IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
Medley LLC,	Case No. 21-10526 (KBO)
Debtor.[1]	**Re: Docket No. 324 and 424**

NOTICE OF FILING OF BLACKLINE OF
MODIFIED THIRD AMENDED COMBINED DISCLOSURE STATEMENT
AND CHAPTER 11 PLAN OF MEDLEY LLC

PLEASE TAKE NOTICE that, on July 6, 2021, the above-captioned debtor and debtor-in-possession (collectively, the "Debtor"), by their undersigned counsel, filed the *Combined Disclosure Statement and Chapter 11 Plan of Reorganization and Wind-Down of Medley LLC* [Docket No. 244] (the "Combined Disclosure Statement and Plan").

PLEASE TAKE FURTHER NOTICE that, on August 2, 2021, the Debtor, the official committee of unsecured creditors (the "Committee"), and Medley Capital LLC (together with the Debtor and the Committee, the "Plan Proponents") filed the *First Amended Combined Disclosure Statement and Chapter 11 Plan of Medley LLC* [Docket No. 284] (the "Amended Combined Disclosure Statement and Plan").

PLEASE TAKE FURTHER NOTICE that, on August 11, 2021, the Plan Proponents filed the *Second Amended Combined Disclosure Statement and Chapter 11 Plan of Medley LLC* [Docket No. 315] (the "Second Amended Combined Disclosure Statement and Plan").

[1] The last four digits of the Debtor's taxpayer identification number are 7343. The Debtor's principal executive office is located at 280 Park Avenue, 6th Floor East, New York, New York 10017.

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PLEASE TAKE FURTHER NOTICE that, on August 13, 2021, the Plan Proponents filed the *Third Amended Combined Disclosure Statement and Chapter 11 Plan of Medley LLC* [Docket No. 324] (the "Third Amended Combined Disclosure Statement and Plan").

PLEASE TAKE FURTHER NOTICE that, contemporaneously herewith, the Plan Proponents filed the *Modified Third Amended Combined Disclosure Statement and Chapter 11 Plan of Medley LLC* [Docket No. 424] (the "Modified Third Amended Combined Disclosure Statement and Plan").

PLEASE TAKE FURTHER NOTICE that, for the convenience of the Court and all parties in interest, a blackline comparison of the Third Amended Combined Disclosure Statement and Plan marked against the Modified Third Amended Combined Disclosure Statement and Plan is attached hereto as Exhibit 1.

Dated: October 13, 2021

MORRIS JAMES LLP

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EXHIBIT 1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
Medley LLC[1]	Case No. 21-10526 (KBO)
Debtor.	

MODIFIED THIRD AMENDED COMBINED DISCLOSURE STATEMENT AND CHAPTER 11 PLAN OF MEDLEY LLC

Dated: ~~August~~ October 13, 2021

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[1] The last four digits of the Debtor's taxpayer identification number are 7343. The Debtor's principal executive office is located at 280 Park Avenue, 6th Floor East, New York, New York 10017.

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DISCLAIMER[2]

THIS COMBINED DISCLOSURE STATEMENT AND PLAN WAS COMPILED FROM INFORMATION OBTAINED FROM NUMEROUS SOURCES BELIEVED TO BE ACCURATE TO THE BEST OF THE DEBTOR'S KNOWLEDGE, INFORMATION AND BELIEF. NO GOVERNMENTAL AUTHORITY HAS PASSED ON, CONFIRMED OR DETERMINED THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN. THE INFORMATION IN THIS COMBINED DISCLOSURE STATEMENT AND PLAN MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO SOLICITATION OF VOTES TO ACCEPT THE PLAN MAY BE MADE EXCEPT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE.

NOTHING STATED HEREIN SHALL BE (I) DEEMED OR CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, (II) ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, OR (III) DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTOR OR HOLDERS OF CLAIMS OR INTERESTS. CERTAIN STATEMENTS CONTAINED HEREIN, BY NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "EXPECT," "ANTICIPATE," "ESTIMATE," OR "CONTINUE" OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. THE READER IS 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 STATEMENTS CONTAINED HEREIN ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED. THE DELIVERY OF THIS COMBINED DISCLOSURE STATEMENT AND PLAN SHALL NOT BE DEEMED OR CONSTRUED TO CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME AFTER THE DATE HEREOF.

HOLDERS OF CLAIMS OR INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS COMBINED DISCLOSURE STATEMENT AND PLAN AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. THEREFORE, THE PROPONENTS URGE EACH HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTOR TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS COMBINED DISCLOSURE STATEMENT AND PLAN AND THE TRANSACTIONS CONTEMPLATED HEREBY.

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[2] Capitalized terms used, but not otherwise defined herein have the meaning ascribed to them in Article I of this Combined Disclosure Statement and Plan

NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION WITH RESPECT TO THIS COMBINED DISCLOSURE STATEMENT AND PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS COMBINED DISCLOSURE STATEMENT AND PLAN. NO REPRESENTATIONS CONCERNING THE DEBTOR OR THE VALUES OF ITS PROPERTY HAVE BEEN AUTHORIZED BY THE DEBTOR, OTHER THAN AS SET FORTH IN THIS COMBINED DISCLOSURE STATEMENT AND PLAN. ANY INFORMATION, REPRESENTATIONS, OR INDUCEMENTS MADE TO OBTAIN AN ACCEPTANCE OF THIS COMBINED DISCLOSURE STATEMENT AND PLAN OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON BY ANY HOLDER OF A CLAIM OR INTEREST. SEE ARTICLE IV OF THIS COMBINED DISCLOSURE STATEMENT AND PLAN, ENTITLED "CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING," FOR A DISCUSSION OF CERTAIN CONSIDERATIONS IN CONNECTION WITH A DECISION BY A HOLDER OF AN IMPAIRED CLAIM TO ACCEPT THIS COMBINED DISCLOSURE STATEMENT AND PLAN.

THIS COMBINED DISCLOSURE STATEMENT AND PLAN HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(b) AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-APPLICABLE BANKRUPTCY LAWS. THIS COMBINED DISCLOSURE STATEMENT AND PLAN HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

THE PROPONENTS BELIEVE THAT ACCEPTANCE OF THE PLAN INCORPORATED HEREIN IS IN THE BEST INTERESTS OF THE DEBTOR'S ESTATE, ITS CREDITORS, AND ALL OTHER PARTIES IN INTEREST. ACCORDINGLY, THE PROPONENTS RECOMMEND THAT YOU VOTE IN FAVOR OF THE PLAN. A LETTER FROM THE CREDITORS' COMMITTEE RECOMMENDING THAT HOLDERS OF ALLOWED CLAIMS VOTE IN FAVOR OF THE PLAN IS INCLUDED IN THE SOLICITATION PACKAGE.

THE DEADLINE TO VOTE ON THE PLAN IS SEPTEMBER 24, 2021 AT 4:00 P.M. PREVAILING EASTERN TIME (THE "VOTING DEADLINE"). FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE DEBTOR'S VOTING AGENT, KURTZMAN CARSON CONSULTANTS LLC, BEFORE THE VOTING DEADLINE AS DESCRIBED HEREIN.

FOR EASE OF REFERENCE ONLY, AND WITH CERTAIN EXCEPTIONS, THE INTRODUCTION ALONG WITH ARTICLES II, III, AND VI HEREIN GENERALLY CONTAIN THE DISCLOSURE STATEMENT PROVISIONS OF THE COMBINED PLAN AND DISCLOSURE STATEMENT AND THE OTHER ARTICLES HEREIN GENERALLY CONTAIN THE PLAN PROVISIONS OF THE COMBINED PLAN AND DISCLOSURE STATEMENT.

QUESTIONS AND ADDITIONAL INFORMATION

If you would like to obtain copies of this Combined Disclosure Statement and Plan or any of the documents attached hereto or referenced herein or have questions about the solicitation and voting process or the Debtor's Chapter 11 Case generally, please contact Kurtzman Carson Consultants LLC by (a) visiting the Debtor's case website at http://www.kccllc.net/medley, (b) calling (877) 634-7181 (U.S./Canada) or (424) 236-7226 (International), or (c) sending email correspondence to MedleyInfo@kccllc.com.

INTRODUCTION

Medley LLC, as debtor and debtor-in-possession (the "Debtor"), Medley Capital LLC, a registered investment advisor under the Investment Advisers Act and a non-Debtor affiliate of the Debtor ("Medley Capital") and the Official Committee of Unsecured Creditors appointed in this chapter 11 case pursuant to section 1102(a) of the Bankruptcy Code (the "Creditors' Committee" in such capacity, and collectively with the Debtor and Medley Capital, the "Proponents"), jointly propose this Combined Disclosure Statement and Plan for the resolution of the outstanding claims against, and equity interests in, the Debtor. The Proponents strongly encourage Holders of Claims or Interests to refer to this Combined Disclosure Statement and Plan for, among other things, (i) a discussion of the Debtor's history and businesses, assets, results of operations, and historical financial information, (ii) a summary of the events leading to this Chapter 11 Case, (iii) information about this Chapter 11 Case, (iv) risk factors associated with the Plan, (v) a summary and analysis of the Plan, and (vi) certain other related matters.

A. Background

As described in more detail below, prior to the Petition Date, the Debtor experienced material year-over-year reductions in fee earning assets under management and revenue resulting in liquidity issues that adversely impacted the Debtor's ability to service interest obligations owing on the Notes. As a result, in December 2020, the Debtor engaged B. Riley Securities Inc. as the Debtor's investment banker and financial advisor to provide assistance in analyzing various strategic financial alternatives. Ultimately, the Debtor was unable to achieve an out-of-court financial restructuring, and on March 7, 2021, Medley LLC filed a voluntary Chapter 11 petition.

In an attempt to expedite a restructuring that would allow it to restructure its debt and maintain its existing client base and revenue stream, on the Petition Date, the Debtor filed a Disclosure Statement for the Chapter 11 Plan of Reorganization of Medley LLC [Docket No. 8] and a Chapter 11 Plan of Reorganization [Docket No. 9] (the "Original Plan").[3]

In the early stages of this Chapter 11 Case, the U.S. Trustee did not appoint an official committee of unsecured creditors citing "[i]nsufficient response to the United States Trustee communication/contact for service on the committee." [Docket No. 50]. In the absence of an official committee, U.S. Bank National Association, as Notes Trustee on behalf of the Holders of Notes Claims, the largest claimants collectively in the Chapter 11 Case, through counsel and its financial advisors, engaged the Debtor in substantive discussions on the Original Plan and other issues affecting all Holders of Notes Claims and Unsecured Claims until the U.S. Trustee appointed the Creditors' Committee on April 22, 2021 [Docket No. 110]. The Debtor continued plan negotiations with the Creditors' Committee on amendments to the Original Plan but ultimately, the parties were not able to reach an agreement. On May 13, 2021, the Debtor withdrew the Original Plan [Docket No. 146].

On the Petition Date, Brook Taube and Seth Taube, who collectively owned the majority of MDLY, were serving as officers of both MDLY and the Debtor. On April 14, 2021, Brook

[3] Copies of all pleadings filed in the case are available on the bankruptcy court's website (www.ecf.deb.uscourts.gov) for a fee, or from the Debtor's website (http://www.kccllc.net/medley) at no charge.

Taube and Seth Taube submitted their resignations as Co-Chief Executive Officers of MDLY and Medley LLC, which resignations became effective on May 3, 2021.

On April 14, 2021, the Board of Directors appointed senior members of the investment team as executive officers of MDLY and Medley LLC, which appointments became effective on May 3, 2021.

Further, on the Petition Date, the Debtor was represented by Morris James LLP and Lowenstein Sandler LLP as bankruptcy counsel. On May 11, 2021, the SEC objected to the retention of Lowenstein Sandler [Docket No. 139] asserting that Lowenstein Sandler simultaneously represented the Debtor, MDLY (the Debtor's parent) and the subcommittee of the MDLY board of directors tasked with managing the Debtor's bankruptcy case. Lowenstein Sandler disputed the SEC's claims [Docket No. 150] but ultimately withdrew its retention application on May 27, 2021 [Docket No. 181].

At the May 18, 2021 hearing to consider the Lowenstein Application, the Court raised its own concerns about the Debtor's corporate governance based on the fact that the Debtor did not have a board of members that were independent from those of MDLY. Rather, corporate issues were addressed by a restructuring subcommittee, comprised of three independent board members of MDLY and whose members owed a fiduciary duty to MDLY and the Debtor.

During that hearing, the SEC also raised issues about the Debtor's corporate governance based on the overlap among the members of the respective boards of MDLY and the Debtor. The Debtor recognized the concerns of the Court and the SEC and the need to have a completely independent fiduciary acting for the benefit of the Debtor. Accordingly, effective as of June 1, 2021, the Debtor entered into the Fifth Amended LLC Agreement, appointing Dreyer as the Independent Manager.

On May 27, 2021, less than two months after Sierra's board of directors approved the renewal of the Sierra IAA, Sierra issued a press release announcing that Sierra's board of directors had entered into a formal review process to evaluate strategic alternatives for the Sierra IAA.

With a new Independent Manager in place, the Debtor began working on a revised chapter 11 plan. Unfortunately, with the Sierra announcement, the Debtor's plan shifted from a reorganization to an orderly wind down of the Remaining Company Contracts to maximize value for the Debtor's stakeholders. Given the change in management and the Sierra announcement, the Debtor reengaged in material plan discussions with the Creditors' Committee regarding an orderly wind-down but was approaching the end of its right to exclusively file a plan. While the Debtor was completing its revised plan, on July 1, 2021, the Creditors' Committee filed a motion seeking to terminate the Debtor's exclusive periods to propose and solicit acceptance of a plan [Docket No. 234], and attached a proposed plan of liquidation as an exhibit to the motion.

On July 6, 2021, the Debtor filed its Combined Disclosure Statement and Plan [Docket No. 244]. Almost immediately thereafter, the Debtor, the Creditors' Committee and Medley Capital continued their good faith negotiations with respect to the terms of a potential consensual plan. On July 22, 2021, the Debtor, the Creditors' Committee and Medley Capital reached an agreement on a global plan settlement documented in the Plan Term Sheet [Docket No. 276]. The terms of the comprehensive, tripartite settlement embodied in the Plan Term Sheet resolve the issues at the

heart of this Chapter 11 Case, including (i) establishment of the Liquidating Trust, (ii) settlement of certain material claims, including, intercompany claims, and (iii) provisions that allow Medley Capital to continue servicing the Remaining Company Contracts, thereby enhancing recoveries to Allowed Claims.

B. Brief Summary of the Combined Disclosure Statement and Plan

This Combined Disclosure Statement and Plan is premised upon maximizing the remaining value of the Debtor's assets. The Debtor has three primary assets: (i) cash on hand, (ii) the income stream generated by non-Debtor Affiliates from the Remaining Company Contracts, less the costs of operations, and (iii) Causes of Action. On the Effective Date, the Liquidating Trust will be established for the benefit of creditors holding Allowed Claims and on the Effective Date or by the Wind-Down Date, as applicable, the Liquidating Trust Assets shall vest in the Liquidating Trust. The Liquidating Trust shall be funded with (i) all Cash held by the Debtor on the Effective Date; (ii) the Initial GUC Funds, and (iii) the Additional GUC Funds.

A large component of the Liquidating Trust Assets will be proceeds from the Remaining Company Contracts. As more fully set in the liquidation analysis attached hereto as **Exhibit A**, the Proponents expect that for the period ending March 31, 2022, the Remaining Company Contracts will generate approximately $1,310,000 million of profit, which amount is proposed to be available for distribution to the Liquidating Trust on the Wind-Down Date. The potential availability of such funds for the Liquidating Trust is only possible if the non-Debtor Affiliates continue to honor the obligations under the Remaining Company Contracts through the Runoff Date. If the non-Debtor Affiliates fail to honor their obligations under the Remaining Company Contracts, the Proponents expect that revenue will be lost and certain clients will seek the return of some or all of those funds. The Proponents therefore believe that continuing to honor the Remaining Company Contracts will provide a significantly greater recovery for Holders Allowed Claims than such Holders would receive if the Remaining Company Contracts were terminated immediately.

As more fully discussed herein, Medley Capital is the Debtor's main operating subsidiary. Medley Capital employs all of the Company's employees and incurs substantially all of the costs to operate the enterprise. Medley Capital is also the registered investment adviser and provides substantially all of the services to the clients, both advisory and administrative, required under the Remaining Company Contracts. Pursuant to various contracts with the Advisors and Sierra, Medley Capital is to be reimbursed for all costs associated with the provision of advisory and administrative services before the remaining contractual fees are distributed to the Debtor. In order for the Company to continue to generate revenues and profit for the benefit of the Debtor's estate, Medley Capital must be able to retain its employees and service the Remaining Company Contracts.

The most significant of the Remaining Company Contracts are the Sierra IAA and the Administration Agreement between Sierra and Medley Capital. On May 27, 2021, Sierra publicly announced that it was exploring its strategic alternatives with respect to the Sierra IAA. Based on that announcement, the Debtor, Medley Capital and Sierra anticipate that the Sierra IAA will be transitioned to a new manager and terminate at the end of 2021 or early 2022. Under the Sierra IAA, the Sierra board of directors could terminate on 60 days' notice or on an expedited timeline,

if Medley Capital and SIC Advisors were unable to continue to continue to perform under the Sierra IAA. In either case, loss of the Sierra IAA would result in a material loss of net proceeds to be distributed to the Debtor and a reduction in recoveries to Allowed Claims.

Notwithstanding Sierra's ability to terminate the Sierra IAA early, Sierra has determined to have Medley Capital and SIC Advisors continue to provide advisory and administrative services until Sierra is able to transition to a new manager, which is likely to occur sometime between December 31, 2021 and March 31, 2022. To ensure that Medley Capital is able to retain the employees necessary to service the Sierra IAA through the transition period, Sierra has agreed to provide additional funds to the Debtor or the Liquidating Trust, as applicable, and Medley Capital, to partially fund the Non-Debtor Compensation Plan, which is designed to provide industry standard compensation to employees that remain with Medley Capital through January 31, 2022.

Accordingly, Medley Capital, the Debtor and a special committee of independent board members of Sierra have reached an agreement by and through which Sierra will make a material contribution of $2,100,000 to fund a portion of the Non-Debtor Compensation Plan for the benefit of Medley Capital's employees. The Non-Debtor Compensation Plan will provide a total of $5,744,000 to pay market compensation to employees that remain with Medley Capital through January 31, 2022. Sierra will fund its portion through the Sierra Commitment Letter. The balance will be funded by Medley Capital and the other non-Debtor subsidiaries. As more fully set forth herein, the Non-Debtor Compensation Plan will be paid to employees between September 30, 2021 and January 31, 2022.

The Non-Debtor Compensation Plan is critical to maximizing value for the benefit of Holders of Allowed Claims. The alternative, terminating the Remaining Company Contracts immediately, would mean reduced cash received by the Liquidating Trust and in turn, likely recoveries to Holders of Allowed Claims would be materially reduced and the Debtor and its non-Debtor Affiliates could face potential claims under the Remaining Company Contracts.

The Combined Disclosure Statement and Plan provides for the exculpation of a limited universe of parties which were instrumental in bringing this case to a successful conclusion. The Debtor is also providing releases to certain parties, including Sierra, Medley Capital and certain employees of Medley Capital.

The Proponents believe that the Combined Disclosure Statement and Plan maximizes the value of the estate and distributions to be received by Holders of Allowed Claims. A liquidation of the Debtor's assets and immediate termination of the Remaining Company Contracts would result in the immediate and irreparable harm to the Debtor and its estate and reduce recoveries to Allowed Claims. The Proponents therefore strongly encourage all creditors who are eligible vote to accept the Combined Disclosure Statement and Plan.

ALL HOLDERS OF CLAIMS AGAINST THE DEBTOR ARE ENCOURAGED TO READ THIS COMBINED DISCLOSURE STATEMENT AND PLAN IN ITS ENTIRETY AND TO CONSULT WITH AN ATTORNEY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. SUBJECT TO CERTAIN RESTRICTIONS AND REQUIREMENTS SET FORTH IN SECTION 1127 OF THE BANKRUPTCY CODE, BANKRUPTCY RULE 3019, AND IN THIS COMBINED DISCLOSURE STATEMENT AND PLAN, THE DEBTOR RESERVES THE

RIGHT TO ALTER, AMEND, MODIFY, REVOKE, OR WITHDRAW THIS COMBINED DISCLOSURE STATEMENT AND PLAN, OR ANY PART THEREOF, BEFORE SUBSTANTIAL CONSUMMATION THEREOF.

C. Solicitation Package

This Combined Disclosure Statement and Plan is part of the solicitation package ("Solicitation Package") distributed to all Holders of Claims in Class 3 (Notes Claims) and Holders of Claims in Class 4 (General Unsecured Claims) that are entitled to vote on the Plan[4] and contains the following:

- a copy of the Combined Hearing Notice;
- a copy of this Combined Disclosure Statement and Plan, together with the exhibits
- thereto;
- a copy of the Solicitation Order entered by the Bankruptcy Court that conditionally approved this Combined Disclosure Statement and Plan, established the voting procedures, scheduled a Combined Hearing, and set the Voting Deadline and the deadline for objecting to confirmation of the this Combined Disclosure Statement and Plan;
- a form of ballot with instructions on how to complete the ballot; and
- a letter prepared by the Creditors' Committee recommending that Holders of Allowed Claims in Class 3 (Notes Claims) and Class 4 (General Unsecured Claims) vote in favor of the proposed Plan.

The Debtor may, but is not required to, distribute this Combined Disclosure Statement and Plan and the Solicitation Order to Holders of Claims entitled to vote on the Plan in electronic format (i.e. on a USB Flash Drive).

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

A. Defined Terms.

As used in this Combined Disclosure Statement and Plan, the following terms have the meanings set forth below.

[4] As described more fully in this Combined Disclosure Statement and Plan, equity interests held by Holders of Interests in Class 6 are being cancelled as of the Wind-Down Date. From the Effective Date through the Wind-Down Date, such interests will continue to exist but holders will not receive anything of value under the Plan. Further, as set forth in the Liquidation Analysis attached hereto as **Exhibit A**, such equity interests are worth $0.

"*2024 Notes*" means the senior unsecured notes with a maturity date of January 20, 2024 issued by the Debtor pursuant to the Notes Indenture.

"*2026 Notes*" means the senior unsecured notes with a maturity date of August 15, 2026 issued by the Debtor pursuant to the Notes Indenture.

"*Administrative Claim*" means any Claim (including Professional Fee Claims) for costs and expenses of administration of the Chapter 11 Case pursuant to sections 503(b) (including section 503(b)(9)), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred on or after the Petition Date until and including the Effective Date of preserving the Estate and operating the Debtor's business; and (b) all fees and charges assessed against the Estate pursuant to section 1930 of chapter 123 of title 28 of the United States Code.

"*Additional GUC Funds*" means all net proceeds realized by Medley Capital through the Wind-Down Date from (a) the Remaining Company Contracts, (b) the Company Tax Refund and any proceeds thereof, (c) any tax refund received by the Debtor and any proceeds thereof, and (d) all net proceeds from the monetization of any direct or indirect investments in funds owned or managed by any Affiliate of the Debtor as such net proceeds are realized between the Effective Date and the Wind-Down Date.

"*Advisors*" means the non-Debtor Affiliates that are generally organized for the purpose of contracting with a particular client or subset of clients, or serving in a management role for an entity, such as a general partner for a limited partnership or a manager of a limited liability company, constituting an investment advisory relationship for regulatory purposes. Each of the Advisors is a "relying adviser" under the Investment Advisors Act and all are considered to be registered investment advisers under the Form ADV adviser registration for Medley Capital.

"*Affiliate*" has the meaning set forth in section 101(2) of the Bankruptcy Code.

"*Allowance Date*" means the date that a Claim becomes Allowed.

"*Allowed*" means, with respect to any Claim against the Debtor (including any Administrative Claim) or portion thereof, (a) any Claim that has been listed by the Debtor in the Schedules (as such Schedules may be amended by the Debtor or the Liquidating Trustee from time to time in accordance with Bankruptcy Rule 1009) as liquidated in amount other than zero or unknown and not Disputed or Contingent, and for which no Proof of Claim has been filed, (b) any timely filed Proof of Claim or request for payment of an Administrative Claim, as to which no objection to the allowance thereof, or action to subordinate, avoid, classify, reclassify, expunge, estimate, or otherwise limit recovery with respect thereto, has been filed within the applicable period of limitation fixed by this Combined Plan and Disclosure Statement, the Bankruptcy Code, the Bankruptcy Rules, the Bar Date Order or any other Final Order, and which applicable period of limitations has expired, (c) any Claim expressly allowed by a Final Order or under this Combined Plan and Disclosure Statement, or (d) any Claim that is compromised, settled or otherwise resolved pursuant to the authority granted to the Liquidating Trustee under Article X hereof and the Liquidating Trust Agreement; *provided*, *however*, that Claims temporarily allowed solely for the purpose of voting to accept or reject this Combined Plan and Disclosure Statement pursuant to an order of the Bankruptcy Court shall not be considered Allowed Claims; *provided*,

further, that any Claim subject to disallowance in accordance with section 502(d) of the Bankruptcy Code shall not be considered an Allowed Claim.

"*Avoidance Actions*" means any and all actual or potential avoidance, recovery, subordination, or other Claims, Causes of Action, or remedies that may be brought by or on behalf of the Debtor or its Estate or other authorized parties in interest under the Bankruptcy Code or applicable non-bankruptcy law, including, Claims, Causes of Action, or remedies under sections 502, 510, 542, 543, 544, 545, 547 through 553, and 724(a) of the Bankruptcy Code, or under similar local, state, federal, or foreign statutes and common law, including fraudulent transfer laws.

"*Assets Available for Distribution to Unsecured Creditors*" means all of the Liquidating Trust Assets after payment of all (a) Allowed Secured Claims, (b) Allowed Administrative Claims, (c) Allowed Priority Claims, (d) Liquidating Trust Expenses, and (e) with respect to the Non-Debtor Compensation Plan: (i) 25% of forfeited Compensation Payments (as defined in the Non-Debtor Compensation Plan) committed or paid by Medley Capital, (ii) proceeds from Repayment Obligations (as defined in the Non-Debtor Compensation Plan) committed or paid by Medley Capital, and/or (iii) Holdbacks to Executives committed or paid by Medley Capital if Executives do not meet Distributable Value (each as defined in the Non-Debtor Compensation Plan) metrics set out in the Non-Debtor Compensation Plan. For the avoidance of doubt, no portion of the Sierra Non-Debtor Compensation Plan Payment shall constitute an Asset Available for Distribution to Unsecured Creditors.

"*Bankruptcy Code*" means title 11 of the United States Code, 11 U.S.C. §§ 101–1532, as amended from time to time.

"*Bankruptcy Court*" means the United States Bankruptcy Court for the District of Delaware that is presiding over the Chapter 11 Case.

"*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure promulgated under section 2075 of the Judicial Code and the general, local, and chambers rules of the Bankruptcy Court, each, as amended from time to time.

"*Bar Date Order*" means the *Order Establishing Bar Dates for Filing Proofs of Claims and Approving the Form and Manner of Notice Thereof* [Docket No. 52].

"*Business Day*" means any day other than a Saturday, Sunday, or other day on which the New York Stock Exchange or the NASDAQ is closed for trading.

"*Cash*" or "*$*" means cash in legal tender of the United States of America and cash equivalents, including bank deposits, checks, and other similar items.

