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Solicitation Version

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
SEQUENTIAL BRANDS GROUP, INC., *et al.*,[1]	)	Case No. 21-11194 (JTD)
Debtors.	)	(Jointly Administered)

FIRST AMENDED DISCLOSURE STATEMENT FOR JOINT PLAN OF LIQUIDATION OF SEQUENTIAL BRANDS GROUP, INC. AND ITS DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE SUBMITTED BY THE DEBTORS

GIBSON DUNN & CRUTCHER LLP
Scott J. Greenberg (*admitted pro hac vice*)
Joshua K. Brody (*admitted pro hac vice*)
Jason Zachary Goldstein (*admitted pro hac vice*)
200 Park Avenue
New York, NY 10166
Telephone: (212) 351-4000
Facsimile: (212) 351-4035

PACHULSKI STANG ZIEHL & JONES LLP
Laura Davis Jones (Bar No. 2436)
Timothy P. Cairns (Bar. No. 4228)
919 North Market Street, 17th Floor
P.O. Box 8705
Wilmington, DE 19899 (Courier 19801)
Telephone: (302) 652-4100
Facsimile: (302) 652-4400

Co-Counsel for the Debtors and Debtors in Possession

Dated: January 12, 2022

[1] The Debtors, along with the last four digits of each Debtor's tax identification number, are: Sequential Brands Group, Inc. (2789), SQBG, Inc. (9546), Sequential Licensing, Inc. (7108), William Rast Licensing, LLC (4304), Heeling Sports Limited (0479), Brand Matter, LLC (1258), SBG FM, LLC (8013), Galaxy Brands LLC (9583), The Basketball Marketing Company, Inc. (7003), American Sporting Goods Corporation (1696), LNT Brands LLC (3923), Joe's Holdings LLC (3085), Gaiam Brand Holdco, LLC (1581), Gaiam Americas, Inc. (8894), SBG-Gaiam Holdings, LLC (8923), SBG Universe Brands, LLC (4322), and GBT Promotions LLC (7003). The Debtors' corporate headquarters and the mailing address for each Debtor is 105 E. 34th Street, #249, New York, NY 10016.

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I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") of Sequential Brands Group, Inc., SQBG, Inc., Sequential Licensing, Inc., William Rast Licensing, LLC, Heeling Sports Limited, Brand Matter, LLC, SBG FM, LLC, Galaxy Brands LLC, The Basketball Marketing Company, Inc., American Sporting Goods Corporation, LNT Brands LLC, Joe's Holdings LLC, Gaiam Brand Holdco, LLC, Gaiam Americas, Inc., SBG-Gaiam Holdings, LLC, SBG Universe Brands, LLC, and GBT Promotions LLC (collectively, the "Debtors," the "Company" or "Sequential Brands"), in the above-captioned chapter 11 cases pending before the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), filed in connection with the *Joint Plan of Liquidation of Sequential Brands Group, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code*, dated December 7, 2021 (as may be amended and supplemented, the "Plan"), a copy of which is annexed to this Disclosure Statement as Exhibit A.

A. Definitions and Exhibits

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

2. Exhibits. The exhibits to this Disclosure Statement are incorporated as if fully set forth herein and are a part of this Disclosure Statement.

B. Notice to Creditors

1. Scope of Plan. Summarily, the Plan provides for (i) the distribution on the Effective Date (or as soon as reasonably practicable thereafter) of Cash to the Holders of Allowed Administrative Claims in an amount equal to the Allowed amount of such Claims, (ii) the treatment of Holders of Allowed Priority Tax Claims in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code, (iii) the distribution on the Effective Date (or as soon as reasonably practicable thereafter) to the Holders of Allowed Professional Fee Claims of Cash from the Liquidating Trust in an amount equal to such Allowed Professional Fee Claim, (iv) the distribution on the Effective Date (or as soon as reasonably practicable thereafter) to the Holders of all Allowed Term B Secured Claims of their Pro Rata Share of the Liquidating Trust Interests in accordance with Article IV.B.2 of the Plan on account of such Holder's Term B Secured Claim(s) against the Debtors, which shall entitle such holder to distributions from the Liquidating Trust as and to the extent set forth in the Plan and the Liquidating Trust Agreement, and (v) such other recoveries necessary to satisfy section 1129 of the Bankruptcy Code as set forth in the Plan.

