of Event of Default (the "**NTRC Default Notice**") identifying an event of default related to Guidepost A's failure to make required quarterly installment payments on April 10, 2025. The NTRC Default Notice stated that if Guidepost A did not cure the defaults under the NTRC Loan by April 18, 2025, NTRC would exercise its remedies.

(iii) Yu Capital Foreclosure

On March 31, 2025, Yu Capital issued a Notice of Events of Default, Acceleration of Loans and Public Auction of Collateral (the "**Yu Capital Foreclosure Notice**") whereby Yu Capital stated that Guidepost A failed to cure the known events of default under the Yu Capital Loan. Yu Capital also declared that all principal and accrued and unpaid interest under the Yu Capital Loan were immediately due and payable. The Yu Capital Foreclosure Notice also stated that Yu Capital was going to hold a public auction to sell the Yu Capital Collateral on April 29, 2025, at 11:00 a.m. (prevailing Central Time) pursuant to section 9-610 of the UCC (the "**Yu Capital Auction**"). The Yu Capital Foreclosure Notice was provided to the NPA Collateral Agent, Fund IX, Fund X, and US Foods, Inc.

The Debtors were unable to cure all defaults set forth in the Yu Capital Foreclosure Notice by the Yu Capital Auction. At the Yu Capital Auction, TNC Schools LLC, as assignee for NTRC and Yu FICB, submitted a credit bid in the aggregate amount of $5,000,000 and were determined to be the highest bid for the Yu Capital Collateral. Specifically, NTRC submitted a credit bid of $4,000,000 to acquire the NTRC Collateral and YuFIC B submitted a credit bid of $1,000,000 to acquire the YuFIC B Collateral.

Following the Yu Capital Foreclosure, the Debtors still owe approximately $6,257,503 on the various Yu Capital Loans, with (a) $289,833 owed to NTRC, (b) $1,182,387 owed to YuFIC B, (c) $57,424 owed to YuHGEA LLC, (d) $327,858 owed to Yu Capital, and (e) $2,200,000 owed to YuATI. Because all of the collateral securing these obligations were foreclosed upon, the Debtors believe that the outstanding obligations are unsecured.

(d) Sale of Certain Assets

Following the Foreclosures and even with the ability to fund certain operations under the TSAs, the Debtors were still in need of immediate working capital to pay, among other things, rent and payroll for the Schools that were not foreclosed upon and were/are being wound down in an organized manner. The Debtors' options were limited and resulted in the Debtors approaching Learn Capital and CEA for additional funding.

(i) Sale Directly to CEA

To obtain necessary funding, HGE, the subsidiaries listed thereto, and CEA entered into that Asset and Equity Purchase Agreement dated May 7, 2025 (the "**CEA Purchase Agreement**"). Pursuant to the CEA Purchase Agreement, the Debtors sold to CEA (a) the Williamsburg, South Naperville, Bradley Hills, Leadwood, and South Riding Schools, and (b) all equity interests owned by the Debtors in Prepared TT and HGE FIC J LLC[2627] for the aggregate consideration of $1,200,000.

(ii) Sale Pursuant to Purchase Option

To be able to fund payroll costs on April 8, 2025, HGE and certain other Debtors issued a Secured Convertible Promissory Note in the amount of $2,200,000 to Learn Capital Fund XXXVII (the "**Purchase Option Note**"), secured by that Security Agreement, dated as of April 7, 2025. The Purchase Option Note was secured by substantially all of the assets in the following Schools (1) Guidepost Montessori at Emeryville; (2) Guidepost Montessori at Carmel; (3) Guidepost Montessori at Richardson; (4) Guidepost Montessori at Oak Brook; (5) Guidepost Montessori at Worthington; (6) Guidepost Montessori at Bridgewater; (7) Guidepost Montessori at Brasswood; and (8) Guidepost Montessori at Kentwood (collectively, the "**Purchase Option Notice Collateral**").

The Purchase Option Note provided Learn Capital Fund XXXVII with the option to acquire the Purchase Option Notice Collateral upon a default under the Purchase Option Note or at any time Learn Capital Fund XXXVII wished to exercise the option (the "**Purchase Option**"). The purchase price for the Purchase Option Note Collateral was (a) the sum of the amount outstanding under the Purchase Option Note and (b) $2,300,000 (the "**Purchase Option Price**"). On May 8, 2025, (x) CEA acquired the Purchase Option Note pursuant to a Note Transfer Agreement, dated May 8, 2025, and (y) pursuant to that Asset and Equity Purchase Agreement, dated May 8, 2025, between HGE, the subsidiaries listed thereto, and CEA, CEA exercised the Purchase Option and paid the Purchase Option Price. CEA did not acquire the Carmel School when it exercised the Purchase Option.

2. Post-Foreclosure and Asset Sales Operations

Concurrently with the Foreclosures, the Debtors entered into transition services agreements (the "**TSAs**") with Guidepost Global, CEA, and TNC (the "**Foreclosure Buyers**"). As stated above, the Debtors did not believe they could stop the Foreclosures and wanted to make sure that operations for the foreclosed-upon Schools were not impacted by the Foreclosures—the Debtors' goal was to make sure that as many employees remained employed and students in the Schools, as possible. As such, the Debtors worked with the Foreclosure Buyers to ensure that the foreclosed-upon Schools and the Schools acquired pursuant to the CEA Purchase Agreement and the Purchase Option would continue operating without any harm to the Schools' employees and students.

[2627] Guidepost A owned a 49% interest HGE FIC J LLC, an entity that owns the Marlborough School.

With this in mind and knowing that the Foreclosure Buyers required additional time to transfer all operations to themselves, the Debtors entered into three different TSAs, one with each of Guidepost Global, CEA, and TNC. Pursuant to the TSAs, the Debtors have been administering various functions on behalf of the Foreclosure Buyers, including, among other things, the transfer of licenses, leases, student deposit processing, cash management systems, and employees (the "**Transition Services**"). In exchange for the performance of the Transition Services, the Foreclosure Buyers were required to make the Debtors' net-zero – meaning that the Foreclosure Buyers reimbursed and paid the Debtors for all expenses related to the Schools that the Foreclosure Buyers acquired and their respective share of the Debtors' overhead costs, subject to limited ongoing obligations by the Debtors.

On June 1, 2025, substantially all of the Debtors' corporate employees ceased employment with the Debtors and began employment with Guidepost Global. As a result, the Debtors no longer had the staffing necessary to perform the Transition Services for the benefit the Foreclosure Buyers. Therefore, the TSAs with Guidepost Global, CEA, and TNC were terminated, effective June 1, 2025. The Debtors will continue to work with the Foreclosure Buyers to transfer necessary executory contracts, unexpired leases, and other documents to the Foreclosure Buyers to assist the Foreclosure Buyers in the ongoing operations of the Schools.

As the Debtors had ongoing operations and the need to perform several business functions, the Debtors and Guidepost Global entered into a Management Services Agreement, effective as of June 1, 2025 (the "**MSA**"). The MSA was and is necessary for the Debtors to continue operating during the pendency of these Chapter 11 Cases and to continue utilizing several business functions, including, among others, financing and accounting, human resources, and real estate matters. The Debtors have and will compensate Guidepost Global for the reasonable costs of the services performed by Guidepost Global under the MSA.

ARTICLE V.
Events in the Chapter 11 Cases

The Debtors commenced these Chapter 11 Cases by filing voluntary chapter 11 petitions on June 17, 2025, and June 18, 2025. The Chapter 11 Cases are pending before the Honorable Michelle V. Larson in the Bankruptcy Court. The Bankruptcy Court has not appointed a trustee. United States Trustee for the Northern District of Texas (the "**U.S. Trustee**") appointed the Committee on July 8, 2025. *See* Docket No. 158.

A. Restructuring Support Agreement

These Chapter 11 Cases and the RSA Plan were filed in compliance with the RSA that had the support of the Debtors and the Supporting RSA Parties. On June 26, 2025, the Debtors filed the RSA Plan, the *Disclosure Statement for the Joint Plan of Reorganization of Higher Ground Education, Inc. and its Affiliated Debtors* [Docket No. 97] (the "**RSA Disclosure Statement**"), and the *Debtors' Motion for Entry of an Order (I) Authorizing and Approving Assumption of the Restructuring Support Agreement, and (II) Granting Related Relief* [Docket No. 93] (the "**RSA Assumption Motion**"). Following the Committee's formation, the Debtors and the Supporting RSA Parties negotiated the limited assumption of the RSA Assumption Motion in the *Order Granting, in Part, Motion to Assume Restructuring Support Agreement* [Docket No. 254] (the "**Limited RSA Assumption Order**").

As a result of the Debtors' RSA Fiduciary Out, the Debtors filed the *Notice of Withdrawal of Debtors' Motion for Entry of an Order (I) Authorizing and Approving Assumption of the Restructuring Support Agreement, and (II) Granting Related Relief* [Docket No. 456].

B. First Day Motions

On the Petition Date, the Debtors filed multiple motions seeking various relief from the Bankruptcy Court to enable the Debtors to facilitate a smooth transition into chapter 11 (the "**First Day Motions**"). The Bankruptcy Court granted substantially all of the relief requested in the First Day Motions and entered various orders authorizing the Debtors to, among other things:

- Pay certain prepetition insurance premiums and continue insurance programs in the ordinary course [Docket No. 43];
- Pay certain prepetition taxes and assessments and continue paying taxes in the ordinary course [Docket No. 109];
- Honor certain prepetition obligations under the Debtors' deposit programs and continue the Debtors' deposit programs in the ordinary course [Docket No. 88];
- Establish procedures for future rejection of any additional burdensome Executory Contracts and Unexpired Leases [Docket No. 60]; and
- Pay certain prepetition workforce obligations and continue paying employee wages and benefits [Docket No. 61];
- Continue the use of the Debtors' cash management system, bank accounts, and business forms, on an interim basis [Docket No. 62]

Copies of the First Days Motions and related orders can be found on the website managed by Verita, the Debtor's Claims and Noticing Agent. *See* www.veritaglobal.net/HigherGround.

C. Appointment of Creditors' Committee

On July 8, 2025, the U.S. Trustee appointed the Committee under section 1102 of the Bankruptcy Code to represent the interests of unsecured creditors in these Chapter 11 cases [Docket No. 158]. The members of the Creditors' Committee are: (i) 214 Hallandale Beach, LLC; (ii) The School of Practical Philosophy; (iii) Cathy Lim; (iv) Pure Tempe Partnership; and (v) RTS Orchard, LLC.

D. The DIP Motion and DIP Orders

As of the Petition Date, the Debtors had limited cash on hand and limited anticipated revenues from remaining operations. Accordingly, the Debtors required external funding to fund remaining operations and the costs of these Chapter 11 Cases. On June 18, 2025, the Debtors filed the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Obtain Postpetition Senior Secured Financing from YYYYY, LLC; (B) Obtain Postpetition Junior Secured Financing from Guidepost Global Education, Inc.; (C) Utilize Cash Collateral; and (D) Pay Certain Related Fees and Charges; (II) Granting Adequate Protection to the Prepetition Lender; (III) Modifying the Automatic Stay; (IV) Scheduling a Final Hearing; and (V) Granting Certain Related Relief* [Docket No. 14] (the "**DIP Motion**"). The DIP Motion set forth the terms of (i) a $5.5 million senior secured loan from YYYYY, LLC and (ii) a $2.5 million junior secured loan from Guidepost Global, with both loans secured by all of the assets of Higher Ground Education, Inc., Guidepost A LLC, Prepared Montessorian LLC, and Terra Firma Services LLC. The DIP Facilities include a $2 million dollar-for-dollar roll up of certain prepetition loans from the DIP Lenders.

On June 20, 2025, the Bankruptcy Court entered the *Interim Order Authorizing Debtor to (A) Obtain Postpetition Senior Secured Financing from YYYYY, LLC; (B) Obtain Postpetition Junior Secured Financing from Guidepost Global Education, Inc.; (C) Utilize Cash Collateral; and (D) Pay Certain Related Fees and Charges; (II) Granting Adequate Protection to the Prepetition Lender; (III) Modifying the Automatic Stay; (IV) Scheduling a Final Hearing; and (V) Granting Certain Related Relief* [Docket No. 63] (the "**Interim DIP Order**"). Following the Debtors' negotiations with the DIP Lenders, Committee, and U.S. Trustee, on July 22, 2025, the Bankruptcy Court entered the *Final Order Authorizing Debtor to (A) Obtain Postpetition Senior Secured Financing from YYYYY, LLC; (B) Obtain Postpetition Junior Secured Financing from Guidepost Global Education, Inc.; (C) Utilize Cash Collateral; and (D) Pay Certain Related Fees and Charges; (II) Granting Adequate Protection to the Prepetition Lender; (III) Modifying the Automatic Stay; (IV) Scheduling a Final Hearing; and (V) Granting Certain Related Relief* [Docket No. 253] (the "**Final DIP Order**," and with the Interim DIP Order, the "**DIP Orders**"). The Debtors, the Committee, and the DIP Lenders also negotiated revisions to the debtor-in-possession financing budget attached to the Final DIP Order (the "**Approved Budget**").

E. Retention of Estate Professionals

During these Chapter 11 cases, the Bankruptcy Court authorized the Debtors' retention of (i) Foley, as bankruptcy counsel [Docket No. 324]; (ii) Verita, as the claims, noticing, and solicitation agent [Docket No. 58]; and (iii) SCP, as financial advisor [Docket No. 325]. The Bankruptcy Court also authorized the Committee's retention of Gray Reed, as counsel [Docket No. 421] and Emerald Capital Advisors Corp., as financial advisor [Docket No. 438].

F. Schedules and Statements

On July 8, 2025, the Debtors filed their Schedules of Assets and Liabilities and their Statements of Financial Affairs (as may be amended, modified, or supplemented, the "**Schedules**"). The Schedules identified, among other things, each of the Debtors' assets, liabilities, historical financial operations, and prepetition transfers.

G. Bar Dates

On June 20, 2025, the Bankruptcy Court entered an order approving (i) August 7, 2025, as the General Claims Bar Date for all creditors to file proofs of claim against the Debtors, and (ii) December 15, 2025, as the Governmental Bar Date for all Governmental Units to file proofs of claim against the Debtors [Docket No. 57]. Any references in the Plan or Disclosure Statement to any Claims or Equity Interests shall not constitute an admission of the existence, nature, extent, or enforceability thereof. All known creditors were served notice of the Bar Dates by June 27, 2025. *See* Docket Nos. 87, 100, 160, 259, 282, 290, 294, 336, 340, 408, 439. On July 25, 2025, the Debtors also published the notice of Bar Dates in the national edition of *The Wall Street Journal*. *See* Docket No. 106. Under the circumstances, the Debtors believe they have complied with applicable due process requirements for providing notice to all known creditors in these Chapter 11 Cases.

Pursuant to Article 1.1.3 and Article 3.2 of the Plan, the Administrative Claims Bar Date for Holders of Administrative Expense Claims is the first business day that is thirty (30) days following the Effective Date of the Plan, except as specifically set forth in the Plan or a Final Order of the Court. As set forth in Article 1 of the Plan, "Administrative Expense Claim" means a Claim for costs and expenses of administration of the Estates pursuant to sections 328, 330, 331, 503(b), 507(a)(2), 507(b) or, if applicable, 1114(e)(2) of the Bankruptcy Code, including without limitation: (a) any actual and necessary expenses of preserving the Debtors' Estates, including wages, salaries or commissions for services rendered after the commencement of the Chapter 11 Cases, certain taxes, fines and penalties, any actual

and necessary post-petition expenses of operating the business of the Debtors, including post-petition indebtedness or obligations, including the Senior DIP Lender Claim and the Junior DIP Lender Claim, incurred by or assessed against the Debtors in connection with the normal, usual or customary conduct of their business, or for the acquisition or payment of goods or lease of property, or for providing of services to the Debtors; (b) expenses pursuant to section 503(b)(9) of the Bankruptcy Code; (c) all Statutory Fees; and (d) Professional Fee Claims.

H. Executory Contracts and Unexpired Leases

As of the Petition Date, the Debtors were parties to various executory contracts and unexpired leases of nonresidential real property. On June 20, 2025, the Bankruptcy Court entered an order approving procedures to reject and assume unexpired leases and executory contracts [Docket No. 60]. The Debtors have filed three notices to reject certain executory contracts and unexpired leases in these Chapter 11 Cases (the "**Rejection Notices**") [Docket Nos. 387, 388, 416]. The Court has entered orders authorizing all three Rejection Notices [Docket Nos. 452, 453, 512].

The Debtors also filed three different motions for the assumption and assignment of certain executory contracts and unexpired leases [Docket Nos. 99, 263, 313] to Guidepost Global, CEA, and TNC (or their designated entities) (the "**Assumption Motions**"). The Court has entered orders granting all three Assumption Motions [Docket Nos. 513, 514, 515].

I. Analysis of Estate Causes of Action

The Debtors and the Committee have performed independent analyses of Causes of Actions that the Debtors or their Estates may be able to assert against various parties in these Chapter 11 Cases. These Causes of Action may be divided into the following categories:

1. Chapter 5 Avoidance Actions

The Debtors and the Committee, along with their respective professionals, have analyzed potential Causes of Actions under sections 362, 510, 542, 543, 544, 545, 546, 547, 548, 549, 550, or 553 of the Bankruptcy Code (the "**Chapter 5 Causes of Action**"). The Debtors' Schedules identified approximately $20 million of potential Chapter 5 Causes of Action against non-Insider parties and approximately $7.3 million of potential Chapter 5 Causes of Action against Insiders.

The Debtors and Committee believe that there are certain Chapter 5 Causes of Action that may provide beneficial recoveries for the Debtors' Estates and their creditors and will pursue these Chapter 5 Causes of Action through the Liquidating Trust unless expressly released under the Plan or otherwise assigned to Reorganized HGE.

For the avoidance of doubt, potential Chapter 5 Causes of Actions against the Settlement Parties will be released upon the Plan's Effective Date.

2. Foreclosure-Related Claims

The Committee and other parties in interest, including the Girns, have asserted that there may be Causes of Actions against certain parties based on the prepetition sales and foreclosure transactions. Specifically, the Committee and the Girns questioned whether there were legitimate alternatives available for the Debtors with respect to the Foreclosures and the value received with respect to the Foreclosed assets. The Debtors and the Settlement Parties disagree with the Committee's and the Girns' analysis and conclusions, but the parties, other than the Girns, ultimately reached the Plan Settlement to resolve this disagreement.

As part of the Plan Settlement (defined below), the Settlement Parties that may have been involved in the Foreclosures will receive a release from the Debtors and their Estates upon the payment of the Settlement Party Payment of $1.95 million (subject to adjustment if there remains Surplus DIP Cash in excess of $500,000). To be clear, the definition of Settlement Parties excludes certain directors and officers of the Debtors against whom the Committee believes there may be colorable claims worth pursuing (or settling), in addition to the Settlement Party Payment. The Debtors, Committee, and the Settlement Parties believe that the Settlement Party Payment reflects a reasonable settlement of potential Causes of Actions that the Debtors' Estates may be able to assert against the Settlement Parties with respect to the prepetition sales and foreclosures discussed herein.