"*Cause of Action*" or "*Causes of Action*" means any claims, interests, damages, remedies, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, contingent or non-contingent, liquidated or unliquidated, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or otherwise against any party, including current and former Insiders of the Debtor and its affiliates

to the extent not otherwise addressed in this Plan. Causes of Action also include, but are not limited to: (a) all rights of setoff, counterclaim, or recoupment and claims under contracts or for breaches of duties imposed by law; (b) the right to object to or otherwise contest Claims or Interests; (c) claims pursuant to sections 362, 510, 542, 543, 544 through 550, or 553 of the Bankruptcy Code; and (d) such claims and defenses as fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code.

"*Chapter 5 Released Parties*" means (a) Allorto and (b) the Related Parties of the foregoing.

"*Chapter 11 Case*" means the case pending for the Debtor under chapter 11 of the Bankruptcy Code in the Bankruptcy Court.

"*Claim*" means any claim, as defined in section 101(5) of the Bankruptcy Code, against the Debtor.

"*Claims Agent*" means Kurtzman Carson Consultants LLC, the notice and claims agent retained by the Debtor in the Chapter 11 Case or retained by the Liquidating Trustee after the Effective Date.

"*Claims Bar Date*" means, with respect to any Claim held by a party other than a Governmental Unit, (a) April 30, 2021 at 5:00 p.m. (prevailing Eastern Time) as established by the Bar Date Order, or (b) such other date as provided for in the Bar Date Order or in this Plan.

"*Claims Objection Deadline*" means one hundred eighty (180) days after the Effective Date, or such later date as may be ordered by the Bankruptcy Court, *provided however*, that with respect to Claims including General Unsecured Claims, the Liquidating Trustee seek to extend such deadline from time to time by filing one or more motions with the Bankruptcy Court on notice and an opportunity for a hearing.

"*Claims Register*" means the official register of Claims maintained by the Claims Agent.

"*Class*" means a class of Claims or Interests as set forth in Article V hereof pursuant to section 1122(a) of the Bankruptcy Code.

"*CM/ECF*" means the Bankruptcy Court's Case Management and Electronic Case Filing system.

"*Combined Disclosure Statement and Plan*" means this entire document and all exhibits, schedules and related documents, whether annexed hereto or Filed in connection herewith.

"*Company*" means the Debtor, MDLY, and the Debtor's direct and indirect subsidiaries.

"*Company Tax Refund*" means the anticipated tax refund on account of the MDLY Tax Return or any similar payment pursuant to Internal Revenue Code Section 172.

"*Confirmation Date*" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Case, within the meaning of Bankruptcy Rules 5003 and 9021.

"*Combined Hearing*" means the hearing to be held by the Bankruptcy Court to consider (a) final approval of this Combined Plan and Disclosure Statement as providing adequate information pursuant to section 1125 of the Bankruptcy Code and (b) Confirmation of this Combined Disclosure Statement and Plan pursuant to sections 1128 and 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

"*Combined Hearing Notice*" means a notice of the Combined Hearing.

"*Confirmation Order*" means the order of the Bankruptcy Court confirming this Combined Disclosure Statement and Plan pursuant to section 1129 of the Bankruptcy Code.

"*Confirmation*" means the Bankruptcy Court's entry of the Confirmation Order on the docket of the Chapter 11 Case.

"*Consummation*" means the occurrence of the Effective Date.

"*Contingent*" means, with reference to a Claim, a Claim that has not accrued or is not otherwise payable and the accrual of which, or the obligation to make payment on which, is dependent upon a future event that may or may not occur.

"*Creditor*" has the meaning set forth in section 101(10) of the Bankruptcy Code.

"*Cure*" means all amounts, including an amount of $0.00, required to cure any monetary defaults under any Executory Contract or Unexpired Lease (or such lesser amount as may be agreed upon by the parties under an Executory Contract or Unexpired Lease) that is to be assumed by the Debtor pursuant to sections 365 or 1123 of the Bankruptcy Code.

"*D&O Liability Insurance Policies*" means all insurance policies of the Debtor, or for the benefit of the Debtor, for directors', managers', and officers' liability existing as of the Petition Date (including any "tail policy") and all agreements, documents, or instruments relating thereto.

"*Debtor Release*" means the release set forth in Article XI.C hereof.

"*Definitive Documents*" means the documents (including any related orders, agreements, instruments, schedules, or exhibits) that are necessary or desirable to implement or otherwise relate to this Combined Disclosure Statement and Plan, including: (a) this Combined Disclosure Statement and Plan (and all exhibits thereto); (b) the Confirmation Order; (c) the Wind-Down Budget; (d) the Liquidating Trust Agreement; and (e) any other documents or exhibits related to or contemplated in the foregoing clauses (a) through (d), in each case in form and substance consistent with the Plan Term Sheet and reasonably acceptable to the Creditors' Committee and Medley Capital.

"*Disallowed*" means with respect to any Claim or Interest or portion thereof, any Claim against or Interest in the Debtor which: (i) has been disallowed, in whole or part, by a Final Order;

(ii) has been withdrawn by agreement of the Holder thereof and the Debtor or the Liquidating Trustee, in whole or in part; (iii) has been withdrawn, in whole or in part, by the Holder thereof; (iv) if listed in the Schedules as zero or as Disputed, Contingent or unliquidated and in respect of which a proof of Claim or a proof of Interest, as applicable, has not been timely Filed or deemed timely Filed pursuant to this Combined Disclosure Statement and Plan, the Bankruptcy Code or any Final Order or other applicable law; (v) has been reclassified, expunged, subordinated or estimated to the extent that such reclassification, expungement, subordination or estimation results in a reduction in the Filed amount of any proof of Claim or proof of Interest; (vi) is evidenced by a proof of Claim or a proof of Interest which has been Filed, or which has been deemed to be Filed under applicable law or order of the Bankruptcy Court or which is required to be Filed by order of the Bankruptcy Court but as to which such proof of Claim or proof of Interest was not timely or properly Filed; (vii) is unenforceable to the extent provided in section 502(b) of the Bankruptcy Code; and (viii) where the Holder of a Claim is a Person or Entity from which property is recoverable under sections 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under sections 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code, unless such Person, Entity or transferee has paid the amount, or turned over any such Property, for which such Person, Entity or transferee is liable under section 522(i), 542, 543, 550, or 553 of the Bankruptcy Code. In each case a Disallowed Claim is Disallowed only to the extent of disallowance, withdrawal, reclassification, expungement, subordination or estimation.

"*Disallowed Claim*" means, a claim, or any portion thereof, that is Disallowed.

"*Disbursing Agent*" means the Liquidating Trustee or the Entity or Entities selected by the Liquidating Trustee to make or facilitate Distributions pursuant to this Combined Disclosure Statement and Plan.

"*Disputed*" means, with reference to any Claim, a Claim, or any portion thereof, that is neither an Allowed Claim nor a Disallowed Claim.

"*Disputed Claims Reserve*" means Cash from the Liquidating Trust in an amount equal to the Distribution under applicable classes of Claims that shall be made on account of Disputed Claims when allowed, which Cash will be held by the Liquidating Trustee pending allowance of Disputed Claims, and then distributed on account of Allowed Claims in accordance with Article IX.D.3 of the Plan. The Disputed Claims Reserve shall be funded in accordance with the Wind-Down Budget from the Liquidating Trust Assets.

"*Distribution*" means any distribution made pursuant to this Combined Disclosure Statement and Plan by the Entity acting as the Disbursing Agent to the Holders of Allowed Claims in a particular Class.

"*Distribution Date*" means the date or dates determined by the Liquidating Trustee on or after the Effective Date, with the first such date occurring on or as soon as is reasonably practicable after the Effective Date, upon which the Disbursing Agent shall make distributions to holders of Allowed Claims entitled to receive distributions under this Combined Disclosure Statement and Plan.

"*Distribution Record Date*" means the record date for purposes of making distributions under this Combined Disclosure Statement and Plan on account of Allowed Claims which date shall be the first day of the Combined Hearing.

"*Effective Date*" means the date that is the first Business Day on which (a) no stay of the Confirmation Order is in effect and (b) all conditions precedent to the occurrence of the Effective Date set forth in Article XII.A hereof have been satisfied or waived in accordance with Article XII.B of hereof.

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

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

"*Exchange Act*" means the Securities Exchange Act of 1934, 15 U.S.C. § 78a, *et seq.*, as amended from time to time.

"*Exculpated Parties*" means (a) the Independent Manager, (b) the Medley Executives, (c) the Creditors' Committee and the members of the Creditors' Committee (in their capacity as such), and (d~~) Sierra, and (c~~) the Related Parties of the foregoing.

"*Executory Contract*" means a contract to which the Debtor is a party and that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

"*Federal Judgment Rate*" means the federal judgment rate in effect as of the Petition Date.

"*Fifth Amended LLC Agreement*" means the Fifth Amended and Restated Limited Liability Company Agreement of Medley LLC dated as of June 1, 2021, as it may hereafter be further amended or modified in accordance with the Plan.

"*File*," "*Filed*," or "*Filing*" means file, filed, or filing with the Bankruptcy Court or its authorized designee in the Chapter 11 Case.

"*Final Order*" means an order or judgment of the Bankruptcy Court, or court of competent jurisdiction with respect to the subject matter that has not been reversed, stayed, modified, or amended, as entered on the docket in the Chapter 11 Case or the docket of any court of competent jurisdiction, and as to which the time to appeal, or seek certiorari or move for a new trial, reargument, or rehearing has expired and no appeal or petition for certiorari or other proceedings for a new trial, reargument, or rehearing has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be timely filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, reargument, or rehearing will have been denied, resulted in no stay pending appeal of such order, or has otherwise been dismissed with prejudice; *provided* that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order will not preclude such order from being a Final Order.

"*General Unsecured Claim*" means any Claim other than an Administrative Claim, a Secured Claim, a Priority Tax Claim, an Other Priority Claim, or a Notes Claim.

"*Governmental Unit*" has the meaning set forth in section 101(27) of the Bankruptcy Code.

"*Governmental Unit Bar Date*" means with respect to a Claim held by a Governmental Unit, September 3, 2021 at 5:00 p.m. (prevailing Eastern Time) as established by the Bar Date Order.

"*GUC Funds*" means the Initial GUC Funds and the Additional GUC Funds.

"*Holder*" means the legal or beneficial Holder of a Claim or Interest (and, when used in conjunction with a Class or type of Claim or Interest, means a Holder of a Claim or Interest in such Class or of such type).

"*Independent Director*" means Peter Kravitz ("Kravitz"), an independent board member of MDLY.

"*Independent Manager*" means Michelle Dreyer ("Dreyer"), the independent manager of the Debtor, as of June 1, 2021.

"*Independent Director Fees*" means all reasonable documented, actual, and necessary fees, costs, and expenses incurred by ~~Kravitz and of the law firm of Gellert Scali Busenkell & Brown, LLC for services and advice to Kravitz, specifically related to Kravitz's~~ the Independent Director for service in the Chapter 11 Case as Independent Director through the Effective Date, excluding any fees, costs or expenses incurred in opposition to the Debtor, Medley Capital, the Creditors' Committee, the Liquidating Trust, or to this Combined Disclosure Statement and Plan or any provision thereof, in an amount not to exceed the Pre-Effective Date Budget. Nothing herein shall enjoin or preclude any professional representing Kravitz or MDLY from filing a motion, subject to any bar date established by the Bankruptcy Court for filing Administrative Claims, for allowance and payment of fees and expenses as a substantial contribution after notice and an opportunity for hearing.

"*IMA*" means an investment management agreement, typically entered into between a client and an Advisor that governs the provision of advisory services to a client by Medley Capital and the fees to be paid to the applicable Advisor for such advisory services.

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

"*Initial GUC Funds*" means available funds on the Effective Date from Medley Capital in the amount of not less than $100,000.

"*Insider*" has the meaning set forth in section 101(31) of the Bankruptcy Code.

"*Intercompany Claim*" means any (a) Claim held by the Debtor against another non-Debtor Affiliate, (b) any Claim held by a non-Debtor Affiliate against the Debtor, and (c) any Claim held by a non-Debtor Affiliate against another non-Debtor Affiliate.

"*Interest*" means any equity security (as defined in section 101(16) of the Bankruptcy Code) in the Debtor and any other rights, options, warrants, stock appreciation rights, phantom stock rights, restricted stock units, redemption rights, repurchase rights, convertible, exercisable or exchangeable Securities or other agreements, arrangements or commitments of any character relating to, or whose value is related to, any such interest or other ownership interest in the Debtor, and any claim against or interest in the Debtor subject to subordination pursuant to section 510(b) of the Bankruptcy Code arising from or related to any of the foregoing.

"*Investment Advisers Act*" means the Investment Advisers Act of 1940, 15 U.S.C. §§ 80b-1–80b-21, as amended from time to time.

"*Investment Company Act*" means the Investment Company Act of 1940, 15 U.S.C. §§ 80a-1–80a-64, as amended from time to time.

"*Judicial Code*" means title 28 of the United States Code, 28 U.S.C. §§ 1–4001, as amended from time to time.

"*Lien*" has the meaning set forth in section 101(37) of the Bankruptcy Code.

"*Liquidating Trust*" means the trust called "Medley LLC Liquidating Trust" established under this Combined Disclosure Statement and Plan and the Liquidating Trust Agreement.

"*Liquidating Trust Agreement*" means the trust agreement that establishes the Liquidating Trust to be drafted by the Creditors' Committee, subject to Medley Capital's reasonable approval solely with respect to matters that would impact operations at Medley Capital. The Liquidating Trust Agreement shall be included in the Plan Supplement.

"*Liquidating Trust Assets*" means: (a) the GUC Funds; (b) all Causes of Action and the proceeds thereof; (c) all claims and rights of the Debtor under any D&O Liability Insurance Policies; (d) the Liquidating Trust Interest; (e) the Professional Fee Excess; (f) any other assets of the Debtor of any type or nature; and (g) any Records relating to the foregoing.

"*Liquidating Trust Beneficiaries*" means holders of Allowed Class 3 Notes Claims and Allowed Class 4 General Unsecured Claims.

"*Liquidating Trust Expenses*" means all documented, actual, and necessary costs and expenses incurred by the Liquidating Trust in connection with carrying out the obligations of the Liquidating Trust pursuant to the terms of this Combined Plan and Disclosure Statement and the Liquidating Trust Agreement.

"*Liquidating Trust Indemnified Parties*" means the Liquidating Trustee and its consultants, agents, attorneys, accountants, financial advisors, estates, employees, officers, directors, principals, professionals, and other representatives, each in their respective capacity as such, and any of such Person's successors and assigns.

"*Liquidating Trust Interest*" means a 1% membership interest in the Debtor that the Debtor shall issue and transfer to the Liquidating Trust pursuant to the Fifth Amended LLC Agreement (as modified pursuant to this Plan) on the Effective Date, solely for the purpose of conferring

derivative standing upon the Liquidating Trustee to institute Causes of Action pursuant to the provisions of the Delaware Limited Liability Company Act to the extent the Liquidating Trustee is found not to have direct standing to pursue such claims as estate representative pursuant to section 1123(b) of the Bankruptcy Code.

"*Liquidating Trustee*" means the Person selected by the Creditors' Committee no less than thirty-five (35) Business Days prior to the Combined Hearing to serve as the trustee of the Liquidating Trust.

"*Local Rules*" means the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware.

"*Major Issue(s)*" means (i) the settlement or resolution of any Disputed Claims in which the amount in dispute is in excess of $100,000; (ii) the settlement or resolution of any Causes of Action asserted in the amount of $100,000 and above to the extent that the Liquidating Trustee proposes a settlement; (iii) the challenge of any expenditure by Medley Capital that deviates from the most recent Wind-Down Budget approved by the Oversight Committee by more than 20% in the aggregate over a four week period (with such variance calculation excluding any expenditures that are being reimbursed by any of the underlying funds, clients, or SMAs); (iv) any sale or other monetization of assets at Medley Capital in excess of $250,000; and (v) liquidation or settlement of any claim against Medley Capital.

"*MCC*" means Medley Capital Corporation.

"*MDLY*" means Medley Management, Inc., the parent company of the Debtor.

"*MDLY Clawback Claim*" means, collectively, the Debtor's Intercompany Claims against MDLY.

"*MDLY Tax Return*" means those tax returns filed by MDLY and paid for with funds of the Debtor, Medley Capital, or certain non-Debtor Affiliates.

"*Medley Capital Non-Debtor Compensation Plan Payment*" means that portion of the Non-Debtor Compensation Plan required to be funded by Medley Capital through proceeds from the Remaining Company Contracts and available funds at Medley Capital or any other non-Debtor Affiliate.

"*Medley Capital Plan Contribution*" means the Medley Capital payments: (i) on the Effective Date to (a) the Debtor in an amount equal to all Allowed and estimated Administrative Claims and Professional Claims, and (b) the Liquidating Trust in an amount equal to the Initial GUC Funds; and (ii) after the Effective Date, from time to time through the Wind-Down Date, to the Liquidating Trust comprising the Additional GUC Funds.

"*Medley Executives*" means Richard T. Allorto ("Allorto"), Dean Crowe ("Crowe"), Howard Liao ("Liao"), and David G. Richards ("Richards") in their capacity as officers of the Debtor.

"*Non-Debtor Compensation Plan*" means the non-Debtor employee compensation program for those employees of Medley Capital that remain employed with Medley Capital until January 31, 2022 or such other dates as set forth herein. A copy of the Non-Debtor Compensation Plan is attached hereto as **Exhibit C** and discussed further in Article VII.F and Article VII.K of this Combined Disclosure Statement and Plan.

"*Notes*" means, collectively, the 2024 Notes and the 2026 Notes.

"*Notes Claims*" means, collectively, all claims derived from or based upon the Notes or the Notes Indenture, including in each case claims for all principal amounts outstanding, interest, expenses, costs, and other charges arising thereunder or related thereto.

"*Notes Indenture*" means that certain indenture agreement (as may be amended, restated, supplemented, or otherwise modified from time to time) dated August 9, 2016, between the Debtor, as issuer, and U.S. Bank National Association, as trustee, that governs the 2024 Notes and 2026 Notes.

"*Notes Trustee*" means U.S. Bank National Association, in its capacity as trustee under the Notes Indenture.

"*Notes Trustee Charging Lien*" means any Lien or priority of payment to which the Notes Trustee is entitled under the Notes Indenture against distributions to be made to Holders of Notes Claims for payment of any Notes Trustee Fees.

"*Notes Trustee Fees*" means all reasonable documented, actual, and necessary fees and expenses incurred by the Notes Trustee under the Notes Indenture, incurred though the Effective Date. Such fees and expenses are estimated to be approximately $716,375 through June 30, 2021 and such amount shall, as part of the treatment of Class 3 Notes Claims, be paid in Cash in accordance with the Wind-Down Budget and the Liquidating Trust Agreement from the Liquidating Trust Assets. Notes Trustee Fees incurred from and after July 1, 2021 will be paid through the exercise of the Notes Trustee Charging Lien against distributions to Class 3 Notes Claims.

"*Objection(s)*" means any objection, application, motion, complaint or any other legal proceeding seeking, in whole or in part, to disallow, determine, liquidate, classify, reclassify, or establish the priority, expunge, subordinate or estimate any Claim (including the resolution of any request for payment of any Administrative Claim).

"*Organizational Documents*" means the Fifth Amended LLC Agreement and certificates of formation, limited liability company agreements, partnership agreements, certificates of incorporation, articles of incorporation, bylaws, stockholders' agreements, the identity of the board of managers, board of directors, or similar governing body, and any similar entity organizational or constitutive document of the Debtor.

"*Other Priority Claim*" means any Claim, other than an Administrative Claim or a Priority Tax Claim, entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.

"*Outside Date*" means March 31, 2022, or such later date as may be necessary in the reasonable discretion of the Oversight Committee for the purpose of ensuring that all net proceeds of Medley Capital go to the Liquidating Trust.

"*Oversight Committee*" means the committee created on the Effective Date initially consisting of two Persons appointed by the Creditors' Committee and one Person appointed by existing management at Medley Capital with such appointments occurring no less than five (5) Business Days prior to the Combined Hearing and the rights and responsibilities of which is more fully described in Article VII.G hereof and in the Liquidating Trust Agreement.

"*Person*" has the meaning set forth in section 101(41) of the Bankruptcy Code.

"*Petition Date*" means March 7, 2021, the date that the Debtor commenced the Chapter 11 Case.

"*Plan*" means the chapter 11 plan contained in this Combined Disclosure Statement and Plan.

"*Plan Support Parties*" means the Debtor, the Creditors' Committee, and Medley Capital.

"*Plan Term Sheet*" means that certain plan term sheet dated July 21, 2021 [Docket No. 276] that sets forth the material terms of this Combined Disclosure Statement and Plan and supported by the Plan Support Parties.

"*Plan Supplement*" means the Liquidating Trust Agreement, Wind-Down Budget, and such other documents and forms of documents, agreements, schedules, and exhibits to this Combined Disclosure Statement and Plan (in each case, as may be altered, amended, modified, or supplemented from time to time in accordance with the terms hereof and in accordance with the Bankruptcy Code and Bankruptcy Rules) to be Filed by the Proponents in the Chapter 11 Case, and notice of which shall be served in accordance with the Solicitation Order, no later than the earlier of seven (7) days prior to the (i) Voting Deadline or (ii) the deadline to object to confirmation of this Combined Disclosure Statement and Plan, or such later date as may be approved by the Bankruptcy Court, and any additional documents Filed prior to the Effective Date as amendments to the Plan Supplement. The Proponents shall have the right to alter, amend, modify, or supplement the documents contained in the Plan Supplement through the Effective Date in accordance with this Combined Disclosure Statement and Plan.

"*Pre-Effective Date Budget*" means the budget attached as Exhibit 2 to the Plan Term Sheet governing the Debtor's use of cash to the Effective Date, as may be amended by the agreement of the Plan Support Parties.

"*Priority Tax Claim*" means any Claim of a Governmental Unit (as defined in section 101(27) the Bankruptcy Code) of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

"*Proponents*" shall have the meaning ascribed to such term in the first paragraph of the Introduction to this Combined Disclosure Statement and Plan.

"*Pro Rata*" means the proportion that an Allowed Claim or an Interest in a particular Class bears to the aggregate amount of Allowed Claims or Interests in that Class, unless otherwise indicated.

"*Professional*" means an Entity: (a) employed pursuant to a Bankruptcy Court order in accordance with sections 327, 328, or 1103 of the Bankruptcy Code and to be compensated for services rendered prior to or on the Confirmation Date, pursuant to sections 327, 328, 329, 330, 331, and 363 of the Bankruptcy Code; or (b) awarded compensation and reimbursement by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

"*Professional Amount*" means the aggregate amount of Professional Claims, unpaid Independent Director Fees, and other unpaid fees and expenses that the Professionals estimate they have incurred, or will incur, in rendering services to the Debtor as set forth in Article IV.B hereof.

"*Professional Claim*" means a Claim by a professional seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the ~~Confirmation~~ Effective Date under section 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code.

"*Professional Fee Escrow*" means a segregated interest-bearing account funded by the Debtor with Cash on the Effective Date in an amount equal to the Professional Amount.

"*Professional Fee Excess*" means any remaining amount in the Professional Fee Escrow after all Allowed Professional Claims have been paid in full.

"*Proof of Claim*" means a proof of Claim Filed against the Debtor in the Chapter 11 Case.

"*Record*" means, with respect to the Debtor, the books, records, information, ledgers, files, invoices, documents, work papers, correspondence, lists (including client and customer lists, supplier lists and mailing lists), plans (whether written, electronic or in any other medium), drawings, designs, specifications, creative materials, advertising and promotional materials, marketing plans, studies, reports, data, supplier and vendor lists, purchase orders, sales and purchase invoices, production reports, personnel and employment records, financial and accounting records and similar materials related exclusively to the Debtor's business; *provided*, *however*, that nothing in this Combined Disclosure Statement and Plan shall prevent the Debtor from obtaining Records from its Affiliates to the extent permitted under non-bankruptcy law.

"*Reinstate*," "*Reinstated*," or "*Reinstatement*" means with respect to Claims and Interests, that the Claim or Interest shall not be discharged hereunder and the holder's legal, equitable, and contractual rights on account of such Claim or Interest shall remain unaltered by Consummation in accordance with section 1124(1) of the Bankruptcy Code.

"*Rejected Executory Contracts and Unexpired Leases Schedule*" means the schedule of Executory Contracts and Unexpired Leases to be rejected by the Debtor pursuant to this Combined Disclosure Statement and Plan, which schedule shall be included in the Plan Supplement, as the same may be amended, modified, or supplemented from time to time in accordance with the terms of this Combined Disclosure Statement and Plan.

"*Related Parties*" means, with respect to any Person or Entity, such Person's or Entity's respective current independent directors, managers, officers, employees, agents, designees, attorneys, financial advisors, investment bankers, consultants, and other professionals or representatives, in each case, as of August 12, 2021, and solely to the extent acting in (i) such capacity for, and (ii) solely for the benefit of, a Released Party or an Exculpated Party. For purposes of clarification only, "Related Parties" does not include (i) Brook Taube, (ii) Seth Taube, (iii) any members of the Taube family, (iv) any entities controlled by Brook Taube, Seth Taube or any members of the Taube family, and their successors and assigns, and (v) Allorto, except to the extent he is a Chapter 5 Released Party and for any post-Petition Date services; provided further that, as used in connection with "Exculpated Parties," Related Parties shall include only fiduciaries of the Debtor.

"*Released Parties*" means (a) Medley Capital, (b) Crowe, (c) Liao, (d) Richards, (e) Sierra, and (f) the Related Parties of the foregoing.

"*Remaining Company Contracts*" means the IMAs and related service and advisory contracts of the Company which remain in effect as of the Effective Date.

"*Restructuring Transactions*" means any transaction and any actions as may be necessary or appropriate to effect the reorganization and wind-down, including the overall corporate structure of the Debtor on the terms set forth in this Combined Disclosure Statement and Plan, including the issuance of all Securities, notes, instruments, certificates, and other documents required to be issued pursuant to this Combined Disclosure Statement and Plan, one or more inter-company mergers, consolidations, amalgamations, arrangements, continuances, restructurings, conversions, dissolutions, transfers, liquidations, or other corporate transactions, as described in Article VII.B hereof.

"*Runoff Date*" means the later of (a) the termination of the Sierra IAA and (b) the monetization of any remaining direct or indirect investments in funds managed by any Affiliate of the Debtor.

"*Schedules*" means, collectively, the schedules of Assets and Liabilities, schedules of Executory Contracts and Unexpired Leases, and statements of financial affairs filed by the Debtor under section 521 of the Bankruptcy Code, Bankruptcy Rule 1007, and the official bankruptcy forms in the Chapter 11 Case, as the same may have been amended or supplemented through the Confirmation Date pursuant to Bankruptcy Rules 1007 and 1009. For the avoidance of doubt, Schedules do not include any schedules or exhibits to this Combined Plan and Disclosure Statement or the Plan Supplement.

"*SEC*" means the United States Securities and Exchange Commission.

"*Secured Claim*" means a Claim: (a) secured by a valid, perfected, and enforceable Lien on collateral to the extent of the value of such collateral, as determined in accordance with section 506(a) of the Bankruptcy Code, or (b) subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.

"*Securities Act*" means the Securities Act of 1933, as amended, 15 U.S.C. §§ 77a–77aa, or any similar federal, state, or local law, as now in effect or hereafter amended, and the rules and regulations promulgated thereunder.

"*Security*" means any security, as defined in section 2(a)(1) of the Securities Act.

"*SIC Advisors*" means Sierra Advisors LLC, a non-Debtor Affiliate of the Debtor.

"*Sierra*" means Sierra Income Corporation.

"*Sierra Commitment Letter*" means a commitment letter executed by and between the Debtor, Sierra, and Medley Capital, as necessary, providing the Sierra Non-Debtor Compensation Plan Payment, which will be used exclusively to fund a portion of the Non-Debtor Compensation Plan and attached hereto as **Exhibit D**.