The Plan is being proposed as a joint plan of liquidation of the Debtors for administrative purposes only and constitutes a separate chapter 11 plan of liquidation for each Debtor. The Plan is not premised upon the substantive consolidation of the Debtors with respect to the Classes of Claims or Interests set forth in the Plan.

Claims and Interests are divided into eight (8) Classes under the Plan as against each Debtor, and the proposed treatment of Claims and Interests in each Class is described in the Plan and summarized below. Such classification takes into account the different nature and priority of the Claims and Interests. The Plan contains a Class of Other Secured Claims (Class 1) that is Unimpaired, a Class of Other Priority Claims (Class 2) that is Unimpaired, a Class of Term B Secured Claims (Class 3) that is impaired, a Class of General Unsecured Claims (Class 4) that is impaired, a Class of Section 510 Claims (Class 5) that is

impaired, a Class of Intercompany Claims (Class 6) that is impaired, a Class of Intercompany Interests (Class 7) that is impaired, and a Class of Existing Parent Equity Interests (Class 8) that is impaired.

On or before the Effective Date, the Liquidating Trust shall be established to administer certain post-Effective Date responsibilities under the Plan. The Liquidating Trust shall consist of the Liquidating Trust Assets (which include, among other things, all remaining assets of each of the Debtors, Cash owned by each of the Debtors (other than Cash to fund the Wind-Down Amount pursuant to the Wind-Down Budget unless such Cash has become a Liquidating Trust Asset in accordance with Article IV.C.1, IV.C.2, or IV.C.3 of the Plan), and all Debtor Causes of Action, other than Released Causes of Action).

On the Effective Date, as provided in the Implementation Memorandum, the Debtors shall transfer all of the Liquidating Trust Assets and the Wind-Down Reserve Accounts then held by the Debtors to the Liquidating Trust free and clear of all liens, claims, and encumbrances, except to the extent otherwise provided in the Plan, including, without limitation, pursuant to Article III.B and Article IV.B of the Plan. On the Effective Date, the Debtors shall appoint a trustee (the Liquidating Trustee), whose identity shall be acceptable to the Requisite Consenting Lenders, to oversee the Liquidating Trust and the wind-down of the Debtors' estates. The Liquidating Trustee shall be permitted to retain professionals, as provided in the Plan and, immediately following the Effective Date, the Liquidating Trust shall retain the Retained Professionals. The names and descriptions of the Retained Professionals are provided on Exhibit B hereto. A post-Effective Date representative of the Liquidating Trust Beneficiaries (the Class 3 Representative) shall also be appointed to consult with the Liquidating Trustee on the administration of the Liquidating Trust. The Class 3 Representative shall have the rights and responsibilities set forth in the Liquidating Trust Agreement.

Pursuant to the Plan, each Holder of an Allowed Term B Secured Claim will receive a percentage of the Liquidating Trust Interests that equals such Holder's Allowed Term B Secured Claim when divided by the sum of all Allowed Term B Secured Claims. The Liquidating Trustee will distribute the appropriate Net Proceeds of the Liquidating Trust Assets to Holders of Allowed Term B Secured Claims in proportion to the Liquidating Trust Interests held by such Holder. If the Debtors and the Requisite Consenting Lenders agree, the Liquidating Trust may assume certain Term B Secured Claim(s) in an amount to be agreed; *provided*, *however*, no Holder of a Term B Secured Claim will recover more than the full amount of its Term B Secured Claim. Notwithstanding anything to the contrary in this Plan or any Plan Document, if the Liquidating Trust assumes any Term B Secured Claim, such Term B Secured Claim shall continue to be secured by the Prepetition Term B Liens, which for the avoidance of doubt, shall provide a first priority security interest in, and continuing lien on, the Liquidating Trust Assets.