3. D&O-Related Claims and Standing

The Debtors and Committee believe there may be Debtors' Retained Causes of Action against the Debtors' D&Os for actions or inactions of the Debtors' D&Os while they served in their position(s) for the Debtors. As a result of this analysis, Greg Mauro, Rob Hutter, Jonathan McCarthy, Zhengyu Huang, and Ramandeep (Ray) Girn (collectively, the "**Non-Released D&Os**") will not receive a release from the Debtors and their Estates until a D&O Claim Resolution is consummated.

The Debtors and the Committee believe that the Non-Released D&Os may be subject to actionable claims and causes of action due to their roles at the time of, among other things, the Foreclosures and the prepetition asset sales, as well as other business-related decisions (including those involving the Debtors' Unexpired Leases and Executory Contracts).

On the Effective Date, all Debtors' Retained Causes of Action against the Non-Released D&Os shall be transferred and assigned to, and shall vest in, the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries. Further, all the Debtors' rights and interests in the D&O Insurance Policies will similarly be transferred and assigned to, and shall vest in, the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries.

To potentially pursue Debtors' Retained Causes of Action against the Non-Released D&Os, the Debtors stipulated and agreed to confer to the Committee derivative standing for the purposes of sending one or more demands to one or more Non-Released D&Os and/or the applicable D&O Insurance Carriers (the "**Committee Derivative Standing Stipulation**"). *See* Docket No. 443. On September 25, 2025, the Court entered an order approving the Committee Derivative Standing Stipulation. *See* Docket No. 510. On the Effective Date, the Liquidating Trust will have standing under 11 U.S.C. § 1123(b)(3) to consummate a D&O Claim Resolution by settlement or to pursue any and all Debtors' Retained Causes of Action against any and all Non-Released D&Os and the D&O Insurance Carriers, as applicable.

After investigating potential Causes of Actions against the Independent Director and the Debtors' D&Os not identified as Non-Released D&Os, the Proponents do not believe that any meaningful recovery will result from pursuing any Causes of Action against these Persons.

J. Settlement Negotiations and Plan Mediation

Shortly after the Committee was formed and its professionals were retained, the Committee made clear that it would not support the confirmation of the RSA Plan. In an effort to find a resolution, the Debtors, the Committee, and various Supporting RSA Parties engaged in numerous settlement negotiations, conferences, and a two-day Plan mediation session.

On August 8, 2025, the Debtors hosted a settlement conference with the Committee and certain Supporting RSA Parties (the "**Settlement Conference**"). Following the Settlement Conference, the parties agreed to Plan mediation (the "**Mediation**") with retired U.S. Bankruptcy Judge Russell Nelms serving as the mediator. The Bankruptcy Court entered an agreed order authorizing the Debtors' payment of Judge Nelms's mediation fees on August 13, 2025. *See* Docket No. 334.

The Debtors hosted the Mediation on August 19, 2025 and August 20, 2025. While the Mediation did not result in a settlement, the parties were able to narrow the scope of the outstanding issues and continue further settlement discussions that ultimately led to the settlement set forth in the Plan (the "**Plan Settlement**").

ARTICLE VI.
Plan Settlement

On September 11, 2025, the Debtors informed the Bankruptcy Court that the Debtors, the Committee, and the Settlement Parties have reached a settlement in principle with respect to these Chapter 11 Cases. This settlement forms the framework for the Plan, as discussed in this Disclosure Statement.

As described herein, the Plan Settlement resolves Causes of Action against the Settlement Parties on behalf of the Debtors and their Estates. The Non-Released D&Os will only receive a release from the Debtors and their Estates upon the consummation of a D&O Claim Resolution.

Below is a summary of the key terms of the Plan Settlement:

- Creation of Liquidating Trust. The Plan will provide for the creation of a Liquidating Trust to hold certain assets for the benefit of the Liquidating Trust Beneficiaries.

- Settlement Party Payment. On the Effective Date, the Settlement Parties shall pay or cause to be paid to the Debtors or Liquidating Trustee, as applicable, aggregate Cash in the amount of $1,950,000 (the "**Settlement Party Payment**"). The amount of the Settlement Party Payment shall be reduced on a dollar-for-dollar basis by the amount of the Excess Surplus DIP Cash. For example, if the Excess Surplus DIP Cash is $100,000, then the Settlement Party Payment will be reduced by $100,000 to $1,895,000.

- Settlement Party Payment True-Up Mechanism. In the event the Debtors or the Liquidating Trustee, as applicable, receive Excess Surplus DIP Cash after the Settlement Parties contribute the Settlement Party Payment, then the Debtors or the Liquidating Trustee, as applicable, shall return such Excess Surplus DIP Cash to Reorganized HGE or otherwise true-up such Excess Surplus DIP Cash as agreed upon by the Settlement Parties.

- Plan Sponsor Consideration. On the Plan Effective Date, the Plan Sponsor shall distribute the Plan Sponsor Consideration, if any, to the Liquidating Trust.

- Junior DIP Lender Consideration. On the Effective Date, in the event the Junior DIP Lender has not fully funded the Junior DIP Loan, the Junior DIP Lender shall contribute all remaining amounts outstanding and available to the Debtors under the Junior DIP Loan to the Liquidating Trust. Notwithstanding the foregoing, the Debtors shall be permitted to setoff valid amounts owed by the Debtors to the Junior DIP Lender against the Junior DIP Lender's remaining funding obligations under the Junior DIP Loan.

- D&O Claim Resolution. On the Effective Date, all Debtors' Retained Causes of Action against all Non-Released D&Os shall be transferred and assigned to, and shall vest in, the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries.

- Settlement Party Release of Certain Claims. On the Effective Date, unless as otherwise expressly set forth in the Plan, the Settlement Parties shall release and waive all Claims and Causes of Action against the Debtors' Estates.

- Settlement Party Mutual Releases. On the Effective Date and upon payment in full of the Settlement Party Payment, the Releasing Parties and the Settlement Parties shall be mutually released as set forth in Article 10.3 of the Plan.

The Plan Settlement was the product of length, arms-length negotiations. The Debtors and the Committee are mindful of their respective fiduciary obligations to act in the best interest of the Debtors' Estates and all creditors and have evaluated the Estate Party Settlement from that perspective. The Debtors and the Committee both strongly believe that the Plan Settlement, on the terms set forth in the Plan, is fair, equitable, and in the best interest of both the creditors and the Debtors' Estates.

ARTICLE VII.
Overview of the Plan

THIS SECTION OF THE DISCLOSURE STATEMENT IS INTENDED ONLY TO PROVIDE A SUMMARY OF THE KEY TERMS, STRUCTURE, CLASSIFICATION, TREATMENT, AND IMPLEMENTATION OF THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE ENTIRE PLAN AND EXHIBITS TO THE PLAN. ALTHOUGH THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN DOCUMENTS REFERRED TO THEREIN, THIS DISCLOSURE STATEMENT DOES NOT PURPORT TO BE A PRECISE OR COMPLETE STATEMENT OF ALL RELATED TERMS AND PROVISIONS, AND SHOULD NOT BE RELIED ON FOR A COMPREHENSIVE DISCUSSION OF THE PLAN. INSTEAD, REFERENCE IS MADE TO THE PLAN AND ALL SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS. THE PLAN ITSELF (INCLUDING ATTACHMENTS) AND THE PLAN SUPPLEMENT WILL CONTROL THE TREATMENT OF HOLDERS OF CLAIMS AND INTERESTS UNDER THE PLAN. TO THE EXTENT THERE ARE ANY INCONSISTENCIES BETWEEN THIS SECTION VII AND THE PLAN (INCLUDING ANY ATTACHMENTS TO THE PLAN) AND THE PLAN SUPPLEMENT, THE PLAN AND PLAN SUPPLEMENT, AS APPLICABLE, SHALL GOVERN.

A. Administrative and Priority Tax Claims

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified and thus are excluded from the Classes of Claims set forth in Article 3.2 and Article 3.3 of the Plan.

1. Administrative Claims

Except to the extent that a Holder of an Allowed Administrative Expense Claim has been paid by the Debtors prior to the Effective Date or such other treatment has been agreed to by the Holder of such Administrative Expense Claim and the Debtors, each Holder of an Allowed Administrative Expense

Claim (other than a Professional Fee Claim), in full and final satisfaction, release, settlement and discharge of such Administrative Expense Claim, shall be paid in full, in Cash by the Debtors, in such amounts as (a) are incurred in the ordinary course of business by the Debtors when and as such Claim becomes due and owing, (b) are Allowed by the Bankruptcy Court upon the later of the Effective Date, the date upon which there is a Final Order allowing such Administrative Expense Claim, or any other date specified in such order, or (c) may be agreed upon between the Holder of such Administrative Expense Claim and the Debtors.

HOLDERS OF ADMINISTRATIVE CLAIMS THAT ARE REQUIRED TO, BUT DO NOT, FILE AND SERVE A REQUEST FOR PAYMENT OF SUCH ADMINISTRATIVE CLAIM BY THE ADMINISTRATIVE BAR DATE SHALL BE FOREVER BARRED, ESTOPPED, AND ENJOINED FROM ASSERTING SUCH ADMINISTRATIVE CLAIMS AGAINST THE DEBTORS, REORGANIZED HGE, THE LIQUIDATING TRUST, THE ESTATES, OR THE PROPERTY OF ANY OF THE FOREGOING, AND SUCH ADMINISTRATIVE CLAIMS SHALL BE DEEMED DISCHARGED AS OF THE EFFECTIVE DATE.

2. **Professional Fee Claims**

(a) Final Professional Fee Applications

All final requests for payment of Professional Fee Claims, including the Professional Holdback Amount and Professional Fee Claims incurred during the period from the Petition Date through the Effective Date, must be filed with the Bankruptcy Court and served on the Liquidating Trustee and Reorganized HGE no later than forty-five (45) days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and any applicable orders of the Bankruptcy Court, the Allowed amounts of such Professional Fee Claims shall be determined and paid as directed by the Bankruptcy Court.

(b) Post-Effective Dates Fees and Expenses

Except as otherwise specifically provided in the Plan, from and after the Effective Date, each of Reorganized HGE and the Liquidating Trustee shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash their respective reasonable legal, professional, or other fees and expenses related to implementation of the Plan and Consummation incurred by Reorganized HGE or Liquidating Trust.

Upon the Effective Date, any requirement that Professional Persons comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and Reorganized HGE and the Liquidating Trustee, as applicable, may employ and pay any Professional Person in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

(c) Professional Holdback Escrow Account

Pursuant to the global settlement among the Debtors, the Settlement Parties, and the Committee, the DIP Lenders (a) have funded or (b) shall fund, no later than two (2) business days following entry by the Bankruptcy Court of the order conditionally approving the Disclosure Statement and solicitation of the Plan, which shall be in a form reasonably acceptable to the DIP Lenders, the Professional Holdback Escrow Account in the full amount of the Professional Holdback Amount. The Professional Holdback Escrow Account shall be held for the sole benefit of the Professional Persons until all Allowed Professional Fee Claims have been paid in full up to the amount of Professional Fee Claims agreed to in the Approved Budget. No Liens, claims, or interests of any kind shall encumber the Professional

Holdback Escrow Account or the Cash contained therein in any way. Funds held in the Professional Holdback Escrow Account shall not be considered property of the Debtors' Estates or of Reorganized HGE. Any funds remaining in the Professional Holdback Escrow Account after payment of all Allowed Professional Fee Claims shall become Liquidating Trust Assets and shall be distributed pursuant to the terms of this Plan and the Liquidating Trust Agreement.

Upon Allowance of a Professional Fee Claim, the same shall be paid as soon as reasonably practicable in Cash by the Liquidating Trustee from the funds held in the Professional Holdback Escrow Account; *provided* that the Debtors' and the Liquidating Trustee's obligations to pay Allowed Professional Fee Claims shall not be limited or be deemed limited to funds held in the Professional Fee Escrow Account. To the extent that there are insufficient funds in the Professional Fee Escrow Account to satisfy all Allowed Professional Fee Claims in full, any such Allowed Professional Fee Claims (or portions thereof that remain unpaid from the Professional Fee Escrow Account) shall be paid as an Allowed Administrative Claim in accordance with Article 3.2.2 of the Plan.

For the avoidance of doubt, any Allowed Professional Fee Claims greater than the amounts set forth in the Approved Budget shall not negatively impact the amount of the Excess Surplus DIP Cash that can be utilized by the Settlement Parties to reduce the amount of the Settlement Party Payment

3. **Priority Tax Claims**

Except to the extent that a Holder of an Allowed Priority Tax Claim or Secured Tax Claim has been paid by the Debtors prior to the Effective Date or agrees to a different treatment, each Holder of an Allowed Priority Tax Claim and Secured Tax Claim, in full and final satisfaction, release, settlement and discharge of such Priority Tax Claim or Secured Tax Claim, shall receive on account of such Claim, payment in full in Cash as soon as reasonably practicable after the Effective Date or such other treatment in accordance with the terms set forth in section 1129(a)(9)(c) of the Bankruptcy Code.

4. **Senior DIP Lender Claim**

The Senior DIP Lender Claim shall be Allowed in the full amount of all amounts advanced under the Senior DIP Loan, plus accrued interest. Pursuant to the Subscription Option, the Senior DIP Lender shall have the option to convert up to 100% of the outstanding Allowed Senior DIP Lender Claim into shares of Reorganized HGE Common Stock at a rate of 10% of the Allowed Senior DIP Lender Claim for 60 shares of Reorganized HGE Common Stock, up to a maximum of 100% of the Allowed Senior DIP Lender Claim for 600 shares out of the total 1000 shares of Reorganized HGE Common Stock.

Any portion of the Allowed Senior DIP Lender Claim not exchanged for Reorganized HGE Common Stock pursuant to an election of the Subscription Option (the "Unexchanged DIP Amount"), shall be satisfied either (a) by payment in full, in Cash, by the Plan Sponsor on the Effective Date, which Cash shall be separate from and in addition to the Plan Consideration; or (b) if and only if agreed by the Plan Sponsor and the Senior DIP Lender, by non-Cash satisfaction through a dollar-for-dollar reduction in the funding of the Plan Consideration or other agreed offsets, in each case until the Unexchanged DIP Amount is reduced to $0.00. For the avoidance of doubt, no distribution on account of the Allowed Senior DIP Lender Claim shall be made from Cash-on-Hand, Surplus DIP Cash, the Settlement Party Payment, any D&O Claim Resolution, or the Liquidating Trust Assets under the Plan.

5. **Junior DIP Lender Claim**

The Junior DIP Lender Claim shall be Allowed in full. On the Effective Date, in consideration for the Settlement and Releases contained herein, each Holder of an Allowed Junior DIP Lender Claim, in full

and final satisfaction, release, settlement, and discharge of such Allowed Junior DIP Financing Claim, agrees that its Junior DIP Lender Claim shall be forgiven in its entirety.

6. **Statutory Fees**

All fees payable pursuant to section 1930(a) of the Judicial Code, as determined by the Bankruptcy Court at a hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid by each of the Debtors, Reorganized HGE or the Liquidating Trustee, respectively, with respect to the disbursements incurred by each of them, respectively, for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first; *provided*, *however*, that all fees attributable to Guidepost Global on account of the transfer of the Designated EB-5 Entities (if any) to Guidepost Global shall be paid by Guidepost Global. For avoidance of doubt, the U.S. Trustee shall not be required to File any Administrative Claim in the Chapter 11 Cases and shall not be treated as providing any release under the Plan in connection therewith.

B. Classification of Claims and Interests

This Plan constitutes a separate Plan proposed by each Debtor. Except for the Claims addressed in Article 3 of the Plan, all Claims and Interests are classified in the Classes set forth below in accordance with section 1122 of the Bankruptcy Code. A Claim or an Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or an Interest is also classified in a particular Class for the purpose of receiving distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

Voting tabulations for recording acceptances or rejections of the Plan shall be conducted on a Debtor-by-Debtor basis as set forth above.

Class	**Claims and Interests**	**Status**	**Voting Rights**
Class 1:	Bridge CN-3 Secured Lender Claim	Impaired	Entitled to Vote
Class 2:	WTI Secured Lender Claim	Impaired	Entitled to Vote
Class 3	CN-1 Note Claims	Impaired	Entitled to Vote
Class 4:	CN-2 Note Claims	Impaired	Entitled to Vote
Class 5:	CN-3 Note Claims	Impaired	Entitled to Vote
Class 6:	Other Secured Claims	Unimpaired	Deemed to Accept; Not Entitled to Vote
Class 7:	Non-Tax Priority Claims	Unimpaired	Deemed to Accept; Not Entitled to Vote
Class 8:	General Unsecured Claims	Impaired	Entitled to Vote
Class 9:	Intercompany Claims	Impaired	Deemed to Reject; Not Entitled to Vote
Class 10:	Equity	Impaired	Deemed to Reject; Not Entitled to Vote
Class 11:	Subsidiary Equity Interests	Impaired	Deemed to Reject; Not Entitled to Vote

To the extent a Class contains Allowed Claims or Allowed Interests with respect to any Debtor, the classification of Allowed Claims and Allowed Interests is specified below.

Class 1—Bridge CN-3 Secured Lender Claims

a. *Impairment:* Class 1 consists of the Bridge CN-3 Secured Lender Claims. Class 1 is Impaired, and the Holders of Claims in Class 1 are entitled to vote to accept or reject the Plan.

b. *Treatment*: Except to the extent a Holder of a Bridge CN-3 Secured Lender Claim agrees to less favorable treatment, on or as soon as practicable after the later of the Claims Objection Deadline and the date on which a Bridge CN-3 Secured Lender Claim becomes an Allowed Secured Claim, all Holders of Allowed Bridge CN-3 Secured Lender Claims held by Settlement Parties shall be deemed to have waived their distribution under the Plan on account of their respective Allowed Bridge CN-3 Secured Lender Claims. All other Allowed Bridge CN-3 Secured Lender Claims held by Holders other than the Settlement Parties shall receive a Cash distribution in the aggregate amount of $500,000. The Bridge CN-3 Secured Lender Claim held by the Girns is deemed a Disputed Claim under the Plan.

Class 2—WTI Secured Lender Claims

a. *Impairment*: Class 2 consists of the WTI Secured Lender Claim. Class 2 is Impaired, and the Holders of Claims in Class 2 are entitled to vote to accept or reject the Plan.

b. *Treatment*: On the Effective Date, Holders of WTI Secured Lender Claims, in full and final satisfaction, release, settlement, and discharge of such WTI Secured Lender Claims, shall waive its right to a distribution under the Plan on account of its WTI Secured Lender Claim.

Class 3—CN-1 Note Claims

a. *Impairment*: Class 3 consists of the CN Note Claims. Class 3 is Impaired, and the Holders of Claims in Class 3 are entitled to vote to accept or reject the Plan.

b. *Treatment*: On or as soon as practicable after the Effective Date, except to the extent a Holder of Allowed CN-1 Note Claim agrees to less favorable treatment, each Holder of an Allowed CN-1 Note Claim shall receive, in full and final satisfaction of such CN-1 Note Claim, a beneficial interest in the Liquidating Trust. Thereafter, each such Holder of an Allowed CN-1 Note Claim shall receive Cash distributions from the Liquidating Trust. Distributions from the Liquidating Trust to Holders of Allowed CN-1 Note Claims shall be on a pro rata basis with all other Liquidating Trust Beneficiaries in accordance with the terms of the Liquidating Trust Agreement. The CN-1 Note Claim held by the Girns is deemed a Disputed Claim under the Plan. For the avoidance of doubt, all Settlement Parties that are also Holders of CN-1 Note Claims, the Girns, and any other Holder of a CN-1 Note Claim that accepts a proposal from Guidepost Global to become an investor or other creditor of Guidepost Global, shall be

deemed to waive their distribution on account of their CN-1 Note Claims and shall receive no beneficial interest in or Cash distribution from the Liquidating Trust.