"*Sierra IAA*" means that certain Investment Advisory Agreement dated April 5, 2012 by and between Sierra and SIC Advisors, as may be amended, restated, supplemented, or otherwise modified from time to time.

"*Sierra Non-Debtor Compensation Plan Payment*" means Sierra's payment of $2.1 million to Medley Capital in accordance with the Sierra Commitment Letter and as more fully described in Article VII.F and Article VII.K hereof.

"*Solicitation Order*" means the *Order (I) Conditionally Approving the Combined Disclosure Statement and Plan, (II) Establishing Solicitation, Voting, and Tabulation Procedures, (III) Scheduling a Combined Hearing, (IV) Approving the Form of Ballot and Solicitation Materials, (V) Establishing Notice and Objection Procedures for Confirmation of the Plan and Final Approval of the Third Amended Combined Disclosure Statement and Plan, and (VI) Granting Related Relief* [Docket No ~~[•]~~328], conditionally approving this Combined Disclosure Statement and Plan for solicitation purposes only and authorizing the Debtor to solicit acceptances of the Plan.

"*Subordinated Claim*" means any Claim that is subordinated to Notes Claims and General Unsecured Claims pursuant to section 510 of the Bankruptcy Code or Final Order of the Bankruptcy Court.

"*Successor Manager*" means the Liquidating Trustee who shall replace the Independent Manager as of the Effective Date.

"*Tax*" means all income, gross receipts, sales, use, transfer, payroll, employment, franchise, profits, property, excise, or other similar taxes, estimated import duties, fees, stamp taxes, and duties, value added taxes, assessments, or charges of any kind whatsoever (whether payable directly or by withholding), together with any interest and any penalties, additions to tax, or additional amounts imposed by any taxing authority of a Governmental Unit with respect thereto.

"*Transfer*" means: (a) when used as a noun, any direct or indirect transfer, sale, assignment, pledge, hypothecation, encumbrance or other disposition (including the issuance of equity in any Entity), whether for value or no value and whether voluntary or involuntary (including by

operation of law), and (b) when used as a verb, to directly or indirectly transfer, sell, assign, pledge, encumber, charge, hypothecate or otherwise dispose of (including the issuance of equity in any Entity) whether for value or for no value and whether voluntarily or involuntarily (including by operation of law).

"*Unclaimed Distributions*" means any undeliverable or unclaimed Distributions.

"*Unexpired Lease*" means a lease to which the Debtor is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

"*Unimpaired*" means a Class of Claims or Interests that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

"*U.S. Trustee*" means the office of the United States Trustee for the District of Delaware.

"*U.S. Trustee Fees*" means fees payable pursuant to 28 U.S.C. § 1930.

"*Voting Agent*" means Kurtzman Carson Consultants LLC.

"*Wells Notice*" means that notice from the SEC relating to MDLY's and the Debtor's previously-disclosed SEC investigation, dated May 7, 2021 to the Wells Notice Parties, pursuant to which the SEC made a preliminary determination to recommend that the SEC file an enforcement action against the Wells Notice Parties that would allege certain violations of the Securities Act.

"*Wells Notice Parties*" means MDLY, the Debtor, and the six pre-IPO owners of the Debtor (who are also current or former officers of the Debtor), each of whom were noticed in the Wells Notice.

"*Wind-Down Budget*" means the budget agreed to by the Plan Support Parties to replace the Pre-Effective Date Budget for the wind-down of the Debtor's and Medley Capital's business from the Effective Date to the Wind-Down Date. The Wind-Down Budget shall be included in the Plan Supplement.

"*Wind-Down Date*" means, in the reasonable discretion of the Oversight Committee for the purpose of ensuring that all net proceeds of Medley Capital go to the Liquidating Trust, either (a) the Runoff Date or (b) the Outside Date.

B. Rules of Interpretation.

For purposes of this Combined Disclosure Statement and Plan: (1) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (2) unless otherwise specified, any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form, or substantially on those terms and conditions; (3) unless otherwise specified, any reference herein to an existing document, schedule, or exhibit, whether or not Filed,

having been Filed or to be Filed shall mean that document, schedule, or exhibit, as it may thereafter be amended, modified, or supplemented; (4) any reference to an Entity as a holder of a Claim or Interest includes that Entity's successors and assigns; (5) unless otherwise specified, all references herein to "Articles" are references to Articles hereof or hereto; (6) unless otherwise specified, all references herein to exhibits are references to exhibits in the Plan Supplement; (7) unless otherwise specified, the words "herein," "hereof," and "hereto" refer to this Combined Disclosure Statement and Plan in its entirety rather than to a particular portion of this Combined Disclosure Statement and Plan; (8) subject to the provisions of any contract, certificate of incorporation, by-law, instrument, release, or other agreement or document entered into in connection with this Combined Disclosure Statement and Plan, the rights and obligations arising pursuant to this Combined Disclosure Statement and Plan shall be governed by, and construed and enforced in accordance with the applicable federal law, including the Bankruptcy Code and Bankruptcy Rules; (9) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of, or to affect the interpretation of the, Combined Disclosure Statement and Plan; (10) unless otherwise specified herein, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (11) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be; (12) all references to docket numbers of documents Filed in the Chapter 11 Case are references to the docket numbers under the Bankruptcy Court's CM/ECF system; (13) all references to statutes, regulations, orders, rules of courts, and the like shall, mean as amended from time to time, and as applicable to the Chapter 11 Case, unless otherwise stated; (14) the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, and shall be deemed to be followed by the words "without limitation"; (15) any immaterial effectuating provisions may be interpreted by the Debtor in such a manner that is consistent with the overall purpose and intent of this Combined Disclosure Statement and Plan all without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity; and (16) all references herein to consent, acceptance, or approval may be conveyed by counsel for the respective parties that have such consent, acceptance, or approval rights, including by electronic mail.

C. Computation of Time.

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

D. Relief Sought by Filing This Combined Plan and Disclosure Statement

The filing of this Combined Plan and Disclosure Statement constitutes, among other things, a motion by the Debtor pursuant to Bankruptcy Rule 9019 to approve the settlements and comprises set forth in Article VII.A hereof.

E. Governing Law.

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the laws of Delaware, without giving effect to the principles of conflict of laws (other than 6 Del. C. § 2708), shall govern the rights, obligations, construction, and implementation of this Combined Disclosure Statement and Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with this Combined Disclosure Statement and Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control), and corporate governance matters.

F. Reference to Monetary Figures.

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

G. Controlling Documents.

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

H. Plan Documents.

Notwithstanding anything herein to the contrary, all exhibits to this Combined Disclosure Statement and Plan, and the Plan Supplement, including any amendments, restatements, supplements, or other modifications to such agreements and documents, and any consents, waivers, or other deviations under or from any such documents, shall be incorporated herein by this reference (including to the applicable definitions in Article I.A hereof) and fully enforceable as if stated in full herein.

ARTICLE II.
BACKGROUND

A. Debtor's Structure[5]

The Debtor is headquartered in New York City and incorporated in Delaware. The Debtor was formed on October 27, 2010 in connection with a reorganization of the Company's corporate structure. The Debtor is the direct subsidiary of MDLY, a public company traded on the New York Stock Exchange under the symbol, "MDLY." As discussed in more detail below, MDLY

[5] An organizational chart of the Debtor and its non-Debtor Affiliates is attached hereto as **Exhibit B**.

owns approximately 98% of the membership interests[6] of the Debtor and is its majority member.[7] The Debtor has no employees.

B. Historical Background and Sources of Revenue

In 2006, brothers Brook and Seth Taube founded an asset management firm along with partner Richard Medley.[8] They had years of experience in the credit market and had previously managed credit-related funds. The business's focus generally was on credit-related investment strategies, primarily originating senior secured loans to private middle market companies in the United States with revenues between $50 million and $1 billion.

The Company launched its first long-dated institutional fund in the fourth quarter of 2006. The Company launched its first permanent capital vehicle—MCC) - operating as a business development company ("BDC") in 2011. The following year, the enterprise launched its first public non-traded permanent capital vehicle—Sierra—also operating as a BDC. In addition to its two permanent capital vehicles, the management firm also managed assets for institutional investors in other long-dated private funds and separately managed accounts ("SMAs").

From December 2014 through December 2019, a majority of the Fee Earning Assets Under Management ("FEAUM") was derived from fees from its permanent capital vehicles as opposed to long-dated private funds and SMAs. By June 30, 2014, just eight years after its founding, the Debtor's subsidiary, Medley Capital, had more than 50 employees and had increased its FEAUM to approximately $2.5 billion.

Medley Capital is registered with the SEC as an investment adviser under the Investment Advisers Act. All of the Debtor's day-to-day operations are conducted through Medley Capital. The Debtor does not earn revenues directly from Medley Capital's clients because the clients pay the Advisors or Medley Capital for the services rendered. The Advisors are generally organized for the purpose of contracting with a particular client or subset of clients, or serving in a management role for an entity, such as a general partner for a limited partnership or a manager of a limited liability company, constituting an investment advisory relationship for regulatory purposes, and those clients or entities may also contract with Medley Capital to provide the advisory services to the underlying client, as more fully described below. These services are typically governed by an IMA or other documents that describe the terms of the engagement of the Advisor by the respective entity or client(s) and set forth the fees each client is required to pay the Advisor and/or Medley Capital for those services. The IMAs or other governing documents are typically subject to the client's right to terminate the agreement at will, after a short notice period. Each of the Advisors is a "relying adviser" under the Investment Advisers Act and each is considered to be registered investment advisers under the Form ADV adviser registration for Medley Capital. Certain IMAs provide that Medley Capital shall serve as the investment adviser or an additional investment advisor.

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6 The remaining 2% is owned by Freedom 2021 LLC, an entity owned or controlled by Seth Taube.

7 MDLY was incorporated on June 13, 2014 and commenced operations on September 29, 2014 upon completion of its initial public offering ("IPO") that is further explained below.

8 Mr. Medley left the Company in or about 2009.

Medley Capital employs all of the Company's employees, and Medley Capital is the counterparty to some of the Company's material contracts. Medley Capital also incurs substantially all of the costs to operate the enterprise and provides substantially all of the services to the clients, both advisory and administrative, required under the IMAs. Pursuant to that certain Services and Licensing Agreement, dated December 12, 2017, by and between the Debtor, Medley Capital and each of the Advisors (the "Services and Licensing Agreement"), the Advisors are required to reimburse Medley Capital for all costs associated with the provision of advisory and administrative services to the clients on behalf of the Advisors as set forth in the IMAs. Pursuant to that certain Administration Agreement, dated April 5, 2012, by and between Sierra and Medley Capital (the "Administration Agreement"), Sierra pays Medley Capital directly for certain administrative services.

After Medley Capital is reimbursed by the Advisors or Sierra, as applicable, the Advisors make distributions to the Debtor for periodic ordinary course fee income. The Debtor subsequently makes ordinary course capital contributions of those amounts throughout the Company—primarily to MDLY—to fund insurance, taxes and corporate governance expenses.[9] The Debtor's relationship with MDLY, including its funding obligations to MDLY, is governed by the Fifth Amended LLC Agreement.

For the year ended December 31, 2020, the Advisors that were the largest revenue generators were SIC Advisors and MCC Advisors, LLC ("MCC Advisors"). SIC Advisors and MCC Advisors generated gross revenues of approximately $12,200,000 and $6,900,000, respectively, during the year ended December 31, 2020, and respectively represented 43.8% and 14.5% of the aggregate amount of the Company's FEAUM. However, as discussed further below, effective on January 1, 2021, MCC created an internalized management structure that replaced the services provided under the IMA and administration agreements with MCC Advisors.

The Advisors earn fees based on the terms of the IMA or other contract(s) entered into with each of their respective clients. With respect to clients that are private funds or separately managed accounts, these fees generally include management fees, administrative fees, and certain incentive fees. The management fees are calculated quarterly at an annual rate of 0.75% to 2.00% of the value of capital accounts or the value of the investments held by the client, and are paid in cash in advance or in arrears depending on each specific contract. The administrative fees that are payable by each client are set forth in the IMA or other contract(s) for each client and are payable quarterly in arrears. Finally, the incentive fees generally are in an amount equal to 15% to 20% of the realized cash derived from an investment, subject to a cumulative annualized preferred return to the client, as applicable of 6% to 8%, which is in turn subject to a 50% to 100% catch-up allocation to the Advisor. Specifically with respect to Sierra, SIC Advisors generally receives (i) a base management fee calculated quarterly at an annual rate of 1.75% of gross assets, payable quarterly in arrears, (ii) a subordinated incentive fee on income, and (iii) an incentive fee on capital gains.

A more detailed history of the Debtor, its businesses, and its income is below.

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[9] As discussed in Article II.K. hereof, the Cash Management Motion contemplated that funds flow from the Advisors to the Debtor and that the Debtor would then reimburse Medley Capital for the costs associated with the advisory and administrative services. Pursuant to this Plan, the Debtor, the Liquidating Trust, Medley Capital and the Advisors shall comply with all contractual provisions that require that Medley Capital be reimbursed from the Advisors or Sierra as applicable before such funds are distributed to the Liquidating Trust.

C. The IPO

In 2014, MDLY explored the possibility of going public to raise capital to continue to grow the business. MDLY's IPO was structured as what is commonly referred to as an "Up-C." An Up-C is a two-tier ownership structure where public investors hold stock in a newly-formed publicly-traded corporation (here, MDLY) that in turn uses the money it receives in the IPO to buy interests in a limited liability company, partnership, or other pass-through entity in which pre-IPO owners directly hold interests (here, the Debtor, Medley LLC). This contrasts with the traditional approach to an IPO involving a pass-through entity such as a limited liability company or a partnership. In traditional IPO structures, the pass-through entity is re-organized as a C-Corporation and the C-Corporation is brought public in the IPO.

Before the IPO, the Debtor entered into a $110 million senior secured term loan facility with Credit Suisse AG, Cayman Islands Branch (the "Term Loan Facility"). The Debtor used the proceeds of the borrowings under the Term Loan Facility, together with cash on hand, to repay an outstanding credit facility with City National Bank, to pay related fees and expenses, and to fund a $74.5 million distribution to the Debtor's members (the pre-IPO owners). Rather than making a distribution to pre-IPO owners from the funds received during the IPO, most of this loan was placed on the Debtor's balance sheet to be rolled over or paid down over time. After the IPO, the enterprise's growth continued. By the end of 2014, FEAUM had reached approximately $3.1 billion. By year end 2015, FEAUM was approximately $3.3 billion.

D. Shifts in Investment Strategy Focus.

Although the business had been growing rapidly, certain of the underlying investments began to experience issues in late 2014 and early 2015. Prior to the third quarter of 2015, the primary investment strategy included a focus on smaller, mostly second lien, non-sponsor-backed deals that generated higher yields, but also generally contained more risk. Certain of those investments began to underperform or otherwise require restructuring or workout strategies. While in workout, these investments also negatively affected performance.

In an effort to position itself for future success, beginning in the third quarter of 2015, the Company's investment team, led by the Debtor's newly appointed CEO and President, decided to change the investment culture and strategy of the Company. This included a shift of the Company's investment strategy to primarily focus on larger, first lien, sponsor-backed deals that generated somewhat lower yields but generally provided lower risk. Additionally, the investment team augmented and improved its investment process as well as recruited highly qualified professionals to execute on behalf of its advisory clients. Many of these investment professionals remain with the Company today.

The implementation of these changes produced good investment results while certain of the legacy investments continued to be a drag on performance.

E. The Debtor's Bonds

Two years after its IPO, the Debtor saw an opportunity to refinance the Term Loan Facility to take advantage of the low interest rate environment by issuing fixed rate debt. From August

2016 through February 2017, the Debtor conducted four bond offerings: (1) $25,000,000 in aggregate principal amount of 6.875% notes due 2026; (2) $28,595,000 in aggregate principal amount of the further issuance of 6.875% notes due 2026; (3) $34,500,000 in aggregate principal amount of 7.25% notes due 2024 (including the exercise in full of the option to purchase up to an additional $4,500,000); and (4) $34,500,000 in aggregate principal amount of the further issuance of 7.25% notes due 2024 (including the exercise in full of the option to purchase up to an additional $4,500,000).

In conjunction with counsel, management determined to issue the bonds through the Debtor because revenue rolls through the Debtor, since it is MDLY's only asset. Because of the small size of the offerings, Medley decided to issue "baby bonds"—$25 par bonds sold primarily to retail investors.

F. Medley's SMAs

The company's first SMA was opened in October 2010, with $75 million in committed capital and the SMA was non-discretionary, meaning that the investor had the contractual right to review and approve investments. This relationship grew over time and by June 2018, the committed capital reached $800 million and the investment period was extended indefinitely (so called "evergreening").

In January 2016, Medley added its second SMA, a non-discretionary SMA with a capital commitment of $250 million for 24 months, and its third SMA, a discretionary SMA with a capital commitment of $100 million for 24 months. In December 2016, Medley added a discretionary SMA with an aggregate capital commitment of $400 million with an indefinitely open investment period.

G. Medley Seeks to Diversify

Shortly after pivoting to the new strategy, the Company was affected by generalized macroeconomic turbulence. In early 2016, there was significant volatility in the private credit market that made for a challenging first quarter of 2016. This impacted direct lending as markets, eased up and volumes went way down, and negatively affected the potential of and private direct deals. To ensure that it could withstand future volatility in the direct lending market and continue its growth trajectory, Medley attempted to diversify its business lines.

Among other things, Medley explored possible strategies to deploy in the retail channel, including creating a liquid corporate credit trading business line. In January 2017 Medley launched Sierra Total Return Fund, a registered investment company operating as an interval fund with a liquid credit income strategy. The Debtor also attempted to create a new fund premised upon collateralized loan obligations - Sierra Opportunity Fund.

Further, Medley also sought to leverage its ability to invest in certain unique opportunities as they arose that might not fit within one of its current funds' strategies, including separate management accounts and a tactical opportunities fund.

Notwithstanding these new business lines and funds that Medley launched or planned to launch, its FEAUM remained flat in 2016 and 2017, so Medley began looking for a strategic partner to continue, and indeed accelerate, its growth.

H. Medley Seeks a Strategic Transaction

1. Project Redwood

In May 2017, Medley embarked on a process to consider a range of potential strategic transactions. Medley referred to its first exploration as "Project Redwood," which was largely focused on finding a strategic partnership for Medley and its subsidiaries, with the goal of achieving a level of scale that it believed would make Medley more competitive in the asset management business. Medley retained the services of UBS Financial Services ("UBS") and Credit Suisse to conduct outreach to a limited universe of potential parties that might have been interested in pursuing a strategic transaction with Medley. The process involved initial discussions with 19 parties, 12 of which decided to explore the opportunity further, and eight of which met with UBS, Credit Suisse and members of Medley's management. In July 2017, two of the interested parties submitted non-binding bids to acquire Medley. Neither bid progressed beyond the initial indication of interest, and no transaction resulted.

2. Project Elevate

Following the conclusion of Project Redwood, in October 2017, Medley retained the services of Goldman Sachs and Broadhaven Capital Partners ("Broadhaven") to reach out to a select group of potential partners that could offer Medley the potential to combine businesses and/or grow its alternative asset management platform. Thirty-eight parties were invited into the first-round bidding process, 24 of which executed confidentiality agreements, and management held meetings with seven. Medley referred to this pursuit of a potential strategic transaction as "Project Elevate." This process led to extensive negotiations with a potentially interested purchaser for the sale of substantially all of the assets of Medley's business. MDLY, Sierra, and MCC each created a special committee of its board, comprised of independent directors. MDLY kept the independent special committees apprised of material developments throughout the project.

After months of negotiations, Medley was not able to come to terms with the potentially interested purchaser, and those discussions terminated in or about March 2018. The next month, however, the potentially interested purchaser resurfaced and submitted a modified proposal that included higher consideration than its prior proposal. Medley resumed negotiations. Ultimately, in May 2018, the potentially interested purchaser withdrew its modified proposal and advised Medley of its decision to terminate discussions.

3. Project Integrate

Shortly after the initial negotiations with the potentially interested purchaser under Project Elevate fell through, Medley began considering a potential merger among MDLY, Sierra, and MCC to effectively internalize management of Sierra and MCC. The benefits of the proposed transaction were that, among other things, it would: (i) create the third largest internally managed and 13th largest publicly traded BDC by assets; (ii) create a single, larger, diversified balance sheet; (iii) result in the potential to increase share trading liquidity for shareholders of Sierra, MCC

and MDLY; (iv) be accretive to net investment income per share for Sierra and MCC; and (v) provide a potential upside to future valuation as a result of internalization. A special committee for each entity determined that pursuit of the transaction was in their shareholders' best interests.

The independent special committees conducted the negotiations. Each retained separate, independent counsel and financial advisors. Medley's management team made significant data available, including, among other things, the IMAs, financial projections, and other business records. The projections were reviewed by Broadhaven, Sandler O'Neill & Partners, L.P., and Barclays Capital Inc., on behalf of the Sierra, MCC, and MDLY special committees, respectively. There were dozens of telephone calls and meetings between Medley's management and the financial advisors regarding the projections. At one point, as discussed further below, Broadhaven requested a "downside scenario" projection that assumed, among other things, lower revenues and fees. After months of arms-length negotiations by the special committees, the proposed transaction was announced publicly on August 8, 2018, and proxies relating to the transaction were declared effective by the SEC and filed in December 2018.

I. Shareholder Litigation and Notice from the SEC of Potential Securities Violations.

Certain shareholders alleged that the terms of the proposed transaction failed to maximize shareholder value and raised questions regarding certain aspects of the process. In February 2019, Medley made a supplemental disclosure to the Project Integrate proxies to address the concerns raised.

Litigation ensued in Delaware's Court of Chancery in an action by a shareholder of MCC for itself and other shareholders against Brook Taube, Seth Taube, other former directors, the Debtor, and certain non-Debtor Affiliates. On March 22, 2019, after a trial that included over 800 trial exhibits and live testimony from eight witnesses, five deposition witnesses, and ninety-seven stipulations of fact, the Vice Chancellor issued a memorandum opinion that stated, among other things, the Court of Chancery found that MCC's directors violated their fiduciary duties in entering into certain proposed transactions. Additionally, the Court of Chancery ordered MCC to issue corrective disclosures in accordance with its decision and to permit the stockholders sufficient time in advance of any stockholder vote to assimilate the information and ordered MCC, among other things, to make corrective disclosures. After further negotiations among the special committees, a new proposal was agreed upon in July 2019, and for a time it appeared that this version of the deal would close. But the deal ultimately collapsed in May 2020.

On September 17, 2019, the SEC's Division of Enforcement informed MDLY and the Debtor that it was conducting an informal inquiry and requested the production and preservation of certain documents and records. MDLY and the Debtor each fully cooperated with the SEC's informal inquiry and began voluntarily providing the SEC with any requested documents. By letter dated December 18, 2019, the SEC advised MDLY and the Debtor that a formal order of private investigation had been issued and that the informal inquiry was now a formal investigation. MDLY and the Debtor both continued to cooperate fully with the investigation.

On May 7, 2021, each of MDLY, the Debtor, and six pre-IPO owners of the Debtor, each of whom is a current or former officer (the "Individuals") received a "Wells Notice"[10] from the SEC relating to MDLY's and the Debtor's previously-disclosed SEC investigation.[11] As described in the Debtor's 8-K, dated May 7, 2021, attached hereto as **Exhibit E**, the Wells Notices relates to, among other matters: MDLY's and the Debtor's disclosures relating to MDLY's assets under management ("AUM"), its fee-earning assets under management ("FEAUM"), trends and risks related to AUM and FEAUM, and specifically, violations of the federal securities laws relating to such disclosures in MDLY's registration statement relating to its initial public offering, the Debtor's registration statements relating to its bond offerings, and MDLY and the Debtor's periodic reports under the Exchange Act; MDLY's and the Debtor's disclosure controls and procedures designed to ensure that the information required in reports filed under the Exchange Act; and MDLY's financial projections included in a joint proxy statement/prospectus, including any amendments thereto, in connection with a proposed (but ultimately terminated) merger among MDLY, Sierra, and MCC. The Wells Notices also provided that the SEC recommendation may involve a civil injunctive action, public administrative proceeding, and/or cease-and-desist proceeding, and may seek remedies that include an injunction, a cease-and-desist order, disgorgement, pre-judgment interest, civil money penalties, censure, and limitations on activities or bars from association.

As noted above, a Wells Notice is neither a formal charge of wrongdoing nor a final determination that the recipient has violated any law. MDLY, the Debtor, and the Individuals currently intend to pursue the Wells Notice process and responded to the SEC's position on June 18, 2021.

J. Strained Liquidity and Attempted Financial Restructuring

During the nearly two years of attempting to close the Project Integrate transaction, new opportunities that had been put on hold were lost. The Covid-19 crisis added additional uncertainty in the markets and contributed to the adversity. Further, after the shareholders of MCC challenged the merger, as discussed above, the independent members of the board of MCC determined to internalize the management of MCC. Based on that decision to internalize management, the Company lost its advisory contract with MCC at the end of 2020.

By December 31, 2019, the Company's FEAUM was $2,100,000,000 and revenues were approximately $48,800,000, a decline of 23.2% and 13.6%, respectively. In 2020, there was an approximate 38% annual decline (2020 vs. 2019) in the Company's FEAUM to approximately $1,300,000,000. The Company generated approximately $31,700,000 in revenue in 2020. The

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[10] A Wells Notice is neither a formal charge of wrongdoing nor a final determination that the recipient has violated any law. The Wells Notices informed MDLY, Medley LLC and the Individuals that the SEC has made a preliminary determination to recommend that the SEC file an enforcement action against MDLY, Medley LLC and each of the Individuals that would allege certain violations of the federal securities laws.

[11] The Wells Notices provided that the proposed action would allege violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder (including as a control person pursuant to Section 20(e) of the Exchange Act); Section 17(a) of the Securities Act of 1933; Sections 206(1) and/or (2) of the Investment Advisers Act of 1940; Section 14(a) of the Exchange Act and Rules 14a-3 and 14a-9 thereunder; Section 13(a) of the Exchange Act and Rules 12b-11, 12b-20, 13a-1, 13a-11, 13a-13, and 13a-15(a) thereunder; and Regulation S-T.

Debtor had approximately $5,422,369 in assets and, as discussed more fully below, approximately $140,752,116 in liabilities as of the end of 2020.

Under this backdrop, the liquidity strain adversely impacted the Debtor's ability to service the interest obligations owing on the Notes. As a result, in December 2020, the Debtor engaged B. Riley Securities Inc. as the Debtor's investment banker and financial advisor to provide assistance in analyzing various strategic financial alternatives to address its capital structure, including restructuring the capital structure and other contractual obligations, with a particularized focus on the Notes Claims. The Debtor considered a number of alternatives, including an out-of-court exchange offer of debt for cash, debt for debt, debt for equity, or a combination thereof.

Ultimately, the Debtor was unable to achieve any financial restructuring alternatives, and on March 7, 2021, Medley LLC filed a voluntary Chapter 11 petition in an effort to restructure its debt.

K. The Debtor's Prepetition Capital Structure

The Debtor has a streamlined capital structure with no secured debt and minimal trade debt. The Debtor's prepetition indebtedness consists of (i) obligations owing under the 2024 Notes and 2026 Notes, (ii) the Strategic Claim, and (iii) certain other claims or potential liabilities that may periodically arise in connection with the ordinary course of the Debtor's business and its role within the Company.