The Plan also provides for the Wind-Down Reserve Accounts. On the Effective Date, Cash shall be placed into the Wind-Down Reserve Accounts comprised of the (i) Administrative/Priority Claims Reserve Account, (ii) Other Secured Claims Reserve Account, (iii) Professional Fee Claims Reserve Account, and (iv) Liquidating Trust Reserve Account, in each case, pursuant to the terms of the Plan.

As to such Wind-Down Reserve Accounts, (i) the funds in the Administrative/Priority Claims Reserve Account shall be used solely for the payment of Allowed Administrative/Priority Claims (other than Professional Fee Claims) in accordance with Articles II or III (as applicable) and VI.B of the Plan, (ii) the funds in the Other Secured Claims Reserve Account shall be used solely for the payment of Allowed Other Secured Claims in accordance with Articles III.B.2 and VI.B of the Plan, (iii) the funds in the Professional Fee Claims Reserve Account shall be used solely for the payment of Allowed Professional Fee Claims in accordance with Article II.C of the Plan, and (iv) the funds in the Liquidating Trust Reserve Account shall be in an amount set forth in the Wind-Down Budget and used for the purpose of paying the expenses incurred by the Liquidating Trustee (including fees and expenses for professionals retained by the

Liquidating Trust) in connection with the Liquidating Trust and any obligations imposed on the Liquidating Trustee or the Liquidating Trust.

On the Effective Date, each of the Wind-Down Reserve Accounts shall be funded in Cash. It is a condition precedent to the Effective Date that the Wind-Down Reserve Accounts have each been funded in the Wind-Down Amount pursuant to the Wind-Down Budget and as otherwise required pursuant to the Plan.

2. Purpose of Disclosure Statement. The purpose of the Disclosure Statement is to set forth information that (i) summarizes the Plan and alternatives to the Plan, (ii) advises Holders of Claims and Interests of their rights under the Plan, (iii) assists creditors entitled to vote on the Plan in making informed decisions as to whether they should vote to accept or reject the Plan, and (iv) assists the Bankruptcy Court in determining whether the Plan complies with the provisions of chapter 11 of the Bankruptcy Code and should be confirmed.

By order dated January 7, 2022, the Bankruptcy Court approved this Disclosure Statement, finding that it contains "adequate information," as that term is used in section 1125(a)(1) of the Bankruptcy Code. However, the Bankruptcy Court has not passed on the merits of the Plan. Creditors should carefully read the Disclosure Statement, in its entirety, before voting on the Plan.

This Disclosure Statement and the attached Plan are the only materials creditors should use to determine whether to vote to accept or reject the Plan.

THE LAST DAY TO VOTE TO ACCEPT OR REJECT THE PLAN IS FEBRUARY 15, 2022 AT 4:00 P.M. (EASTERN TIME) (THE "VOTING DEADLINE").

THE RECORD DATE FOR DETERMINING WHICH CREDITORS MAY VOTE ON THE PLAN IS JANUARY 11, 2022 (THE "RECORD DATE").

THE CONFIRMATION HEARING WILL BE HELD BY ZOOM BEFORE THE HONORABLE JOHN T. DORSEY, UNITED STATES BANKRUPTCY JUDGE, IN COURTROOM # 5 OF THE 5TH FLOOR OF THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 NORTH MARKET STREET, WILMINGTON, DELAWARE 19801, ON FEBRUARY 22, 2022 AT 1:00 P.M. (PREVAILING EASTERN TIME), OR AS SOON THEREAFTER AS COUNSEL MAY BE HEARD. THE BANKRUPTCY COURT HAS DIRECTED THAT OBJECTIONS, IF ANY, TO CONFIRMATION OF THE PLAN BE SERVED AND FILED ON OR BEFORE FEBRUARY 15, 2022 AT 4:00 P.M. (PREVAILING EASTERN TIME).

PLEASE READ THE DISCLOSURE STATEMENT, INCLUDING THE PLAN, IN ITS ENTIRETY. A COPY OF THE PLAN IS ANNEXED HERETO AS EXHIBIT A. THE DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THE PLAN ITSELF QUALIFIES ALL SUCH SUMMARIES. ACCORDINGLY, IF THERE EXISTS ANY INCONSISTENCY BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN SHALL CONTROL.