Class 4—CN-2 Note Claims

a. *Impairment***:** Class 4 consists of the CN-2 Note Claims. Class 4 is Impaired, and the Holders of Claims in Class 4 are entitled to vote to accept or reject the Plan.

b. *Treatment*: The CN-2 Note Claims are allowed under the Plan. All Holders of CN-2 Note Claims shall be deemed to have waived their distribution under the Plan on account of their respective Allowed CN-2 Note Claims; *provided, however,* that all CN-2 Note Claims held by Plan Sponsor and Senior DIP Lender shall not be deemed satisfied, released, settled, and/or discharged under the Plan.

Class 5—CN-3 Note Claims

a. *Impairment*: Class 5 consists of the CN-3 Note Claims, the Holders of which (a) are Settlement Parties or (b) will be offered the right to become an investor or other creditor of Guidepost Global in lieu of receiving a distribution under the Plan. Class 5 is Impaired, and the Holders of Claims in Class 5 are entitled to vote to accept or reject the Plan.

b. *Treatment*: The CN-3 Note Claims held by the Settlement Parties are Allowed Claims under the Plan. All Holders of Allowed CN-3 Note Claims shall be deemed to have waived their distribution under the Plan on account of their respective Allowed CN-3 Note Claims; *provided*, *however*, that all CN-3 Note Claims held by the Plan Sponsor and Senior DIP Lender shall not be deemed satisfied, released, settled, and/or discharged under this Plan.

For the avoidance of doubt, all Settlement Partners that are also Holders of CN-3 Note Claims, the Girns, and any other Holder of a CN-3 Note Claim that accepts a proposal from Guidepost Global to become an investor or other creditor of Guidepost Global, shall be deemed to waive their distribution on account of their CN-3 Note Claims and shall receive no beneficial interest in or Cash distribution from the Liquidating Trust. Further, the CN-3 Note Claim held by the Girns is deemed a Disputed Claim under the Plan.

Class 6—Other Secured Claims

a. *Non-Impairment*: Class 6 consists of all Other Secured Claims. Class 6 is Unimpaired, and pursuant to section 1126(f) of the Bankruptcy Code, the Holders of Claims in Class 6 are conclusively presumed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

b. *Subclassification:* Each Other Secured Claim, if any, shall constitute and comprise a separate Subclass numbered 6.1, 6.2, 6.3 and so on.

c. *Treatment*: Except to the extent a Holder of a Allowed Other Secured Claim agrees to less favorable treatment, on or as soon as practicable after the later of

the Claims Objection Deadline and the date on which an Other Secured Claim becomes Allowed, each Allowed Other Secured Claim, in full and final satisfaction, release, settlement and discharge of such Allowed Other Secured Claim, shall be, at the Debtors' option, (a) Reinstated, (b) satisfied by the Debtors' surrender of the collateral securing such Claim (except to the extent such collateral constitutes Reorganized HGE Assets), (c) offset against, and to the extent of, the Debtors' claims against the Holder of such Claim, or (d) otherwise rendered Unimpaired (*provided* that such unimpairment shall not impact the Reorganized HGE Assets without the express consent of Plan Sponsor). For the avoidance of doubt, all Settlement Parties ~~and the Girns~~ shall be deemed to waive their distribution or other treatment on account of their Other Secured Claims, if any. Further, any Other Secured Claim held by the Girns is deemed a Disputed Claim under the Plan.

Class 7—Non-Tax Priority Claims

a. *Non-Impairment:* Class 7 consists of all Non-Tax Priority Claims. Class 7 is Unimpaired, and pursuant to section 1126(f) of the Bankruptcy Code, the Holders of Claims in Class 7 are conclusively presumed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

b. *Treatment*: The legal, equitable and contractual rights of the Holders of Allowed Non-Tax Priority Claims are unaltered by the Plan. Except to the extent that a Holder of an Allowed Non-Tax Priority Claim agrees to a less favorable treatment, each Holder of an Allowed Non-Tax Priority Claim, in full and final satisfaction, release, settlement, and discharge of such Allowed Non-Tax Priority Claim, shall be paid in full, in Cash, on or as soon as reasonably practicable after the later of the Claims Objection Deadline and the date on which a Non-Tax Priority Claim becomes Allowed, or in accordance with the terms of any agreement between the Debtors, the Committee, the Plan Sponsor and the Holder of an Allowed Non-Tax Priority Claim. For the avoidance of doubt, all Settlement Parties ~~and the Girns~~ shall be deemed to waive their distribution or other treatment on account of their Non-Tax Priority Claims, if any. Further, any Non-Tax Priority Claim held by the Girns is deemed a Disputed Claim under the Plan.

Class 8—General Unsecured Claims

a. *Impairment:* Class 8 consists of all General Unsecured Claims. Class 8 is Impaired, and the Holders of Class 8 Claims are entitled to vote on the Plan.

b. *Treatment:* On or as soon as practicable after the Effective Date, except to the extent that a Holder of an Allowed General Unsecured Claim agrees to less favorable treatment, each Holder of an Allowed General Unsecured Claim shall receive, in full and final satisfaction of such Allowed General Unsecured Claim, a beneficial interest in the Liquidating Trust. Thereafter, each such Holder of an Allowed General Unsecured Claim shall receive Cash distributions from the Liquidating Trust. Distributions from the Liquidating Trust to Holders of Allowed General Unsecured Claims shall be on a pro rata basis with all other Liquidating Trust Beneficiaries in accordance with the terms of the Liquidating Trust Agreement. For the avoidance of doubt, all Settlement Parties ~~and the~~

~~Girns~~ shall be deemed to waive their distribution or other treatment on account of their General Unsecured Claims, if any. Further, any General Unsecured Claim held by the Girns is deemed a Disputed Claim under the Plan.

Class 9—Intercompany Claims

a. *Impairment:* Class 9 consists of all Intercompany Claims. Class 9 is Impaired, and pursuant to section 1126(g) of the Bankruptcy Code, the Holders of Intercompany Claims in Class 9 are deemed to reject the Plan and are not entitled to vote to accept or reject the Plan.

b. *Treatment:* On the Effective Date, all Intercompany Claims shall be cancelled, and Holders of Intercompany Claims shall not receive or retain any Property under the Plan on account of their Intercompany Claims.

Class 10 — Equity

a. *Impairment:* Class 10 consists of all Equity Interests. Class 10 is Impaired, and pursuant to section 1126(g) of the Bankruptcy Code, the Holders of Equity Interests in Class 10 are deemed to reject the Plan and are not entitled to vote to accept or reject the Plan.

b. *Treatment:* On the Effective Date, all Equity shall be retired, cancelled, extinguished and discharged, and Holders of Equity Interests shall not receive or retain any Property under the Plan on account of such Equity Interests.

Class 11—Subsidiary Equity Interests

a. *Non-Impairment:* Class 11 consists of Subsidiary Equity Interests. Class 11 is Impaired, and pursuant to section 1126(f) of the Bankruptcy Code, the Holders of Subsidiary Equity Interests in Class 11 are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

b. *Treatment:* On the Effective Date, all Subsidiary Equity Interests shall be retired, cancelled, extinguished and discharged, and Holders of Subsidiary Equity Interests shall not receive or retain any Property under the Plan on account of such Subsidiary Equity Interests; *provided*, *however*, that the Subsidiary Equity Interests in the Designated EB-5 Entities will not be retired, cancelled, extinguished and discharged and will be transferred to Guidepost Global in accordance with Article 4.8 of the Plan.

C. Elimination of Vacant Classes

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

D. Voting Classes; Deemed Acceptance

If Holders of Claims in a particular Impaired Class of Claims were given the opportunity to vote to accept or reject this Plan and notified that a failure of any Holders of Claims in such Impaired Class of Claims to vote to accept or reject this Plan would result in such Impaired Class of Claims being deemed to have accepted this Plan, but no Holders of Claims in such Impaired Class of Claims voted to accept or reject this Plan, then the Debtors shall request the Bankruptcy Court to deem the Plan accepted by the Holders of such Claims or Interests in such Class.

E. Subordinated Claims

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors, Reorganized HGE, or the Liquidating Trustee reserve the right to reclassify any Allowed Claim or Allowed Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

F. Controversy Concerning Impairment

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

1. Nonconsensual Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by one or more of the Classes entitled to vote pursuant to Article 3 of the Plan. The Proponents shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests.

The Proponents reserve the right to jointly modify the Plan in accordance with Article 6.3 and Article 13.6 of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a Class of Claims to render such Class of Claims Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules or to withdraw the Plan as to any Debtor.

G. Means for Execution and Implementation of the Plan

1. Plan Consideration

Sources of consideration for Plan distributions shall be (a) the Plan Sponsor Consideration, (b) the Surplus DIP Cash, (c) the Settlement Party Payment, (d) any D&O Claim Resolution, (e) the Liquidating Trust Assets, and (f) the D&O Insurance Policies.

2. Global Settlement

The Debtors, the Committee, and the Settlement Parties have reached a global resolution of all issues among them in these Chapter 11 Cases. Pursuant to Bankruptcy Rule 9019, the Plan does, and shall, constitute a compromise, settlement, and release of all potential claims by and among the Debtors, the

Committee, and Settlement Parties on the terms set forth below. Entry of the Confirmation Order shall constitute approval of the global resolution set forth below, which shall become effective upon the Effective Date.

3. **Liquidating Trust**

On the Effective Date, the Liquidating Trust will be formed pursuant to the Liquidating Trust Agreement to receive and administer the Liquidating Trust Assets. In addition, the Liquidating Trust shall serve as a successor to the Debtors pursuant to sections 1123(a)(5)(B) and (b)(3)(B) of the Bankruptcy Code to: (a) administer the terms of the Plan, including making payments in accordance with Article 7 of the Plan to all Holders of Allowed Claims and Interests; (b) make distributions pursuant to the Plan and the Liquidating Trust Agreement; (c) assert any Debtors' Retained Cause of Action that constitutes a Liquidating Trust Asset on behalf of the Debtors and their Estates; and (d) take such other action as may be authorized by the Liquidating Trust Agreement, including objecting to any and all Claims other than Professional Fee Claims.

Except as otherwise provided in the Plan or the Plan Supplement, or in any agreement, instrument, or other document incorporated in the Plan, on the Effective Date, all of the Liquidating Trust Assets shall automatically vest in the Liquidating Trust free and clear of all Liens, Claims, interests, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the Liquidating Trustee may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, except as otherwise provided in the Liquidating Trust Agreement.

Upon the transfer of the Liquidating Trust Assets, as more fully set forth in the Liquidating Trust Agreement, the Debtors will have no reversionary or further interest in or with respect to the Liquidating Trust Assets. For U.S. federal income tax purposes, the Liquidating Trust Beneficiaries will be treated as grantors and owners thereof and it is intended that the Liquidating Trust be classified as a liquidating trust under Section 301.7701-4 of the Treasury Regulations. Accordingly, for U.S. federal income tax purposes, it is intended that the Liquidating Trust Beneficiaries be treated as if they had received an interest in the Liquidating Trust Assets and then contributed such interests to the Liquidating Trust.

On the Effective Date, the authority, power, and incumbency of the persons acting as managers, directors, and officers of the Debtors shall be deemed to have resigned and the Liquidating Trustee shall be appointed as the sole manager, director, and/or officer of the Debtors and shall succeed to the powers of the Debtors' managers, directors, and officers. From and after the Effective Date, the Liquidating Trustee shall be the sole representative of, and shall act for, the Debtors' Estates. The Liquidating Trustee, as applicable, shall be deemed to be substituted in lieu of the Debtors as the proper party in interest in all matters, including (a) motions, contested matters, and adversary proceedings pending in the Bankruptcy Court, and (b) all matters pending in any courts, tribunals, forums, or administrative proceedings outside of the Bankruptcy Court, in each case without the need or requirement for the Liquidating Trustee to file motions or substitutions of parties or counsel in any such matter.

4. **Preservation of Debtors' Retained Causes of Action**

Except as otherwise provided in this Plan, an agreement or document entered into in connection with the Plan, or in a Final Order of the Bankruptcy Court, pursuant to section 1123(b) of the Bankruptcy Code and as set forth more fully in the Disclosure Statement, the Debtors reserve and, as of the Effective Date, assign to the Liquidating Trust the Debtors' Retained Causes of Action identified in the Plan Supplement. On and after the Effective Date, the Liquidating Trustee, as appropriate may pursue the

Debtors' Retained Causes of Action on behalf of and for the benefit of the Liquidating Trust Beneficiaries.

No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Debtors' Retained Cause of Action against it as any indication that the Liquidating Trustee will not pursue any and all available Causes of Action against it. Unless any Cause of Action against an Entity is expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order of the Bankruptcy Court, the Litigation Trustee expressly reserves all Debtors' Retained Causes of Action for later adjudication, and, therefore no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion (judicial, equitable, or otherwise), or laches, shall apply to such Debtors' Retained Causes of Action upon, after, or as a consequence of Plan confirmation or the Effective Date.

The Debtors or the Liquidating Trustee, as applicable, reserve such Debtors' Retained Causes of Action notwithstanding the rejection of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. The Liquidating Trustee shall retain and shall have, including through their authorized agents or representatives, the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Debtors' Retained Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

Except as otherwise provided in the Plan, the Confirmation Order, or in any settlement agreement approved during the Chapter 11 Cases: (a) any and all rights, Claims, Causes of Action, defenses, and counterclaims of or accruing to the Debtors or their Estates with respect to the Debtors' Retained Causes of Action shall remain assets of and vest in the Liquidating Trust, whether or not litigation relating thereto is pending on the Effective Date, and whether or not any such rights, claims, Causes of Action, defenses, and counterclaims with respect to the Debtors' Retained Causes of Action have been listed or referred to in the Plan, the Schedules, or any other document filed with the Bankruptcy Court; and (b) neither the Debtors nor the Liquidating Trust waive, relinquish, or abandon (nor shall they be estopped or otherwise precluded from asserting) any right, Claim, Cause of Action, defense, or counterclaim with respect to the Debtors' Retained Causes of Action that constitutes Property of the Estates: (i) whether or not such right, Claim, Cause of Action, defense, or counterclaim with respect to the Debtors' Retained Causes of Action has been listed or referred to in the Plan or the Schedules, or any other document filed with the Bankruptcy Court, (ii) whether or not such right, Claim, Cause of Action, defense, or counterclaim with respect to the Debtors' Retained Causes of Action is currently known to the Debtors, and (iii) whether or not a defendant in any litigation relating to such right, Claim, Cause of Action, defense, or counterclaim with respect to the Debtors' Retained Causes of Action filed a Proof of Claim in the Chapter 11 Cases, filed a notice of appearance or any other pleading or notice in the Chapter 11 Cases, voted for or against the Plan, or received or retained any consideration under the Plan. Without in any manner limiting the generality of the foregoing, notwithstanding any otherwise applicable principle of law or equity, including, without limitation, any principles of judicial estoppel, res judicata, collateral estoppel, issue preclusion, or any similar doctrine, the failure to list, disclose, describe, identify, or refer to a right, Claim, Cause of Action, defense, or counterclaim with respect to the Debtors' Retained Causes of Action, or potential right, Claim, Cause of Action, defense, or counterclaim with respect to the Debtors' Retained Causes of Action, in the Plan, the Schedules, or any other document filed with the Bankruptcy Court shall in no manner waive, eliminate, modify, release, or alter the Debtors' or the Liquidating Trustee's, as applicable, right to commence, prosecute, defend against, settle, and realize upon any rights, Claims, Causes of Action, defenses, or counterclaims with respect to the Debtors' Retained Causes of Action that the Debtors or the Liquidating Trust has, or may have, as of the Confirmation Date. The Liquidating Trustee may commence, prosecute, defend against, settle, and

realize upon any rights, Claims, Causes of Action, defenses, and counterclaims with respect to the Debtors' Retained Causes of Action in its sole discretion, in accordance with what is in the best interests, and for the benefit, of the Debtors' Estates.

5. **Authorization and Issuance of Reorganized HGE Common Stock**

On the Effective Date, 1,000 shares of the Reorganized HGE Common Stock, representing 100% of the equity of Reorganized HGE, shall be issued to the Plan Sponsor or an entity designated by the Plan Sponsor, in consideration for the Plan Sponsor Consideration and to the Senior DIP Lender, to the extent that it exercises the Subscription Option. The Reorganized HGE Common Stock shall be free and clear of all Liens, Claims, interests, and encumbrances of any kind. All the shares of Reorganized HGE Common Stock issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessable. On the Effective Date, none of the Reorganized HGE Common Stock will be listed on a national securities exchange. Reorganized HGE may take all necessary actions, if applicable, after the Effective Date to suspend any requirement to (a) be a reporting company under the Securities Exchange Act, and (b) file reports with the Securities and Exchange Commission or any other entity or party.

6. **Contribution of Guidepost Global Assets**

On the Effective Date, Guidepost Global will contribute the Guidepost Global Assets to Reorganized HGE, for the benefit of Plan Sponsor.

7. **Assignment of Transferred Executory Contracts / Unexpired Leases to Guidepost Global**

Unless previously assumed and assigned prior to the Effective Date or otherwise the subject of a motion or notice to assume or assume and assign filed on or before the Effective Date, on the Effective Date, the Transferred Executory Contracts / Unexpired Leases shall be assigned to Guidepost Global, CEA, and/or TNC, notwithstanding any anti-assignment and/or change of control provisions contained in such Executory Contracts and Unexpired Leases. Guidepost Global, CEA, and/or TNC, as applicable, shall be responsible for the payment of any Cure Claims and Administrative Expense Claims arising from any Transferred Executory Contract / Unexpired Lease.

8. **Transfer of Designated EB-5 Entities to Guidepost Global**

On the Effective Date, in consideration for Guidepost Global funding the Junior DIP Loan and contributing the Guidepost Global Assets, the Debtors will transfer the Designated EB-5 Entities (but not their assets, except as otherwise set forth in the Plan Supplement) to Guidepost Global free and clear of all liens, Claims, encumbrances, and other interests in the Designated EB-5 Entities. The Debtors shall cooperate in good faith and execute, acknowledge, and deliver all such further documents, instruments, and assurances, and take all such further actions as may be reasonably necessary or desirable to effectuate and facilitate the transfer contemplated by this section. Following the Effective Date, Reorganized HGE and/or the Liquidating Trust, upon request by Guidepost Global, Yu Capital, TNC, or EB5AN, shall cooperate in good faith to promptly execute and deliver any additional documents or perform any acts that may be required to carry out the intent and purpose of this section and to complete the transfer in accordance with its terms; *provided* that the requesting party shall pay for Reorganized HGE's or the Liquidating Truste's documented costs in connection with same.