1. The Notes

On August 9, 2016 and October 18, 2016, the Debtor issued the 2026 Notes at a stated coupon rate of 6.875%. Until July 7, 2021, the 2026 Notes were listed on the New York Stock Exchange and traded thereon under the trading symbol "MDLX." The aggregate principal amount outstanding on the 2026 Notes is approximately $53,600,000 as of the Petition Date.

Further, on January 18, 2017 and February 22, 2017, the Debtor issued the 2024 Notes. Until July 7, 2021, the 2024 Notes were also listed on the New York Stock Exchange and traded thereon under the trading symbol "MDLQ." The aggregate principal amount outstanding on the 2024 Notes is approximately $69,000,000 as of the Petition Date.

2. The Strategic Claim

Strategic Capital Advisory Services, LLC ("Strategic") was a minority interest holder in SIC Advisors. In order to purchase Strategic's minority interest, the Debtor entered into a letter agreement, dated as of December 31, 2018 (the "Letter Agreement") with Strategic, pursuant to which the Debtor provided consideration in the amount of $14,000,000 (the "Strategic Obligations") to redeem Strategic's minority interest in SIC Advisors. The Letter Agreement provided that the Strategic Obligations were payable in sixteen (16) equal quarterly installments, from January 15, 2019 through August 5, 2022.

Due to the ongoing economic impact of COVID-19, the Company did not make the installment payment that was due in May 2020, and commenced discussions with Strategic in an attempt to defer or restructure the remaining installments under the Letter Agreement. As a result

of these discussions, the Debtor and Strategic entered into an amendment to the original Letter Agreement, dated as of August 4, 2020 (the "Amended Letter Agreement"), which, among other things, revised the payment terms under the original Letter Agreement. Pursuant to the Amended Letter Agreement, the Debtor and Strategic agreed that the $8,750,000 remaining balance owing by the Debtor to Strategic would be paid according to the following schedule:

Payment Date	Payment Amount
August 5, 2020	**$700,000**
November 5, 2020	**$350,000**
February 5, 2021	**$350,000**
May 5, 2021	**$350,000**
August 5, 2021	**$1,000,000**
November 5, 2021	**$1,000,000**
February 5, 2022	**$1,000,000**
May 5, 2022	**$1,000,000**
August 5, 2022	**$1,000,000**
November 5, 2022	**$1,000,000**
February 5, 2023	**$1,000,000**
TOTAL	**$8,750,000**

As of the Petition Date, the outstanding balance owed by the Debtor to Strategic is $7,700,000 (the "Strategic Claim"). The Debtor paid the installments due on August 5, 2020 and November 5, 2020 but did not pay the installment that came due on February 5, 2021.[12]

L. The Debtor's Bankruptcy Filing

Substantially contemporaneously with the filing of the Chapter 11 petition, the Debtor filed the Declaration of Richard T. Allorto, Jr. in support of the Debtor's Chapter 11 Petition and first day pleadings [Docket No. 5] (the "Allorto Declaration").[13]

As part of the relief sought by the Debtor on the Petition Date, the Debtor filed a motion for entry of interim and final orders (i) authorizing, but not directing, the Debtor to continue and maintain its existing cash management system, bank account and business forms, (ii) authorizing the continuation of ordinary-course intercompany transactions, and (iii) granting related relief [Docket No. 3] (the "Cash Management Motion"). By and through the Cash Management Motion, the Debtor sought, among other things, authority to make certain intercompany transfers to allow transfers to non-Debtor Affiliates up to $3.5 million on an interim basis and provide administrative

[12] The Creditors' Committee is undertaking an investigation regarding potential Causes of Action with respect to the Strategic Claim. The Strategic Claim shall be treated as a Disputed Claim.

[13] The Allorto Declaration is incorporated as if fully set forth herein, and the Debtor advises all creditors and parties-in-interest to review the Allorto Declaration and all other pleadings filed in the bankruptcy case.

expense treatment with respect to intercompany transfers from a non-Debtor Affiliate to the Debtor. On March 11, 2021, the Court granted the Cash Management Motion on an interim basis [Docket No. 47]. On April 1, 2021 the Court entered an order approving the Cash Management Motion on a final basis [Docket No. 83].

On June 24, 2021, the Debtor filed a Motion for Approval and *Entry of Amended and Restated Final Order (I) Authorizing, but Not Directing, the Debtor to Continue and Maintain its Existing Cash Management System, Bank Account and Business Forms, (II) Authorizing the Continuation of Ordinary-Course Intercompany Transactions, and (III) Granting Related Relief* [Docket No. 217] (the "Supplemental Cash Management Motion"). The Supplemental Cash Management Motion sought to allow the Debtor and its Affiliates to make certain additional intercompany transfers in accordance with a budget attached thereto. In accordance with the Plan Term Sheet, the Debtor withdrew the Supplemental Cash Management Motion [Docket No. 301] and any changes to cash management will be effected through this Plan.

M. Schedules and Statements of Financial Affairs and Bar Date Motion

Substantially contemporaneously with the filing of the bankruptcy petition, the Debtor filed motion to establish a bar date for filing proofs of claim [Docket No. 11] (the "Bar Date Motion"). On March 19, 2021, the Court entered an Order approving the Bar Date Motion, which set a deadline of April 30, 2021 for filing of proofs of claim, and a separate deadline of September 3, 2021, for governmental authorities to file proofs of claim [Docket No. 52]. On March 25, 2021, the Debtor filed its schedules and statement of financial affairs in the Chapter 11 Case [Docket No. Docket Nos. 62-63].

As of July 5, 2021, creditors (other than intercompany claims) had filed or scheduled proofs of claim aggregating $133,286,927.05, including $1,680.67 of Priority Claims, $125,506,108.33 of Notes Claims, and $7,779,138.05 of General Unsecured Claims.[14] Additionally, on May 6, 2021, the SEC also filed a proof of claim asserting a contingent claim in an unliquidated amount for "an undetermined claim for penalties, disgorgement, and prejudgment interest arising from possible violations of the federal securities laws" [Claim Register No. 11] (the "SEC Claim") attached hereto as **Exhibit F**. Further, in its proof of claim, the SEC stated that, it "has been conducting an investigation into certain pre-bankruptcy transactions involving the [D]ebtor." The SEC continues to acknowledge that the SEC Claim is a contingent and unliquidated claim, "for penalties and disgorgement." ¶ 1 [Docket No. 304]. While the SEC Claim does not provide information about the potential scope or amount of the claim, the SEC Claim, if allowed in any material amount, may reduce recoveries to Holders of Claims in Class 3 and Class 4 to the extent the claim is not Disallowed or subordinated as a penalty or otherwise. The SEC may amend the SEC Claim to provide further information and the Plan Proponents, and the Liquidating Trustee, as applicable, reserve all rights to object to the priority and allowance of the SEC Claim, including to seek its subordination. The Governmental Unit Bar Date is **September 3, 2021 at 5:00 p.m. (prevailing Eastern Time)**.

[14] The Strategic Claim accounts for nearly all ($7,700,000) of this amount. As stated above, the Creditors' Committee believes that the Strategic Claim is a Disputed Claim.

N. Appointment of the Creditors' Committee

April 22, 2021, the U.S. Trustee appointed the Creditors' Committee pursuant to section 1102 of the Bankruptcy Code to represent the interests of unsecured creditors in this Chapter 11 Case. [Docket No. 110]. The members of the Creditors' Committee are: (i) U.S. Bank, National Association, as Indenture Trustee; (ii) Mr. Glenn Gardipee; (iii) Mr. James MacAyeal; and (iv) Mr. Carl Wegerer, III. The Creditors' Committee has retained Kelley Drye & Warren LLP, as primary counsel, Potter Anderson & Corroon LLP, as Delaware counsel, and FTI Consulting, Inc., as its financial advisor.

O. Prior Plan and Disclosure Statement

In an attempt to expedite a restructuring that would allow the Debtor to restructure its debt and maintain its existing client base and revenue stream, on the Petition Date, the Debtor filed the Original Plan and a Disclosure Statement for the Chapter 11 Plan of Reorganization of Medley LLC [Docket No. 8].

In the early stages of this Chapter 11 Case, the U.S. Trustee did not receive sufficient interest to appoint an official committee of unsecured creditors. In the absence of an official committee, U.S. Bank National Association, as Notes Trustee on behalf of the Holders of Notes Claims, the largest claimants in the Chapter 11 Case, through its advisors, engaged the Debtor in substantive discussions on the Original Plan and other issues affecting all Holders of Notes Claims and General Unsecured Claims until the U.S. Trustee appointed the Creditors' Committee on April 22, 2021 [Docket No. 110]. The Debtor continued plan negotiations with the Creditors' Committee on amendments to the Original Plan but ultimately, the parties were not able to reach an agreement in connection with the Original Plan. On May 13, 2021, the Debtor withdrew the Original Plan [Docket No. 146].

P. Amendment to LLC Agreement

The inability to achieve a consensual plan with the Creditors' Committee was exacerbated by several other issues impacting the Debtor and this Chapter 11 Case. On the Petition Date, Brook Taube and Seth Taube, who collectively owned the majority of MDLY, were serving as officers of both MDLY and the Debtor. On April 14, 2021, Brook Taube and Seth Taube submitted their resignations as Co-Chief Executive Officers of MDLY and Medley LLC, which resignations became effective on May 3, 2021.

On April 14, 2021, the Board of Directors appointed Howard Liao, David Richards and Dean Crowe, senior members of the investment team, as executive officers of the Debtor and certain non-debtor affiliates of the Debtor, including MDLY and Medley Capital, which appointments became effective on May 3, 2021. Richard T. Allorto has been the Debtor's Chief Financial Officer since joining the Company in July 2010, and is also the Chief Financial Officer of certain non-debtor affiliates of the Debtor, including MDLY and Medley Capital. On June 18, 2021, Howard Liao, David Richards and Dean Crowe resigned as executive officers of MDLY but remain executive officers of the Debtor and Medley Capital.

Further, on the Petition Date, the Debtor was represented by Morris James LLP and Lowenstein Sandler LLP as bankruptcy counsel. On May 11, 2021, the SEC objected to the retention of Lowenstein Sandler [Docket No. 139] asserting that Lowenstein Sandler simultaneously represented the Debtor, MDLY (the Debtor's parent) and the subcommittee of the MDLY board of directors tasked with managing the Debtor's bankruptcy case. Lowenstein Sandler disputed the SEC's claims [Docket No. 150] but ultimately withdrew its retention application on May 27, 2021 [Docket No. 181].

At the May 18, 2021 hearing to consider the Lowenstein Application, the Court raised its own concerns about the Debtor's corporate governance based on the fact that the Debtor did not have a board of members that were independent from those of MDLY. Rather, corporate issues were addressed by a restructuring subcommittee, comprised of three independent board members of MDLY but whose members owed a fiduciary duty to MDLY and the Debtor.

During that hearing, the SEC also raised issues about the Debtor's corporate governance based on the overlap among the members of the respective boards of MDLY and the Debtor. The Debtor recognized the concerns of the Court and the SEC and the need to have a completely independent fiduciary acting for the benefit of the Debtor. Accordingly, effective as of June 1, 2021, the Debtor entered into its Fifth Amended LLC Agreement, appointing Dreyer as the Independent Manager. As provided in Section 3.01 of the Fifth Amended LLC Agreement, among other things, it was agreed that:

> (a) The business, property and affairs of the Company shall be managed under the sole, absolute and exclusive direction of the Independent Manager, which may from time to time delegate authority to Officers or to others to act on behalf of the Company.
>
> (b) Without limiting the foregoing provisions of this Section 3.01, the Independent Manager shall have the general power to manage or cause the management of the Company (which may be delegated to Offices of the Company), including, to do all such acts as shall be authorized in this Agreement.

On June 16, 2021, the Debtor filed a motion to authorize the retention and compensation of Corporation Service Company in connection with appointment of Debtor's independent manager*, nunc pro tunc* to June 1, 2021 [Docket No. 206] (the "Independent Manager Motion"). On July 2, 2021, the Court approved the Independent Manager Motion [Docket No. 237].

Since June 1, 2021, Dreyer has served as the Independent Manager of the Debtor, and has been making the business decisions for the Debtor and its Estate, including the terms of this Combined Disclosure Statement and Plan.

Q. The Plan Term Sheet and the Debtor's Combined Disclosure Statement and Plan

With a new Independent Manager in place, the Debtor began working on a new chapter 11 plan. With the Sierra announcement, the Debtor's plan shifted from a reorganization to an orderly wind down of the Remaining Company Contracts to maximize value for the Debtor's stakeholders. Given the change in Debtor management and the Sierra announcement, the Debtor reengaged in

material plan discussions with the Creditors' Committee on the form of an orderly wind-down. While the Debtor was completing its revised plan, on July 1, 2021, the Creditors' Committee filed a motion seeking to terminate the Debtor's exclusive periods to propose and solicit acceptance of a plan [Docket No. 234], and attached a proposed plan of liquidation as an exhibit to the motion.

On July 6, 2021, the Debtor filed its Original Combined Disclosure Statement and Plan [Docket No. 244]. The Debtor, the Creditors' Committee and Medley Capital continued good faith negotiations with respect to the terms of a consensual plan. On July 22, 2021, the Debtor, the Creditors' Committee and Medley Capital reached an agreement on a global plan settlement documented in the Plan Term Sheet [Docket No. 276]. The terms of the comprehensive, tripartite settlement embodied in the Plan Term Sheet resolve the issues at the heart of this Chapter 11 Case, including (i) establishment of the Liquidating Trust, (ii) settlement of certain material claims, including, certain intercompany claims, and (iii) provisions that allow Medley Capital to continue servicing the Remaining Company Contracts, thereby enhancing recoveries to Allowed Claims.

R. The Remaining Company Contracts and the Non-Debtor Compensation Plan

A material component of the Liquidating Trust Assets will be proceeds from the Remaining Company Contracts. As more fully set in the liquidation analysis attached hereto as **Exhibit A**, the Proponents expect that for the period ending March 31, 2022, the Remaining Company Contracts will generate approximately $1,310,000 of profit, which amount will be available for distribution to the Liquidating Trust on the Wind-Down Date. The potential availability of such funds for the Liquidating Trust is only possible if the non-Debtor Affiliates continue to honor the obligations under the Remaining Company Contracts through the Runoff Date. If the non-Debtor Affiliates fail to honor their obligations under the Remaining Company Contracts, the Proponents expect that revenue will be lost and certain clients will seek the return of some or all of those funds. The Proponents therefore believe that continuing to honor the Remaining Company Contracts will provide a significantly greater recovery for Holders of Allowed Claims than such Holders would receive if the Remaining Company Contracts were terminated immediately.

Medley Capital is the Debtor's main operating subsidiary. Medley Capital employs all of the Company's employees and incurs substantially all of the costs to operate the enterprise. Medley Capital is also the registered investment adviser and provides substantially all of the services to the clients, both advisory and administrative, required under the Remaining Company Contracts. Pursuant to various contracts with the Advisors and Sierra, Medley Capital is to be reimbursed for all costs associated with the provision of advisory and administrative services before the remaining contractual fees are distributed to the Debtor. In order for the Company to continue to generate revenues and profit for the benefit of the Debtor's estate, the Medley Capital must be able to retain its employees and service the Remaining Company Contracts.

The most significant of the Remaining Company Contracts are the Sierra IAA and the Administration Agreement between Sierra and Medley Capital. On May 27, 2021, Sierra publicly announced that it was exploring its strategic alternatives with respect to the Sierra IAA. Based on that announcement, the Debtor and Sierra anticipate that the Sierra IAA will be transitioned to a new manager and terminate at the end of 2021 or early 2022. Under the Sierra IAA, the Sierra board of directors could terminate on 60 days' notice or on an expedited timeline, if Medley Capital and SIC Advisors were unable to continue to perform under the Sierra IAA. In either case, loss of

the Sierra IAA would result in a material loss of net proceeds to be distributed to the Debtor and a reduction in recoveries to Allowed Claims.

Notwithstanding Sierra's ability to terminate the Sierra IAA early, Sierra has determined to have Medley Capital and SIC Advisors continue to provide advisory and administrative services until Sierra is able to transition to a new manager, which is likely to occur sometime between December 31, 2021 and March 31, 2022. To ensure that Medley Capital is able to retain the employees necessary to service the Sierra IAA through the transition period, Sierra has agreed to provide additional funds to the Debtor and Medley Capital to partially fund the Non-Debtor Compensation Plan, which is designed to provide industry standard compensation to employees that remain with Medley Capital through January 31, 2022.

Accordingly, Medley Capital, the Debtor and a special committee of independent board members of Sierra have reached an agreement by and through which Sierra will make a material contribution of $2,100,000 to fund a portion of the Non-Debtor Compensation Plan for the benefit of Medley Capital's employees. The Non-Debtor Compensation Plan will provide a total of $5,744,000 to pay market compensation to employees that remain with Medley Capital through January 31, 2022. Sierra will fund its portion through the Sierra Commitment Letter. The balance will be funded by Medley Capital and the other non-Debtor subsidiaries.

The Non-Debtor Compensation Plan is attached hereto as **Exhibit C**. The Non-Debtor Compensation Plan will be funded by the Sierra Non-Debtor Compensation Plan Payment and the Medley Capital Non-Debtor Compensation Plan Payment.

Set forth below are certain material terms of the Non-Debtor Compensation Plan:

a. Compensation payments under the Non-Debtor Compensation Plan shall be made in three installments:

   i. 33.3% of the employee's total shall be paid on September 30, 2021;

   ii. 33.3% of the employee's total shall be paid on December 31, 2021; and

   iii. the remainder owed to the employee, to the extent payable, shall be paid on January 31, 2022.

b. Employees with aggregate compensation payments in excess of $150,000 shall be subject to a repayment obligation if such employee either:

   iv. Voluntarily leaves Medley Capital prior to the completion of the investment advisory agreement with Sierra (this provision does not apply if the employee gives adequate notice as set forth in the Non-Debtor Compensation Plan), or

   v. Is terminated by Medley Capital prior to the completion of the investment advisory agreement with Sierra "for cause."

c. Employees that remain with Medley Capital through their planned exit date shall be entitled to additional payments pursuant to incentive pool, which will be funded by compensation payments that were not made or forfeited. The incentive pool payments are based on distributable value to the Debtor at the Wind-Down Date.

The Non-Debtor Compensation Plan is critical to maximizing value for the benefit of Allowed Claims. The alternative, terminating the Remaining Company Contracts immediately, would mean recoveries to Allowed Claims would be materially reduced the Debtor and its non-Debtor Affiliates could face potential claims under the Remaining Company Contracts.

S. Business Judgment Regarding Plan Settlements and Releases

As more fully set forth herein, distributions to Holders of Claims under the Plan are premised, at least in part, upon the income stream generated by the Debtor's equity ownership in the non-Debtor subsidiaries. Under the terms of the Plan, it is anticipated that the non-Debtor subsidiaries will continue for a limited duration, from which the Debtor would receive the proceeds, after payment of the expenses of the non-Debtor subsidiaries. In considering the terms of the Plan, the Debtor considered its options, particularly once advised that some of the employees of Medley Capital had already left, others gave notice that they intended to leave, and others were considering leaving. The Debtor evaluated the possible outcomes under chapter 7 and chapter 11 scenarios and determined that conversion of the Debtor's Chapter 11 Case would likely result in the resignation of all of the employees of the non-Debtor subsidiaries, thereby resulting in the termination of all of the non-Debtor subsidiaries' remaining contracts, and as a direct result, the assets of those non-Debtor subsidiaries would be used to satisfy the claims against each non-Debtor subsidiary rather than being distributed as a dividend to the Debtor's estate. The Debtor therefore determined as an exercise of its sound business judgment, that the settlement culminating in this Plan and, as more fully sought herein, will maximize the value of the estate for the benefit of creditors and other parties in interest.

Moreover, the Plan Proponents (including the Debtor and the Creditors' Committee) believe that the releases provided in the Plan reflect sound business judgment and are appropriate because the parties receiving releases under such provisions have provided and, in accordance with the Plan, will continue to provide services and/or funding that are essential to maximizing the value of the Debtor's Estate. In particular, each of the Released Parties, the Chapter 5 Released Parties, and the Related Parties of each of the forgoing, either is providing funding under the Plan, holds institutional knowledge, and/or provides related services that cannot be replaced in a short period of time, making them and their continued service indispensable to the orderly wind-down of the Company's business as contemplated by the Plan. These parties include certain management personnel of the Debtor and Medley Capital and other employees that will provide the applicable advisory and administrative services under the Remaining Company Contracts that will in turn generate funding for the Plan. These parties also include Mr. Allorto, as a Chapter 5 Released Party, who is the chief financial officer ("CFO") of both the Debtor and Medley Capital. Mr. Allorto is a Wells Notice Party and has also been investigated as a potential target by the Creditors' Committee with respect to potential Avoidance Actions. Mr. Allorto is proposed to be released with respect to Avoidance Actions as an officer and/or service provider of the Debtor, Medley Capital, and Sierra, after the Creditors' Committee's investigation of potential Avoidance Actions against Mr. Allorto, which included a review of payments that he received in the form of (i) salary,

(ii) bonuses, and (iii) distributions as a result of his ownership of LLC units in the Debtor. The Creditors' Committee determined that Mr. Allorto's compensation appeared reasonable in light of his role as a CFO within the relevant industry. The Creditors' Committee then applied a discount factor on any potential recovery of distributions received based on his LLC unit ownership, which considered likely defenses to any Avoidance Actions, costs of litigation, and an estimated likelihood of success. The result of such analysis determined that any recovery would likely be *de minimus*, particularly when considering the value of his cooperation with the orderly wind down of the Debtor, as well as responding to requests of the Liquidating Trustee. None of the other Medley Company Executives (Mr. Liao, Mr. Richards, or Mr. Crowe) to be released under the Plan are Wells Notice Parties.

T. The MDLY Clawback Claim and Company Tax Refund

Prior to and during this Chapter 11 Case, the Debtor, Medley Capital or certain non-Debtor Affiliates made distributions to MDLY to pay for premiums on certain insurance policies, tax distributions, and corporate governance expenses, among other things. Those distributions are the basis for the MDLY Clawback Claim. The Liquidating Trust will determine whether to initiate a proceeding to recover on account of the MDLY Clawback Claim.

In addition, prior to this Chapter 11 Case, the Debtor made tax distributions to MDLY on account of tax liabilities at MDLY generated through the Company's business operations. MDLY filed tax returns and the Debtor made tax distributions to pay the tax liabilities. The tax distributions made to MDLY were to be used exclusively to pay tax liabilities. The Proponents believe that the Company Tax Refund is a reimbursement of the tax distributions made by the Debtor to MDLY and that as such the Company Tax Refund is property of the Debtor's estate. The Independent Director and the other independent board members of MDLY dispute this characterization of the Company Tax Refund. The Confirmation Order will provide that all rights regarding ownership of the Company Tax Refund are reserved.

ARTICLE III.
CONFIRMATION AND VOTING PROCEDURES

A. Combined Hearing

On August ~~13~~16, 2021, the Bankruptcy Court entered the Solicitation Order conditionally approving this Combined Disclosure Statement and Plan for solicitation purposes only and authorizing the Debtor to solicit acceptances of this Combined Disclosure Statement and Plan. The Combined Hearing has been scheduled for **October 5, 2021 at 1:00 p.m. (prevailing Eastern Time)** at the Bankruptcy Court to consider (a) final approval of this Combined Disclosure Statement and Plan as providing adequate information pursuant to section 1125 of the Bankruptcy Code and (b) Confirmation of this Combined Disclosure Statement and Plan pursuant to section 1129 of the Bankruptcy Code. The Combined Hearing may be adjourned from time to time by the Debtor without further notice, except for an announcement of the adjourned date made at the Combined Hearing or by Filing a notice with the Bankruptcy Court.

B. Procedure for Objections

Any objection to the final approval of this Combined Disclosure Statement and Plan as providing adequate information pursuant to section 1125 of the Bankruptcy Code and/or Confirmation of the this Combined Disclosure Statement and Plan must be made in writing and Filed with the Bankruptcy Court and served on (a) counsel to the Debtor, Morris James LLP, 500 Delaware Avenue, Suite 1500, Wilmington, DE 19801 (Attn: Jeffrey R. Waxman, Esq. (jwaxman@morrisjames.com) and Eric J. Monzo, Esq. (emonzo@morrisjames.com)), (b) counsel to the Creditors' Committee, (i) Kelley Drye & Warren LLP, 3 World Trade Center, 175 Greenwich Street, New York, NY 10007 (Attn: James S. Carr, Esq. (jcarr@kelleydrye.com)), and (ii) Potter Anderson & Corroon LLP, 1313 North Market Street, 6th Floor, P.O. Box 951. Wilmington, DE 19801 (Attn: Christopher M. Samis, Esq. (csamis@potteranderson.com)), and (c) counsel to Medley Capital, (i) Ashby & Geddes, P.A., 500 Delaware Avenue, 8th Floor, P.O. Box 1150, Wilmington, DE 19899 (Attn: Gregory Taylor, Esq. (gtaylor@ashby-geddes.com)), and (ii) Paul Hastings LLP, 515 South Flower Street, 25th Floor, Los Angeles, CA 90071 (Attn: Justin Rawlins, Esq. (justinrawlins@paulhastings.com), Matthew Micheli, Esq. (mattmicheli@paulhastings.com), and Brendan M. Gage, Esq. (brendangage@paulhastings.com)), in each case, by no later than **September 28, 2021 at 4:00 p.m. (prevailing Eastern Time). Unless an objection is timely filed and served, it may not be considered by the Bankruptcy Court at the Combined Hearing.**

C. Requirements for Confirmation

The Bankruptcy Court will confirm the Plan only if it meets all the applicable requirements of section 1129 of the Bankruptcy Code. Among other requirements, the Plan (a) must be accepted by all Impaired Classes of Claims or Interests or, if rejected by an Impaired Class, the Plan must not "discriminate unfairly" against, and be "fair and equitable" with respect to, such Class, and (b) must be feasible. The Bankruptcy Court must also find that: (a) the Plan has classified Claims and Interests in a permissible manner; (b) the Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code; and (c) the has been proposed in good faith.

D. Classification of Claims and Equity Interests

Section 1123 of the Bankruptcy Code provides that a plan must classify the claims and interests of a debtor's creditors and equity interest holders. In accordance with section 1123 of the Bankruptcy Code, the Plan divides Claims and Interests into Classes and sets forth the treatment for each Class (other than those claims which pursuant to section 1123(a)(1) of the Bankruptcy Code need not be and have not been classified). The Debtor is required, under section 1122 of the Bankruptcy Code, to classify Claims and Interests into Classes that contain Claims or Interests that are substantially similar to the other Claims or Interests in such Class.

The Bankruptcy Code also requires that a plan provide the same treatment for each claim or interest of a particular class unless the claim holder or interest holder agrees to a less favorable treatment of its claim or interest. The Debtor believes that the Plan complies with such standard. If the Bankruptcy Court finds otherwise, however, it could deny Confirmation of the Plan if the Holders of Claims or Interests affected do not consent to the treatment afforded them under the Plan.

A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim also is placed in a particular Class for the purpose of receiving Distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released or otherwise settled prior to the Effective Date. The Debtor believes that the Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code and applicable case law. It is possible that a Holder of a Claim or Interest may challenge the Debtor's classification of Claims or Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. Any such reclassification could adversely affect Holders of Claims by changing the composition of one or more Classes and the vote required of such Class or Classes for approval of the Plan.

EXCEPT AS SET FORTH IN THE PLAN, UNLESS SUCH MODIFICATION OF CLASSIFICATION MATERIALLY ADVERSELY AFFECTS THE TREATMENT OF A HOLDER OF A CLAIM AND REQUIRES RE-SOLICITATION, ACCEPTANCE OF THE PLAN BY ANY HOLDER OF A CLAIM WILL BE DEEMED TO BE A CONSENT TO THE PLAN'S TREATMENT OF SUCH HOLDER OF A CLAIM REGARDLESS OF THE CLASS AS TO WHICH SUCH HOLDER ULTIMATELY IS DEEMED TO BE A MEMBER.