The Plan Supplement will be filed with the Bankruptcy Court no later than seven days prior to the Plan Objection Deadline. The financial and other information included in this Disclosure Statement is for purposes of soliciting acceptances of the Plan.

C. Disclosure Statement Enclosures

Accompanying the Disclosure Statement are the following enclosures:

1. Disclosure Statement Approval Order. A copy of the order of the Bankruptcy Court, dated January 7, 2022, approving the Disclosure Statement and, among other things, establishing procedures for voting on the Plan (the "Voting Procedures") and scheduling the hearing to consider, and the deadline for objecting to, confirmation of the Plan (the "Disclosure Statement Order").

2. Notice of Confirmation Hearing. A copy of the notice of the deadline for submitting ballots to accept or reject the Plan and, among other things, the date, time, and place of the Confirmation Hearing and the deadline for filing objections to Confirmation of the Plan (the "Confirmation Hearing Notice").

3. Ballots. One or more ballots (and return envelopes) (a "Ballot") for voting to accept or reject the Plan, unless you are not entitled to vote because you are (i) to receive no distribution under the Plan and are deemed to reject the Plan, (ii) not impaired under the Plan and are deemed to accept the Plan, or (iii) a holder of a Claim subject to an objection filed by the Debtors, which Claim is temporarily disallowed for voting purposes. *See* Section I.E below for an explanation of which parties in interest are entitled to vote.

The Bankruptcy Code provides that only creditors who vote on the Plan will be counted for purposes of determining whether the requisite acceptances have been attained. Failure to timely deliver a Ballot by the Voting Deadline will constitute an abstention. Any Ballot that is executed and timely delivered but does not indicate an acceptance or rejection shall not be counted as either an acceptance or rejection.

As described further herein, each Ballot shall include an opt-out box pursuant to which Holders of Claims in Class 3 that abstain from voting or vote to reject the Plan may opt-out of the releases set forth in Article VIII.B.2 of the Plan.

NOTE THAT (I) ALL HOLDERS OF CLAIMS THAT (A) VOTE TO ACCEPT THE PLAN AND/OR (B) ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN AND THAT ABSTAIN FROM VOTING ON THE PLAN OR VOTE TO REJECT THE PLAN BUT, IN EITHER CASE, DO NOT "OPT-OUT" OF THE RELEASES SET FORTH IN ARTICLE VIII.B.2 OF THE PLAN BY CHECKING THE BOX ON THEIR RESPECTIVE BALLOT AND SUBMITTING THE BALLOT SUCH THAT THE BALLOT IS TIMELY RECEIVED AND EFFECTIVE.

D. Inquiries

If you have any questions about the packet of materials that you have received, please contact Kurtzman Carson Consultants LLC, the Debtors' Administrative Advisor and Claims and Balloting Agent at (866) 556-7696 (U.S./Canada) or (781) 575-2048 (international).

Additional copies of this Disclosure Statement or copies of the Plan Supplement are available upon request made to the Claims and Balloting Agent, at the following address:

Sequential Brands Group, Inc., et al. Balloting Center
c/o KCC
222 N. Pacific Coast Highway, Suite 300
El Segundo, CA 90245

Copies of the Disclosure Statement and the Plan Supplement also are available on the Claims and Balloting Agent's website, http://www.kccllc.net/sqbg.

E. Summary Table of Classification and Treatment of Claims and Interests Under the Plan

The following table provides a summary of the classification and treatment of Claims and Interests under the Plan and is qualified in its entirety by reference to the Plan, a copy of which is annexed hereto as Exhibit A.

Class Number	**Description of Class**	**Treatment Under the Plan/ Estimated % Recovery Under the Plan**
N/A	Administrative Claims	- Recovery: 100% - Unimpaired - Except to the extent that a Holder of an Allowed Administrative Claim agrees to a less favorable treatment of its Allowed Administrative Claim, each Holder of an Allowed Administrative Claim will receive in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim either (i) on the Effective Date, or as soon as practicable thereafter or (ii) if the Administrative Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which such Administrative Claim is Allowed by a Final Order, or as soon as reasonably practicable thereafter, and all requests for payment of an Administrative Claim must be Filed with the Bankruptcy Court and served on counsel to the Liquidating Trustee, counsel to the Debtors, and the U.S. Trustee no later than the Administrative Claim Bar Date.