9. **Cancellation and Surrender of Securities and Agreements**

On the Effective Date, all Equity of Higher Ground Education and each other Debtor identified in the Plan Supplement shall be retired, cancelled, extinguished, and/or discharged in accordance with the terms of the Plan. Except as otherwise provided in the Plan or the Plan Supplement, on the Effective Date: (a) the obligations of the Debtors under any certificate, share, note, bond, indenture, purchase right, option, warrant, or other instrument or document, directly or indirectly, evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors giving rise to any Claim or Equity Interest shall be cancelled as to the Debtors and Reorganized HGE shall not have any continuing obligations thereunder and (b) the obligations of the Debtors pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, or certificate or articles of incorporation or similar documents governing the shares, certificates, notes, bonds, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of the Debtors shall be released and discharged.

10. **Release of Liens**

Upon request by the Debtors, Reorganized HGE, the Liquidating Trustee, or the Plan Sponsor, any Person holding a Lien in any of the Debtors' Property shall execute any lien release or similar document(s) required to implement the Plan or reasonably requested by the Debtors, Reorganized HGE, the Liquidating Trustee, or the Plan Sponsor in a prompt and diligent manner. Notwithstanding the foregoing, any of the Debtors, Reorganized HGE, the Liquidating Trustee, and the Plan Sponsor are authorized to execute any lien release or similar document(s) required to implement the Plan.

11. **Vesting of Assets and Operation of Business into Reorganized HGE**

On the Effective Date, except as otherwise expressly provided in the Plan or Confirmation Order, the Reorganized HGE Assets shall vest or re-vest in Reorganized HGE, in each instance free and clear of all Liens, Claims, interests, and encumbrances of any kind. The Reorganized HGE Subsidiaries that are not Designated EB-5 Entities shall be retained by Reorganized HGE. To the extent not prohibited by applicable non-bankruptcy law, all licenses, permits, certificates of occupancy, and similar rights and privileges in the name of any of the Reorganized HGE Subsidiaries that are required by any federal, state, or local governmental agency in order for Reorganized HGE to conduct education-related operations at the locations operated by Reorganized HGE prior to the Effective Date shall be deemed assumed by the Debtors without further action on the Effective Date pursuant to the Confirmation Order.

Neither the issuance of Reorganized HGE Common Stock nor any transfer of Property through the Plan shall result in Reorganized HGE, or any of its subsidiaries or affiliates, (a) having any liability or responsibility for any Claim against or Interest in the Debtors, the Debtors' Estates, or any Insider of the Debtors, or (b) having any liability or responsibility to the Debtors, except as expressly provided in the Plan. Without limiting the effect or scope of the foregoing, and to the fullest extent permitted by applicable laws, neither the issuance of Reorganized HGE Common Stock nor the transfer of assets contemplated in the Plan shall subject Reorganized HGE or its properties, subsidiaries, assets, affiliates, successors, or assigns to any liability for Claims against the Debtors' interests in such assets by reason of such issuance of Reorganized HGE Common Stock or transfer of assets under any applicable laws, including, without limitation, any successor liability, except as expressly provided in the Plan.

On the Effective Date, except as otherwise provided in the Plan, Reorganized HGE may operate its business and may use, acquire, or dispose of any and all of its property, without supervision of or

approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, except as expressly provided in the Plan.

12. **Satisfaction of Claims or Interests**

Unless otherwise provided in the Plan, any distributions and deliveries to be made on account of Allowed Claims shall be in full and final satisfaction, release, settlement, and discharge of such Allowed Claims.

13. **Continuation of Bankruptcy Injunction or Stays**

All injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

14. **Administration Pending Effective Date**

Prior to the Effective Date, the Debtors shall continue to operate their businesses as debtors-in-possession, subject to all applicable requirements of the Bankruptcy Code and the Bankruptcy Rules. After the Effective Date, Reorganized HGE may operate their businesses, and may use, acquire, and dispose of Reorganized HGE Assets free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, but subject to the continuing jurisdiction of the Bankruptcy Court as set forth in Article 12 of the Plan.

15. **Exemption from Securities Laws**

Any rights issued under, pursuant to or in effecting the Plan, including, without limitation, the Reorganized HGE Common Stock and the offering and issuance thereof by any party, including without limitation the Debtors or the Estate, shall be exempt from Section 5 of the Securities Act of 1933, if applicable, and from any state or federal securities laws requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of, or broker or dealer in, a security, and shall otherwise enjoy all exemptions available for Distributions of securities under a plan of reorganization in accordance with all applicable law, including without limitation section 1145 of the Bankruptcy Code. If the issuance of the Reorganized HGE Common Stock does not qualify for an exemption under section 1145 of the Bankruptcy Code, the Reorganized HGE Common Stock shall be issued in a manner, which qualifies for any other available exemption from registration, whether as a private placement under Rule 506 of the Securities Act, Section 4(2) of the Securities Act, and/or the safe harbor provisions promulgated thereunder.

16. **"Change of Control" Provisions**

For purposes of effectuating the Plan, none of the transactions contemplated herein shall constitute a change of control under any agreement, contract, or document of the Debtors, or create, or be deemed to create, any right or any other claim in connection therewith based upon a provision related to a "change of control," or comparable term in any Executory Contract or Unexpired Lease being assigned and/or assumed pursuant to the Plan.

17. **Substantive Consolidation of the Debtors for Voting and Distribution Purposes Only**

On and after the Effective Date, and solely for purposes of voting on, and making distributions under, the Plan, each and every Claim in the Debtors' Chapter 11 Cases against any of the Debtors shall be deemed

filed against the consolidated Debtors and shall be deemed a single consolidated Claim against and obligation of the consolidated Debtors. Such limited consolidation shall in no manner affect or alter (other than for Plan voting and distribution purposes) (a) the legal and corporate structures of the Debtors or Reorganized HGE, or (b) pre- and post-Petition Date Liens, guarantees, and security interests that are required to be maintained for any reason. From and after the Effective Date, Reorganized HGE and each of the Reorganized HGE Subsidiaries will be deemed a separate and distinct entity, properly capitalized, vested with all of the assets of such Debtor as they existed prior to the Effective Date and having the liabilities and obligations provided for under the Plan. Notwithstanding anything in Article 4.17 of the Plan to the contrary, all post-Effective Date Statutory Fees payable to the U.S. Trustee pursuant to 28 U.S.C. §1930, if any, shall be calculated on a separate legal entity basis for each Debtor.

18. Dissolution of Certain Debtors

On or after the Effective Date, certain of the Debtors may be dissolved without further action under applicable law, regulation, order, or rule, including any action by the stockholders, members, the board of directors, or similar governing body of the Debtors, Reorganized HGE, or the Liquidating Trustee. Reorganized HGE and the Liquidating Trustee shall have the power and authority to take any action necessary to wind down and dissolve the foregoing Debtors, and may, to the extent applicable: (a) file a certificate of dissolution for such entities, together with all other necessary corporate and company documents, to effect the dissolution of such entities under the applicable laws of their states of formation; (b) complete and file all final or otherwise required federal, state, and local tax returns and pay taxes required to be paid for such Debtors, and pursuant to section 505(b) of the Bankruptcy Code, request an expedited determination of any unpaid tax liability of any of such Debtors, as determined under applicable tax laws; and (c) represent the interests of such Debtors before any taxing authority in all tax matters, including any action, proceeding or audit. For the avoidance of doubt, the Liquidating Trustee is not permitted to dissolve Reorganized HGE or the Reorganized HGE Subsidiaries.

19. Dissolution of the Committee and Cessation of Fee and Expense Payments

On the Effective Date, the Committee will dissolve, and the members of the Committee and the Committee's Professionals will cease to have any role arising from or relating to the Chapter 11 Cases; *provided* that the Committee shall have post-Effective Date standing to object to Administrative Expense Claims and Professional Fee Claims and shall be entitled to file a Professional Fee Claim for services rendered to the Committee before the Effective Date, subject to rights of any party in interest to object thereto. Nothing in the Plan shall prohibit or limit the ability of the Debtors' or Committee's Professionals to represent either the Liquidating Trustee or to be compensated or reimbursed per the Plan and the Liquidating Trust Agreement in connection with such representation.

H. Corporate Governance and Management of Reorganized HGE

1. **Corporate Action and Existence**

The Debtors shall deliver all documents and perform all actions reasonably contemplated with respect to implementation of the Plan. The Debtors, or their designees, are authorized (a) to execute on behalf of the Debtors, in a representative capacity and not individually, any documents or instruments after the Confirmation Date or at the Closing that may be necessary to consummate the Plan and (b) to undertake any other action on behalf of the Debtors to consummate the Plan. Each of the matters provided for under the Plan involving the corporate structure of the Debtors or corporate action to be taken by or required of the Debtors will, as of the Effective Date, be deemed to have occurred and be effective as provided herein, and shall be authorized, approved, and (to the extent taken before the Effective Date) ratified in all respects without any requirement of further action by stockholders, creditors, or directors of the

Debtors. On the Effective Date, all matters provided for in the Plan involving the corporate structure of Reorganized HGE, and all corporate actions required by the Debtors, their Estates, and Reorganized HGE in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the Debtors, their Estates, or Reorganized HGE.

Upon the Effective Date, and without any further action by the shareholders, directors, or officers of Reorganized HGE, Reorganized HGE's Corporate Documents shall be deemed amended (a) to the extent necessary, to incorporate the provisions of the Plan, and (b) to prohibit the issuance by Reorganized HGE of nonvoting securities to the extent required under section 1123(a)(6) of the Bankruptcy Code, subject to further amendment of such Corporate Documents as permitted by applicable law, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval other than any requisite filings required under applicable state, provincial or federal law. The Corporate Documents shall be filed with the Plan Supplement.

Except as otherwise provided in the Plan, each Debtor shall continue to exist after the Effective Date as a separate corporate entity, limited liability company, partnership, or other form, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to its certificate of incorporation and bylaws (or other formation documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation and bylaws (or other formation documents) are amended under the Plan, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law). Prior to the Effective Date, the Debtors may engage in such corporate and financial transactions, including mergers, asset transfers, consolidations, amalgamations, separations, series organizations, reorganization and otherwise for the purposes of optimizing the post Effective Date corporate and tax structure of Reorganized HGE. If proposed prior to the Effective Date, any such transaction will be subject to Court approval, if such approval would be necessary under the Bankruptcy Code.

2. Management and Board of Reorganized HGE

In accordance with Section 1129(a)(5)(A) of the Bankruptcy Code, the Debtors will disclose in the Plan Supplement the identities of those individuals proposed to serve, following the Effective Date, as directors and officers of Reorganized HGE and the Reorganized HGE Subsidiaries. Upon the Effective Date, the current members of the Debtors' board of directors and officers shall no longer serve in any such capacity with Reorganized HGE and shall be discharged of all duties in connection therewith.

3. Disclosure of any Insiders to be Employed or Retained by Reorganized HGE

In accordance with Section 1129(a)(5)(B) of the Bankruptcy Code, the Debtors will disclose on or before the Confirmation Date the identity of any Insider that will be employed or retained by Reorganized HGE, and the nature of any compensation for such Insider.

I. Distributions Under the Plan

1. Distributions to Holders of Allowed Claims Only

Until a Disputed Claim becomes an Allowed Claim, distributions of Cash and/or other Instruments or Property otherwise available to the Holder of such Claim shall not be made. Prior to the Effective Date, Holders of Allowed Claims shall be required to provide the Debtors an Internal Revenue Service Form W-9 (or, if applicable, an appropriate Internal Revenue Service Form W-8). After the Effective Date,

Holders of Allowed Claims shall be required to provide the Liquidating Trustee an Internal Revenue Service Form W-9 (or, if applicable, an appropriate Internal Revenue Service Form W-8).

2. **Delivery of Distributions**

(a) In General

Subject to Bankruptcy Rule 9010 and except as otherwise provided in the Plan, all distributions to any Holder of an Allowed Claim including, without limitation, distributions of Reorganized HGE Common Stock, and, to the extent applicable, Cash, to Holders of Allowed Claims, shall be made at the address of such Holder as set forth in the Debtors' books and records and/or on the Schedules filed with the Bankruptcy Court unless the Debtors, Reorganized HGE, or the Liquidating Trustee have been notified in writing of a change of address including, without limitation, by the filing of a Proof of Claim by such Holder that contains an address for such Holder different from the address reflected on such books and records or Schedules for such Holder.

(b) Timing of Distributions

In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, and if so completed shall be deemed to have been completed as of the required date.

(c) Distributions of Unclaimed Property

In the event that any distribution to any Holder is returned as undeliverable, the Liquidating Trustee shall use reasonable efforts to determine the current address of such Holder, but no distribution to such Holder shall be made unless and until the Liquidating Trustee has determined the then current address of such Holder, at which time such distribution shall be made to such Holder without interest or accruals of any kind. Such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code on the six-month anniversary of the date of the attempted delivery of such distribution. After that date, all unclaimed property or interest in property shall revert to Reorganized HGE or the Liquidating Trust and the Claim of any Holder to such property or interest in property shall be discharged and forever barred.

3. Time Bar to Cash Payments

Checks issued by Reorganized HGE or the Liquidating Trust on account of Allowed Claims shall be null and void if not negotiated within ninety (90) days from and after the date of issuance thereof. Holders of Allowed Claims shall make all requests for reissuance of checks to Reorganized HGE or the Liquidating Trust. Any Claim in respect of a voided check must be made on or before the six-month anniversary of the date of issuance. After such date, all Claims and respective voided checks shall be discharged and forever barred and Reorganized HGE or the Liquidating Trust, as applicable, shall retain all monies related thereto.

4. Setoffs

The Debtors, Reorganized HGE, or the Liquidating Trust may, but shall not be required to, set off or recoup against any Allowed Claim, and the payments or other distributions to be made pursuant to the Plan in respect of such Allowed Claim, any claims, rights or Causes of Action of any nature whatsoever that the Debtors, Reorganized HGE, or the Liquidating Trust may have against the Holder of such Claim;

provided, *however*, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors, Reorganized HGE, or the Liquidating Trust of any such claims, rights, or Causes of Action.

J. Procedures for Disputed Claims

1. Resolution of Disputed Claims.

Except as set forth in any order of the Bankruptcy Court (including prior bar date orders), any Holder of a Claim against the Debtors shall file a Proof of Claim with the Bankruptcy Court or with the agent designated by the Debtors for this purpose on or before the Claims Bar Date. The Debtors prior to the Effective Date, and thereafter Reorganized HGE or the Liquidating Trustee, shall have the exclusive authority to file objections to Proofs of Claim on or before the Claims Objection Deadline, and to settle, compromise, withdraw, or litigate to judgment objections to any and all Claims, regardless of whether classified or otherwise. From and after the Effective Date, Reorganized HGE or the Liquidating Trustee may settle or compromise any Disputed Claim without approval of the Bankruptcy Court.

2. Estimation of Claims

Any Debtor may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether such Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal related to any such objection. In the event the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned objection, estimation, and resolution procedures are cumulative and are not necessarily exclusive of one another. Claims may be estimated and thereafter resolved by any permitted mechanism.

3. No Partial Distributions Pending Allowance

Notwithstanding any other provision in the Plan, except as otherwise agreed by the Debtors, the Liquidating Trustee, or Reorganized HGE, no partial payments or distributions shall be made with respect to a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order.

4. Distributions After Allowance

To the extent that a Disputed Claim becomes an Allowed Claim, the Liquidating Trustee or Reorganized HGE, as applicable, shall distribute to the Holder thereof the distributions, if any, to which such Holder is then entitled under the Plan. Any such distributions shall be made in accordance with and at the time mandated by the Plan. No interest shall be paid on any Disputed Claim that later becomes an Allowed Claim.

K. Executory Contracts and Unexpired Leases

1. Assumption of Executory Contracts and Unexpired Leases

As of the Effective Date, all Executory Contracts and Unexpired Leases, including the Reorganized HGE Contracts or Leases and Transferred Executory Contracts / Unexpired Leases, to which any Debtor is a party and which are included in the Plan Supplement, shall be, and shall be deemed to be, assumed or assumed and assigned in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code. All Executory Contracts and Unexpired Leases not listed in the Plan Supplement, and not assumed or assumed and assigned prior to the Effective Date or otherwise the subject of a motion or notice to assume or assume and assign filed on or before the Effective Date, and that were not previously rejected, shall be rejected as of the Effective Date in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions or assumptions and assignments and rejections pursuant to sections 365 and 1123 of the Bankruptcy Code. Each Reorganized HGE Contract or Lease assumed or assumed and assigned pursuant to the Plan shall vest or re-vest in and be fully enforceable by Reorganized HGE in accordance with its terms, except as modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption or assumption and assignment or applicable federal law.

2. Cures of Defaults of Assumed Executory Contracts or Unexpired Leases

Except as otherwise specifically provided in the Plan, any monetary defaults under each Executory Contract and Unexpired Lease to be assumed or assumed and assigned pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date or in the ordinary course of business, subject to the limitation described below, or on such other terms as the parties to such Executory Contract and Unexpired Lease may otherwise agree. Any and all Cure Claims related to designation of an Executory Contract and Unexpired Lease by the Plan Sponsor shall be paid by the Plan Sponsor in addition to the funding of the Plan Sponsor Consideration. Any and all Cure Claims related to a Transferred Executory Contracts / Unexpired Leases shall be paid by Guidepost Global, CEA, or TNC, as applicable. In the event of a dispute regarding: (1) the amount of any payments to cure such a default, (2) the ability of Reorganized HGE or any 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 assumed and assigned, or (3) any other matter pertaining to assumption and/or assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption or assumption and assignment; *provided*, *however*, that based on the Bankruptcy Court's resolution of any such dispute, the applicable Debtor or Reorganized HGE shall have the right, within 14 days after the entry of such Final Order and subject to approval of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code, to reject the applicable Executory Contract and Unexpired Lease.

Assumption or assumption and assignment of any Executory Contract and Unexpired Lease pursuant to the Plan or otherwise 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, arising under any assumed or assumed and assigned Executory Contract and Unexpired Lease at any time prior to the effective date of assumption and/or assignment. Any Proofs of Claim filed with respect to an Executory Contract and Unexpired Lease that has been assumed or assumed and assigned shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

3. **Rejection of Compensation and Benefit Programs**

Except as set forth in Article 9.5 of the Plan, all employment, retirement, indemnification, and other compensation or benefits agreements or arrangements shall be rejected, and neither the Plan Sponsor nor Reorganized HGE (nor its Subsidiaries) shall have any obligations in connection with any such employment, retirement, indemnification, and other compensation or benefits agreements or arrangements following the Effective Date.

4. **Pass-Through Assets**

Any rights or arrangements or other assets necessary or useful to the operation of the Debtors' business that are not Designated EB-5 Entities or Liquidating Trust Assets (the "**Pass-Through Assets**"), shall, in the absence of any other treatment, but subject to the further agreement and consent of Plan Sponsor with respect to any such rights or arrangements or other assets, be passed through the bankruptcy proceedings for the benefit of Reorganized HGE (if constituting Reorganized HGE Assets) and shall otherwise be unaltered and unaffected by the bankruptcy filings or the Chapter 11 Cases.