The amount of any Impaired Claim that ultimately is Allowed by the Bankruptcy Court may vary from any estimated Allowed amount of such Claim and, accordingly, the total Claims that are ultimately Allowed by the Bankruptcy Court with respect to each Impaired Class of Claims may also vary from any estimates contained herein with respect to the aggregate Claims in any Impaired Class. Thus, the actual recovery ultimately received by a particular Holder of an Allowed Claim may be adversely or favorably affected by the aggregate amount of Claims Allowed in the applicable Class. Additionally, any changes to any of the assumptions underlying the estimated Allowed amounts could result in material adjustments to recovery estimates provided herein and/or the actual Distribution received by Creditors. The projected recoveries are based on information available to the Proponents as of the date hereof and reflect the Proponents' views as of the date hereof only.

The classification of Claims and Interests and the nature of Distributions to members of each Class are summarized herein. The Proponents believe that the consideration, if any, provided under the Plan to Holders of Claims reflects an appropriate resolution of their Claims taking into account the differing nature and priority (including applicable contractual subordination) of such Claims and Interests. The Bankruptcy Court must find, however, that a number of statutory tests are met before it may confirm the Plan. Many of these tests are designed to protect the interests of Holders of Claims or Interests who are not entitled to vote on the Plan, or do not vote to accept the Plan, but who will be bound by the provisions of the Plan if it is confirmed by the Bankruptcy Court.

E. Impaired Claims or Equity Interests

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or interests that are "impaired" (as defined in section 1124 of the Bankruptcy Code) under a plan may vote to

accept or reject such plan. Generally, a claim or interest is impaired under a plan if the holder's legal, equitable or contractual rights are changed under such plan. In addition, if the holders of claims or interests in an impaired class do not receive or retain any property under a plan on account of such claims or interests, such impaired class is deemed to have rejected such plan under section 1126(g) of the Bankruptcy Code and, therefore, such holders are not entitled to vote on such plan.

Under the Plan, Holders of Claims in Classes 1 and 2 are Unimpaired and, therefore, not entitled to vote on the Plan and are deemed to accept the Plan. Further, only Holders of Claims and Interests in Classes 3 and 4 are Impaired and are entitled to vote on this Combined Disclosure Statement and Plan. Under the Plan, Holders of Claims in Class 5 is Impaired and will not receive or retain any property under the Plan on account of such Claims and Holders of Interests in Class 6 are Impaired and will not receive any property of value under the Plan on account of such Interests. Accordingly, Holders of Claims in Class 5 and Holders of Interests in Class 6 are not entitled to vote on the Plan and are deemed to reject the Plan.

ACCORDINGLY, A BALLOT FOR ACCEPTANCE OR REJECTION OF THE PLAN IS BEING PROVIDED ONLY TO HOLDERS OF CLAIMS IN CLASS 3 (NOTES CLAIMS), AND CLASS 4 (GENERAL UNSECURED CLAIMS).

F. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan not be likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor (unless such liquidation or reorganization is proposed in this Combined Disclosure Statement and Plan). As set forth herein, the Assets Available for Distribution to Unsecured Creditors have or will be liquidated and this Combined Disclosure Statement and Plan provides for the distribution of the Cash proceeds, of the Assets Available for Distribution to Unsecured Creditors to Holders of Allowed Claims. For purposes of the feasibility test, the Proponents have analyzed the ability of the Liquidating Trustee to meet its obligations under this Combined Disclosure Statement and Plan. Based on the Proponents' analysis, the Liquidating Trustee will have sufficient assets to accomplish its tasks under this Combined Disclosure Statement and Plan. Therefore, the Proponents believe that the liquidation pursuant to the Plan will meet the feasibility requirements of the Bankruptcy Code.

G. Best Interests Test and Liquidation Analysis

Even if a plan is accepted by the holders of each class of claims and interests, the Bankruptcy Code requires a court to determine that such plan is in the best interests of all holders of claims or interests that are impaired by that plan and that have not accepted the plan. The "best interests" test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a court to find either that all members of an impaired class of claims or interests have accepted the plan or that the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code. To calculate the probable distribution to holders of each impaired class of claims and interests if the debtor was liquidated under chapter 7, a court must first determine the aggregate dollar amount that would be generated from a debtor's assets if its chapter 11 case was converted to a chapter 7 case under the

Bankruptcy Code. To determine if a plan is in the best interests of each impaired class, the present value of the distributions from the proceeds of a liquidation of the debtor's unencumbered assets and properties, after subtracting the amounts attributable to the costs, expenses and administrative claims associated with a chapter 7 liquidation, must be compared with the value offered to such impaired classes under the plan. If the hypothetical liquidation distribution to holders of claims or interests in any impaired class is greater than the distributions to be received by such parties under the plan, then such plan is not in the best interests of the holders of claims or interests in such impaired class. *See* Liquidation Analysis attached as **Exhibit A** to this Combined Disclosure Statement and Plan.

The Proponents believe that Holders of Allowed Claims would receive less than they are anticipated to receive under the Plan if the Chapter 11 Case were converted to a chapter 7 case. If this case were converted to chapter 7, it is likely that the Debtor would lose all of the value to be received from the Remaining Company Contracts. In addition, there would be additional costs and expenses that the Estate would incur as a result of liquidating the Estate in chapter 7, because the costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a Chapter 7 trustee, as well as the costs of counsel and other professionals retained by the trustee. Accordingly, the Proponents believe that the classification and treatment of Claims and Interests in the Plan complies with section 1129(a)(7) of the Bankruptcy Code.

H. Confirmation Without Necessary Acceptances; Cramdown

In the event that any impaired class of claims or interests does not accept a plan, a debtor nevertheless may move for confirmation of the plan. A plan may be confirmed, even if it is not accepted by all impaired classes, if the plan has been accepted by at least one impaired class of claims, and the plan meets the "cramdown" requirements set forth in section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code requires that a court find that a plan "does not discriminate unfairly" and (b) is "fair and equitable," with respect to each non-accepting impaired class of claims or interests. Here, because Holders of Claims and Interests in Classes 5 and 6 are deemed to reject the Plan, the Debtor will seek Confirmation of this Combined Disclosure Statement and Plan from the Bankruptcy Court by satisfying the "cramdown" requirements set forth in section 1129(b) of the Bankruptcy Code. The Proponents believe that such requirements are satisfied, as no Holder of a Claim or Interest junior to those in Classes 5 and 6, respectively, will receive or retain any property of any value under this Combined Disclosure Statement and Plan.

A plan does not "discriminate unfairly" if (a) the legal rights of a non-accepting class are treated in a manner that is consistent with the treatment of other classes whose legal rights are similar to those of the non-accepting class and (b) no class receives payments in excess of that which it is legally entitled to receive for its claims or interests. The Proponents believe that, under this Combined Disclosure Statement and Plan, all Impaired Classes of Claims or Interests are treated in a manner that is consistent with the treatment of other Classes of Claims or Interests that are similarly situated, if any, and no Class of Claims or Interests will receive payments or property with an aggregate value greater than the aggregate value of the Allowed Claims or Interests in such Class. Accordingly, the Proponents believe that this Combined Disclosure Statement and Plan does not discriminate unfairly as to any Impaired Class of Claims or Interests.

The Bankruptcy Code provides a nonexclusive definition of the phrase "fair and equitable." In order to determine whether a plan is "fair and equitable," the Bankruptcy Code establishes "cram down" tests for secured creditors, unsecured creditors and equity holders, as follows:

> (a) Secured Creditors. Either (i) each impaired secured creditor retains its liens securing its secured claim and receives on account of its secured claim deferred Cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the "indubitable equivalent" of its allowed secured claim or (iii) the property securing the claim is sold free and clear of liens with such liens to attach to the proceeds of the sale and the treatment of such liens on proceeds to be as provided in clause (i) or (ii) above.
>
> (b) Unsecured Creditors. Either (i) each impaired unsecured creditor receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.
>
> (c) Equity Interests. Either (i) each holder of an equity interest will receive or retain under the plan property of a value equal to the greatest of the fixed liquidation preference to which such holder is entitled, the fixed redemption price to which such holder is entitled or the value of the interest or (ii) the holder of an interest that is junior to the non-accepting class will not receive or retain any property under the plan. As discussed above, the Debtor believe that the Distributions provided under this Combined Disclosure Statement and Plan satisfy the absolute priority rule, where required.

I. Combined Hearing Notice

Holders of Claims in Class 3 (Notes Claims) and Holders of Claims in Class 4 (General Unsecured Claims) will receive the Solicitation Package consisting of: (a) the Combined Hearing Notice; (b) a copy of this Combined Disclosure Statement and Plan; (c) a copy of the Solicitation Order; and (d) a Ballot with instructions on how to complete the ballot. The Debtor is authorized, but not directed or required, to distribute this Combined Disclosure Statement and Plan and the Solicitation Order to Holders of Claims entitled to vote on the Plan in electronic format (i.e., on a flash drive).

J. Voting Procedures and Voting Deadlines

All Holders of Allowed Claims that are entitled to vote on the Plan will receive a ballot. You should review the ballot carefully. In order for your ballot to count, you must either (a) complete an electronic ballot at https://www.kccllc.net/medley or (b) complete, date, sign, and properly mail, courier, or personally deliver a paper ballot to the Voting Agent at the following address: Medley LLC c/o KCC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245. **BALLOTS SENT BY FACSIMILE, E-MAIL, OR OTHER ELECTRONIC METHOD OTHER THAN VIA THE VOTING AGENT'S ONLINE BALLOTING PLATFORM ARE NOT ALLOWED AND WILL NOT BE COUNTED.**

The deadline to vote on this Combined Disclosure Statement and Plan is **September 24, 2021 at 4:00 p.m. prevailing Eastern Time**. Ballots must be submitted electronically through the Voting Agent's online balloting platform, or the Voting Agent must physically RECEIVE original ballots by mail or overnight delivery, on or before the Voting Deadline. Ballots received after the Voting Deadline may not be counted. **ANY BALLOT THAT IS EXECUTED AND RETURNED BY THE VOTING DEADLINE, BUT THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THIS COMBINED DISCLOSURE STATEMENT AND PLAN, OR INDICATES BOTH ACCEPTANCE AND REJECTION OF THIS DISCLOSURE STATEMENT AND PLAN, WILL BE NOT BE COUNTED EITHER AS A VOTE TO ACCEPT OR A VOTE TO REJECT THIS COMBINED DISCLOSURE STATEMENT AND PLAN.**

Subject to the tabulation procedures approved by the Solicitation Order, (a) you may not change your vote once a ballot is submitted electronically or the Voting Agent receives your original paper ballot and (b) any ballot that is timely and properly submitted electronically or received physically will be counted and will be deemed to be cast as an acceptance, rejection, or abstention, as the case may be, of this Combined Disclosure Statement and Plan.

K. Acceptance of the Plan

As a creditor, your acceptance of the Plan is important. In order for the Plan to be accepted by an Impaired Class of Claims, a majority in number (*i.e.*, more than half) and at least two-thirds in dollar amount of the Claims voting (of each Impaired Class of Claims) must vote to accept the Plan. At least one Impaired Class of creditors, excluding the votes of insiders, must actually vote to accept the Plan. The Proponents urge that you vote to accept the Plan.

IF YOU ARE ENTITLED TO VOTE ON THIS COMBINED DISCLOSURE STATEMENT AND PLAN, YOU ARE URGED TO COMPLETE, DATE, SIGN AND PROMPTLY SUBMIT THE BALLOT YOU RECEIVE. PLEASE BE SURE TO COMPLETE THE BALLOT PROPERLY AND LEGIBLY AND TO IDENTIFY THE EXACT AMOUNT OF YOUR CLAIM AND THE NAME OF THE HOLDER. IF YOU ARE A HOLDER OF A CLAIM ENTITLED TO VOTE ON THIS COMBINED DISCLOSURE STATEMENT AND PLAN AND YOU DID NOT RECEIVE A BALLOT, YOU RECEIVED A DAMAGED BALLOT OR YOU LOST YOUR BALLOT OR IF YOU HAVE ANY QUESTIONS CONCERNING THIS COMBINED DISCLOSURE STATEMENT AND PLAN OR PROCEDURES FOR VOTING ON THE PLAN, PLEASE CONTACT THE VOTING AGENT.

ARTICLE IV.
ADMINISTRATIVE CLAIMS AND PRIORITY CLAIMS

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

A. Administrative Claims.

Unless otherwise agreed to by the holder of an Allowed Administrative Claim and the Liquidating Trustee, each holder of an Allowed Administrative Claim (other than holders of Professional Claims and Claims for fees and expenses pursuant to section 1930 of chapter 123 of title 28 of the United States Code) will receive in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim in accordance with the following: (1) if an Administrative Claim is Allowed on or prior to the Effective Date, on the Effective Date or as soon as reasonably practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due or as soon as reasonably practicable thereafter); (2) if such Administrative Claim is not Allowed as of the Effective Date, no later than thirty (30) days after the date on which an order allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter; (3) if such Allowed Administrative Claim is based on liabilities incurred by the Debtor in the ordinary course of their business after the Petition Date in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim without any further action by the holders of such Allowed Administrative Claim; (4) at such time, and upon such terms, as may be agreed upon by such holder and the Liquidating Trustee, as applicable; or (5) at such time, and upon such terms, as set forth in an order of the Bankruptcy Court. Notwithstanding the foregoing, Medley Capital agrees to waive any and all Administrative Claims it holds on the Effective Date and all such claims are waived.

B. Professional Claims.

1. Final Fee Applications and Payment of Professional Claims.

All requests for payment of Professional Claims for services rendered and reimbursement of expenses incurred prior to the ~~Confirmation~~ Effective Date must be Filed no later than 45 days after the Effective Date. The Bankruptcy Court shall determine the Allowed amounts of such Professional Claims after notice and a hearing in accordance with the procedures established by the Bankruptcy Court. The Liquidating Trustee shall pay Professional Claims in Cash in the amount the Bankruptcy Court allows, including from the Professional Fee Escrow, which the Liquidating Trustee will establish in trust for the Professionals and fund with Cash equal to the Professional Amount on the Effective Date.

2. Professional Fee Escrow.

On the Effective Date, or on such later date as the Liquidating Trustee shall determine, the Liquidating Trustee shall establish and fund with Cash equal to the Professional Amount, the Professional Fee Escrow. The Professional Fee Escrow shall be maintained in trust solely for the Professionals and the Independent Director. Such funds shall not be considered property of the Estate of the Debtor, the Liquidating Trust, or the Liquidating Trustee, except to the extent of the Professional Fee Excess. The amount of Allowed Professional Claims shall be paid in Cash to the Professionals by the Liquidating Trustee from the Professional Fee Escrow as soon as reasonably practicable after such Professional Claims are Allowed. For the avoidance of doubt, after all Allowed Professional Claims have been paid in full, the Professional Fee Excess shall be assets of the Liquidating Trust available for all purposes consistent with this Combined Plan and Disclosure

Statement and the Liquidating Trust Agreement, without any further action or order of the Bankruptcy Court.

3. Professional Amount.

Professionals shall reasonably estimate their unpaid Professional Claims and other unpaid fees and expenses incurred in rendering services to the Debtor before and as of the Effective Date, and shall deliver such estimate to the Debtor no later than five days before the Effective Date; *provided that* such estimate shall not be deemed to limit the amount of the fees and expenses that are the subject of each Professional's final request for payment in the Chapter 11 Case. If a Professional does not provide an estimate, the Debtor may estimate the unpaid and unbilled fees and expenses of such Professional.

4. Post-Effective Date Fees and Expenses.

Except as otherwise specifically provided for in this Combined Disclosure Statement and Plan, from and after the Effective Date, the Liquidating Trustee shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable and documented legal, professional, or other fees and expenses related to implementation of the Plan and Consummation incurred by the Proponents. Upon the Confirmation Date, any requirement that Professionals comply with sections 327 through 331, 363, and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Liquidating Trustee may employ and pay any Professional in the ordinary course of business without any further notice to, or action, order, or approval of, the Bankruptcy Court, subject only to the terms and conditions of the Liquidating Trust Agreement.

C. Priority Tax Claims.

Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

ARTICLE V.
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. Classification of Claims and Interests.

Except for the Claims addressed in Article IV hereof, 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 fits within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest fits within the description of such other Classes. A Claim or an Interest also is classified in a particular Class for the purpose of receiving distributions under this Combined Disclosure Statement and 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.

The classification of Claims and Interests against the Debtor pursuant to this Combined Disclosure Statement and Plan is as follows:

Class	Claims and Interests	Status	Estimated Claim Pool/Projected Recovery[15]
Class 1	Secured Claims	Unimpaired; Not Entitled to Vote (Presumed to Accept)	Approx. $0 Recovery: 100%
Class 2	Priority Non-Tax Claims	Unimpaired; Not Entitled to Vote (Presumed to Accept)	Approx. $1,680.67 Recovery: 100%
Class 3	Notes Claims	Impaired; Entitled to Vote	Approx. $125,511,108.33 Estimated Recovery: 2.02% to 2.17%
Class 4	General Unsecured Claims	Impaired; Entitled to Vote	Approx. $7.77 million to $18.11 million Estimated Recovery: 2.02% to 2.17%
Class 5	Intercompany Claims	Unimpaired / Impaired; Not Entitled to Vote (Presumed to Accept or Deemed to Reject)	Estimated Recovery: $0
Class 6	Interests	Impaired; Not Entitled to Vote (Deemed to Reject)	Recovery: $0

B. Treatment of Claims and Interests.

Each holder of an Allowed Claim or an Interest, as applicable, shall receive under the Plan the treatment described below in full and final satisfaction, settlement, release, and discharge of, and in exchange for such holder's Allowed Claim or an Interest, except to the extent different treatment is agreed to by the Debtor or the Liquidating Trustee, as applicable and the holder of such Allowed Claim or Interest, as applicable. Unless otherwise indicated, the holder of an Allowed Claim or an Interest, as applicable, shall receive such treatment on the Effective Date or as soon as reasonably practicable thereafter.

1. Class 1 – Secured Claims

(1) *Classification*: Class 1 consists of all Secured Claims.

[15] Recovery numbers do not include any estimate of proceeds from Causes of Action.

(2) *Treatment*: Each holder of an Allowed Secured Claim shall receive, at the option of the Debtor and in its sole discretion:

(a) payment in full in Cash of its Allowed Secured Claim;

(b) the collateral securing its Allowed Secured Claim;

(c) Reinstatement of its Allowed Secured Claim; or

(d) such other treatment rendering its Allowed Secured Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code.

(3) *Voting*: Class 1 is Unimpaired under the Plan. Holders of Secured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such holders are not entitled to vote to accept or reject the Plan.

2. Class 2 – Other Priority Claims

(1) *Classification*: Class 2 consists of all Other Priority Claims.

(2) *Treatment*: Each holder of an Allowed Other Priority Claim shall receive treatment in a manner consistent with section 1129(a)(9) of the Bankruptcy Code.

(3) *Voting*: Class 2 is Unimpaired under the Plan. Holders of Other Priority Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such holders are not entitled to vote to accept or reject the Plan.

3. Class 3 – Notes Claims

(1) *Classification*: Class 3 consists of all Notes Claims.

(2) *Allowance:* On the Effective Date, the Notes Claims shall be Allowed in the amount of $125,511,108.33, which amount does not include Notes Trustee Fees,[16] which pursuant to Article VII.R hereof will be paid in accordance

[16] The Notes Trustee Fees in the amount of $716,375 as of June 30, 2021 are to be paid as part of the Plan treatment of Class 3 Notes Claims. Specifically, as set forth in Article VII. R hereof, the Notes Trustee Fees will be paid by the Liquidating Trustee in accordance with the Wind-Down Budget and the Liquidating Trust Agreement from the Liquidating Trust Assets. The Notes Trustee Fees were elevated during the first two months of this Chapter 11 Case because the Creditors' Committee was not appointed until six weeks following the Petition Date, and the Notes Trustee and its professionals performed substantial work in undertaking its duties to holders of Notes during this period, which ultimately benefitted all creditors.

The payment of the Notes Trustee Fees incurred through June 30 will affect the recovery of Class 3 Notes Claims and Class 4 General Unsecured Claims by reducing the amount that will be available for distributions from the Liquidating Trust to both Classes. Such payment will affect Holders of Class 3 Notes Claims and Class 4 General Unsecured Claims differently because both Classes will receive a pro rata share of beneficial interests in the

with the Wind-Down Budget and the Liquidating Trust Agreement from the Liquidating Trust Assets.

(3) *Treatment*: Each Holder of an Allowed Notes Claim shall receive a Pro Rata share of the Assets Available for Distribution to Unsecured Creditors, which shall be shared Pro Rata among Holders of Allowed Notes Claims and Allowed General Unsecured Claims.

(4) *Voting*: Class 3 is Impaired under the Plan. Holders of Notes Claims are entitled to vote to accept or reject the Plan.

4. Class 4 – General Unsecured Claims

(1) *Classification*: Class 4 consists of all General Unsecured Claims.

(2) *Treatment*: Each Holder of an Allowed General Unsecured Claim shall receive a Pro Rata share of the Assets Available for Distribution to Unsecured Creditors, which shall be shared Pro Rata among Holders of Allowed Notes Claims and Allowed General Unsecured Claims.

(3) *Voting*: Class 4 is Impaired under the Plan. Holders of General Unsecured Claims are entitled to vote to accept or reject the Plan.

5. Class 5 – Intercompany Claims

(1) *Classification*: Class 5 consists of all Intercompany Claims.

(2) *Treatment*: Each Allowed Intercompany Claim shall be canceled, released, and extinguished, and without any distribution, at the Debtor's election, subject to the approval of the Creditors' Committee and Medley Capital.

(3) *Voting*: Class 5 is conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code or rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Class 5 is not entitled to vote to accept or reject the Plan.

Liquidating Trust based upon the dollar amount of their Claims, but the payment of the Notes Trustee Fees will benefit Class 3 Notes Claims more directly because distributions on account of such Claims would otherwise be subject to the Notes Trustee Charging Lien and priority payment rights under the Notes Indenture. Creditors holding Class 4 Claims are not holders of the Notes, and Plan distributions to them are not subject to the Notes Trustee Charging Lien and priority rights.

Class 3 Notes Claims are approximately 94% of the dollar amount of the estimated aggregate claims in Classes 3 and 4 combined, which together exceed $132 million. As a result, Holders of Class 4 General Unsecured Claims are estimated to receive Plan distributions of approximately $43,000 less than if such Notes Trustee Fees were paid only out of distributions on account of Class 3 Notes Claims.

Notes Trustee Fees incurred from and after July 1, 2021 will be paid through the exercise of the Notes Trustee Charging Lien against distributions to Class 3 Notes Claims.

6. Class 6 – Interests

(1) *Classification*: Class 6 consists of all Interests.

(2) *Treatment*: All Interests shall be cancelled on the Wind-Down Date, except that, as set forth in Article VII.F hereof, on the Effective Date, the Debtor shall issue and transfer the Liquidating Trust Interest pursuant to the Fifth Amended LLC Agreement (as modified pursuant to this Plan).

(3) *Voting*: Class 6 is impaired under the Plan. Holders of Class 6 Interests are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Class 6 is not entitled to vote to accept or reject the Plan.

C. Special Provision Governing Unimpaired Claims.

Except as otherwise provided for in this Combined Disclosure Statement and Plan, nothing under this Combined Disclosure Statement and Plan shall affect the Debtor's rights regarding any Unimpaired Claim, including, all rights regarding legal and equitable defenses to, or setoffs or recoupments against, any such Unimpaired Claim.

D. Voting Classes, Presumed Acceptance by Non-Voting Classes.

If a Class contains Claims or Interests eligible to vote and no holders of Claims or Interests eligible to vote in such Class vote to accept or reject this Combined Disclosure Statement and Plan, the holders of such Claims or Interests in such Class shall be deemed to have accepted this Combined Disclosure Statement and Plan.

E. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code.

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of this Combined Disclosure Statement and Plan by one or more of the Classes entitled to vote pursuant to Article V hereof. The Proponents reserve the right to modify this Combined Disclosure Statement and Plan in accordance with Article XIII.A hereof to the extent that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

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.

G. Subordinated Claims.

The allowance, classification, and treatment of all Allowed Claims and Interests and the respective distributions and treatments under this Combined Disclosure Statement and Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the

Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtor reserves the right to re-classify any Allowed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

ARTICLE VI.
CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING

THIS COMBINED DISCLOSURE STATEMENT AND PLAN AND ITS IMPLEMENTATION ARE SUBJECT TO CERTAIN RISKS, INCLUDING THE RISK FACTORS SET FORTH BELOW. HOLDERS OF CLAIMS WHO ARE ENTITLED TO VOTE ON THIS COMBINED DISCLOSURE STATEMENT AND PLAN SHOULD READ AND CAREFULLY CONSIDER THE RISK FACTORS, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS COMBINED DISCLOSURE STATEMENT AND PLAN AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH OR REFERRED TO OR INCORPORATED BY REFERENCE HEREIN, BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THIS COMBINED DISCLOSURE STATEMENT AND PLAN. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THIS COMBINED DISCLOSURE STATEMENT AND PLAN AND ITS IMPLEMENTATION.

A. The Combined Disclosure Statement and Plan May Not Be Accepted.

The Proponents can make no assurances that the requisite acceptances to the Plan will be received, and the Proponents may need to obtain acceptances to an alternative plan of liquidation, or otherwise, that may not have the support of the Creditors and/or may be required to liquidate the Estate under chapter 7 of the Bankruptcy Code. There can be no assurance that the terms of any such alternative restructuring arrangement or plan would be similar to or as favorable to Creditors as those proposed in this Combined Disclosure Statement and Plan.

B. The Combined Disclosure Statement and Plan May Not Be Confirmed.

Even if the Debtor receives the requisite acceptances, there is no assurance that the Bankruptcy Court, which may exercise substantial discretion as a court of equity, will confirm this Combined Disclosure Statement and Plan. Even if the Bankruptcy Court determines that this Combined Disclosure Statement and Plan and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation had not been met. Moreover, there can be no assurance that modifications to this Combined Disclosure Statement and Plan will not be required for Confirmation or that such modifications would not necessitate the resolicitation of votes. If the Plan is not confirmed, it is unclear what distributions Holders of Claims or Interests ultimately would receive with respect to their Claims or Interests in a subsequent plan of liquidation.

C. Nonconsensual Confirmation.

In the event that any impaired class of claims or interests does not accept a Chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponent's request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the

plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. The Proponents believe that the Plan satisfies these requirements, and the Debtor intends to request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code, to the extent necessary. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the conclusion that the Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code. In addition, the pursuit of nonconsensual Confirmation or Consummation of the Plan may result in, among other things, increased expenses relating to Professional Fee Claims.

D. Distributions to Holders of Allowed Claims under the Plan May Be Inconsistent with Projections.

Projected Distributions are based upon good faith estimates of the total amount of Claims ultimately Allowed and the funds available for distribution. There can be no assurance that the estimated Claim amounts set forth in the Plan are correct. These estimated amounts are based on certain assumptions with respect to a variety of factors, including the continuation of the Remaining Company Contracts, and the amount of proceeds from any Causes of Action brought by the Liquidating Trust. Additionally, both the actual amount of Allowed Claims in a particular Class and the funds available for distribution to such Class may differ from the Debtor's estimates. If the total amount of Allowed Claims in a Class is higher than the Debtor's estimates, or the funds available for distribution to such Class are lower than the Debtor's estimates, the percentage recovery to Holders of Allowed Claims in such Class will be less than projected.