Class Number	**Description of Class**	**Treatment Under the Plan/ Estimated % Recovery Under the Plan**
N/A	Priority Tax Claims	- Recovery: 100% - Unimpaired - Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, the 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.
Class 1	Other Secured Claims	- Recovery: 100% - Unimpaired (Presumed to Accept) - Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment of its Allowed Other Secured Claim, on the Effective Date or as soon as reasonably practicable thereafter or, if the Other Secured Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which such Other Secured Claim is Allowed by Final Order, or as soon as reasonably practicable thereafter, each Holder of an Allowed Other Secured Claim shall receive, in full and complete settlement, release, and discharge of such Claim, at the option of the Debtors and the Requisite Consenting Lenders, the following treatment: (i) payment in full (in Cash) of such Allowed Other Secured Claim on the later of (a) the Effective Date (or as soon thereafter as reasonably practicable) and (b) as soon as practicable after the date such Allowed Other Secured Claim becomes due and payable; (ii) satisfaction of such Allowed Other Secured Claim by delivering the collateral securing such Allowed Other Secured Claim and paying any interest required to be paid under section 506(b) of the Bankruptcy Code, (iii) reinstatement of such Allowed Other Secured Claim, or (iv) such other treatment rendering such Allowed Other Secured Claim unimpaired in accordance with section 1124 of the Bankruptcy Code.

Class Number	**Description of Class**	**Treatment Under the Plan/ Estimated % Recovery Under the Plan**
Class 2	Other Priority Claims	- Recovery: 100% - Unimpaired (Presumed to Accept) - Except to the extent that a Holder of an Allowed Other Priority Claim agrees to a less favorable treatment of its Allowed Other Priority Claim, on the Effective Date or as soon as reasonably practicable thereafter or, if the Other Priority Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which such Other Priority Claim is Allowed by Final Order, or as soon as reasonably practicable thereafter, each Holder of an Allowed Other Priority Claim shall receive, in full and complete settlement, release, and discharge of such Claim, at the option of the Debtors and the Requisite Consenting Lenders, the following treatment: (i) payment in full (in Cash) of such Allowed Other Priority Claim on the later of (a) the Effective Date (or as soon thereafter as reasonably practicable) and (b) as soon as practicable after the date such Allowed Other Priority Claim becomes due and payable or (ii) such other treatment rendering such Allowed Other Priority Claim unimpaired in accordance with section 1124 of the Bankruptcy Code.
Class 3	Term B Secured Claims	- Recovery: 95-98%[2] - Impaired (Entitled to Vote) - Each Holder of an Allowed Class 3 Claim shall receive its Pro Rata share of the Liquidating Trust Interests in accordance with Article IV.B.2 of the Plan on account of such Holder's Term B Secured Claim(s) against the Debtors, which shall entitle such holder to distributions from the Liquidating Trust as and to the extent set forth in the Plan and the Liquidating Trust Agreement; *provided, however,* that if the Debtors and the Requisite Consenting Lenders agree, the Liquidating Trust may assume certain Term B Secured Claim(s) in an amount to be agreed; *provided, further, however,* no Holder of a Term B Secured Claim will recover more than the full amount of its Term B Secured Claim.

[2] Each Holder of a Class 3 Term B Secured Claim will receive a 59-78% recovery pursuant to the Plan on its remaining Claim amount as of the date hereof (i.e., its Claim amount reflecting partial paydown following the