5. **D&O Liability Insurance Policy**

Notwithstanding anything to the contrary herein, each of the D&O Insurance Policies and any agreements, documents, or instruments relating thereto issued to or entered into by the Debtors prior to the Petition Date shall not be considered Executory Contracts and shall neither be assumed nor rejected by the Debtors; *provided*, *however*, that to the extent a court of competent jurisdiction determines that any D&O Insurance Policy is an Executory Contract, such D&O Policy shall be assumed by Debtors and assigned to the Liquidating Trust as of the Effective Date. Subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption and assignment pursuant to section 365 of the Bankruptcy Code. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed by the parties thereto prior to the Effective Date, no payments are required to cure any defaults of the Debtors existing as of the Confirmation Date with respect to the D&O Insurance Policies, and prior payments for premiums or other charges made prior to the Petition Date under or with respect to the D&O Insurance Policies shall be indefeasible. Nothing in the Plan, the Plan Supplement, the Confirmation Order, or any other order of the Bankruptcy Court, (a) alters, modifies, or otherwise amends the terms and conditions of (or the coverage provided by) the D&O Insurance Policies or (b) alters or modifies the duty, if any, that the insurers or third-party administrators pay claims covered by the D&O Insurance Policies. Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of D&O Insurance Policies, if applicable. For the avoidance of doubt, neither the Plan Sponsor nor Reorganized HGE (nor its Reorganized HE Subsidiaries) shall have any obligations or personal or direct or indirect liability whatsoever in connection with any the foregoing, including, without limitation, any employment, retirement, indemnification, and other agreements or arrangements, following the Effective Date, and the sole recourse of any and all Persons and the sole source of any recovery in connection therewith (if any) shall be against the D&O Insurance Policy.

6. **Modifications, Amendments, Supplements, Restatements, or Other Agreements**

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed or assumed and assigned shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts or Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights,

privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts or Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

7. Bar Date for Filing Claims for Rejection Damages

If the rejection of an Executory Contract and Unexpired Lease pursuant to the Plan gives rise to a Claim, a Proof of Claim must be served upon the Debtors and the Debtors' counsel within 30 days after notice of entry of the Effective Date. Any such Claim not served within such time period will be forever barred. Each such Claim will constitute a General Unsecured Claim, to the extent such Claim is Allowed by the Bankruptcy Court.

8. Reservation of Rights

Nothing contained in the Plan shall constitute an admission by the Debtors that any Executory Contract or Unexpired Lease is in fact an Executory Contract or Unexpired Lease or that Reorganized HGE has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors, Reorganized HGE, Guidepost Global, CEA, or TNC, as applicable, shall have 30 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

L. Settlement, Releases, Injunctions, and Discharge

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

Unless otherwise set forth in the Plan, pursuant to section 1123 of the Bankruptcy Code, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims and Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The Plan shall be deemed a motion to approve the good faith compromise and settlement of all such Claims, Interests, and controversies pursuant to Bankruptcy Rule 9019. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, Reorganized HGE or the Liquidating Trust may compromise and settle Claims against, and Interests in, the Debtors and their Estates and Causes of Action against other Entities. Subject to Article 7 and Article 8 of the Plan, all distributions made to Holders of Allowed Claims and Allowed Interests, as applicable, in any Class are intended to be and shall be final.

2. Releases by the Debtors

Notwithstanding anything contained in this Plan or the Confirmation Order to the contrary, pursuant to section 1123(b) of the Bankruptcy Code, in exchange for good and valuable consideration, including the obligations of the Debtors under this Plan and the contributions of the

Released Parties in facilitating the reorganization of the Debtors and implementation of the Plan, the adequacy of which is hereby confirmed, on and after the Effective Date, each Released Party is hereby conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged by and on behalf of each and all of the Debtors, their Estates, and if applicable, Reorganized HGE, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other Entities who may purport to assert any Claim or Cause of Action, directly or derivatively, by, through, for, or because of the foregoing Entities, from any and all Claims, Interests, obligations, rights, suits, damages, and Causes of Action whatsoever (including any derivative claims and Avoidance Actions, asserted or assertable on behalf of the Debtors, Reorganized HGE, the Liquidating Trustee, and the Debtors' Estates), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or herein-after arising, whether in law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common law, or any other applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement, or otherwise, that such Holders or their Estates, Affiliates, heirs, executory, administrators, successors, assigns, managers, accountants, attorneys, representatives, consultants, agents, and any other Persons claiming under or through them 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, or that any holder of any Claim against or Interest in a Debtor or other Entity could have asserted on behalf of the Debtors, Reorganized HGE, and their Estates, including without limitation, based on or relating to, or in any manner arising from, in whole or in part, among other things, the Debtors or their Estates (including the capital structure, management, ownership, or operation thereof), the Chapter 11 Cases, the RSA, Reorganized HGE (including the capital structure, management, ownership, or operation thereof), the purchase, sale, or rescission of any Security of the Debtors, Reorganized HGE, and the Debtors' Estates, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in this Plan, the business or contractual arrangements or interaction between or among any Debtor and any Released Party, the operations and financings in respect of the Debtors (whether before or after the Petition Date), the distribution of any Cash or other property of the Debtors to any Released Party, the assertion of enforcement of rights or remedies against the Debtors, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, including all prior recapitalizations, restructurings, or refinancing efforts and transactions, any Securities issued by the Debtors and the ownership thereof, the Debtors' in- or out-of-court restructuring efforts, the decision to file the Chapter 11 Cases, any intercompany transactions, any related adversary proceedings, the formulation, documentation, preparation, dissemination, solicitation, negotiation, entry into, or filing of the Disclosure Statement, this Plan, the Plan Supplement, the RSA, the DIP Loans, DIP Financing Documents, or any Definitive Document, contract instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement, the DIP Loans, the DIP Documents, this Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of this Plan, including the issuance or distribution of Securities pursuant to this Plan, or the distribution of property under this Plan or any other related agreement, or upon any other act, or omission, transaction, agreement, event, or other occurrence taking place on or before, in respect of the foregoing clause, the Effective Date.

Notwithstanding anything to the contrary in the foregoing, the Debtors do not, pursuant to the releases set forth above, release: (a) any Debtors' Retained Causes of Action or any Person or Entity that is the subject thereof; (b) any post-Effective Date obligations of any Person or Entity under this Plan, the Confirmation Order or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement this Plan or transactions

thereunder; (c) the rights of any Holder of Allowed Claims to receive distributions under this Plan; or (d) the Non-Released D&Os.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the Debtor Release, which includes by reference each of the related provisions and definitions contained in this Plan, and further, shall constitute the Bankruptcy Court's finding that the Debtor Release is: (a) in exchange for the good and valuable consideration provided by the Released Parties, including, the Released Parties' contribution to facilitating the transactions contemplated in the Plan and implementing this Plan; (b) a good faith settlement and compromise of the Claims or Causes of Action released by the Debtor Release; (c) in the best interests of the Debtors and all Holders of Claims and Interests; (d) fair, equitable, and reasonable; (e) given and made after due notice and opportunity for a hearing; and (f) a bar to any of the Debtors, Reorganized HGE, or the Debtors' Estates asserting any Claim or Cause of Action released pursuant to the Debtor Release.

3. **Releases by Releasing Parties**

Notwithstanding anything contained herein or the Confirmation Order to the contrary, pursuant to section 1123(b) of the Bankruptcy Code, to the maximum extent permitted by applicable law, in exchange for good and valuable consideration, including the obligations of the Debtors under this Plan and the contributions and services of the Released Parties in facilitating the reorganization of the Debtors and implementation of the Plan, the adequacy of which is hereby confirmed, on and after the Effective Date, each Released Party, is hereby conclusively, absolutely, unconditionally, irrevocably and forever, released, waived, and discharged by each and all of the Releasing Parties, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other Entities who may purport to assert any Cause of Action, directly or derivatively, by, through, for, or because of the foregoing Entities, from any and all claims and Causes of Action whatsoever (including any derivative claims, asserted or assertable on behalf of any of the Debtors, Reorganized HGE, and their Estates), obligations, rights, suits, or damages, whether liquidated or unliquidated, fixed, or contingent, matured, or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or herein after arising, whether in law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common law, or any other applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement, or otherwise, that such Holders or their Estates, Affiliates, heirs, executory, administrators, successors, assigns, managers, accountants, attorneys, representatives, consultants, agents, and any other Persons claiming under or through them would have 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, the Debtors, Reorganized HGE, and their Estates, including without limitation, based on or relating to, or in any manner arising from, in whole or in part, among other things, the Debtors or their Estates (including the capital structure, management, ownership, or operation thereof), the Chapter 11 Cases, the Plan, the RSA, Reorganized HGE (including the capital structure, management, ownership, or operation thereof), the purchase, sale, or rescission of any Security of the Debtors, Reorganized HGE, and their Estates, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in this Plan, the business or contractual arrangements or interaction between or among any Debtor and any Released Party, the operations and financings in respect of the Debtors (whether before or after the Petition Date), the distribution of any Cash or other property of the Debtors to any Released Party, the assertion of enforcement of rights or remedies against the Debtors, the restructuring of any Claim or Interest before or during the Chapter 11 Cases including all prior recapitalizations, restructurings, or refinancing efforts and transactions, any Securities issued by the Debtors and the ownership

thereof, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the decision to file the Chapter 11 Cases, any related adversary proceedings, the formulation, documentation, preparation, dissemination, solicitation, negotiation, entry into, or filing of the Disclosure Statement, this Plan, the Plan Supplement, the RSA, the DIP Loans, DIP Financing Documents, or any Definitive Document, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of this Plan, including the issuance or distribution of Securities pursuant to this Plan, or the distribution of property under this Plan or any other related agreement, or upon any other act, or omission, transaction, agreement, event, or other occurrence taking place on or before, in respect of the foregoing clause, the Effective Date; *provided* that the provisions of this Third-Party Release shall not operate to waive, release, or otherwise impair any Causes of Action arising from willful misconduct, actual or criminal fraud, or gross negligence of such applicable Released Party as determined by the Final Order of the Bankruptcy Court or any other court of competent jurisdiction.

In exchange for the foregoing Third-Party Release of the Settlement Parties, the Settlement Parties, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other entities who may purport to assert any causes of action, directly or derivatively, by, through, for, or because of the foregoing entities, shall be deemed to have released, and shall be permanently enjoined from any prosecution or attempted prosecution of, any and all claims, causes of action, interests, damages, remedies, demands, rights, actions, suits, debts, sums of money, obligations, judgments, liabilities, accounts, defenses, offsets, counterclaims, crossclaims, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, now existing or hereafter arising, contingent or non-contingent, liquidated or unliquidated, choate or inchoate, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or otherwise, which any of them has or may have against the Releasing Parties. For the avoidance of doubt, the Settlement Parties ~~and the Girns~~, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other entities who may purport to assert any causes of action, directly or derivatively, by, through, for, or because of the foregoing entities, shall be deemed to have released, and shall be permanently enjoined from any prosecution or attempted prosecution of, any and all claims, causes of action, interests, damages, remedies, demands, rights, actions, suits, debts, sums of money, obligations, judgments, liabilities, accounts, defenses, offsets, counterclaims, crossclaims, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, now existing or hereafter arising, contingent or non-contingent, liquidated or unliquidated, choate or inchoate, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or otherwise, which any of them has or may have against the other Settlement Parties ~~and the Girns~~.

Notwithstanding anything to the contrary in the foregoing, the Released Parties do not, pursuant to the releases set forth above, release: (a) any Debtors' Retained Causes of Action; (b) any post-Effective Date obligations of any Person or Entity under this Plan, the Confirmation Order, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement this Plan or transactions thereunder; or (c) the rights of any Holder 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 Third-Party Release, which includes by reference each of the related provisions and definitions contained in this Plan, and further, shall constitute the Bankruptcy Court's finding that the

Third-Party Release is: (a) consensual; (b) essential to the Confirmation of this Plan; (c) given in exchange for the good and valuable consideration provided by the Released Parties, including the Released Parties' contributions to facilitating the transactions contemplated in the Plan and implementing this Plan; (d) in the best interests of the Debtors and their Estates; (e) fair, equitable, and reasonable; (f) given and made after due notice and opportunity for a hearing; and (g) a bar to any of the Releasing Parties asserting any Claim or Cause of Action released pursuant to the Third-Party Release.

4. **Exculpation**

To the fullest extent permitted by applicable law, no Exculpated Party will have or incur, and each Exculpated Party will be exculpated from, any Claim or Cause of Action arising from the Petition Date through the Effective Date in connection with or arising out of the administration of the Chapter 11 Cases, the formulation, documentation, preparation, dissemination, solicitation, negotiation, entry into, or filing of the Disclosure Statement, this Plan, the Plan Supplement, the RSA, the DIP Loans, DIP Financing Documents, or any Definitive Document, the filing of the Chapter 11 Cases, the solicitation of votes for, or Confirmation or Consummation of, this Plan, the funding of this Plan, the occurrence of the Effective Date, the administration of this Plan or the property to be distributed under this Plan, the issuance of Securities under or in connection with this Plan, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors or the Reorganized HGE, if applicable, in connection with this Plan or the transactions in furtherance of any of the foregoing, other than Claims or Causes of Action in each case arising out of or related to any act or omission of an Exculpated Party that is a criminal act or constitutes actual fraud, willful misconduct, or gross negligence as determined by a Final Order, but in all respects such Persons will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to this Plan. The Exculpated Parties have acted in compliance with the applicable provisions of the Bankruptcy Code with regard to the solicitation and distribution of Securities pursuant to this Plan and, therefore, are not, and on account of such distributions will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan or such distributions made pursuant to this Plan, including the issuance of Securities thereunder. The exculpation will be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable law or rules protecting such Exculpated Parties from liability.

The Exculpated Parties have, and upon Confirmation shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to this Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan or such distributions made pursuant to this Plan.

Solely with respect to the exculpation provisions, notwithstanding anything to the contrary in this Plan, each of the Exculpated Parties and the 1125(e) Exculpation Parties shall not incur liability for any Cause of Action or Claim related to any act or omission in connection with, relating to, or arising out of, in whole or in part, (a) the solicitation of acceptance or rejection of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code or (b) the participation, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, in the offer, issuance, sale, or purchase of a security, offered or sold under the Plan. No Entity or Person may commence or pursue a Claim or Cause of Action of any kind against any of the Exculpated Parties or 1125(e) Exculpation Parties that arose or arises from, in whole or in part, a Claim or Cause of Action subject to the terms of this paragraph, without this Court (i) first

determining, after notice and a hearing, that such Claim or Cause of Action represents a colorable Claim for actual fraud, gross negligence, or willful misconduct against any such Exculpated Party or 1125(e) Exculpation Party and such party is not exculpated pursuant to this provision; and (ii) specifically authorizing such Entity or Person to bring such Claim or Cause of Action against any such Exculpated Party or 1125(e) Exculpation Party. The Bankruptcy Court will have sole and exclusive jurisdiction to adjudicate the underlying colorable Claim or Causes of Action.

5. **Injunction**

Except as otherwise expressly provided in this Plan or the Confirmation Order or for obligations or distributions issued or required to be paid pursuant to this Plan or the Confirmation Order, effective as of the Effective Date, all Entities that have held, hold, or may hold Claims, Interests, Causes of Action, or liabilities that have been released, discharged, or are subject to exculpation are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, Reorganized HGE, the Exculpated Parties, the 1125(e) Exculpation Parties, or the Released Parties: (a) commencing or continuing in any manner any action, suit, or other proceeding of any kind on account of or in connection with or with respect to any such Claims, Interests, Causes of Action, or liabilities; (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, Interests, Causes of Action, or liabilities; (c) creating, perfecting, or enforcing any 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, Interests, Causes of Action or liabilities; (d) asserting any right of setoff or subrogation, or recoupment, of any kind against any obligation due from such Entities or against the property of such Entities or the Estates on account of or in connection with or with respect to any such Claims, Interests, Causes of Action, or liabilities unless such Holder has filed a motion requesting the right to perform such setoff on or before the Effective Date or has filed a Proof of Claim or proof of Interest indicating that such Holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims, Interests, Causes of Action, or liabilities released, settled or subject to exculpation pursuant to this Plan. Notwithstanding anything to the contrary in the foregoing, the injunction set forth above does not enjoin the enforcement of any obligations arising on or after the Effective Date of any Person or Entity under this Plan, any post-Effective Date transaction contemplated by the Plan, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement this Plan.

Upon entry of the Confirmation Order, all Holders of Claims and Interests and their respective current and former employees, agents, officers, directors, managers, principals, and direct and indirect Affiliates, in their capacities as such, shall be enjoined from taking any actions to interfere with the implementation or Consummation of this Plan. Each Holder of an Allowed Claim or Allowed Interest, as applicable, by accepting, or being eligible to accept, distributions under or reinstatement of such Claim or Interest, as applicable, pursuant to this Plan, shall be deemed to have consented to the injunction provisions set forth in Article 10.5 of the Plan.

No Person or Entity may commence or pursue a Claim or Cause of Action, as applicable, of any kind against the Debtors, Reorganized HGE, the Exculpated Parties, the 1125(e) Exculpation Parties, or the Released Parties, as applicable, that relates to or is reasonably likely to relate to any act or omission in connection with, relating to, or arising out of a Claim or Cause of Action, as applicable, subject to Article 10.2, Article 10.3, Article 10.4, and Article 10.5 of the Plan, without the Bankruptcy Court (a) first determining, after notice and a hearing, that such Claim or Cause

of Action, as applicable, represents a colorable Claim of any kind, and (b) specifically authorizing such Person or Entity to bring such Claim or Cause of Action, as applicable, against any such Debtor, Reorganized HGE, Exculpated Party, 1125(e) Exculpation Party, or Released Party, as applicable. The Bankruptcy Court will have sole and exclusive jurisdiction to adjudicate the underlying colorable Claim or Causes of Action.

BY ACCEPTING DISTRIBUTIONS PURSUANT TO THE PLAN, EACH HOLDER OF AN ALLOWED CLAIM OR ALLOWED INTEREST EXTINGUISHED, DISCHARGED, OR RELEASED PURSUANT TO THE PLAN WILL BE DEEMED TO HAVE AFFIRMATIVELY AND SPECIFICALLY CONSENTED TO BE BOUND BY THE PLAN, INCLUDING, WITHOUT LIMITATION, THE INJUNCTIONS SET FORTH IN ARTICLE 10.5 OF THE PLAN.

THE INJUNCTIONS IN ARTICLE 10.5 OF THE PLAN SHALL EXTEND TO ANY SUCCESSORS OF THE DEBTORS, REORGANIZED HGE, THE RELEASED PARTIES, THE EXCULPATED PARTIES, AND THE 1125(E) EXCULPATED PARTIES, AND THEIR RESPECTIVE PROPERTY AND INTERESTS IN PROPERTY.

Any Person injured by any willful violation of such injunction may seek to recover actual damages, including costs and attorneys' fees and, in appropriate circumstances, may seek to recover punitive damages from the willful violator.

6. **Discharge of Claims and Termination of Interests**

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by Reorganized HGE), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim based upon such debt or right is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (c) the Holder of such a Claim or Interest has accepted the Plan or voted to reject the Plan. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the occurrence of the Effective Date, except as otherwise specifically provided in the Plan.