E. Objections to Classification of Claims.

Section 1122 of the Bankruptcy Code requires that the Plan classify Claims and Interests. The Bankruptcy Code also provides that the Plan may place a Claim or Interest in a particular Class only if such Claim or Interest is substantially similar to the other Claims or Interests of such Class. The Proponents believe that all Claims and Interests have been appropriately classified in the Plan. To the extent that the Bankruptcy Court finds that a different classification is required for the Plan to be confirmed, the Debtor would seek to (i) modify the Plan to provide for whatever classification might be required for Confirmation and (ii) use the acceptances received from any Holder of Claims pursuant to this solicitation for the purpose of obtaining the approval of the Class or Classes of which such Holder ultimately is deemed to be a member. Any such reclassification of Claims, although subject to the notice and hearing requirements of the Bankruptcy Code, could adversely affect the Class in which such Holder was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required for approval of the Plan. There can be no assurance that the Bankruptcy Court, after finding that a classification was inappropriate and requiring a reclassification, would approve the Plan based upon such reclassification. Except to the extent that modification of classification in the Plan requires resolicitation, the Debtor will, in accordance with the Bankruptcy Code and the Bankruptcy Rules, seek a determination by the Bankruptcy Court that acceptance of the Plan by any Holder of Claims pursuant to this solicitation will constitute a consent to the Plan's treatment of such Holder, regardless of the Class as to which such Holder is ultimately deemed to be a member. The Proponents believe that under the Bankruptcy Rules, the resolicitation of votes for or against the Plan is required only when a modification adversely affects the treatment of the Claim or Interest of any Holder. The Bankruptcy Code also requires that the Plan provide the same treatment for

each Claim or Interest of a particular Class unless the Holder of a particular Claim or Interest agrees to a less favorable treatment of its Claim or Interest. The Proponents beieve that the Plan complies with the requirement of equal treatment. To the extent that the Bankruptcy Court finds that the Plan does not satisfy such requirement, the Bankruptcy Court could deny Confirmation of the Plan. Issues or disputes relating to classification and/or treatment could result in a delay in the Confirmation and Consummation of the Plan and could increase the risk that the Plan will not be consummated.

F. Failure to Consummate the Plan.

The Plan provides for certain conditions that must be satisfied (or waived) prior to Confirmation and for certain other conditions that must be satisfied (or waived) prior to the Effective Date. As of the date of the Plan, there can be no assurance that any or all of the conditions in the Plan will be satisfied (or waived). Accordingly, there can be no assurance that the Plan will be confirmed by the Bankruptcy Court. Further, if the Plan is confirmed, there can be no assurance that the Plan will be consummated.

G. Allowance of Claims May Substantially Dilute the Recovery to Holders of Claims under the Plan.

There can be no assurance that the estimated Claim amounts set forth in the Plan are correct, and the actual Allowed amounts of Claims may differ from the estimates. The estimated amounts are based on certain assumptions with respect to a variety of factors, including with respect to the Disputed Administrative Claims, Disputed Priority Tax Claims, Disputed Other Priority Claims, and Disputed Secured Claims. Should these underlying assumptions prove incorrect, the actual Allowed amounts of Claims may vary from those estimated herein, thereby materially reducing the recovery to the Holders of Claims under the Plan.

Moreover, any Allowed Claim of the SEC may reduce Distributions to Holders of Claims in Class 3 and Class 4. The Plan Proponents will continue to examine the SEC Claim to determine whether it is appropriate to object to or move to subordinate such claim, and nothing herein shall affect or impair the rights of the Plan Proponents or the Liquidating Trustee, as applicable, to litigate the allowance, priority, and subordination of the SEC Claim.

H. 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 Combined Disclosure Statement and Plan. The Liquidating Trustee may seek to investigate, file, and prosecute Claims and may object to Claims after the Effective Date, irrespective of whether this Combined Disclosure Statement and Plan identifies such Claims or Objections to Claims.

I. Available Cash May Be Insufficient to Operate the Liquidating Trust.

Moreover, there is no assurance that the Liquidating Trust Assets will be sufficient to fund the Liquidating Trust's expenses, as set forth in the Wind-Down Budget and any amendment thereto, to enable the Liquidating Trust to hold and liquidate the Liquidating Trust Assets as envisioned under this Combined Disclosure Statement and Plan and the Liquidating Trust

Agreement and to make distributions. Accordingly, there is no assurance that the Liquidating Trust will make any distributions under this Combined Disclosure Statement and Plan.

J. Certain Tax Considerations.

There are a number of material income tax considerations, risks and uncertainties associated with the Plan described in this Combined Disclosure Statement and Plan. The Debtor does not offer an opinion as to any federal, state, local or other tax consequences to Holders of Claims and Interests as a result of the confirmation of this Combined Disclosure Statement and Plan.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. NOTHING HEREIN SHALL CONSTITUTE TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE UNITED STATES FEDERAL, STATE AND LOCAL, AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

1. Tax Treatment of the Liquidating Trust.

The Plan provides that all parties (including, without limitation, the Debtor, Medley Capital, the Liquidating Trustee and the Liquidating Trust Beneficiaries) will treat the Liquidating Trust, other than any portion thereof in respect of a Disputed Claims Reserve, as a grantor, liquidating trust under Treasury Regulation Section 301.7701-4 such that the trust is owned by the Liquidating Trust Beneficiaries. Accordingly, for federal income tax purposes, it is intended that the Liquidating Trust Beneficiaries be treated as if they had received a distribution from the Estate of an undivided interest in the Liquidating Trust Assets (to the extent of the value of their respective share in the applicable Liquidating Trust Assets) and then contributed such interests to the Liquidating Trust, and the Liquidating Trust Beneficiaries will be treated as the grantors and owners of the Liquidating Trust; provided, however, that at the option of the Liquidating Trustee, the Disputed Claims Reserve may be treated as a Disputed Ownership Fund within the meaning of Treasury Regulation section 1.468B-9 and any related or successor regulation. The Liquidating Trustee will have the obligation to make Plan Distributions to the Liquidating Trust Beneficiaries from the Liquidating Trust in accordance with the Plan and the Liquidating Trust Agreement.

The Proponents believe that the Liquidating Trust will qualify as a liquidating trust, as defined in Treasury Regulation section 301.7701-4(d), and in accordance with Rev. Proc. 94-95 would Treasury Regulation section 301.7701-4(d), and in accordance with Rev. Proc. 94-95 would therefore be taxed as a grantor trust, of which the Liquidating Trust Beneficiaries will be treated as the grantors. Thus, no tax should be imposed on the Liquidating Trust itself on the income earned or gain recognized by the Liquidating Trust. Instead, the Liquidating Trust Beneficiaries would be taxed on their allocable shares of such income and gain in each taxable year, whether or not they received any Distributions from the Liquidating Trust in such taxable year.

If the Internal Revenue Service succeeds in requiring a different characterization of the Liquidating Trust, the Liquidating Trust could be subject to tax on all of its net income and gains

(if any), with the result that the amounts distributable to the Liquidating Trust Beneficiaries could be reduced.

Each Liquidating Trust Beneficiary will be required to include in income the Liquidating Trust Beneficiary's allocable share, if any, of any income, gain, loss, deduction or credit recognized by the Liquidating Trust, including interest or dividend income earned on bank accounts and other investments. The Liquidating Trustee will distribute annually grantor statements with the Liquidating Trust Beneficiary's income or gain/loss allocation.

ARTICLE VII.
MEANS FOR IMPLEMENTATION OF THE PLAN

A. Global Settlement

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, this Combined Plan and Disclosure Statement incorporates a compromise and settlement of numerous ~~inter-Debtor~~inter-Company, Debtor-Creditor, and inter-Creditor issues designed to achieve an economic settlement of Claims against the Debtor and an efficient resolution of the Chapter 11 Case. This global settlement constitutes a settlement of Claims as provided herein, including the validity and enforceability of Intercompany Claims, and the allocation of assets of, and to, the Estate. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromises and settlements provided herein. The Bankruptcy Court's findings shall constitute its determination that such compromises and settlements, are in the best interests of the Debtor, its Estate, Creditors, and other parties-in-interest, and are fair, equitable, and within the range of reasonableness. Each provision of the global settlement shall be deemed non-severable from each other and from the remaining terms hereof. As set forth in detail below, the global settlement will be implemented as set forth herein.

B. Restructuring Transactions.

On or before the Effective Date, the Debtor, and after the Effective Date, the Liquidating Trustee, shall enter into, and shall take any actions as may be necessary or appropriate to effect the Restructuring Transactions. The actions to implement the Restructuring Transactions may include: (1) the execution and delivery of appropriate agreements or other documents of merger, amalgamation, consolidation, restructuring, conversion, disposition, transfer, arrangement, continuance, dissolution, sale, purchase, or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Entities may agree; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (3) the filing of appropriate certificates or articles of incorporation, formation, reincorporation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution pursuant to applicable state or provincial law; and (4) all other actions that the applicable Entities determine to be necessary, including making filings or recordings that may be required by applicable law in connection with the Plan. The Confirmation Order shall, and shall be deemed to, pursuant to sections 363 and 1123 of the Bankruptcy Code, authorize, among other things, all actions as may be necessary or appropriate to effect any transaction described in, contemplated by, or necessary to effectuate the Plan.

C. Liquidating Trust

Pursuant to the Confirmation Order, the Liquidating Trust, which may be referred to as the "Medley LLC Liquidating Trust," will be established. The Liquidating Trust is intended to qualify as a liquidating trust pursuant to Treas. Reg. § 301.7701-4(d), and shall have no objective to continue or engage in the conduct of the trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidating Trust. All parties (including, without limitation, the Debtor, Medley Capital, the Liquidating Trustee and the Liquidating Trust Beneficiaries) shall treat the Liquidating Trust, other than any portion thereof in respect of a Disputed Claims Reserve, as a liquidating trust under Treasury Regulation Section 301.7701-4, and that the Liquidating Trust Beneficiaries shall be treated for United States federal income tax purposes as the grantors and owners of their respective share of the Liquidating Trust Assets. Accordingly, for federal income tax purposes, it is intended that the Liquidating Trust Beneficiaries be treated as if they had received a distribution from the Estate of an undivided interest in the Liquidating Trust Assets (to the extent of the value of their respective share in the applicable Liquidating Trust Assets) and then contributed such interests to the Liquidating Trust, and the Liquidating Trust Beneficiaries will be treated as the grantors and owners thereof; *provided, however*, at the option of the Liquidating Trustee, exercised using its reasonable discretion, the Disputed Claims Reserve may be treated as a Disputed Ownership Fund within the meaning of Treasury Regulation section 1.468B-9 and any related or successor regulation. The foregoing treatment shall also apply, to the extent permitted by applicable law, for state and local income tax purposes. The Liquidating Trust shall also be exempt ~~from the requirements of~~ (i) under Section 1145 of the Bankruptcy Code ~~and~~ , with respect to the Liquidating Trust Interest issued under this Plan, from the requirements of the Securities Exchange Act of 1933, as amended, and any applicable laws requiring the registration of securities; and (ii) from the Investment Company Act of 1940, as amended, pursuant to section 7(a) and 7(b) of that Act ~~and section 1145 of the Bankruptcy Code~~.

The Liquidating Trustee shall be responsible for payment, out of the Liquidating Trust Assets, of any taxes imposed on the Liquidating Trust or the Liquidating Trust Assets. The Liquidating Trustee may request an expedited determination of taxes of the Liquidating Trust under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Liquidating Trust for all taxable periods through the dissolution of the Liquidating Trust.

The Liquidating Trust shall be administered in accordance with the terms of the Liquidating Trust Agreement. On the Effective Date or by the Wind-Down Date, as applicable, all right, title and interest in and to all of the Liquidating Trust Assets shall automatically and irrevocably vest in the Liquidating Trust as provided in Article VII.E of this Plan. On the Effective Date, the Fifth Amended LLC Agreement shall be deemed to be modified to provide for the transfer of the Liquidating Trust Interest.

Prior to the Effective Date, any and all assets of the Estate shall remain assets of the Estate pursuant to section 1123(b)(3)(B) of the Bankruptcy Code and on the Effective Date or by the Wind-Down Date, as applicable, shall, subject to the Liquidating Trust Agreement, be transferred to and vest in the Liquidating Trust. For the avoidance of doubt, to the extent not otherwise waived in writing, released, settled, assigned or sold pursuant to a prior Order or the Combined Disclosure Statement and Plan, the Liquidating Trustee specifically retains and reserves the right to assert,

after the Effective Date, any and all of the claims, Causes of Action and related rights, whether or not asserted as of the Effective Date, and all proceeds of the foregoing. For purposes of this Article VII.C and in accordance with Article VII.D, the Debtor shall continue to exist after the Effective Date as a separate corporate entity until the Wind-Down Date but all assets and property of the Debtor acquired before, on, or after the Effective Date shall be transferred to and vest in the Liquidating Trust.

The Liquidating Trust or Liquidating Trustee, as applicable, shall be the exclusive trustee for all Liquidating Trust Assets for purposes of 31 U.S.C. § 3713(5) and 26 U.S.C. § 6012(b)(3) as well as the representative of the Estate appointed pursuant to section 1123(b)(3)(B) of the Bankruptcy Code including, without limitation, with respect to Causes of Action. Only the Liquidating Trust and the Liquidating Trustee shall have the right to pursue or not to pursue, or, subject to the terms hereof and the Liquidating Trust Agreement, compromise or settle any Liquidating Trust Assets as the representative of the Estate. From and after the Effective Date, the Liquidating Trust and the Liquidating Trustee may commence, litigate, and settle any Causes of Action or Claims relating to the Liquidating Trust Assets or rights to payment or Claims that belong to the Debtor as of the Effective Date or are instituted by the Liquidating Trust and Liquidating Trustee on or after the Effective Date, except as otherwise expressly provided herein and in the Liquidating Trust Agreement. The Liquidating Trust shall be entitled to enforce all defenses and counterclaims to all Claims asserted against the Debtor and its Estate, including setoff, recoupment and any rights under section 502(d) of the Bankruptcy Code.

Other than as set forth herein, no other Entity may pursue such Liquidating Trust Assets on or after the Effective Date. The Liquidating Trustee shall be deemed hereby substituted as plaintiff, defendant, or in any other capacity for the Debtor in any Causes of Action pending before the Bankruptcy Court or any other court that relates to a Liquidating Trust Asset without the need for filing any motion for such relief. On the Effective Date, the Debtor and the Liquidating Trustee shall execute the Liquidating Trust Agreement and shall have established the Liquidating Trust pursuant hereto. In the event of any conflict between the terms of this Article VII.C and the terms of the Liquidating Trust Agreement, the terms of the Liquidating Trust Agreement shall control.

D. Appointment of Liquidating Trustee

The Liquidating Trust shall be administered by the Liquidating Trustee, who shall be selected by the Creditors' Committee no less than thirty five (35) business days prior to the Confirmation Date. The Creditors' Committee shall advise the Debtor and Medley Capital prior to the selection of the Liquidating Trustee and if either the Debtor or Medley Capital shall not concur with the Creditors' Committee's selection for Liquidating Trustee, each may file an objection with the Bankruptcy Court with the Creditors' Committee's selection contingent on the ruling of the Bankruptcy Court.

The appointment of the Liquidating Trustee shall be approved in the Confirmation Order, and the Liquidating Trustee's duties shall commence as of the Effective Date. The Liquidating Trustee shall administer the Combined Disclosure Statement and Plan and the Liquidating Trust and shall serve as a representative of the Estate under section 1123(b) of the Bankruptcy Code for, among other things, the purpose of retaining or enforcing Causes of Action belonging to the Estate.

In accordance with the Liquidating Trust Agreement, the Liquidating Trustee shall serve in such capacity through the earlier of (i) the date on which the Liquidating Trust is dissolved and (ii) the date on which a Liquidating Trustee resigns, is terminated, or is otherwise unable to serve; provided, however, that, in the event that a Liquidating Trustee resigns, is terminated, or is otherwise unable to serve, the Oversight Committee shall appoint a successor to serve as a Liquidating Trustee in accordance with the Liquidating Trust Agreement. If the Oversight Committee does not appoint a successor within the time periods specified in the Liquidating Trust Agreement, then the Bankruptcy Court, upon the motion of any party-in-interest, including counsel to the Liquidating Trust, shall approve a successor to serve as a Liquidating Trustee. Any such successor Liquidating Trustee shall serve in such capacity until the Liquidating Trust is dissolved or until such successor Liquidating Trustee resigns, is terminated, or is otherwise unable to serve.

E. Liquidating Trust Assets

Notwithstanding any prohibition of assignability under applicable non-bankruptcy law, on the Effective Date and periodically thereafter as additional Liquidating Trust Assets become available, subject to the Liquidating Trust Agreement, the Debtor or Medley Capital (as applicable) shall and shall be deemed to grant, assign, transfer, convey, and deliver all of its respective right, title, and interest in and to all of the Liquidating Trust Assets (provided that Additional GUC Funds shall vest in the Liquidating Trust from time to time in accordance with the Wind-Down Budget from the Effective Date through the Wind-Down Date), in accordance with section 1141 of the Bankruptcy Code. For the avoidance of doubt, all evidentiary privileges of the Debtor of any type or nature whatsoever, including the Debtor's attorney-client privilege, the work product privilege, and any other applicable evidentiary privileges of the Debtor, shall and shall be deemed to be assigned by the Debtor and shall vest in the Liquidating Trust as of the Effective Date. All such Liquidating Trust Assets shall automatically vest in the Liquidating Trust free and clear of all Claims, Liens, encumbrances and other interests, subject only to the Allowed Claims and Liquidating Trust Expenses as set forth herein and in the Liquidating Trust Agreement. Thereupon, the Debtor and Medley Capital (as applicable) shall have no interest in or with respect to the Liquidating Trust Assets or the Liquidating Trust. Such transfer shall be exempt from any stamp, real estate transfer, mortgage reporting, sales, use or other similar Tax, pursuant to section 1146(a) of the Bankruptcy Code and in accordance with this Combined Plan and Disclosure Statement. The Liquidating Trustee may, but shall not be required to, purchase an insurance policy or policies with respect to the Liquidating Trust and/or the Liquidating Trust Assets.

F. Liquidating Trustee.

1. Rights, Duties and Obligations of the Liquidating Trustee.

This Article VII.F sets forth certain of the rights, duties, and obligations of the Liquidating Trustee. In the event of any conflict between the terms of this Article VII.F and the terms of the Liquidating Trust Agreement, the terms of the Liquidating Trust Agreement shall govern. The Liquidating Trustee shall have the sole authority and right on behalf of the Debtor and its Estate to carry out and implement all provisions of the Plan, without the need for Bankruptcy Court approval or the approval of any other party-in-interest (unless otherwise provided in this Combined Plan and Disclosure Statement and subject to the Liquidating Trust Agreement), including but not limited to:

(a) Perform, or cause the Debtor's non-Debtor Affiliates to perform, the Remaining Company Contracts or similar document as successor in interest to the Debtor provided that such non-Debtor Affiliates will be reimbursed by the Liquidating Trust for the actual costs incurred to perform under the terms of the IMA;

(b) Review, reconcile, allow, compromise, settle, estimate or object to all Claims and resolve such objections as set forth in the Plan, free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules; provided that the Liquidating Trustee may only estimate Claims for allowance or distribution reserve purposes following notice to the Bankruptcy Court and all affected parties;

(c) Initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any Causes of Action, or decline to do any of the foregoing;

(d) Calculate the amount of Distributions to be made to holders of Allowed Administrative Claims, including Professional Fee Claims and 503(b)(9) Claims, Allow Secured Claims (if any), allowed Other Priority Claims, Allowed Priority Tax Claims, Allowed Notes Claims and Allowed General Unsecured Claims, each in accordance with the Plan, and use Cash to make Distributions in accordance with the Plan where applicable, and promptly pay Notes Trustee Fees, in accordance with the Wind-Down Budget and the Liquidating Trust Agreement, without delay or discretion;

(e) Compensate retained professionals who represent the Liquidating Trust or Liquidating Trustee with respect to and in connection with its rights and responsibilities;

(f) Establish, maintain, and administer all documents and accounts of the Debtor as appropriate, which shall be segregated only as required by this Combined Plan and Disclosure Statement or the Liquidating Trust Agreement;

(g) Maintain, conserve, supervise, prosecute, collect, settle, and protect the Liquidating Trust Assets;

(h) Sell, liquidate, transfer, assign, distribute, abandon, or otherwise dispose of the Liquidating Trust Assets or any part thereof or any interest therein upon such terms as the Liquidating Trustee determines to be necessary, appropriate, or desirable in its sole discretion; except that the abandonment of Records is subject to Article XI.I of this Combined Plan and Disclosure Statement;

(i) Open and close bank accounts, and invest Cash of the Debtor and the Estate, including any Cash realized from the liquidation of the Liquidating Trust Assets;

(j) Pay Liquidating Trust Expenses;

(k) Wind down the remaining affairs of the Debtor, if any;

(l) Abandon, in any commercially reasonable manner, any Liquidating Trust Assets that, in the Liquidating Trustee's reasonable judgment, cannot be sold in a commercially reasonable manner or that the Liquidating Trustee believes in good faith have inconsequential value to the Liquidating Trust; and

(m) Prepare and file any reports, statements, returns, and other documents or disclosures relating to the Liquidating Trust, or the Estate that are required under the Plan, by any governmental unit, or by applicable law;

(n) Take such actions as are necessary or appropriate to close or dismiss the Chapter 11 Case, comply with the Plan, exercise the Liquidating Trustee's rights, and perform the Liquidating Trustee's obligations;

(o) Exercise such other powers as deemed by the Liquidating Trustee to be necessary and proper to implement the provisions of the Plan;

(p) Execute any and all documents and instruments necessary to effectuate the provisions of the Plan;

(q) (i) Amend the Organizational Documents and dissolve the Debtor under applicable state law and (ii) amend any organizational or constitutive documents of any Affiliate as may be necessary or desirable to dissolve and terminate the legal existence of any such Affiliate under applicable state law;

(r) To the extent necessary to give full effect to its exclusive administrative rights and duties under the Plan, the Liquidating Trustee shall be deemed to be vested with all rights, powers, privileges, and authorities of (a) a board of directors or an appropriate officer of the Debtor under any applicable non-bankruptcy law and (ii) a "trustee" of the Debtor under sections 704 and 1106 of the Bankruptcy Code;

(s) File any and all tax required returns for the Debtor and the Estate, and the Liquidating Trustee;

(t) To the extent consistent with the Plan and other orders of the Bankruptcy Court, pay any taxes imposed on the Debtor, the Liquidating Trust Assets, or the Liquidating Trust, solely out of Liquidating Trust Assets; and

(u) Distribute such tax-related notices to the applicable holders of Allowed Claims as the Liquidating Trustee determines are necessary or desirable.

The Liquidating Trust Agreement shall provide for the Liquidating Trustee to inform the Oversight Committee of the filing or commencement of any Causes of Action (other than objections to Claims or Interests), and to consult with and seek consent, if applicable, of the Oversight Committee (such consent not to be unreasonably withheld) regarding any Major Issues. In the event of a dispute related to the foregoing between the Liquidating Trustee and the Oversight Committee, either party may seek relief from the Bankruptcy Court.

2. Disbursing Agent.

The Liquidating Trustee shall serve as or may select an alternative Disbursing Agent for Distributions on account of any or all Allowed Claims under the Plan.

3. Limitation of Liability.

Neither the Liquidating Trustee, nor its firms, companies, affiliates, partners, officers, directors, members, employees, designees, professionals, advisors, attorneys, representatives, disbursing agents or agents, and any of such Person's successors and assigns, shall incur any responsibility or liability by reason of any error of law or fact or of any matter or thing done or suffered or omitted to be done under or in connection with the Combined Plan and Disclosure Statement or Liquidating Trust Agreement, other than for specific actions or omissions resulting from its willful misconduct, gross negligence or fraud found by a Final Order (not subject to further appeal or review) of a court of competent jurisdiction to be the direct and primary cause of loss, liability, damage, or expense suffered by the Trust. The Liquidating Trustee shall enjoy all of the rights, powers, immunities, and privileges applicable to a chapter 7 trustee. The Liquidating Trustee may, in connection with the performance of its functions, in the Liquidating Trustee's sole and absolute discretion, consult with its attorneys, accountants, advisors, and agents, and shall not be liable for any act taken, or omitted to be taken, or suggested to be done in accordance with advice or opinions rendered by such persons, regardless of whether such advice or opinions are in writing. Notwithstanding such authority, the Liquidating Trustee shall be under no obligation to consult with any such attorneys, accountants, advisors, or agents, and any determination not to do so shall not result in the imposition of liability on the Liquidating Trustee or the Liquidating Trust unless such determination is based on willful misconduct, gross negligence, or fraud. Persons dealing with the Liquidating Trustee shall look only to the Liquidating Trust Assets to satisfy any liability incurred by the Liquidating Trustee to such person in carrying out the terms of the Combined Plan and Disclosure Statement or the Liquidating Trust Agreement, and the Liquidating Trustee shall have no personal obligation to satisfy such liability.

4. Indemnification.

The Liquidating Trust shall indemnify the Liquidating Trust Indemnified Parties for, and shall hold them harmless against, any loss, liability, damage, judgment, fine, penalty, claim, demand, settlement, cost, or expense (including the reasonable fees and expenses of their respective professionals) incurred without fraud, gross negligence or willful misconduct on the part of the Liquidating Trust Indemnified Parties (which fraud, gross negligence or willful misconduct, if any, must be determined by a Final Order of a court of competent jurisdiction) for any action taken, suffered, or omitted to be taken by the Liquidating Trust Indemnified Parties in connection with the acceptance, administration, exercise, and performance of their duties under

the Combined Plan and Disclosure Statement or the Liquidating Trust Agreement, as applicable. An act or omission taken with the approval of the Bankruptcy Court, and not inconsistent therewith, will be conclusively deemed not to constitute fraud, gross negligence or willful misconduct. In addition, the Liquidating Trust shall, to the fullest extent permitted by law, indemnify and hold harmless the Liquidating Trust Indemnified Parties, from and against and with respect to any and all liabilities, losses, damages, claims, costs, and expenses, including attorneys' fees arising out of or due to their actions or omissions, or consequences of such actions or omissions, with respect to the Liquidating Trust or the implementation or administration of the Combined Plan and Disclosure Statement if the Liquidating Trust Indemnified Party acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interest of the Liquidating Trust. To the extent the Liquidating Trust indemnifies and holds harmless any Liquidating Trust Indemnified Parties as provided above, the legal fees and related costs incurred by counsel to the Liquidating Trustee in monitoring or participating in the defense of such claims giving rise to the right of indemnification shall be paid as Liquidating Trust Expenses. The costs and expenses incurred in enforcing the right of indemnification in this Article shall be paid by the Liquidating Trust. This provision shall survive the termination of the Liquidating Trust Agreement and the death, dissolution, liquidation, resignation, replacement, or removal of the Liquidating Trustee.

G. Establishment of Oversight Committee

The Oversight Committee shall be created on the Effective Date and will consist of two persons to be appointed by the Creditors' Committee and one member appointed by existing management at Medley Capital no less than five (5) business days prior to the Confirmation Date. Upon the Wind-Down Date, the Oversight Committee member appointed by Medley Capital shall resign and be replaced by another member, who shall be selected by the Creditors' Committee no less than five (5) business days prior to the Confirmation Date.