Class Number	**Description of Class**	**Treatment Under the Plan/ Estimated % Recovery Under the Plan**
Class 4	General Unsecured Claims	- Recovery: 0% - Not Entitled to Vote (Deemed to Reject) - On the Effective Date or as soon as reasonably practicable thereafter, all General Unsecured Claims shall be cancelled and extinguished. Holders of General Unsecured Claims shall not receive any distribution or retain any property pursuant to the Plan.
Class 5	Section 510 Claims	- Recovery: 0% - Not Entitled to Vote (Deemed to Reject) - On the Effective Date or as soon as reasonably practicable thereafter, all Section 510 Claims shall be cancelled and extinguished. Holders of Section 510 Claims shall not receive any distribution or retain any property pursuant to the Plan.
Class 6	Intercompany Claims	- Recovery: 0% - Not Entitled to Vote (Deemed to Reject) - On the Effective Date or as soon as reasonably practicable thereafter, in accordance with the Implementation Memorandum, each Intercompany Claim shall be (i) reinstated, in full or in part, and treated in the ordinary course of business or (ii) cancelled and discharged, as mutually agreed upon by the Debtors and the Requisite Consenting Lenders. Holders of such Intercompany Claims shall not receive or retain any property on account of such claims to the extent that such Intercompany Claim is cancelled and discharged.

closing of the Sale Transactions, as described herein), which equates to a 95-98% total recovery in the Chapter 11 Cases.

Class Number	Description of Class	Treatment Under the Plan/ Estimated % Recovery Under the Plan
Class 7	Intercompany Interests	- Recovery: 0% - Not Entitled to Vote (Deemed to Reject) - On the Effective Date or as soon as reasonably practicable thereafter, in accordance with the Implementation Memorandum, each Intercompany Interest shall be (i) reinstated, in full or in part, and treated in the ordinary course of business or (ii) cancelled and discharged, as mutually agreed upon by the Debtors and the Requisite Consenting Lenders. Holders of such Intercompany Interests shall not receive or retain any property on account of such Interest to the extent that such Intercompany Interest is cancelled and discharged.
Class 8	Existing Parent Equity Interests	- Recovery: 0% - Not Entitled to Vote (Deemed to Reject) - On the Effective Date or as soon as reasonably practicable thereafter, all Existing Parent Equity Interests shall be cancelled and extinguished. Holders of Existing Parent Equity Interests shall not receive any distribution or retain any property pursuant to the Plan.

II. OVERVIEW OF DEBTORS' OPERATIONS AND CHAPTER 11 CASES

A. Debtors' Prepetition Business Operations

The Debtors have historically engaged in the ownership, management, and licensing of a large-scale and diversified portfolio of consumer brands across a number of industry sectors. The Debtors worked to maximize the strategic value of owned brands by promoting, marketing, and licensing them through numerous distribution channels, including retailers, wholesalers and distributors in the United States and in certain international territories. By licensing owned brands to operating partners, the Company was able to avoid inventory and certain other typical operational risks ordinarily associated with the sale of consumer branded products.

The original Sequential Brands Group, Inc. ("Old Sequential") was incorporated under the laws of the State of Delaware in 1982 as People's Liberation, Inc. and changed its name to Sequential Brands Group, Inc. in 2012. Old Sequential's common stock began trading on the NASDAQ Capital Market on September 24, 2013 under the ticker "SQBG." In June 2015, the modern Sequential Brands was formed with the acquisition of Martha Stewart Living Omnimedia, Inc. ("MSLO"), a company in the business of promoting, marketing, and licensing the Martha Stewart and Emeril Lagasse brands. As a result of that transaction, both Old Sequential and MSLO became wholly-owned subsidiaries of Sequential Brands. Sequential Brands succeeded to Old Sequential's NASDAQ listing on December 7, 2015.

On June 10, 2019, Sequential Brands completed the sale of MSLO pursuant to an equity purchase agreement with Marquee Brands LLC entered on April 16, 2019. MSLO was sold for $166 million in cash consideration, plus certain additional amounts in respect to pre-closing accounts receivable and an earnout of up to $40 million based on certain performance targets during the 2020-2022 calendar years. Said performance targets were not met for the year ending December 31, 2020 and it is unclear if such targets will be met for 2021 and 2022.

As discussed in more detail below, as of the Petition Date, Sequential Brands owned a portfolio of consumer brands, which are broadly grouped into "active" and "lifestyle" categories. Such brands were licensed for a broad range of product categories, including apparel, footwear, fashion accessories, and home goods. The Company strived to maximize the value of these brands through license agreements with various partners that manufacture, sell, and distribute the licensed products.