M. Conditions Precedent to Confirmation and Consummation of the Plan

1. Conditions Precedent to Confirmation

It shall be a condition precedent to Confirmation of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Section 11.3 of the Plan:

(a) No termination event or continuing event of default under the DIP Loan Facility Order shall have occurred;

(b) the Confirmation Order shall be in a form and substance acceptable to the Debtors, the Plan Sponsor, and the Committee, and for the avoidance of doubt, shall provide for the Plan Sponsor and Senior DIP Lender, subject to its exercise of the Subscription Option, to be issued 100% of the Reorganized HGE Common Stock free and clear of all liens, claims, rights, interests, security interests and encumbrances of any kind (other than those expressly identified in writing as acceptable to Plan Sponsor in its sole and absolute discretion);

(c) the Plan shall be in form and substance reasonably acceptable to the Debtors, the Plan Sponsor, and the Committee;

(d) the final version of the Plan Supplement and all of the schedules, documents, and exhibits contained therein shall have been filed with the Bankruptcy Court and the same shall be in form and substance reasonably acceptable to the Debtors, the Plan Sponsor, and the Committee; and

(e) no termination event, breach or failure to company with the terms of the Definitive Documents, the Confirmation Order, or any other material final order of the Bankruptcy Court shall have occurred and be continuing, unless waived by the relevant parties.

2. Conditions Precedent to the Effective Date

It shall be a condition precedent to the Effective Date of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article 11.3 of the Plan:

(a) all conditions to Confirmation in Article 11.1 of the Plan shall have been either (and shall continue to be) satisfied or waived pursuant to Article 11.3 of the Plan;

(b) all documents required under the Plan, including lien releases, shall have been delivered;

(c) the Confirmation Order, in form and substance reasonably acceptable to the Debtors, the Plan Sponsor, and the Committee and shall have been entered and shall have become a Final Order;

(d) the Plan Sponsor Consideration, the Settlement Party Payment, and the Surplus DIP Cash shall be sufficient to fund all Plan Obligations;

(e) the Debtors and Insiders shall not have caused or permitted to occur an "ownership change" as such term is used in section 382 of title 26 of the United States Code;

(f) the Plan Sponsor shall have wired the Plan Sponsor Consideration to the Liquidating Trust;

(g) the Settlement Parties shall have wired the Settlement Party Payment to the Liquidating Trust;

(h) the Debtors shall have wired the Surplus DIP Cash, if any, to the Liquidating Trust;

(i) all actions, documents, certificates, and agreements necessary to implement the Plan, including documents contained in the Plan Supplement, shall have been effected or executed and delivered, as the case may be, to the required parties and, to the extent required, filed with the applicable governmental units in accordance with applicable laws;

(j) the Liquidating Trust shall be established and funded and the Liquidating Trustee shall have been appointed in accordance with the provisions of the Plan and the terms of the Liquidating Trust Agreement;

~~(k) the Liquidating Trust Administrative Claims Reserves shall have been established and funded;~~

(k) ~~(l)~~ the Reorganized HGE Common Stock and any and all agreements and documents relating thereto shall have been executed, issued and delivered by Reorganized HGE; and

(l) ~~(m)~~ the Professional Holdback Escrow Account shall have been fully funded as required pursuant to the Plan

N. Waiver of Conditions

The conditions to Confirmation and the Effective Date set forth in this Article VII may be waived by the Proponents, together by joint agreement, (with the express written consent of the Plan Sponsor) without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

O. Effective of Failure of Conditions

If Consummation does not occur, the Plan shall be null and void in all respects, and nothing contained in the Plan or the Disclosure Statement shall: (a) constitute a waiver or release of any claims by the Debtors, any Holders of Claims or Interests, or any other Entity; (b) prejudice in any manner the rights of the Debtors, any Holders of Claims or Interests, or any other Entity; or (c) constitute an admission, acknowledgment, offer, or undertaking by the Debtors, any Holders of Claims or Interests, or any other Entity in any respect.

P. Substantial Consummation

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

Q. Amendment, Modification, and Severability of Plan Provisions

If, prior to Confirmation, any term or provision hereof is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the joint request of the Proponents (with the express written consent of the Plan Sponsor), shall have the power to alter and interpret such term or provision to

make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions hereof 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 hereof, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

1. The Plan may be amended or modified before the Effective Date by the joint agreement of the Proponents (with the express written consent of the Plan Sponsor) to the extent provided by section 1127 of the Bankruptcy Code.

2. The Proponents reserve the right to jointly modify or amend the Plan (with the express written consent of the Plan Sponsor) upon a determination by the Bankruptcy Court that the Plan, in its current form, is not confirmable pursuant to section 1129 of the Bankruptcy Code. To the extent such a modification or amendment is permissible under section 1127 of the Bankruptcy Code, without the need to resolicit acceptances, the Proponents reserve the right to sever any provisions of the Plan that the Bankruptcy Court finds objectionable.

3. The Proponents reserve the right to jointly revoke or withdraw the Plan prior to the Confirmation Date. If the Proponents jointly revoke or withdraw the Plan, or if Confirmation does not occur, then the Plan shall be null and void, and nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims by or against, or any Interests in, the Debtors; or (b) prejudice in any manner the rights of the Proponents in any further proceedings.

ARTICLE VIII.
Solicitation, Voting, and Related Matters~~[27]~~[28]

A. Overview

HOLDERS OF CLAIMS ENTITLED TO VOTE SHOULD CAREFULLY READ THE VOTING INSTRUCTIONS BELOW.

THE PROPONENTS RESERVE THE RIGHT, AT ANY TIME OR FROM TIME TO TIME, TO EXTEND THE PERIOD OF TIME (ON A DAILY BASIS, IF NECESSARY) DURING WHICH BALLOTS WILL BE ACCEPTED FOR ANY REASON, INCLUDING DETERMINING WHETHER OR NOT THE REQUISITE NUMBER OF ACCEPTANCES HAVE BEEN RECEIVED. THE DEBTORS WILL GIVE NOTICE OF ANY SUCH EXTENSION IN A MANNER DEEMED REASONABLE TO THE PROPONENTS IN THEIR DISCRETION. THERE CAN BE NO ASSURANCE THAT THE PROPONENTS WILL EXERCISE THEIR RIGHT TO EXTEND THE VOTING DEADLINE.

In accordance with the *Order (I) Conditionally Approving the Disclosure Statement; (II) Scheduling a Combined Disclosure Statement Approval and Plan Confirmation Hearing; (III) Establishing a Plan and Disclosure Statement Objection Deadline and Related Procedures; (IV) Approving the Solicitation and Notice Procedures; and (V) Granting Related Relief* (the "**Disclosure Statement Order**")~~[28]~~[29] and the

~~[27]~~[28] Subject to change based on Court approval of dates and related procedures.

~~[28]~~[29] *See* Docket No. [●].

solicitation procedures approved via the Disclosure Statement Order (the "**Solicitation Procedures**"), the Debtors will commence solicitation of the Plan by delivering a copy of the Solicitation Package to Holders of Claims in Classes 1, 2, 3, 4, 5, and 8 entitled to vote to accept or reject the Plan.

The Debtors have sought and obtained Bankruptcy Court approval of Solicitation Procedures for solicitation of acceptance of the Plan and to establish **November 17, 2025 at 5:00 p.m. (prevailing Central Time)** as the deadline for the receipt of votes to accept or reject the Plan via the Ballot applicable ballot to be used for voting on the Plan (the "**Voting Deadline**"). For the avoidance of doubt, the Voting Deadline includes the deadline by which Third-Party Release opt-out forms must be executed, completed, and returned to the Claims and Noticing Agent.

This Disclosure Statement and the Plan are being distributed to Holders of Claims in the Voting Classes comprised of Classes 1, 2, 3, 4, 5, and 8 in connection with the solicitation of votes to accept or reject the Plan. The following table sets forth the timetable for the solicitation process and the anticipated Chapter 11 Cases, with all provided below being subject to the approval and availability of the Bankruptcy Court.

Proposed Solicitation and Confirmation Timeline	
Voting Record Date	**September 1, 2025**
Commence Solicitation	**On or before the date that is three (3) Business Days after entry of the Scheduling Order, or as soon as reasonably practicable thereafter**
Publication Deadline	**On or before the date that is three (3) Business Days after entry of the Scheduling Order, or as soon as reasonably practicable thereafter**
Plan Supplement Deadline	**No later than November 10, 2025**
Voting Deadline	**November 17, 2025 at 5:00 p.m. (prevailing Central Time)**
Deadline to Object to Approval of Disclosure Statement or Confirmation of Plan	**November 17, 2025 at 5:00 p.m. (prevailing Central Time)**
Deadline to File Briefs in Support of Approval of Disclosure Statement and Confirmation	**November 21, 2025 (prevailing Central Time)**
Combined Hearing to Approve Disclosure Statement and Confirm Plan	**November 24, 2025 at 1:30 p.m. (prevailing Central Time)**

B. Holders of Claims Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all holders of claims against or interests in a debtor are entitled to vote on a chapter 11 plan. Holders of Claims in Classes 1, 2, 3, 4, 5, and 8 are entitled to vote to accept or reject the Plan. The Holders of Claims in the Voting Classes are Impaired under the Plan and, if the Plan is confirmed and consummated, may receive a distribution under the Plan. Accordingly, Holders of Claims in the Voting Classes have the right to vote to accept or reject the Plan. The Debtors are not soliciting votes on the Plan from Holders of Claims or Interests in Classes 6, 7, 9, 10, and 11

THE DISCUSSION OF THE SOLICITATION AND VOTING PROCESS SET FORTH IN THIS DISCLOSURE STATEMENT IS ONLY A SUMMARY. PLEASE REFER TO THE DISCLOSURE

STATEMENT ORDER AND SOLICITATION PROCEDURES FOR A MORE COMPREHENSIVE DESCRIPTION OF THE SOLICITATION AND VOTING PROCESS.

C. Voting Record Date

September 1, 2025 (the "**Voting Record Date**") is the date that was used for determining which Holders of Claims are entitled to vote to accept or reject the Plan and receive the Solicitation Package in accordance with the Solicitation Procedures. Except as otherwise set forth herein, the Voting Record Date and all of the Debtors' solicitation and voting procedures shall apply to all of the Debtors' creditors and other parties in interest.

D. Solicitation Procedures

The following materials constitute the solicitation package (the "**Solicitation Package**") distributed to Holders of Claims in each Voting Class:

- the appropriate Ballot and applicable voting instructions, including the Opt-Out Form, together with a pre-addressed, postage pre-paid return envelope; and
- this Disclosure Statement and all exhibits hereto, including the Plan and all exhibits thereto (which may be distributed in paper or USB-flash drive format).

The Debtors will distribute the Solicitation Package to Holders of Claims in each Voting Class no later than three (3) Business Days after entry of the Solicitation Order. The Debtors will file the Plan Supplement in accordance with the terms of the Plan and the timeline provided by the Disclosure Statement Order. As the Plan Supplement is updated or otherwise modified, such modified or updated documents will be made available on the Debtors' restructuring website. The Debtors will not serve paper or USB-flash drive copies of the Plan Supplement.

You may obtain copies of any pleadings filed with the Bankruptcy Court, including the Plan, the Plan Supplement, and this Disclosure Statement for free by visiting the Debtors' restructuring website, www.veritaglobal.net/HigherGround, or for a fee at https://txnb.uscourts.gov/.

E. Voting Procedures

In order for the Holder of a Claim in a Voting Class to have such Holder's Ballot counted as a vote to accept or reject the Plan, such Holder's Ballot must be properly executed, completed, and delivered such that it is **actually received** before the Voting Deadline by the Claims and Noticing Agent, in accordance and in compliance with the Solicitation Procedures established by the Disclosure Statement Order.

IF A BALLOT IS RECEIVED AFTER THE VOTING DEADLINE, IT WILL NOT BE COUNTED UNLESS THE PROPONENTS DETERMINE OTHERWISE. IT IS IMPORTANT THAT A HOLDER OF A CLAIM IN A VOTING CLASS FOLLOWS THE SPECIFIC INSTRUCTIONS PROVIDED ON SUCH HOLDER'S BALLOT.

F. Voting Tabulation

The Debtors' tabulation of Ballots shall be conducted in accordance with the Solicitation Procedures. A Ballot does not constitute, and shall not be deemed to be, a Proof of Claim or an assertion or admission

of a Claim. Only Holders of Claims in the Voting Classes shall be entitled to vote with regard to such Claims.

Unless the Proponents decide otherwise, Ballots received after the Voting Deadline may not be counted. A Ballot will be deemed delivered only when the Claims and Noticing Agent actually receives the executed Ballot as instructed in the applicable voting instructions.

The Bankruptcy Code may require the Debtors to disseminate additional solicitation materials if the Proponents make material changes to the terms of the Plan or if the Debtors waive a material condition to confirmation of the Plan. In that event, the solicitation will be extended to the extent directed by the Bankruptcy Court.

To the extent there are multiple Claims within a Voting Class, the Proponents may, in their discretion, and to the extent possible, aggregate the Claims of any particular Holder within a Voting Class for the purpose of counting votes.

In the event a designation of lack of good faith is requested by a party in interest under section 1126(e) of the Bankruptcy Code, the Bankruptcy Court will determine whether any vote to accept and/or reject the Plan cast with respect to that Claim will be counted for purposes of determining whether the Plan has been accepted and/or rejected.

The following Ballots shall not be counted in determining the acceptance or rejection of the Plan: (i) any Ballot that is illegible or contains insufficient information to permit the identification of the holder of such Claim; (ii) any Ballot cast by any Entity that does not hold a Claim in a Voting Class; (iii) any Ballot cast for a Claim scheduled as unliquidated, contingent, or disputed for which no Proof of Claim was timely filed by the Voting Record Date (unless the applicable bar date has not yet passed, in which case such Claim shall be entitled to vote in the amount of $1.00); (iv) any unsigned Ballot or Ballot lacking an original signature; (v) any Ballot not marked to accept or reject the Plan or marked both to accept and reject the Plan; (vi) any Ballot sent to any of the Debtors, the Debtors' agents or representatives, or the Debtors' advisors (other than the Claims and Noticing Agent); and (vii) any Ballot submitted by any Entity not entitled to vote pursuant to the procedures described in the Disclosure Statement Order. **Please refer to your Ballot, the Disclosure Statement Order, and the Solicitation Procedures for additional requirements with respect to voting to accept or reject the Plan.**

The Debtors will file a voting report (the "**Voting Report**") with the Bankruptcy Court by no later than two (2) days before the Combined Hearing. The Voting Report shall, among other things, delineate every Ballot that does not conform to the voting instructions or that contains any form of irregularity including, but not limited to, those Ballots that are late or (in whole or in material part) illegible, unidentifiable, lacking signatures, or lacking necessary information, received via facsimile, or damaged (in each case, an "**Irregular Ballot**"). The Debtors will attempt to reconcile the amount of any Claim reported on a Ballot with the Debtors' records, but in the event such amount cannot be timely reconciled without undue effort on the part of the Debtors, the amount shown in the Debtors' records shall govern. The Voting Report shall indicate the Debtors' intentions with regard to each Irregular Ballot. None of the Debtors, the Committee, or any other Person or Entity will be under any duty to provide notification of defects or irregularities with respect to delivered Ballots other than as provided in the Voting Report, nor will any of them incur any liability for failure to provide such notification.

PLEASE REFER TO YOUR BALLOT, THE DISCLOSURE STATEMENT ORDER, AND THE SOLICITATION PROCEDURES FOR ADDITIONAL REQUIREMENTS WITH RESPECT TO VOTING TO ACCEPT OR REJECT THE PLAN.

G. Votes Required for Acceptance by a Class

Under the Bankruptcy Code, acceptance of a plan of reorganization by a class of claims or interests is determined by calculating the amount and, if a class of claims, the number, of claims and interests voting to accept, as a percentage of the allowed claims or interests, as applicable, that have voted. Acceptance by a class of claims requires an affirmative vote of more than one-half (1/2) in number of total allowed claims that have voted and an affirmative vote of at least two-thirds (2/3) in dollar amount of the total allowed claims that have voted. Acceptance by a class of interests requires an affirmative vote of at least two-thirds (2/3) in amount of the total allowed interests that have voted.

H. Certain Factors to Be Considered Prior to Voting

There are a variety of factors that all Holders of Claims 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 and include, among other things:

- unless otherwise specifically indicated, 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 the Disclosure Statement;
- although the Proponents believe that the Plan complies with all applicable provisions of the Bankruptcy Code, the Proponents can neither assure such compliance nor that the Bankruptcy Court will confirm the Plan;
- the Proponents may request Confirmation without the acceptance of the Plan by all Impaired Classes in accordance with section 1129(b) of the Bankruptcy Code; and
- any delays of either Confirmation or Consummation could result in, among other things, increased Administrative Claims and Professional Fee Claims.

While these factors could affect distributions available to Holders of Allowed Claims and Allowed Interests under the Plan, the occurrence or impact of such factors may not necessarily affect the validity of the vote of the Voting Classes or necessarily require a re-solicitation of the votes of Holders of Claims in the Voting Classes pursuant to section 1127 of the Bankruptcy Code.

For a further discussion of risk factors, please refer to "Risk Factors" described in Article X of this Disclosure Statement.

ARTICLE IX.
Final Approval of the Disclosure Statement and Confirmation of the Plan

A. The Combined Hearing

At the Combined Hearing, the Bankruptcy Court will determine whether to approve the Disclosure Statement and whether the Plan should be confirmed in light of both the affirmative requirements of the Bankruptcy Code and objections, if any, that are timely filed. **The Combined Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Combined Hearing or the filing of a notice of such adjournment served in accordance with the order approving the Solicitation Procedures.**

For the avoidance of doubt, the U.S. Trustee reserves all rights to object to the Disclosure Statement under 11 U.S.C. § 1125 and the Chapter 11 Plan under 11 U.S.C. § 1129 at the Combined Hearing.

B. Deadline to Object to Approval of the Disclosure Statement and Confirmation of the Plan

The Debtors will provide notice of the Combined Hearing, and, if approved by the Bankruptcy Court, the notice will provide that objections to the Disclosure Statement and Confirmation of the Plan must be filed and served at or before **November 17, 2025 at 5:00 p.m. (prevailing Central Time)** (the "**Objection Deadline**"). Unless objections to the Disclosure Statement or Confirmation of the Plan are timely served and filed, they may not be considered by the Bankruptcy Court.

C. Requirements for Approval of the Disclosure Statement

Pursuant to section 1126(b) of the Bankruptcy Code, solicitation of votes to accept or reject a chapter 11 plan must comply with applicable federal or state securities laws and regulations (including the registration and disclosure requirements thereof) or, if such laws and regulations do not apply, provide "adequate information" under section 1125 of the Bankruptcy Code. At the Combined Hearing, the Debtors will seek a determination from the Court that the Disclosure Statement satisfies section 1126(b) of the Bankruptcy Code.

D. Requirements for Confirmation of the Plan

Among the requirements for Confirmation are the following: (a) the Plan is accepted by all impaired Classes of Claims and Interests or, if the Plan is rejected by an Impaired Class, at least one Impaired Class of Claims or Interests has voted to accept the Plan and a determination that the Plan "does not discriminate unfairly" and is "fair and equitable" as to Holders of Claims or Interests in all rejecting Impaired Classes; (b) the Plan is feasible; and (c) the Plan is in the "best interests" of Holders of Impaired Claims and Interests (*i.e.,* Holders of Class 1 Claims, Holders of Class 2 Claims, Holders of Class 3 Claims, Holders of Class 4 Claims, Holders of Class 5 Claims, Holders of Class 8 Claims, Holders of Class 9 Claims, Holders of Class 10 Interests, and Holders of Class 11 Interests).