In accordance with the Liquidating Trust Agreement, the Oversight Committee shall have the following rights and responsibilities to be exercised in its sole discretion: (i) terminate by unanimous vote the Liquidating Trustee and appoint a successor liquidating trustee; (ii) employ and retain professionals for the Liquidating Trust; (iii) approve the sale or other monetization of any Assets remaining in the Debtor's Estate over $100,000, including, the Debtor's direct or indirect investments in funds managed by any Affiliate of the Debtor; (iv) receive and review any report detailing the means by which the Liquidating Trustee invests and/or insures the remaining assets pending final distributions under the Plan; (v) approve certain delineated actions of the Liquidating Trustee (as set forth in the Liquidating Trust Agreement); and (vi) approve any amended Wind-Down Budget through the Wind-Down Date. The Oversight Committee is entitled to a status report on all Distributions, material litigation, investment/insurance of the Liquidating Trust Assets, material Disputed Claims, and all other material matters affecting the beneficiaries of the Liquidating Trust.

~~At any time prior to the Wind-Down Date, if the Oversight Committee votes on a Major Issue with less than unanimous consent, such dissenting member may challenge that decision with the Bankruptcy Court. The dissenting member shall be entitled to retain legal counsel to represent it in such challenge. The Liquidating Trust will pay the reasonable fees of the dissenting member's legal counsel, up to $50,000.~~

H. Corporate Existence.

The entry of the Confirmation Order shall constitute authorization of the Debtor or the Liquidating Trustee, as applicable, to take or cause to be taken all provisions of, and to consummate, the Plan, and all such actions taken or caused to be taken, whether prior to, on, or after the Effective Date shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act, or action under any applicable law, order, rule, or regulation. On the Effective Date, the Organizational Documents, including the Fifth Amended LLC Agreement, shall be amended or modified to carry out the provisions of the Plan without approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, such as:

(1) The Successor Manager shall be substituted for the Independent Manager;

(2) One new unit of the Debtor (i.e., the Liquidating Trust Interest) shall be issued to the Liquidating Trust pursuant to the Fifth Amended LLC Agreement (as modified pursuant to this Plan) to hold in its capacity as Liquidating Trustee;

(3) All Class 6 Interests shall be cancelled pursuant to the Plan on the Wind-Down Date, and all assets and property of the Debtor acquired before, on or after the Effective Date shall be transferred to and vest in the Liquidating Trust; and

(4) Pursuant to the Plan, the Liquidating Trustee shall have the right, but not the obligation to wind down, sell, or otherwise liquidate any and all Liquidating Trust Assets.

I. Wind Down of Debtor

On and after the Effective Date, pursuant to the Plan the Liquidating Trustee shall wind down the Debtor, subject to the occurrence of the Wind-Down Date, and any remaining assets of the Debtor or any type or nature whatsoever shall vest in the Liquidating Trust.

J. Cancellation of Existing Indebtedness and Securities

Except as otherwise provided in the Plan, on the Effective Date: (a) the Notes, the Notes Indenture, any intercompany notes, the Interests, and any other certificate, equity security, share, note, 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 Debtor giving rise to any Claim or Interest, shall be deemed cancelled and surrendered as to the Debtor without any need for further action or approval of the Bankruptcy Court or any Holder thereof or any other Person or Entity, and the Debtor shall not have any continuing obligations thereunder or in any way related thereto; and (b) the obligations of the Debtor pursuant, relating, or pertaining to any agreements, the Notes, the Notes Indenture, any other notes or indentures, certificates of designation, bylaws or certificate or articles of incorporation, or similar documents governing the shares, certificates, notes, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of, or ownership interest in, the Debtor shall be deemed satisfied in full and released without any need for further action or approval of the Bankruptcy Court or any Holder thereof or any other Person or Entity; *provided*, *however*, that

notwithstanding the occurrence of the Confirmation Date or the Effective Date, any such agreement that governs the rights of the Holder of a Claim shall continue in effect solely for purposes of allowing Holders to receive Distributions under the Plan.

Notwithstanding the foregoing, the rights, protections, and powers of the Notes Trustee as against the Debtor and the holders of Notes Claims under the Notes Indenture are preserved and the provisions of the Notes Indenture shall continue in full force and effect solely to the extent necessary to enable the Notes Trustee to: (i) allow holders of Notes Claims to receive Distributions under the Plan; (ii) allow and preserve the Notes Trustee's right to receive and make distributions under the Plan to holders of Notes Claims; (iii) allow the Notes Trustee to appear and be heard in the Chapter 11 Case, or in any proceeding in the Bankruptcy Court or any other court; (iv) allow the Notes Trustee to enforce any obligations owed to it individually under the Plan; (v) preserve the Notes Trustee's rights to compensation and indemnification (a) under Section 606 of the Notes Indenture, including, if applicable, in its capacities as paying agent, transfer agent, or security registrar under the Notes Indenture, and (b) as against any money or property distributable to holders of Notes Claims, as applicable, including permitting the Notes Trustee to maintain, enforce, and exercise its Notes Trustee Charging Lien against such distributions; and (vi) preserve all rights, including rights of enforcement, of the Notes Trustee against any person, including claims for indemnification or contribution from the applicable holders of the Notes Claims pursuant and subject to the Notes Indenture. For the avoidance of doubt, the Notes Trustee shall have no duties to the holders of the Notes under the Notes Indenture after the Effective Date of the Plan and, except to the extent expressly provided otherwise in the Plan, all obligations of the Notes Trustee thereunder shall be released and discharged as of the Effective Date of the Plan.

All distributions made under the Plan on account of the Allowed Notes Claims shall be made to or at the direction of the Notes Trustee for further distribution to the holders of Allowed Notes Claims under the terms of the Notes Indenture, including those provisions relating to the surrender and cancellation of the Notes. Regardless of whether such distributions are made by the Notes Trustee, or by the Disbursing Agent at the reasonable direction of the Notes Trustee, the Notes Trustee Charging Liens shall attach to such distributions in the same manner as if such distributions were made through the Notes Trustee.

K. Non-Debtor Compensation Plan

In accordance with the Plan, Medley Capital shall have all right power and authority to implement the Non-Debtor Compensation Plan. The Non-Debtor Compensation Plan shall be funded from (i) the Sierra Non-Debtor Compensation Plan Payment in accordance with the Sierra Commitment Letter and (ii) Medley Capital Non-Debtor Compensation Plan Payment.

L. Corporate Action.

On the Effective Date, the Debtor shall issue and transfer the Liquidating Trust Interest to the Liquidating Trust.

M. Organizational Documents.

On or immediately prior to the Effective Date, the Organizational Documents, including the Fifth Amended LLC Agreement, shall be automatically adopted by the Liquidating Trustee. To the extent required applicable non-bankruptcy law, the Liquidating Trustee on behalf of the Debtor, will file the Organizational Documents with the applicable Secretary of State and/or other applicable authorities in its respective state or country of organization if and to the extent required in accordance with the applicable laws of the respective state or country of organization. The Organizational Documents will prohibit the issuance of non-voting equity Securities, to the extent required under section 1123(a)(6) of the Bankruptcy Code.

N. Indemnification Obligations.

All indemnification provisions currently in place (whether in the Organizational Documents, board resolutions, indemnification agreements, employment contracts, or otherwise) as of the Petition Date for the current and former directors, officers, managers, employees, and agents of the Debtor and shall, to the fullest extent permitted by applicable law, be reinstated and remain intact, irrevocable, and shall survive the Effective Date for any conduct that occurred prior to the Effective Date on terms no less favorable to such current and former directors, officers, managers, employees, or agents of the Debtor than the indemnification provisions in place prior to the Effective Date.

O. Effectuating Documents; Further Transactions.

On and after the Effective Date, the Liquidating Trustee, and its respective agents (as applicable), are authorized to, and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and the Liquidating Trust Interest issued pursuant to the Plan on behalf of the Debtor or the Estate, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

P. Reservation of Rights Regarding MDLY Clawback Claim and Company Tax Refund

The Liquidating Trust will determine whether to initiate a proceeding to recover on account of the MDLY Clawback Claim. To the extent Proponents believe that if MDLY is the recipient of the Company Tax Refund, MDLY must immediately remit the Company Tax Refund to the Debtor and Medley Capital. In accordance with Article XI.E, MDLY is prohibited from making any Transfer of the Company Tax Refund. The Confirmation Order will provide that all rights regarding ownership of the Company Tax Refund are reserved.

Q. Section 1146 Exemption.

To the fullest extent permitted by section 1146(a) of the Bankruptcy Code, any transfers (whether from the Debtor to the Liquidating Trustee or to any other Person or Entity) of property under the Plan or pursuant to: (1) the issuance, distribution, transfer, or exchange of any debt, equity Security, or other interest in the Debtor; (2) the Restructuring Transactions; (3) the creation, modification, consolidation, termination, refinancing, and/or recording of any mortgage, deed of

trust, or other security interest, or the securing of additional indebtedness by such or other means; (4) the making, assignment, or recording of any lease or sublease; or (5) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, personal property transfer tax, sales or use tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment. All filing or recording officers (or any other Person with authority over any of the foregoing), wherever located and by whomever appointed, shall comply with the requirements of section 1146(a) of the Bankruptcy Code, shall forego the collection of any such tax or governmental assessment, and shall accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

R. Payment of Notes Trustee Fees.

In accordance with the Wind-Down Budget and the Liquidating Trust Agreement, as part of the treatment of Class 3 Notes Claims under this Plan, the Liquidating Trustee shall pay in Cash all reasonable and documented unpaid Notes Trustee Fees incurred through June 30, 2021 in accordance with the Indentures, without the need for the Notes Trustee to file any fee application with the Bankruptcy Court, and without reduction to recoveries on account of any of the Notes Claims. The Notes Trustee shall provide no less than ten (10) days' notice to the U.S. Trustee of the submission of documentation for payment of the Notes Trustee Fees to the Liquidating Trustee before such amounts are paid and shall, upon request, provide copies of such documentation (which may be redacted as reasonably necessary) to the U.S. Trustee. Notes Trustee Fees incurred from and after July 1, 2021 will be paid through the exercise of the Notes Trustee Charging Lien against distributions to Class 3 Notes Claims.

S. Director and Officer Liability Insurance.

Notwithstanding anything in the Plan to the contrary, the Debtor shall be deemed to have assumed and assigned to the Liquidating Trust all of the D&O Liability Insurance Policies covering, or for the benefit of, the Debtor and its directors, officers and managers, pursuant to section 365(a) of the Bankruptcy Code effective as of the Effective Date. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtor's foregoing assumption of each of the unexpired D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, Confirmation of the Plan shall not discharge, impair, or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation will be deemed and treated as an Executory Contract that has been assumed by the Debtor under the Plan as to which no Proof of Claim need be filed.

In addition, after the Effective Date, the Liquidating Trustee shall not terminate or otherwise reduce the coverage under any D&O Liability Insurance Policies (including any "tail policy") in effect on or after the Petition Date, with respect to conduct occurring prior thereto, and all members, directors and officers of the Debtor who served in such capacity at any time prior to the Effective Date shall be entitled to the full benefits of any such policy for the full term of such policy, to the extent set forth therein, regardless of whether such directors and officers remain in such positions after the Effective Date.

T. Preservation of Causes of Action.

In accordance with section 1123(b) of the Bankruptcy Code, the Liquidating Trustee shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action of the Debtor, whether arising before or after the Petition Date, and the Liquidating Trustee's rights to commence, prosecute, or settle such Causes of Action. The Liquidating Trustee may pursue any Causes of Action on behalf of the Debtor and the Estate in the name of the Liquidating Trust.

No Entity may rely on the absence of a specific reference in this Combined Plan and Disclosure Statement or in the Plan Supplement to any Cause of Action against it as any indication that the Debtor or the Liquidating Trustee, as applicable, will not pursue any and all available Causes of Action of the Debtor against it. The Debtor and the Liquidating Trustee expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan. Unless any Causes of Action of the Debtor against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order, the Debtor and Liquidating Trustee expressly preserves all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the occurrence of the Effective Date.

The Liquidating Trustee reserves and shall retain such Causes of Action of the Debtor notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during the Chapter 11 Case or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that the Debtor may hold against any Entity shall vest in the Liquidating Trustee, except as otherwise expressly provided in the Plan. The Liquidating Trustee, through its authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. Subject to the Liquidating Trust Agreement, the Liquidating Trustee shall have 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 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.

ARTICLE VIII.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption and Rejection of Executory Contracts and Unexpired Leases.

On the Effective Date, except as otherwise expressly provided elsewhere herein, all Executory Contracts or Unexpired Leases not otherwise assumed or rejected will be deemed assumed by the Debtor in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than those that are: (1) identified on the Rejected Executory Contracts and Unexpired Leases Schedule; (2) previously expired or terminated pursuant to their own terms; (3) have been previously assumed or rejected by the Debtor pursuant to a Final Order; (4) are the subject of a motion to reject that is pending on the Effective Date; or (5) have an ordered or requested effective date of rejection that is after the Effective Date.

Entry of the Confirmation Order shall constitute an order of the Bankruptcy Court approving the assumptions, assumptions and assignments, or rejections of the Executory Contracts or Unexpired Leases as set forth in the Plan or the Rejected Executory Contracts and Unexpired Leases Schedule, pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Except as otherwise specifically set forth herein, assumptions or rejections of Executory Contracts and Unexpired Leases pursuant to the Plan are effective as of the Effective Date. Each Executory Contract or Unexpired Lease assumed pursuant to the Plan or by Bankruptcy Court order, but not assigned to a third party before the Effective Date shall re-vest in and be fully enforceable by the Liquidating Trustee in accordance with its terms, except as such terms may have been modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption. Any motions to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by a Final Order on or after the Effective Date, but may be withdrawn, settled, or otherwise prosecuted by the Liquidating Trustee.

To the maximum extent permitted by law, and to the extent any provision in any Executory Contract or Unexpired Lease assumed, or assumed and assigned pursuant to the Plan, restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption or assumption and assignment of such Executory Contract or Unexpired Lease (including any "change of control" provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-Debtor party thereto to terminate such Executory Contract or Unexpired Lease, or to exercise any other default-related rights with respect thereto. Notwithstanding anything to the contrary in the Plan, the Debtor or the Liquidating Trustee, as applicable, reserve the right to alter, amend, modify, or supplement the Rejected Executory Contracts and Unexpired Leases Schedule at any time up to forty-five (45) days after the Effective Date.

Notwithstanding the foregoing, and consistent with the Investment Advisers Act of 1940, nothing in the Plan shall affect or modify any investor advisory contract, or cause the Debtor or Liquidating Trustee to be party to, an investor advisory contract to which any of the non-debtor Affiliates are a party.

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

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Bankruptcy Court within thirty (30) days after the later of (1) the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection, (2) the effective date of such rejection, or (3) the Effective Date. **Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not Filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtor or the Liquidating Trustee, the Estate, or their property, as applicable, without the need for any objection by the Debtor or the Liquidating Trustee, or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Proof of Claim to the contrary.** All Allowed Claims arising from the rejection of the Debtor's Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims and shall be treated in accordance with Article V.B.4 hereof.

C. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases.

No later than seven (7) calendar days before the Combined Hearing, the Debtor shall provide notices of proposed Cure amounts to the counterparties to the assumed Executory Contracts or Unexpired Leases, which shall include a description of the procedures for objecting to the proposed Cure amounts or the Liquidating Trustee's ability to provide "adequate assurance of future performance thereunder" (within the meaning of section 365 of the Bankruptcy Code). Unless otherwise agreed in writing by the parties in the applicable Executory Contract or Unexpired Lease, any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related Cure amount must be Filed, served, and actually received by the counsel to the Debtor no later than the date and time specified in the notice. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption or Cure amount will be deemed to have assented to such assumption or Cure amount.

Unless otherwise agreed upon in writing by the parties to the applicable Executory Contract or Unexpired Lease, all requests for payment of Cure that differ from the amounts paid or proposed to be paid by the Debtor or the Liquidating Trustee, as applicable, to a counterparty must be Filed with the Bankruptcy Court on or before fourteen (14) days after the Debtor provide such counterparty with a notice of the proposed Cure amount with respect to the applicable Executory Contract or Unexpired Lease. Any such request that is not timely filed shall be disallowed and forever barred, estopped, and enjoined from assertion, and shall not be enforceable against the Liquidating Trustee, without the need for any objection by the Liquidating Trustee or any other party in interest or any further notice to or action, order, or approval of the Bankruptcy Court. Any Cure shall be deemed fully satisfied, released, and discharged upon payment by the Debtor or the Liquidating Trustee, as applicable, of the Cure; *provided* that nothing herein shall prevent the Plain Administrator from paying any Cure despite the failure of the relevant counterparty to file such request for payment of such Cure amount. The Debtor or the Liquidating Trustee also may settle any Cure without any further notice to, or action, order, or approval of, the Bankruptcy Court.

The Debtor or the Liquidating Trustee, as applicable, shall pay the Cure amounts, if any, on the Effective Date, or as soon as reasonably practicable thereafter, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may agree. If there is any dispute regarding any Cure, the ability of the Debtor, the Liquidating Trustee, or any assignee to provide "adequate assurance of future performance" within the meaning of section 365 of the Bankruptcy Code, or any other matter pertaining to assumption, then payment of the applicable Cure amount shall occur as soon as reasonably practicable after entry of a Final Order resolving such dispute, approving such assumption (and, if applicable, assignment), or as may be agreed upon by the Debtor or the Liquidating Trustee, as applicable, and the counterparty to the Executory Contract or Unexpired Lease.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Cures, Claims, or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or any bankruptcy-related defaults, arising at any time prior to the effective date of assumption. **Any and all Proofs of Claim based upon Executory Contracts or Unexpired Leases that have been assumed in the Chapter 11 Case, including pursuant to the Confirmation Order, shall be deemed disallowed and expunged as of the later of (1) the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such assumption, (2) the effective date of such assumption, or (3) the Effective Date without the need for any objection thereto, or any further notice to, or action, order, or approval of the Bankruptcy Court**.

D. Preexisting Obligations to the Debtor Under Executory Contracts and Unexpired Leases.

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtor or Affiliate, as applicable, under such Executory Contracts or Unexpired Leases**.** In particular, notwithstanding any non-bankruptcy law to the contrary, the Debtor and as applicable, the Liquidating Trustee expressly reserves, and does not waive, any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations with respect to goods previously purchased by the Debtor pursuant to rejected Executory Contracts or Unexpired Leases.

E. Insurance Policies.

Each of the Debtor's insurance policies and any agreements, documents, or instruments relating thereto, are treated as Executory Contracts under the Plan. Unless otherwise provided in the Plan, on the Effective Date, (1) the Debtor shall be deemed to have assumed all insurance policies and any agreements, documents, and instruments relating to coverage of all insured Claims and (2) such insurance policies and any agreements, documents, or instruments relating thereto shall revest in the Liquidating Trust or the Liquidating Trustee.

F. Reservation of Rights.

Nothing contained in the Plan or the Plan Supplement shall constitute an admission by the Debtor or any other party that any contract or lease is in fact an Executory Contract or Unexpired Lease or that any Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtor

or the Liquidating Trustee, as applicable, shall have forty-five (45) days following entry of a Final Order resolving such dispute to alter its treatment of such contract or lease.

G. Nonoccurrence of Effective Date.

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code.

H. Contracts and Leases Entered Into After the Petition Date.

Contracts and leases entered into after the Petition Date by the Debtor, including any Executory Contracts and Unexpired Leases assumed by the Debtor, will be performed by the Debtor or the Liquidating Trustee, as applicable, in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

ARTICLE IX.
PROVISIONS GOVERNING DISTRIBUTIONS

A. Distributions on Account of Allowed Claims as of the Effective Date.

Except as otherwise provided herein, in a Final Order, or as otherwise agreed to by the Debtor or the Liquidating Trustee, as applicable, on the Effective Date all Allowed Administrative Claims and all Allowed Priority Claims shall be paid.

B. Disbursing Agent.

All distributions under the Plan shall be made by the Liquidating Trustee and/or the Disbursing Agent. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. Additionally, in the event that the Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be Liquidating Trust Expenses.

C. Rights and Powers of Disbursing Agent.

1. Powers of the Disbursing Agent.

The Disbursing Agent shall be empowered to: (a) effectuate all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated hereby; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

2. Expenses Incurred On or After the Effective Date.

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and expenses incurred by the Liquidating Trustee or the Disbursing Agent on or after the Effective

Date (including taxes), and any reasonable compensation and expense reimbursement claims (including reasonable attorney fees and expenses) shall be paid out of Liquidating Trust Assets as Liquidating Trust Expenses.

D. Delivery of Distributions and Undeliverable or Unclaimed Distributions.

1. Record Date for Distribution.

On the Distribution Record Date, the Claims Register shall be closed and any party responsible for making distributions shall instead be authorized and entitled to recognize only those record holders listed on the Claims Register as of the close of business on the Distribution Record Date. If a Claim, other than one based on a publicly traded Security, is transferred twenty (20) or fewer days before the Distribution Record Date, the Disbursing Agent shall make distributions to the transferee only to the extent practical and, in any event, only if the relevant transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

2. Delivery of Distributions in General.

Except as otherwise provided herein, and at the direction of the Liquidating Trustee, the Disbursing Agent may deliver interim or final distributions to Holders of Allowed Claims as of the Distribution Record Date as follows: (a) to the address set forth on the Proof(s) of Claim filed by such Holders (or the address reflected in the Schedules if no Proof of Claim is filed), (b) to the addresses set forth in any written notices of address changes delivered to the Liquidating Trustee and filed with the Bankruptcy Court after the date of any related proof of claim, or (c) in the case of a Holder of a Claim that is governed by an agreement and is administered by an agent or servicer (including, but not limited to, Allowed Notes Claims), to the agent or servicer, which shall then be responsible for making delivery of the Distribution to such Holder.

3. Establishment of Reserves.

Prior to any interim Distribution, the Liquidating Trustee shall establish and maintain a Disputed Claims Reserve sufficient to remit a pro rata distribution in the event that each Disputed Claim(s) is/are Allowed in face amount, with any Disputed Claims that are unliquidated or contingent being reserved for in an amount reasonably determined by the Liquidating Trustee. The applicable reserve amount for each such Disputed Claim shall be distributed to the Holder of such Claim only to the extent of any portion of such Claim that is Allowed, and shall revert to the Liquidating Trust for all purposes to the extent that all or any portion of such Claim is Disallowed.

4. Minimum Distributions.

If any interim distribution under the Plan to the Holder of an Allowed Claim would be less than $100.00, the Liquidating Trustee may withhold such distribution until a final distribution is made to such Holder. If any final distribution under the Plan to the Holder of an Allowed Claim would be less than $50.00, the Liquidating Trustee may cancel such distribution. Any unclaimed distributions pursuant to this Article shall be treated as unclaimed property under Article IX.D.5 hereof.

5. Undeliverable Distributions and Unclaimed Property.

In the event that any distribution to any holder of an Allowed Claim is returned as undeliverable, no distribution to such holder shall be made unless, and until, the Disbursing Agent has determined that the then-current address of such holder, at which time such distribution shall be made to such holder without interest; *provided* that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of 90 days from the original issuance of such distribution. After such date, all unclaimed property or interests in property shall revert to the Liquidating Trust automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any Holder of Claims and Interests relating to such property or Interest in property shall be disallowed, expunged and forever barred.

After final Distributions have been made in accordance with the terms of the Plan and after payment of or reservation for all Liquidating Trust Expenses, if the Liquidating Trust Assets remaining on hand in an amount of less than $25,000, the Liquidating Trustee may donate such funds to a charitable organization of its choosing that has been approved by the Oversight Committee.

6. Surrender of Canceled Instruments or Securities.

On the Effective Date, or as soon as reasonably practicable thereafter, each holder of a certificate or instrument evidencing a Claim, but not an Interest, shall be deemed to have surrendered such certificate or instrument to the Disbursing Agent. Such surrendered certificate or instrument shall be cancelled solely with respect to the Debtor, and such cancellation shall not alter the obligations or rights of any non-Debtor third parties vis-à-vis one another with respect to such certificate or instrument, including with respect to any indenture or agreement that governs the rights of the holder of a Claim, which shall continue in effect for purposes of allowing holders to receive distributions under the Plan, charging liens, priority of payment, and indemnification rights.

E. Manner of Payment.

1. All distributions of Cash to the holders of the applicable Allowed Claims under the Plan shall be made by the Disbursing Agent on behalf of the Debtor or the Liquidating Trust, as applicable.

2. At the option of the Disbursing Agent in its sole discretion, any Cash payment to be made hereunder may be made by check, wire transfer, or as otherwise required or provided in applicable agreements.

F. Compliance with Tax Requirements.

In connection with the Plan, to the extent applicable, the Debtor, the Liquidating Trustee, the Disbursing Agent, and any applicable withholding agent shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions made pursuant to the Plan shall be subject to such withholding and reporting requirements.

Notwithstanding any provision in the Plan to the contrary, such parties shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanisms they believe are reasonable and appropriate. The Liquidating Trustee reserves the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and similar spousal awards, Liens, and encumbrances. Failure by any holder of an Allowed Claim to provide the Liquidating Trustee any requested documentation for tax purposes, including W-9, W-8 or similar forms, within sixty (60) days after the date of the Liquidating Trustee's initial request, shall result in the disallowance and expungement of such Allowed Claim, which shall be forever barred without further order of the Bankruptcy Court.

G. Allocations.

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

H. No Postpetition Interest on Claims.

Unless otherwise specifically provided for in the Plan or the Confirmation Order, or required by applicable bankruptcy and non-bankruptcy law, postpetition interest shall not accrue or be paid on account of any prepetition Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on such Claim.

I. Foreign Currency Exchange Rate.

Except as otherwise provided in a Bankruptcy Court Final Order, as of the Effective Date, any Claim asserted in currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate for the applicable currency as published in The Wall Street Journal, National Edition, on the Petition Date.

J. Setoffs and Recoupment.

Except as expressly provided in this Plan, the Liquidating Trustee may, pursuant to section 553 of the Bankruptcy Code, set off and/or recoup against any Plan Distributions to be made on account of any Allowed Claim, any and all claims, rights, and Causes of Action that the Debtor may hold against the holder of such Allowed Claim to the extent such setoff or recoupment is either (1) agreed in amount among the Liquidating Trustee and the holder of the Allowed Claim, or (2) otherwise adjudicated by the Bankruptcy Court or another court of competent jurisdiction; *provided that* neither the failure to effectuate a setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver or release by the Liquidating Trustee or its successor of any and all claims, rights, and Causes of Action that the Liquidating Trustee or its successor may possess against the applicable holder. In no event shall any holder of a Claim be entitled to recoup such Claim against any claim, right, or Cause of Action of the Debtor or the Liquidating Trustee, as applicable, unless such holder actually has performed such recoupment and provided notice

thereof in writing to the Debtor on or before the Effective Date, notwithstanding any indication in any Proof of Claim or otherwise that such holder asserts, has, or intends to preserve any right of recoupment.

K. Claims Paid or Payable by Third Parties.

1. Claims Paid by Third Parties.

The Debtor or the Liquidating Trustee, as applicable, shall reduce in full a Claim, and such Claim shall be disallowed without a Claim objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the holder of such Claim receives payment in full on account of such Claim from a party that is not the Debtor or the Liquidating Trustee. Subject to the last sentence of this paragraph, to the extent a holder of a Claim receives a distribution on account of such Claim, and receives payment from a party that is not the Debtor or the Liquidating Trustee on account of such Claim, such holder shall, within fourteen (14) days of receipt thereof, repay or return the distribution to the Liquidating Trustee, to the extent the holder's total recovery on account of such Claim from the third party, and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such holder to timely repay or return such distribution shall result in the holder owing the Debtor, its Estate or Liquidating Trustee annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the fourteen (14) day grace period specified above, until the amount is repaid.