Sequential licensed brands to both wholesale and direct-to-retail licensees. In a wholesale license, a wholesale supplier is granted rights (typically on an exclusive basis) to a single or small group of product categories for a particular brand for sale to multiple accounts within an approved channel of distribution and territory. In a direct-to-retail license, a single retailer is granted the right (also typically done on an exclusive basis) to sell branded products in a broad range of product categories through its brick and mortar stores and e-commerce sites.

The Debtors' license agreements typically required a licensee to pay royalties based upon net sales and, in most cases, contained guaranteed minimum royalties (i.e., a minimum amount that must be paid regardless of sales, referred to as "GMRs"). Certain of the Debtors' license agreements also required licensees to support the brands by either paying or spending contractually guaranteed minimum amounts for the marketing and advertising of the respective licensed brand.

1. Description of Owned Brands as of the Petition Date

a. William Rast: William Rast is a lifestyle fashion brand incorporating the iconography of biker culture with designs that embody the "new America" sensibility and deliver an edgy yet refined collection of apparel for both men and women. Branded William Rast products include denim and jewelry. Notable licensees include Omega Apparel and Millennial Apparel Group, for men and women's denim, respectively. Distribution is concentrated through off-price retailers.

b. Joe's: Joe's is a premium denim and sportswear brand for men, women, and children. Sequential Brands acquired Joe's in 2015 and concurrently entered into a long-term license agreement for the Joe's core categories with Centric Brands, Inc. ("Centric"). Joe's brand products are sold through department stores and specialty boutiques, as well as through Joes.com and through related e-commerce sites.

c. Jessica Simpson: The Jessica Simpson brand is a signature lifestyle brand founded in 2015, offering branded products in categories including footwear, apparel, fragrance, fashion accessories, maternity apparel, girls' clothing, and home products. Sequential Brands acquired a majority ownership interest in the joint venture that owns the Jessica Simpson Brand (With You LLC) in 2015. The brand is marketed and supported by best-in-class licensees and distributed through department stores such as Dillard's, Macy's, Nordstrom, Zappos.com, and DSW, as well as through other independent retailers and

e-commerce vendors. The joint venture also has a license agreement with Camuto Group to manufacture and distribute branded footwear under the Jessica Simpson Collection.

SPRI*:* SPRI was founded as the Sports Performance Rehabilitative Institute in 1983 as a line of rubber resistance products for fitness and training. Over the past 30 years the SPRI brand has expanded to offer a full line of fitness accessories, training tools, and related educational materials. Sequential Brands acquired SPRI in 2016 as part of the larger GAIAM transaction. SPRI distribution takes place through specialty sporting goods and mass market channels, including through commercial fitness channels such as gyms, fitness clubs, and hotels. SPRI also makes sales through its own site (SPRI.com) and through related e-commerce sites.

GAIAM: Sequential acquired the GAIAM brand in 2016. Founded in 1996 as an eco-living catalog company, GAIAM evolved into a yoga brand by producing and distributing yoga videos and related products through multiple channels of distribution. GAIAM has since expanded to include a full line of apparel, yoga mats, yoga mat bags, yoga blocks and straps, yoga and fitness props, balance balls, bags, active sitting products, including our balance ball chair, fitness kits and various other accessories. GAIAM is dedicated to making yoga, fitness and wellness accessible to all through a wide distribution network, including the mass market, department stores, specialty and sporting goods stores, grocery and drug stores as well as GAIAM.com and related ecommerce sites. Sequential currently licenses the GAIAM brand to various licensees, including Fit For Life LLC for yoga and wellness related hardgoods products, and High Life LLC for apparel.

Avia: Sequential acquired the Avia brand in 2014, which was founded in 1979 and is best known for running and activewear products designed to unite performance and function for athletes of every level. Since Sequential acquired Avia, it has expanded its licensed product categories to include wearable fitness accessories, hosiery, sports bags and various other accessory products. The Avia brand is primarily offered through Wal-Mart stores in the United States, with additional distribution through specialty retailers, off-price retailers, and related e-commerce sites as well as globally in numerous countries.