At the Combined Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Proponents believe that the Plan satisfies or will satisfy all of the necessary requirements of chapter 11 of the Bankruptcy Code. Specifically, in addition to other applicable requirements, the Proponents believe that the Plan satisfies or will satisfy the applicable Confirmation requirements of section 1129 of the Bankruptcy Code set forth below.

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Proponents have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, will be disclosed to the Bankruptcy Court, and any such payment: (a) made before confirmation will be reasonable or (b) will be subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after confirmation.
- Either each Holder of an Impaired Claim against or Interest in the Debtors will accept the Plan, or each non-accepting Holder will receive or retain under the Plan on account of

such Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount that the Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code.

- Except to the extent that the Holder of a particular Claim agrees to a different treatment of its Claim, the Plan provides that, to the extent an Allowed Administrative Claim has not already been paid in full or otherwise satisfied during the Chapter 11 Cases, Allowed Administrative Claims will be paid in full on the Effective Date, or as soon thereafter as is reasonably practicable.

- Each Class of Claims has accepted the Plan or is Unimpaired and deemed to have accepted the Plan, or that the requirements of section 1129(b) have been met.

- Confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors or any successors thereto under the Plan.

- All fees of the type described in section 1930 of the Judicial Code, including the Statutory Fees of the U.S. Trustee, will be paid as of the Effective Date.

E. Best Interests of Creditors/Liquidation Analysis

1. Introduction

To demonstrate compliance with the "best interests" test, the Debtors, with the assistance of their advisors and Professionals, prepared a liquidation analysis, attached hereto as **Exhibit B** (the "**Liquidation Analysis**"), showing that the value of the distributions provided to Holders of Allowed Claims and Interests under the Plan would be the same or greater than under a hypothetical chapter 7 liquidation, assuming that the Chapter 11 Cases were converted to chapter 7 proceedings and chapter 7 trustees were appointed for each Debtor entity. This analysis seeks to estimate the recoveries that would be realized by creditors in such a scenario and compare those recoveries with the treatment creditors will receive under the Plan.

As set forth in detail below and in the Liquidation Analysis, the Debtors believe that, in a hypothetical liquidation, the recovery to creditors would be substantially lower than under the Plan. By contrast, in a chapter 7 liquidation, distributions to General Unsecured Creditors would likely be nonexistent, and secured creditors would face the risk of receiving significantly less than agreed-upon treatment provided for under the Plan.

2. Methodology and Assumptions

The Liquidation Analysis is a hypothetical exercise based on a number of assumptions that are necessarily speculative and uncertain. The estimated outcomes presented herein are not predictions or guarantees of actual results, but rather reasonable estimates based on the Debtors' books and records, historical performance, asset valuations, and market conditions, as of the date of this Disclosure Statement.

For the purpose of the Liquidation Analysis, it is assumed that the Chapter 11 Cases would be converted to chapter 7 on the Effective Date of the Plan and that chapter 7 trustees would be appointed immediately thereafter. These trustees would be responsible for winding down the Debtors' estates, marshalling and

liquidating all assets, reconciling claims, and distributing proceeds in accordance with the priority scheme established by the Bankruptcy Code.

The Liquidation Analysis assumes that all of the Debtors' tangible and intangible assets would be liquidated through a combination of piecemeal sales, auctions, or bulk transfers. Additionally, the analysis assumes that the chapter 7 trustees would incur substantial costs in the form of trustee commissions, professional fees, wind-down expenses, and other costs. The Debtors also assume that a liquidation would take considerable time, likely extending well beyond one year, during which the value of the estates could further deteriorate due to delayed realization of proceeds and market volatility.

3. **Assets in Liquidation**

The Debtors' principal assets consist of cash and cash equivalents, accounts receivable, intellectual property rights, and rights under certain contracts and licenses. Based on the Debtors' most recent audited financial statements, the Debtors believe they also have approximately $243 million of federal net operating losses, $174 million of state net operating losses, and $2.5 million of foreign net operating losses as of the Petition Date. Each category of asset would face unique challenges in a chapter 7 liquidation and the Debtors would recover substantially less in a chapter 7 liquidation sale.

4. **Administrative Expenses in Chapter 7**

The cost of administering a chapter 7 liquidation would be substantial. In addition to Statutory Fees owed to the Office of the United States Trustee, chapter 7 trustees would be entitled to commissions based on distributions made, typically up to 3%–5% of the gross proceeds. Trustees would likely retain their own financial advisors, accountants, and attorneys to assist in the liquidation and claims reconciliation processes. Professional fees in a liquidation are typically higher than in a going-concern restructuring due to inefficiencies, regulatory delays, and the lack of institutional knowledge regarding the Debtors' operations.

Additional expenses would arise from the need to wind down business operations, address federal and state regulatory compliance issues, and dispose of inventory and intellectual property. Furthermore, tax obligations may arise upon asset sales, and litigation risks could increase in the absence of the negotiated releases and settlements embodied in the Plan. All of these costs would be paid ahead of any distributions to General Unsecured Creditors, thereby significantly reducing the funds available to satisfy creditor claims.

5. **Estimated Recoveries Under Chapter 7 vs. the Plan**

Under the Plan, all Settlement Parties are waiving distributions in effort to yield some recoveries for the Debtors' general unsecured creditors. Without this Plan, the Plan Sponsor Contribution, the Plan Settlement Payment, the Surplus DIP Cash, and potential recoveries from the D&O Claim Resolution, the Debtors' general unsecured creditors would recover nothing while Settlement Parties and other prepetition secured creditors would recover minimal amounts, if anything, on account of their secured claims.

By contrast, in a chapter 7 liquidation scenario, and without the Settlement Parties' concessions and amounts contributed under the Plan Settlement, the Proponents believe that secured creditors would recover only a fraction of their claims (if anything) due to fire-sale discounts on transferred assets and the costs of liquidation. General unsecured creditors, which include numerous trade vendors, service providers, landlords, and employees, would receive no distribution.

Therefore, while the Plan contemplates general unsecured creditors recovering *pro rata* on account of their Allowed Claims, a chapter 7 liquidation would likely result no distributions for general unsecured creditors and any recoveries for secured creditors would be materially diminished.

6. **Conclusion**

The Proponents believe that confirmation and implementation of the Plan will yield a substantially greater return for creditors and stakeholders than would be available in a chapter 7 liquidation. The Plan maximizes the value of the Debtors' assets through a carefully structured series of transactions and settlement of claims with the Settlement Parties, including the various sources of recovery available under the Plan Settlement. The Plan also avoids the unnecessary administrative expenses, delays, and value destruction associated with a piecemeal liquidation of the Debtors' assets. Accordingly, the Proponents submit that the Plan satisfies the "best interests of creditors" test under section 1129(a)(7) of the Bankruptcy Code and represents the most favorable outcome for all creditors and interest holders.

F. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires, as a condition to confirmation of a Chapter 11 plan, that the Bankruptcy Court find that confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor under the plan, unless such liquidation or reorganization is proposed under the plan. This requirement is commonly referred to as the "feasibility" standard. This section demonstrates that the Plan proposed by the Debtors and the Plan Sponsor meets the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

While this Plan is a plan of reorganization, the consideration to fund Plan distributions to Holders of Allowed Claims is not contingent on the future financial performance of Reorganized HGE. Further, any and all Cure Claims related to the assumption and assignment of Executory Contracts and Unexpired Leases are being paid by the assignees to such Executory Contracts and Unexpired Leases. Any Executory Contracts and Unexpired Leases not previously assumed and assigned or rejected will be deemed rejected as of the Effective Date – meaning that the Debtors will not have any potential Cure Claims that are required to be paid. As such, the Debtors will not require a further reorganization to effectuate the terms of the Plan.

Based on the foregoing and the fact that the Plan does not require any future performance by Reorganized HGE to fund any distributions under the Plan, the Proponents believe that financial projections of Reorganized HGE are not relevant to determining the Plan's feasibility. Accordingly, the Proponents believe that section 1129(a)(11) of the Bankruptcy Code is satisfied under the Plan.

G. Acceptance by Impaired Classes

The Bankruptcy Code requires that, except as described in the following section, each impaired class of claims or interests must accept a plan in order for it to be confirmed. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to the class is not required. A class is "impaired" unless the plan: (i) leaves unaltered the legal, equitable, and contractual rights to which the claim or the interest entitles the holder of the claim or interest; (ii) cures any default, reinstates the original terms of such obligation, compensates the holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest; or (iii) provides that, on the consummation date, the holder of such claim receives cash equal to the allowed amount of that claim or, with respect to any equity interest, the holder of such interest receives value equal to the greater of (a)

any fixed liquidation preference to which the holder of such equity interest is entitled, (b) the fixed redemption price to which such holder is entitled, or (c) the value of the interest.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of allowed claims in that class, counting only those claims that actually voted to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number of creditors actually voting cast their ballots in favor of acceptance. For a class of impaired interests to accept a plan, section 1126(d) of the Bankruptcy Code requires acceptance by interest holders that hold at least two-thirds (2/3) in amount of the allowed interests of such class, counting only those interests that actually voted to accept or reject the plan. Thus, a class of interests will have voted to accept the plan only if two-thirds in amount actually voting cast their ballots in favor of acceptance.

H. Confirmation Without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted the plan; *provided* that the plan has been accepted by at least one impaired class of claims. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent's request, in a procedure commonly known as "cramdown," so long as the plan does not "discriminately unfairly" and is "fair and equitable" with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.

If any Impaired Class of Claims or Interests rejects the Plan, including Classes of Claims or Interests deemed to reject the Plan, the Debtors will request Confirmation of the Plan, as it may be modified from time to time, under the "cramdown" provision under section 1129(b) of the Bankruptcy Code. The Proponents reserve the right to modify the Plan in accordance with Article 6.3 and Article 13.6 of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a Class of Claims to render such Class of Claims Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules or to withdraw the Plan as to such Debtor.

The Debtors believe that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the requirements for cramdown and the Debtors will be prepared to meet their burden to establish that the Plan can be confirmed pursuant to section 1129(b) of the Bankruptcy Code as part of Confirmation of the Plan.

1. No Unfair Discrimination

The "unfair discrimination" test applies with respect to classes of claim or interests that are of equal priority but are receiving different treatment under a proposed plan. The test does not require that the treatment be the same or equivalent, but that the treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (*e.g.,* classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. Under certain circumstances, a proposed plan may treat two classes of unsecured creditors differently without unfairly discriminating against either class.

With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. Accordingly, the Proponents believe that the Plan meets the standard to demonstrate that the Plan does

not discriminate unfairly, and the Proponents will be prepared to meet their burden to establish that there is no unfair discrimination as part of Confirmation of the Plan.

2. **Fair and Equitable Test**

The "fair and equitable" 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 each non-accepting class and as set forth below, the test sets different standards depending on the type of claims or interests in such class. The Proponents believe that the Plan satisfies the "fair and equitable" requirement via the various mechanisms for full recoveries for all creditors provided for via the Plan. There is no Class receiving more than a 100% recovery, and all senior Classes are receiving a full recovery or agree to receive a different treatment under the Plan, thereby entitling junior Classes to receive full recovery under the Plan.

(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 value, as of the effective date, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the claimant's liens; and/or (iii) the holders of such secured claims receive the realization of the indubitable equivalent of such secured claims under the plan.

(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 receive or retain on account of such claim property of a value, as of the effective date, equal to the allowed amount of such claim; or (i) the holder of any claim or any interest that is junior to the claims of such class will not receive or retain any property under the plan on account of such junior claim or junior interest, subject to certain exceptions.

(c) Interests

The condition that a plan be "fair and equitable" to a non-accepting class of interests, includes the requirements that either: (i) the plan provides that each holder of an interest in that class receives or retains under the plan on account of that interest property of a value, as of the effective date, 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) the holder of any interest that is junior to the interests of such class will not receive or retain any property under the plan on account of such junior interest.

ARTICLE X.
Risk Factors

BEFORE TAKING ANY ACTION WITH RESPECT TO THE PLAN, HOLDERS OF CLAIMS AGAINST THE DEBTORS WHO ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ AND CONSIDER CAREFULLY THE RISK FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE

STATEMENT, THE PLAN, AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH, REFERRED TO, OR INCORPORATED BY REFERENCE INTO THIS DISCLOSURE STATEMENT, INCLUDING OTHER DOCUMENTS FILED WITH THE BANKRUPTCY COURT IN THE CHAPTER 11 CASES. THE RISK FACTORS SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS PRESENT IN CONNECTION WITH THE DEBTORS' BUSINESSES OR THE RESTRUCTURING AND CONSUMMATION OF THE PLAN. EACH OF THE RISK FACTORS DISCUSSED IN THIS DISCLOSURE STATEMENT MAY APPLY EQUALLY TO THE DEBTORS AND REORGANIZED HGE, AS APPLICABLE AND AS CONTEXT REQUIRES.

A. Bankruptcy Law Considerations

While the Proponents believe that these Chapter 11 Cases have been efficient and not materially harmful to the value of their assets, the Proponents cannot be certain that this will be the case. Further, it is impossible to predict with certainty the amount of time that one or more of the Debtors may spend in bankruptcy or to assure the parties in interest that the Plan will be confirmed. Even if confirmed on a timely basis, bankruptcy proceedings to confirm the Plan could have an adverse effect on the amount of distributable value available to the Holders of Claims or Interests.

The occurrence or non-occurrence of any or all of the following contingencies, and any others, could affect distributions available to Holders of Allowed Claims under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of Holders of Claims in such Impaired Classes.

1. Parties in Interest May Object to the Plan's Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity 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 Proponents created Classes of Claims and Interests each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims or Interests, as applicable, in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

Although the Proponents believe that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code, a Holder could challenge the classification. In such event, the cost of the Plan and the time needed to confirm the Plan may increase, and the Proponents cannot be sure that the Bankruptcy Court will agree with the Proponents' classification of Claims and Interests. If the Bankruptcy Court concludes that either or both of the classifications of Claims and Interests under the Plan do not comply with the requirements of the Bankruptcy Code, the Debtors may need to modify the Plan. Such modification could require a re-solicitation of votes on the Plan. The Plan may not be confirmed if the Bankruptcy Court determines that the Debtors' classification of Claims and Interests is not appropriate.

2. The Conditions Precedent to the Effective Date of the Plan May Not Occur

As more fully set forth in Article 11 of the Plan, the Effective Date of the Plan is subject to a number of conditions precedent. If such conditions precedent are not met or waived, the Effective Date will not take place.

3. The Proponents May Not Be Able to Satisfy Vote Requirements

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Proponents intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Proponents may seek to confirm an alternative chapter 11 plan or transaction. There can be no assurance that the terms of any such alternative chapter 11 plan or other transaction would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan and the Proponents do not believe that any such transaction exists or is likely to exist that would be more beneficial to the Estates than the Plan.

4. The Proponents May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the bankruptcy court that: (a) the plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting Classes; (b) the plan is not likely to be followed by a liquidation or a need for further financial reorganization unless liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting Holders of Claims and Interests within a particular Class under the 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.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A dissenting Holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement and the voting results are appropriate, the Bankruptcy Court can decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation have not been met, including the requirement that the terms of the Plan do not "unfairly discriminate" and are "fair and equitable" to non-accepting Classes.

If the Plan is not confirmed, it is unclear what distributions, if any, Holders of Allowed Claims and Interests will receive with respect to their Allowed Claims and Interests, as applicable. Subject to the limitations contained in the Plan, the Debtors reserve the right to modify the Plan and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, resolicit votes on such modified Plan. Any modifications could result in a less favorable treatment of any Class than the treatment currently provided in the Plan, such as a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan.

5. Parties in Interest May Object to the Releases Contained in the Plan

Confirmation is also subject to the Bankruptcy Court's approval of the settlement, release, injunction, and related provisions described in Article 10 of the Plan. Certain parties in interest may assert that the Proponents cannot demonstrate that they meet the relevant standards for approval of releases, exculpations, and injunctions.

6. The Proponents May Object to the Amount or Classification of a Claim or Interest

Except as otherwise provided in the Plan, the Proponents reserve the right to object to the amount or classification of any Claim or Interest under the Plan. The estimates set forth in this Disclosure Statement cannot be relied upon by any Holder of a Claim or Interest where such Claim or Interest is subject to an

objection or dispute. Any Holder of a Claim or Interest that is subject to an objection or dispute may not receive its expected share of the estimated distributions described in this Disclosure Statement.

7. **The Proponents May Not Be Able to Pursue Nonconsensual Confirmation Over Certain Impaired Non-Accepting Classes**

Generally, a bankruptcy court may confirm a plan under the Bankruptcy Code's "cramdown" provisions over the objection of an impaired non-accepting class of claims or interests if at least one impaired class of claims has accepted the plan (with acceptance being determined without including the vote of any "insider" in that accepting 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 rejecting impaired classes.

While the Proponents believe they may secure Plan support from the Holders of Claims well in excess of the requisite two-thirds in amount and more than one-half in number (the amount required for an accepting Class of Claims pursuant to section 1126(c) of the Bankruptcy Code) there is no guarantee that those Holders will vote those Claims favor of the Plan. There can be no assurances that the Proponents will confirm a chapter 11 plan and emerge as a reorganized company in that event, and it is unclear what distributions, if any, Holders of Allowed Claims and Interests will receive with respect to their Allowed Claims and Interests in that instance. In addition, the pursuit of an alternative restructuring proposal may result in, among other things, increased expenses relating to claims of estate professionals.

Finally, to the extent that a Voting Class votes to reject the Plan, the Proponents may not be able to seek to "cramdown" such Voting Class under section 1129(b) of the Bankruptcy Code because there is no other impaired Class of Claims entitled to vote under the Plan.

8. **The Chapter 11 Cases May Be Converted to Cases under Chapter 7 of the Bankruptcy Code**

If the Bankruptcy Court finds that it would be in the best interest of creditors and/or the debtor in a chapter 11 case, the Bankruptcy Court may convert a chapter 11 bankruptcy case to a case under chapter 7 of the Bankruptcy Code. In such event, a chapter 7 trustee would be appointed or elected to liquidate the debtor's assets for distribution in accordance with the priorities established by the Bankruptcy Code. The Proponents believe that liquidation under chapter 7 would result in significantly diminished distributions being made to creditors than those provided for in a chapter 11 plan because of (a) the likelihood that the assets would have to be sold or otherwise disposed of in a disorderly fashion over a short period of time, rather than reorganizing or selling the business as a going concern at a later time in a controlled manner, (b) additional administrative expenses involved in the appointment of a chapter 7 trustee, and (c) additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation, including Claims resulting from the rejection of Unexpired Leases and other Executory Contracts in connection with cessation of operations. For a more detailed description of the consequences of an extended chapter 11 case, or of a liquidation scenario, see Article IX.E of this Disclosure Statement, titled "Best Interests of Creditors/Liquidation Analysis" and the Liquidation Analysis attached hereto as **Exhibit B**.