2. Claims Payable by Third Parties.

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtor's insurance policies until the holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtor's insurers agrees to satisfy in full or in part, a Claim (if and to the extent adjudicated to a Final Order by a court of competent jurisdiction), then immediately upon such insurers' agreement, the applicable portion of such Claim may be expunged without a Claim objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

3. Applicability of Insurance Policies.

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

ARTICLE X.
PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

A. Disputed Claims Process.

The Liquidating Trustee shall have the exclusive authority to (i) determine, without the need for notice to, or action, order, or approval of the Bankruptcy Court, that a claim subject to any Proof of Claim that is Filed is Allowed, and (ii) file, settle, negotiate, compromise, withdraw, or litigate to judgment any objections to Claims as permitted under this Plan without further order of the Bankruptcy Court (under Bankruptcy Rule 9019 or otherwise) or approval of any other party-in-interest, with the exception of Oversight Committee approval in respect of a Major Issue.

Except as otherwise provided in a Final Order of the Bankruptcy Court, any Proof of Claim Filed that was required to be filed and was first Filed after the applicable Claims Bar Date in the Chapter 11 Case, shall automatically be deemed a late-filed Claim that is disallowed in the Chapter 11 Case, without the need for , and shall not be enforceable against the Debtor, without the need for (i) any further action by the Liquidating Trustee or (ii) an order of the Bankruptcy Court. Nothing in this paragraph is intended to expand or modify the applicable Claims Bar Date or any orders of the Bankruptcy Court relating thereto.

B. Allowance of Claims.

The Liquidating Trustee may affirmatively determine to deem Unimpaired Claims Allowed to the same extent such Claims would be allowed under applicable non-bankruptcy law.

C. Claims Administration Responsibilities.

Except as otherwise specifically provided in the Plan, after the Effective Date, the Liquidating Trustee shall have the sole authority: (1) to File, withdraw, or litigate to judgment, objections to Claims or Interests; (2) to settle or compromise any Disputed Claim without any further notice to, or action, order, or approval by the Bankruptcy Court, subject only to the consent of the Oversight Committee to the extent of a Major Issue; and (3) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to, or action, order, or approval by the Bankruptcy Court**.** For the avoidance of doubt, except as otherwise provided herein, from and after the Effective Date, the Liquidating Trustee shall have and retain any and all rights and defenses such Debtor had immediately prior to the Effective Date with respect to any Disputed Claim or Interest, including the Causes of Action retained pursuant to Article VII.T hereof.

D. Disallowance of Claims or Interests.

All Claims and Interests of any Entity from which property is sought by the Debtor under sections 542, 543, 550, or 553 of the Bankruptcy Code, or that the Debtor or Liquidating Trustee allege is a transferee of a transfer that is avoidable under sections 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code shall be disallowed if: (a) the Entity, on the one hand, and the Debtor or the Liquidating Trustee, as applicable, on the other hand, agree or the Bankruptcy Court has determined by Final Order that such Entity or transferee is liable to turn over any

property or monies under any of the aforementioned sections of the Bankruptcy Code; and (b) such Entity or transferee has failed to turn over such property by the date set forth in such agreement or Final Order.

E. No Distributions Pending Allowance.

Notwithstanding any other provision of the Plan, if any portion of a Claim or Interest is a Disputed Claim or Interest, as applicable, no payment or distribution provided hereunder shall be made on account of such Claim or Interest unless and until such Disputed Claim or Interest becomes an Allowed Claim or Interest; *provided* that if only the Allowed amount of an otherwise valid Claim or Interest is Disputed, such Claim or Interest shall be deemed Allowed in the amount not Disputed and payment or distribution shall be made on account of such undisputed amount.

F. Distributions After Allowance.

To the extent that a Disputed Claim or Interest ultimately becomes an Allowed Claim or Interest, distributions (if any) shall only be made to the holder of such Allowed Claim or Interest in accordance with the provisions of the Plan. On or as soon as reasonably practicable after the next Distribution Date after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim or Interest becomes a Final Order, the Disbursing Agent shall provide to the holder of such Claim or Interest the distribution (if any) to which such holder is entitled under the Plan as of the Effective Date, without any interest to be paid on account of such Claim or Interest.

ARTICLE XI.
SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS

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

Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the Distributions and other benefits provided pursuant to this Combined Disclosure Statement and Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, 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 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 Debtor, its Estate, and Holders of Claims and Interests, and is fair, equitable, and reasonable. In accordance with the provisions hereof, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Liquidating Trustee may compromise and settle Claims against the Debtor and Causes of Action against other Entities subject only to the consent of the Oversight Committee to the extent of a Major Issue.

B. Release of Liens.

Except as otherwise provided in the Plan, the Confirmation Order, or in any contract, instrument, release, or other agreement or document created, or entered into, pursuant to

the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, except for Secured Claims that the Debtor elects to Reinstate in accordance with the Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Debtor, Liquidating Trustee and its successors and assigns. Any holder of such Secured Claim (and the applicable agents for such holder) shall be authorized and directed, to release any collateral or other property of the Debtor (including any cash collateral and possessory collateral), held by such holder (and the applicable agents for such holder), and to take such actions as may be reasonably requested by the Debtor or the Liquidating Trustee to evidence the release of such Liens and/or security interests, including the execution, delivery, and filing or recording of such releases. The presentation or filing of the Confirmation Order to or with any federal, state, provincial, or local agency, records office, or department shall constitute good and sufficient evidence of, but shall not be required to effect, the termination of such Liens.

To the extent that any holder of a Secured Claim that has been satisfied or discharged in full pursuant to the Plan, or any agent for such holder, has filed or recorded publicly any Liens and/or security interests to secure such holder's Secured Claim, then as soon as practicable on or after the Effective Date, such holder (or the agent for such holder) shall take any and all steps requested by the Debtor or the Liquidating Trustee, as applicable, that are necessary or desirable to record or effectuate the cancellation and/or extinguishment of such Liens and/or security interests, including the making of any applicable filings or recordings, and the Liquidating Trustee shall be entitled to make any such filings or recordings on such holder's behalf.

C. Release by the Debtor.

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, each Released Party is deemed released and discharged by the Debtor, the Liquidating Trust, the Liquidating Trustee, and the Estate from any and all claims and Causes of Action, whether known or unknown, including any derivative claims, asserted on behalf of the Debtor, that the Debtor, the Liquidating Trustee or the Estate 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 Debtor or other Entity, or that any holder of any Claim against, or Interest in, the Debtor or other Entity could have asserted on behalf of the Debtor, based on or relating to or in any manner arising from in whole or in part, the Debtor, the Debtor's in- or out-of-court restructuring efforts, any Avoidance Actions, intercompany transactions, the Combined Plan and Disclosure Statement, the Plan Supplement, or any Restructuring Transaction, the Chapter 11 Case, the filing of the Chapter 11 Case, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of this Combined Disclosure Statement and Plan, including the issuance or distribution of the Liquidating Trust Interest under the Plan, or the distribution of property under the Combined Disclosure Statement and Plan or any other related agreement, or upon any other act or omission, transaction,

agreement, event, or other occurrence taking place on or before the Effective Date. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release (a) any post-Effective Date obligations of any Person or Entity under the Plan, any post-Effective Date transaction contemplated by the Restructuring Transactions, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan or the Restructuring Transactions or (b) any individual from any Claim or Cause of Action related to an act or omission that is determined in a Final Order by a court of competent jurisdiction to have constituted gross negligence, actual fraud, or willful misconduct. Notwithstanding anything to the contrary in the foregoing, the release set forth above shall also apply to the Chapter 5 Released Parties, but only with respect to Avoidance Actions.

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 the 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 and the Chapter 5 Released Parties, including their contribution to facilitating the Restructuring Transactions and implementing the Plan; (b) a good faith settlement and compromise of the Claims and Causes of Action released by the Debtor Release; (c) in the best interests of the Debtor and all holders of Claims and Interests; (d) fair, equitable, and reasonable; (e) given and made after due notice and opportunity for a hearing; and (f) a bar to any of the Debtor, the Liquidating Trustee or the Estate from asserting any Claim or Cause of Action released pursuant to the Debtor Release.

D. Exculpation.

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have, or incur, and each Exculpated Party is released and exculpated from any Cause of Action for any claim related to any post-Petition Date act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, related prepetition transactions, the Combined Disclosure Statement and Plan, or any Restructuring Transaction, contract, instrument, release or other agreement or document created or entered into in connection with the Combined Disclosure Statement and Plan, the filing of the Chapter 11 Case, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of the Liquidating Trust Interest under the Plan, or the distribution of property under the Combined Disclosure Statement and Plan or any other related agreement, except for claims related to any act or omission that is determined in a Final Order to have constituted willful misconduct, actual fraud, or gross negligence. The Exculpated Parties have, and upon completion of the Plan 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 the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. Notwithstanding anything to the contrary in the foregoing, and for the avoidance of doubt, the exculpation set forth above does not exculpate (a) any Cause of Action for any claim arising prior to the

Petition Date, (b) any post-Effective Date obligations of any party or entity under the Plan, (c) any post-Effective Date transaction contemplated by the Restructuring Transactions, or (d) any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan. Further, nothing herein shall exculpate any party for any claims or Causes of Action arising from or in connection with any deviation in the Chapter 11 Case from the Debtor's historical cash-flow system existing on or about the Petition Date and continuing after the Petition Date.

E. Injunction.

Except as otherwise expressly provided in the Plan, or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities who have held, hold, or may hold claims or interests are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtor, the Liquidating Trust, the Liquidating Trustee, the Exculpated Parties, the Released Parties, or the Chapter 5 Released Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of, or in connection with, or with respect to, any such claims or interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities or the Liquidating Trust Assets on account of, or in connection with, or with respect to, any such claims or interests; (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 or interests; (d) asserting any right of setoff (except to the extent such setoff was exercised prior to the Petition Date), subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities or the Liquidating Trust Assets on account of, or in connection with, or with respect to, any such claims or interests unless such holder has filed a motion requesting the right to perform such setoff on or before the Effective Date, and notwithstanding an indication of a claim or interest or otherwise 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 or interests released or settled pursuant to the Plan. Moreover, MDLY shall be enjoined from any Transfer of the Company Tax Refund; *provided* that the Confirmation Order will provide that all rights regarding ownership of the Company Tax Refund are expressly reserved until determined by the Court. Notwithstanding anything to the contrary in the foregoing sentences, the injunction set forth above does not enjoin the enforcement of any post-Effective Date obligations of any party or entity under the Plan, any post-Effective Date transaction contemplated by the Restructuring Transactions, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

Notwithstanding any provision in the Plan or Confirmation Order to the contrary, the Debtor will not receive a discharge in accordance with section 1141(d)(3) of Bankruptcy Code.

F. Term of Injunctions or Stays.

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

G. Protections Against Discriminatory Treatment.

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

H. Reimbursement or Contribution.

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of allowance or disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Confirmation Date: (1) such Claim has been adjudicated as non-contingent, or (2) the relevant holder of such Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered prior to the Confirmation Date determining such Claim as no longer contingent.

I. SEC Enforcement.

Notwithstanding any language to the contrary contained in this Combined Disclosure Statement and Plan and/or the Confirmation Order, no provision of the Plan or the Confirmation Order shall (i) preclude the SEC from enforcing its police or regulatory powers; or (ii) enjoin, limit, impair, or delay the SEC from commencing or continuing any claims, causes of action, proceedings or investigations against any non-debtor person or entity in any forum. The SEC shall have the right to request estimation of its claim pursuant to Section 502(c) of the Bankruptcy Code. Any estimation of an SEC claim shall be solely for purposes of distributions under the Plan, and shall not be an adjudication on the merits or otherwise have any preclusive effect in any other litigation, action or proceeding.

The Debtor and Liquidating Trustee shall retain and preserve all Records[17] prior to the Petition Date that are currently in their respective possession. Neither the Debtor nor the

[17] For purposes of this section, "Records" include the records of affiliates that are in the Debtor or Liquidating Trustee's possession, custody, or control.

Liquidating Trustee shall destroy or otherwise abandon any ~~such Record~~ Records without seeking further authorization from the Bankruptcy Court after notice and an opportunity for hearing; provided, however, that ~~the SEC shall be obligated to provide to the Liquidating Trustee written notice of its completion of the SEC investigations described in Article II.I of this Combined Plan and Disclosure Statement (the "Investigation Completion Date"), after which Investigation Completion Date no Bankruptcy Court order shall be required for the Liquidating Trust to abandon or destroy any Records in its possession, custody or control; provided, further that the Liquidating Trustee's obligation to maintain Records pending the Investigation Completion Date shall not constitute a basis for the SEC or any other party in interest to object to any motion by the Liquidating Trustee for~~ notwithstanding the obligation to retain such Records, the Liquidating Trustee may move for entry of an order and final decree closing the Chapter 11 Case, if and to the extent that the Liquidating Trust and/or Liquidating Trustee have ~~(i~~: (x) fulfilled or provided for all other duties and responsibilities under the Combined Plan and Disclosure Statement and Liquidating Trust Agreement; (~~ii~~y) provided due and proper notice to the SEC of the motion for a final decree; and (~~iii~~z) made reasonable arrangements~~.~~, at the SEC's option and expense, to transfer any remaining ~~relevant documents or records to the SEC~~Records to the SEC; and provided further, that each of the Debtor, Liquidating Trustee and any non-Debtor subsidiary reserves all rights, if any, with respect to the Records, including, without limitation, ownership, possession, custody and control of such Records and all claims related to privilege or confidentiality.

Notwithstanding anything to the contrary in the Plan or this Confirmation Order, nothing in the Plan or this Confirmation Order shall affect the obligations of the Debtor, the Liquidating Trustee, and/or any transferee or custodian to maintain all books and records that are subject to any SEC subpoena, document preservation letter, or other investigative request except as set forth in this Article XI.I.

ARTICLE XII.
CONDITIONS PRECEDENT TO CONSUMMATION OF THE PLAN

A. Conditions Precedent to the Effective Date.

It shall be a condition to the Effective Date that the following conditions shall have been satisfied or waived pursuant to the provisions of Article XII.B hereof:

a. The conditions to Confirmation delineated in the Plan Term Sheet shall have either been satisfied or waived in accordance herewith;

b. The Plan Term Sheet shall not have been terminated;

c. the Bankruptcy Court shall have entered the Confirmation Order which shall:

vi. be in form and substance reasonably satisfactory to the Creditors' Committee and Medley Capital and shall not have been amended or modified other than in a manner satisfactory to each of the Creditors' Committee and Medley Capital;

vii. all Definitive Documents required under the Plan shall have been executed and delivered;

viii. no breach or failure to comply 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.

ix. authorize the Debtor to take all actions necessary to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with the Plan;

x. authorize the funding of the Non-Debtor Compensation Plan, as set forth in Article VII.K hereof;

xi. decree that the provisions in the Confirmation Order and the Plan are nonseverable and mutually dependent;

xii. authorize the Debtor and Liquidating Trustee, as applicable/necessary, to: (a) implement the Restructuring Transactions; (b) make all other distributions and issuances as required under the Plan, including Cash; and (c) enter into any agreements, transactions, and sales of property as set forth in the Plan Supplement;

xiii. authorize the implementation of the Plan in accordance with its terms;

xiv. provide that, pursuant to section 1146 of the Bankruptcy Code, the assignment or surrender of any lease or sublease, and the delivery of any deed or other instrument or transfer order, in furtherance of, or in connection with the Plan, including any deeds, bills of sale, or assignments executed in connection with any disposition or transfer of assets contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax; and

xv. be in full force and effect and not have been amended or modified other than in a manner satisfactory to each of the Creditors' Committee and Medley Capital, and there shall not be a stay or injunction (or similar prohibition) in effect with respect thereto;

d. the Debtor, Medley Capital, and Sierra shall have reached an agreement for the partial funding of the Non-Debtor Compensation Plan as set forth in Article VII.K hereof;

e. the Debtor shall have obtained all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan; and

f. the final version of the Plan Supplement and all of the schedules, documents, and exhibits contained therein, shall have been filed in a manner consistent in all material respects with the Plan.

B. Waiver of Conditions.

Any one or more of the conditions to Consummation set forth in this Article XII may be waived by the Proponents, without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

C. Effect of Failure of Conditions.

If Consummation does not occur, the Plan shall be null and void in all respects and nothing contained in in the Combined Disclosure Statement and Plan shall: (1) constitute a waiver or release of any Claims by the Debtor, Claims, or Interests; (2) prejudice in any manner the rights of the Debtor, any holders of Claims or Interests, or any other Person or Entity; or (3) constitute an admission, acknowledgment, offer, or undertaking by the Debtor, any holders of Claims or Interests, or any other Entity.

D. Substantial Consummation

"Substantial Consummation" of the Plan, as defined in 11 U.S.C. § 1101(2), shall be deemed to occur on the Effective Date.

ARTICLE XIII.
MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

A. Modification and Amendments.

Except as otherwise specifically provided in this Plan, the Proponents reserve the right to modify the Plan, whether such modification is material or immaterial, and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, not resolicit votes on such modified Plan. Subject to those restrictions on modifications set forth in the Plan and the requirements of section 1127 of the Bankruptcy Code, ~~Rule 3019 of the Federal Rules of~~ Bankruptcy ~~Procedure~~Rule 3019, and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, the Proponents expressly reserve their respective rights to revoke or withdraw, or to alter, amend, or modify the Plan, one or more times, after Confirmation, and, to the extent necessary may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Combined Disclosure Statement and Plan, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan.

B. Effect of Confirmation on Modifications.

Entry of the Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

C. Revocation or Withdrawal of Plan.

The Proponents reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to File subsequent plans of reorganization or liquidation. If the Proponents revoke or

withdraw the Plan, or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Debtor, Medley Capital, the Creditors' Committee, or any other Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by any Entity.

ARTICLE XIV.
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, or relating to, the Chapter 11 Case and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code, including jurisdiction to:

a. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of, any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims or Interests;

b. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

c. resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which the Debtor is party, or with respect to which the Debtor may be liable and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Cures pursuant to section 365 of the Bankruptcy Code; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) the Liquidating Trustee amending, modifying, or supplementing, after the Effective Date, pursuant to Article VIII hereof, any Executory Contracts or Unexpired Leases to the list of Executory Contracts and Unexpired Leases to be assumed or rejected or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

d. ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

e. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving the Debtor that may be pending on the Effective Date or instituted by the Liquidating Trustee after the Effective Date;

f. adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

g. enter and implement such orders as may be necessary to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Combined Disclosure Statement and Plan;

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

i. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

j. issue injunctions, enter and implement other orders, or take such other actions as may be necessary to restrain interference by any Entity with Consummation or enforcement of the Plan;

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

l. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the holder of a Claim or Interest for amounts not timely repaid;

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

n. determine any other matters that may arise in connection with, or relate to, the Combined Disclosure Statement and Plan, the Plan Supplement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Combined Disclosure Statement and Plan;

o. enter an order concluding or closing the Chapter 11 Case;

p. adjudicate any and all disputes arising from or relating to distributions under the Plan;

q. consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

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

s. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

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

u. hear and determine all disputes involving the existence, nature, scope, or enforcement of any exculpations, discharges, injunctions, and releases granted in the Plan, including under Article XI hereof, regardless of whether such termination occurred prior to or after the Effective Date;

v. enforce all orders previously entered by the Bankruptcy Court; and

w. hear any other matter not inconsistent with the Bankruptcy Code.

ARTICLE XV.
MISCELLANEOUS PROVISIONS

A. Immediate Binding Effect.

Subject to Article XII hereof, and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan (including, for the avoidance of doubt, the documents and instruments contained in the Plan Supplement) shall be immediately effective and enforceable and deemed binding upon the Debtor, its Estate, the Liquidating Trustee, any and all holders of Claims or Interests (irrespective of whether such holders of Claims or Interests, as applicable, have, or are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtor.

B. Additional Documents.

On or before the Effective Date, the Proponents may file with the Bankruptcy Court such agreements and other documents as may be necessary to effectuate and further evidence the terms and conditions of the Plan. The Liquidating Trustee and all holders of Claims or Interests receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

C. Payment of 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 out of Liquidating Trust Assets by the Liquidating Trustee (or the Disbursing Agent on behalf of the Debtor or Liquidating Trustee) for each quarter (including any fraction thereof) until the earlier of entry of a final decree closing the Chapter 11 Case, or an order of dismissal or conversion,

whichever comes first; provided, however, that the Debtor shall remain jointly and severally liable for the payment of any such statutory fees until a Final Order is entered closing the Chapter 11 Case.

D. Statutory Committee and Cessation of Fee and Expense Payment.

On the Effective Date, any statutory committee appointed in the Chapter 11 Case, including the Creditors' Committee, shall dissolve and members thereof shall be discharged from all rights and duties from, or related to, the Chapter 11 Case. Neither the Debtor nor the Liquidating Trust, as applicable, shall be responsible for paying any fees or expenses incurred by the members of or advisors to any statutory committees, including the Creditors' Committee, after the Effective Date.

E. Reservation of Rights.

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless and until the Bankruptcy Court shall have entered the Confirmation Order, and the Confirmation Order shall have no force or effect if the Effective Date does not occur. None of the Filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by the Proponents with respect to the Combined Disclosure Statement and Plan or the Plan Supplement shall be, or shall be deemed to be, an admission or waiver of any rights of any of the Proponents with respect to the Holders of Claims or Interests prior to the Effective Date.

F. Successors and Assigns.

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

G. Notices.

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

Debtor	**Counsel to the Debtor**
Medley LLC Attn: Michelle Dreyer, manager Managing Director Corporation Service Company 251 Little Falls Drive Wilmington Delaware 19808 Email: Michelle.dreyer@cscgfm.com	Jeffrey R. Waxman, Esq. Eric J. Monzo, Esq. Brya M. Keilson, Esq. Morris James LLP 500 Delaware Avenue, Suite 1500, Wilmington, Delaware 19801 Email: jwaxman@morrisjames.com Email: emonzo@morrisjames.com Email: bkeilson@morrisjames.com

Official Committee of Unsecured Creditors	Counsel to the Official Committee of Unsecured Creditors
James S. Carr, Esq. Benjamin D Feder, Esq. Kelley Drye & Warren LLP 3 World Trade Center 175 Greenwich Street New York, NY 10007 Email: jcarr@kelleydrye.com feder@kelleydrye.com	Christopher M. Samis, Esq. David Ryan Slaugh, Esq. Potter Anderson & Corroon LLP 1313 N. Market Street, 6th Floor Wilmington, DE 19801 Email: csamis@potteranderson.com Email: rslaugh@potteranderson.com
Counsel to Medley Capital LLC	
Gregory A. Taylor, Esq. Ashby & Geddes, P.A. 500 Delaware Avenue, 8th Floor P.O. Box 1150 Wilmington, DE 19899 Email: gtaylor@ashby-geddes.com	Justin Rawlins, Esq. Matthew Micheli, Esq. Brendan M. Gage, Esq. Paul Hastings LLP 515 South Flower Street, 25th Floor Los Angeles, CA 90071 Email: justinrawlins@paulhastings.com mattmicheli@paulhastings.com brendangage@paulhastings.com
United States Trustee	
The United States Trustee for the District of Delaware 844 King Street, Suite 2207, Lockbox 35 Wilmington, Delaware 19801 Attn: Jane Leamy, Esq.	

H. Post-Effective Date Service List

Pursuant to Bankruptcy Rule 2002 and any applicable Local Rule, notice of all post-Confirmation matters for which notice is required to be given shall be deemed sufficient if served upon counsel for the U.S. Trustee, counsel to the Debtor, counsel for the Liquidating Trustee, and all persons on the Bankruptcy Rule 2002 service list. With the exception of the Debtor, the U.S. Trustee, and Medley Capital, any Person desiring to remain on the Debtor's Bankruptcy Rule 2002 service list shall be required to file a request for continued service and to serve such request upon counsel to the Liquidating Trustee within thirty (30) days subsequent to the Effective Date. Persons shall be notified of such continued notice requirements in the notice of entry of the Confirmation Order. **Persons who do not file a request for continued service within thirty (30) days subsequent to the Effective Date shall be removed from the Debtor's Bankruptcy Rule 2002 service list.**

I. Entire Agreement.

Except as otherwise indicated, the Plan (including, for the avoidance of doubt, the documents and instruments in the Plan Supplement) supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

J. Plan Supplement.

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are Filed, copies of such exhibits and documents shall be available upon written request to the Debtor's counsel at the address above or by downloading such exhibits and documents from the Debtor's restructuring website at http://www.kccllc.net/medley or the Bankruptcy Court's website at www.deb.uscourts.gov. In the event of an inconsistency between this Combined Disclosure Statement and Plan and the Plan Supplement, the terms of the relevant provision in the Plan Supplement shall control (unless stated otherwise in such Plan Supplement document).

K. Nonseverability of Plan Provisions.

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted; *provided, however*, any such alteration or interpretation shall be acceptable to each of the Proponents. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without each of the Proponents' or the Liquidating Trustee's consent, as applicable; and (3) nonseverable and mutually dependent.

L. Votes Solicited in Good Faith.

Upon entry of the Confirmation Order, the Proponents will be deemed to have solicited votes on the Plan in good faith and in compliance with section 1125(g) of the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, each of the Debtor, the Creditors' Committee and Medley Capital, and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code, including the issuance of the Liquidating Trust Interest under the Plan, and, therefore, neither any of such parties or individuals or the Proponents will have any liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or in the issuance of the Liquidating Trust Interest under the Plan.

M. Closing of Chapter 11 Case.

The Liquidating Trustee shall, promptly after the full administration of the Chapter 11 Case, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Case.

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Dated: ~~August 13~~October [5], 2021

MEDLEY LLC

/s/ Michelle A. Dreyer
Name: Michelle A. Dreyer
Title: Independent Manager

MEDLEY CAPITAL LLC

/s/ Howard Liao
Name: Howard Liao
Title: Chief Executive Officer

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

/s/ Glenn Gardipee
Name: Glenn Gardipee
Title: Chairperson

Exhibit A

Liquidation Analysis

Exhibit B

Organizational Chart

Exhibit C

Non-Debtor Compensation Plan

Exhibit D

~~Form of~~ Sierra Commitment Letter

Exhibit E

Medley LLC 8-K, Dated May 7, 2021

Exhibit F

SEC Claim

Summary Report	
Title	**compareDocs Comparison Results**
Date & Time	10/13/2021 1:18:57 PM
Comparison Time	1.07 seconds
compareDocs version	v5.0.200.14

Sources	
Original Document	Medley - 3rd Amend. DS Plan.docx
Modified Document	[#13159187] [v2] Medley - Modified 3rd Amend. DS Plan.docx

Comparison Statistics	
Insertions	42
Deletions	10
Changes	17
Moves	0
Font Changes	0
Paragraph Style Changes	0
Character Style Changes	0
TOTAL CHANGES	69

Word Rendering Set Markup Options	
Name	Standard
Insertions	
~~Deletions~~	
Moves / ~~Moves~~	
Font Changes	
Paragraph Style Changes	
Character Style Changes	
Inserted cells	
Deleted cells	
Merged cells	
Changed lines	Mark left border.

compareDocs Settings Used	Category	Option Selected
Open Comparison Report after saving	General	Always
Report Type	Word	Redline
Character Level	Word	False
Include Comments	Word	False
Include Field Codes	Word	True
Flatten Field Codes	Word	False
Include Footnotes / Endnotes	Word	True
Include Headers / Footers	Word	True
Image compare mode	Word	Insert/Delete
Include List Numbers	Word	True
Include Quotation Marks	Word	False
Show Moves	Word	True
Include Tables	Word	True
Include Text Boxes	Word	True
Show Reviewing Pane	Word	True
Summary Report	Word	End
Detail Report	Word	Separate (View Only)
Document View	Word	Print