9. **Any of the Chapter 11 Cases May Be Dismissed**

If the Bankruptcy Court finds that the Debtors have incurred substantial or continuing loss or diminution to the estate and lack of a reasonable likelihood of rehabilitation of the Debtors or the ability to effectuate substantial Consummation of a confirmed plan, or otherwise determines that cause exists, the Bankruptcy Court may dismiss one or all of the Chapter 11 Cases. In such event, the Proponents would be unable to

confirm the Plan with respect to the applicable Debtor or Debtors, which may ultimately result in significantly smaller distributions to creditors than those provided for in the Plan.

B. Continued Risk Upon Confirmation and Recoveries Under the Plan

Even if the Plan is consummated, the Debtors will continue to face a number of risks, including certain risks that are beyond their control, such as deterioration or other changes in economic conditions, changes in the industry, changes in interest rates, potential revaluing of their assets due to chapter 11 proceedings, and increasing expenses.

At the outset of the Chapter 11 Cases, the Bankruptcy Code provides the Debtors with the exclusive right to propose the Plan and prohibits creditors and others from proposing a plan. The Debtors will have retained the exclusive right to propose the Plan upon filing their Petitions. If the Bankruptcy Court terminates that right, however, or the exclusivity period expires, there could be a material adverse effect on the Debtors' ability to achieve Confirmation of the Plan to achieve the Debtors' stated goals. Furthermore, even if the Debtors' debts are reduced and/or discharged through the Plan, the Debtors may need to raise additional funds through public or private debt or equity financing or other various means to fund the Debtors' business after the completion of the proceedings related to the Chapter 11 Cases. Adequate funds may not be available when needed or may not be available on favorable terms.

1. Dependence on Plan Settlement Contributions from Settlement Parties

The Debtors' ability to make payments under the Plan may be affected by a number of factors, including receiving the Plan Settlement contributions from the Settlement Parties. Although the Settlement Parties have agreed to provide the Plan Settlement contributions, including, among other things, the Settlement Party Payment, the Surplus DIP Cash, and the Plan Sponsor Consideration, the Settlement Parties are not debtors in these Chapter 11 Cases and are under no court order to make such contribution. Indeed, a change in circumstances—such as deteriorating financial performance abroad or operational strain—could cause the Settlement Parties to withdraw or reduce support. Any such action would materially impair the Debtors', Reorganized HGE's, and/or the Liquidating Trust's ability to fund distributions to creditors or operate effectively post-emergence

2. Contingencies Could Affect Distributions to Holders of Allowed Claims

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies, which could affect distributions available to Holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

The estimated Claims and creditor recoveries set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary from the estimated Claims contained in this Disclosure Statement.

3. Risk of Non-Occurrence of the Effective Date

The Effective Date of the Plan is conditioned upon several requirements, including the entry of the Confirmation Order and satisfaction of conditions relating to the Plan Settlement and execution of Definitive Documents. If these conditions are not met or waived, the Plan may not become effective,

resulting in protracted bankruptcy proceedings or conversion of the Chapter 11 Cases to chapter 7. Although the Proponents believe that the Effective Date may 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. As more fully set forth in Article 11 of the Plan, the Effective Date of the Plan is subject to a number of conditions precedent. If such conditions precedent are not met, the Effective Date will not take place.

4. Certain Tax Implications of the Debtors' Bankruptcy and Reorganization

Holders of Allowed Claims should carefully review Article XII of this Disclosure Statement to determine how the tax implications of the Plan and the Chapter 11 Cases may adversely affect the Debtors.

C. Risk Factors Related to the Business Operations of the Debtors and Reorganized HGE

1. The Debtors Are Subject to the Risks and Uncertainties Associated with Any Chapter 11 Restructuring

For the duration of these Chapter 11 Cases, the Debtors' ability to effectuate this reorganization will be subject to the risks and uncertainties associated with bankruptcy. These risks include, among other things, the Debtors' ability to obtain approval of the Bankruptcy Court with respect to pleadings and motion papers filed in the Chapter 11 Cases from time to time.

The Debtors are also subject to risks and uncertainties with respect to the actions and decisions of creditors and other third parties who have interests in the Chapter 11 Cases that may be inconsistent with the Plan.

These risks and uncertainties could affect the Debtors' Estates in various ways. Also, pursuant to the Bankruptcy Code, the Debtors need Bankruptcy Court approval for transactions outside the ordinary course of business, which may limit their ability to respond timely to certain events or take advantage of certain opportunities. Because of the risks and uncertainties associated with the Chapter 11 Cases, the Debtors cannot predict or quantify the ultimate effect that events occurring during the Chapter 11 Cases will have on their businesses, financial condition, and results of operations.

As a result of the Chapter 11 Cases, the realization of assets and the satisfaction of liabilities are subject to uncertainty. While operating as debtors in possession, and subject to approval of the Bankruptcy Court, or otherwise as permitted in the normal course of business or Bankruptcy Court order, the Debtors may sell or otherwise dispose of assets and liquidate or settle liabilities. Further, the Plan could materially change the amounts and classifications of assets and liabilities reported in the historical consolidated financial statements. The historical consolidated financial statements do not include any adjustments to the reported amounts of assets or liabilities that might be necessary as a result of Confirmation.

2. Pending and Future Litigation Matters

In the ordinary course of business, the Debtors are parties to certain lawsuits, legal proceedings, collection proceedings, and claims arising out of their business operations. The Debtors cannot predict with certainty the outcome of these lawsuits, legal proceedings, and claims. Particularly, with respect to the pending litigation involving various litigation counterparties, while the Debtors believe that these claims are meritless, the Debtors cannot predict such success with absolute certainty.

With certain exceptions, the filing of the Chapter 11 Cases operates as a stay with respect to the commencement or continuation of litigation against the Debtors that was or could have been commenced

before the commencement of the Chapter 11 Cases. In addition, the Debtors' liability with respect to litigation stayed by the commencement of the Chapter 11 Cases generally is subject to discharge, settlement, and release upon confirmation of a plan under chapter 11, with certain exceptions. Therefore, certain litigation Claims against the Debtors may be subject to discharge in connection with the Chapter 11 Cases. Specific litigation includes or may include (a) workers' compensation cases involving current and former employees, (b) landlord-tenant disputes, (c) wrongful termination employee actions, (d) regulatory matters, and (e) other litigation matters that have since been closed.

Notwithstanding the foregoing, there also may be in the future certain litigation that could result in a material judgment against the Debtors or Reorganized HGE. Such litigation, and any judgment in connection therewith, could have a material negative effect on the Debtors or Reorganized HGE, as applicable.

D. Miscellaneous Risk Factors and Disclaimers

1. The Financial Information Is Based on the Debtors' Books and Records and, Unless Otherwise Stated, No Audit Was Performed

In preparing this Disclosure Statement, the Proponents relied on financial data derived from their books and records that were available at the time of such preparation. Although the Debtors have used their reasonable business judgment to assure the accuracy of the financial information provided in this Disclosure Statement, and while the Proponents believe that such financial information fairly reflects their financial condition, the Debtors are unable to warrant or represent that the financial information contained in this Disclosure Statement (or any information in any of the exhibits to the Disclosure Statement) is without inaccuracies.

2. No Legal or Tax Advice Is Provided by This Disclosure Statement

This Disclosure Statement is not legal advice to any person or Entity. The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each reader should consult its own legal counsel and accountant with regard to any legal, tax, and other matters concerning its Claim. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote to accept or reject the Plan or whether to object to Confirmation.

3. 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 the Debtors or Committee) nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, Reorganized HGE, the Committee, Holders of Allowed Claims or Interests, or any other parties in interest.

4. Failure to Identify Litigation Claims or Projected Objections

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim is, or is not, identified in this Disclosure Statement. The Debtors may seek to investigate, file, and prosecute Claims and may object to Claims after Confirmation and Consummation of the Plan, irrespective of whether this Disclosure Statement identifies such Claims or objections to Claims.

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

Counsel to and other advisors retained by the Proponents have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although counsel to and other advisors retained by the Proponents have performed certain limited due diligence in connection with the preparation of this Disclosure Statement and the exhibits to the Disclosure Statement, they have not independently verified the information contained in this Disclosure Statement or the information in the exhibits to the Disclosure Statement.

6. No Representations Outside This Disclosure Statement Are Authorized

No representations concerning or relating to the Debtors, the 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 voting Holders' 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 voting Holders in arriving at their decision.

Voting Holders should promptly report unauthorized representations or inducements to counsel to the Debtors, the Committee, and the Office of the United States Trustee for the Northern District of Texas.

7. No Duty to Update

The statements contained in this Disclosure Statement are made by the Proponents as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Proponents have no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

ARTICLE XI.
Certain Securities Law Matters

A. Introduction

The Plan proposes a series of transactions and distributions that may involve the issuance, transfer, or retention of securities within the meaning of applicable United States federal and state securities laws. This section provides a comprehensive discussion of those implications, including the applicability of registration exemptions, the potential issuance or reinstatement of securities, resale limitations, the treatment of insider and affiliate transactions, and related compliance issues. This disclosure is intended to Holders of Claims and Interests and other parties in interest in understanding the legal framework under which any such securities transactions may be affected in connection with Confirmation and Consummation of the Plan.

Importantly, no securities are being offered or sold through this Disclosure Statement, and this Disclosure Statement does not constitute an offer or solicitation with respect to any securities. Any securities potentially issued under the Plan will be issued in reliance on one or more exemptions from registration under applicable federal and state securities laws.

B. Applicability of Section 1145 of the Bankruptcy Code

Section 1145(a) of the Bankruptcy Code provides a statutory exemption from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the "**Securities Act**"), and from state "blue sky" laws, for the offer or sale of certain securities under a confirmed chapter 11 plan. Specifically, Section 1145 provides that the offer or sale of securities is exempt from registration if:

- The securities are issued under a chapter 11 plan;
- The securities are issued by the debtor, a successor to the debtor, or an affiliate of the debtor that is participating in the plan of reorganization with the debtor; and
- The securities are issued in exchange for a claim against, an interest in, or an administrative expense claim against the debtor.

This exemption covers the issuance of stock, bonds, and other instruments that are "securities" within the meaning of Section 2(a)(1) of the Securities Act, including common and preferred equity, debt instruments, and certain derivative instruments.

If any securities are distributed to creditors or equity holders under the Plan in exchange for allowed claims or interests, the Debtors believe that such issuances will satisfy the requirements of Section 1145. Moreover, any retention or deemed issuance of equity interests held by the Plan Sponsor would not constitute a public offering under the Securities Act and would not require registration.

C. Possible Issuances of Securities Under the Plan

Although the Plan does not mandate the issuance of publicly tradable securities, it does contemplate several transactions that may, directly or indirectly, result in the issuance or retention of securities. These include:

1. Issuance of Reorganized HGE Common Stock

On the Effective Date, 1,000 shares of the Reorganized HGE Common Stock, representing 100% of the equity of Reorganized HGE, shall be issued to the Plan Sponsor or an entity designated by the Plan Sponsor, in consideration for the Plan Sponsor Consideration and to the Senior DIP Lender, to the extent that it exercises the Subscription Option. The Reorganized HGE Common Stock shall be free and clear of all Liens, Claims, interests, and encumbrances of any kind. All the shares of Reorganized HGE Common Stock issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessable. On the Effective Date, none of the Reorganized HGE Common Stock will be listed on a national securities exchange. Reorganized HGE may take all necessary actions, if applicable, after the Effective Date to suspend any requirement to (a) be a reporting company under the Securities Exchange Act, and (b) file reports with the Securities and Exchange Commission or any other entity or party.

D. Applicability of Section 4(a)(2) and Regulation D

Where the Section 1145 exemption does not apply—such as issuances of the Reorganized HGE Common Stock—the Debtors will rely on the "private offering" exemption set forth in Section 4(a)(2) of the Securities Act. This exemption is available for transactions that do not involve any public offering. Courts and the SEC consider several factors in determining whether a transaction qualifies, including:

- The sophistication of the offeree(s);
- Access to material information;
- Number of offerees;

- Absence of general solicitation.

Issuances to the Plan Sponsor, as a sophisticated entity with comprehensive access to information, clearly fall within this exemption. In addition, the Debtors may utilize Regulation D, including Rule 506(b), to ensure compliance with federal and state securities laws for any other applicable transactions.

E. Use of Regulation S for Non-U.S. Persons

The Plan Sponsor and other affiliates of the Debtors are non-U.S. persons under Regulation S of the Securities Act. To the extent any securities are issued outside the United States to such entities, the Debtors believe that Regulation S will provide a separate exemption from registration, provided that:

- The offer and sale occur outside the United States;
- No directed selling efforts are made in the U.S.; and
- The purchaser is a non-U.S. person.

Issuances that comply with Regulation S are not subject to U.S. registration requirements, and resales are subject to minimal restrictions if sold offshore after the required holding period.

F. Restrictions on Resale of Securities

To the extent applicable, securities issued under the Plan pursuant to Section 1145 may be resold by recipients without registration, unless the holder is an "underwriter" as defined in Section 1145(b)(1), which includes:

- Persons who acquire securities with a view to distribution;
- Affiliates of the issuer;
- Persons who resell securities on behalf of the debtor or an affiliate.

Affiliates, including the Plan Sponsor and any of its designated entities or officers of Reorganized HGE, may be considered underwriters and thus may not resell such securities absent an effective registration statement or another applicable exemption.

Securities issued under Section 4(a)(2), Regulation D, or Regulation S will be deemed "restricted securities" and will be subject to resale limitations under Rule 144 unless held by non-affiliates who meet the applicable holding period and other requirements.

G. State Securities ("Blue Sky") Laws

To the extent securities are issued pursuant to Section 1145, state securities law registration requirements are preempted. For securities issued under other exemptions, such as Section 4(a)(2), Regulation D, or Regulation S, compliance with applicable state blue sky laws may be required unless preempted under the National Securities Markets Improvement Act of 1996 ("**NSMIA**"). Where required, the Debtors will ensure that such securities are exempt from registration under the applicable state law through reliance on Rule 506 or other available exemptions.

H. No Public Market for Debtors' Securities

There is currently no public market for any securities of the Debtors, and the Debtors do not anticipate that a public market will develop post-confirmation. The Debtors do not intend to register any securities issued under the Plan with the SEC or list them on any securities exchange. As a result, any securities distributed under the Plan are likely to be illiquid and may be subject to restrictions on transfer.

I. No Reporting Obligations Under the Exchange Act

Following confirmation of the Plan, the Debtors do not intend to register any class of securities under Section 12 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor do they intend to become subject to the periodic reporting requirements of Section 13 or Section 15(d) of the Exchange Act. Accordingly, holders of any securities issued under the Plan should not expect to receive periodic financial statements or reports from the Debtors or Reorganized HGE, unless otherwise required by contract or law.

J. No Offer or Solicitation

This Disclosure Statement has been prepared in accordance with Section 1125 of the Bankruptcy Code and is not intended to constitute an offer to sell or a solicitation of an offer to buy any securities. Any such offer or sale, if it occurs, will be made only in compliance with applicable securities laws and pursuant to a valid exemption from registration.

K. Conclusion

The Proponents believe that all securities transactions contemplated under the Plan will be exempt from federal and state registration requirements, either under Section 1145 of the Bankruptcy Code, Section 4(a)(2) of the Securities Act, Regulation D, or Regulation S. The Debtors do not intend to register any securities issued under the Plan, and no public market is expected to exist for such securities. Accordingly, recipients of any such securities should be prepared to hold them indefinitely and should consult their own legal and financial advisors regarding the securities law implications of their receipt and any potential transfer of such securities

ARTICLE XII.
Certain U.S. Federal Tax Consequences of the Plan

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

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

The U.S. federal income tax treatment of a Holder of an Allowed Claim that receives a distribution in satisfaction of such Claim will depend upon the nature of the Claim, the tax status of the Holder, the form of the consideration received, and the extent to which the Claim includes accrued but unpaid interest.

In general, a Holder of a Claim will recognize gain or loss in an amount equal to the difference between (i) the "amount realized" by the Holder in satisfaction of the Claim (i.e., the sum of the cash and fair market value of any property received) and (ii) the Holder's adjusted tax basis in the Claim. A Holder's adjusted tax basis in a Claim generally equals the Holder's cost for the Claim, with certain adjustments for payments previously received and other applicable rules. Each applicable Holder should consult with its own tax advisors as to the tax consequences of such distributions, and the applicability of the installment sale rules.

B. Reporting and Withholding Obligations

All distributions under the Plan are subject to applicable tax withholding, including backup withholding under section 3406 of the Tax Code, unless the recipient provides a properly completed IRS Form W-9 (for U.S. persons) or Form W-8 (for non-U.S. persons). Backup withholding generally applies to reportable payments if the recipient fails to provide a taxpayer identification number or underreports interest or dividend income.

Any amounts withheld from a payment to a Holder under the backup withholding rules may be credited against the Holder's U.S. federal income tax liability, and a refund may be obtained to the extent such withholding exceeds the actual tax liability of the Holder.

C. Information Reporting

The Debtors, Reorganized HGE, or the Liquidating Trust may be required to file information returns with the IRS with respect to distributions made pursuant to the Plan. Holders may also be required to furnish certain information to establish an exemption from withholding or to comply with tax reporting obligations.

D. Importance of Tax Advice

THE FOREGOING IS INTENDED TO BE A GENERAL SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE IMPLEMENTATION OF THE PLAN. IT IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING. THE TAX CONSEQUENCES TO HOLDERS MAY VARY BASED ON INDIVIDUAL CIRCUMSTANCES AND MAY BE AFFECTED BY OTHER FACTORS, INCLUDING WHETHER THE HOLDER HAS TAKEN A BAD DEBT DEDUCTION, THE HOLDER'S METHOD OF ACCOUNTING, OR WHETHER THE HOLDER IS A NON-U.S. PERSON.

HOLDERS OF CLAIMS THAT RECEIVE DISTRIBUTIONS UNDER THE PLAN SHOULD CONSULT WITH THEIR TAX ADVISORS REGARDING THE ALLOCATION OF CONSIDERATION AND THE TAX IMPLICATIONS OF THE PLAN TO THEIR PARTICULAR SITUATION.

ARTICLE XIII.
Conclusion and Recommendation

In the opinion of the Debtors and the Committee, the Plan is preferable to the alternatives described in this Disclosure Statement because it provides for a larger distribution to Holders of Allowed Claims and Interests than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. In addition, any alternative other than Confirmation could result in extensive delays and increased administrative expenses, resulting in smaller distributions to Holders of Allowed Claims than proposed under the Plan. Accordingly, the Debtors and Committee recommend that Holders of Claims and Interests entitled to vote to accept or reject the Plan support Confirmation and vote to **accept** the Plan.

Dated: October ~~6~~13, 2025

Respectfully submitted,

HIGHER GROUND EDUCATION, INC., *et al.*,
Debtors and Debtors in Possession

By: */s/ Jonathan McCarthy*
Jonathan McCarthy
Interim President & Secretary

-and-

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: */s/ Sophiea Kim*
Sophiea Kim
Co-Chair

By: */s/ Terry Nugent*
Terry Nugent
Co-Chair

Summary report: **Litera Compare for Word 11.7.0.54 Document comparison done on 10/13/2025 12:42:25 PM**	
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Intelligent Table Comparison: Active	
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Embedded Excel	0
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