AND1: Sequential acquired the AND1 brand in 2014, which was founded in 1993 and prides itself on being the original street basketball brand focusing on the everyday player. Key licensees for the AND1 brand include Galaxy Active LLC for footwear and High Life, LLC for apparel. In addition, the AND1 brand is licensed in product categories such as basketballs and other accessories. The AND1 brand is offered through Wal-Mart stores, specialty footwear and sporting goods stores, off-price retailers, and AND1 related e-commerce sites in the United States and Canada as well as certain international territories.

B. Corporate Headquarters

Prior to the Petition Date, Sequential Brands entered into lease termination agreements for three of its office spaces including its former corporate headquarters at 601 West 26th Street, New York, NY and sublease for this space. The Debtors used leased office space located at 1407 Broadway, 38th Floor, New York, NY (the "1407 Lease") until the premises were unequivocally surrendered on October, 29, 2021. On November 5, 2021, the Debtors filed *Debtors' Motion for Entry of an Order Authorizing the Debtors to (I) Reject 1407 Broadway Office Lease and (II) Abandon any Personal Property that Remains at the Premises* [Docket No. 283] (the "Lease Rejection Motion"), which requested authorization to reject the 1407 Lease effective as of October 29, 2021 and to surrender remaining property that was unsold and left at the premises

as of such date. The Bankruptcy Court granted the Lease Rejection Motion on November 30, 2021 [Docket No. 326]. The Debtors' current mailing address is 105 E. 34th Street, #249, New York, NY 10016.

C. Organizational Structure

Sequential Brands Group, Inc. is a holding company, incorporated in Delaware. Its principal asset is the capital stock of SQBG, Inc., a Delaware corporation that, along with certain direct and indirect subsidiaries, operates the Debtors' businesses. Those affiliates and subsidiaries are all directly or indirectly owned by Sequential Brands Group, Inc., through SQBG, Inc. A copy of the Sequential Brands organizational chart is attached as Exhibit A to the *Declaration of Lorraine DiSanto in Support of the Debtors' Chapter 11 Petitions and Requests for First Day Relief* [Docket No. 3] (the "First Day Declaration").

D. Prepetition Capital Structure

The chart below sets forth the Debtors' funded debt obligations as of the Petition Date:

Debt Obligation	Original Principal Amount	Approximate Principal Amount Outstanding as of Petition Date	Maturity	Security Status
Revolving Loan	$130 million	N/A	2023	Secured
First Lien Term Loan A	$150 million	$102.28 million	2023	Secured
First Lien Term Loan A-1	$70 million	$25.36 million	2023	Secured
Second Lien Term Loan	$314 million[3]	$298.5 million	2024	Secured

1. Bank of America Facility

Sequential Brands and certain of its subsidiaries are party to that certain Third Amended and Restated First Lien Credit Agreement (the "BoA Credit Agreement"), dated as of July 1, 2016, with Bank of America, N.A., as administrative agent and collateral agent and the lenders (the "BoA Lenders") party thereto, which (as amended) consists of (i) Tranche A Term Loans (the "Tranche A Loans"), (ii) Tranche A-1 Term Loans (the "Tranche A-1 Loans" and, together with the Tranche A Loans, the "BoA Term Loans") and (iii) revolving credit commitments (the "Revolving Credit Commitments" and, the loans under the Revolving Credit Commitments, the "Revolving Loans"). On the Petition Date, the total amount outstanding under the BoA Credit Agreement was $127.91 million, including (i) $102.28 million of Tranche A Loans and (ii) $25.63 million of Tranche A-1 Loans.

On December 30, 2019, Sequential Brands entered into that certain Third Amendment to the BoA Credit Agreement (the "Third BoA Amendment"). Pursuant to the Third BoA Amendment, the loans under the BoA Credit Agreement became subject to quarterly amortization payments of $2.5 million through September 30, 2020, $3.25 million through September 30, 2021 and $4 million for each fiscal quarter thereafter. The Third BoA Amendment also modified the calculation of Consolidated EBITDA (as defined in the agreement) and allowed certain netting of cash for purposes of calculating the leverage ratio covenant. The Revolving Credit Commitments were also reduced to $80 million.

As described in more detail below, on April 9, 2021, Sequential Brands entered into a limited waiver to the BoA Credit Agreement (the "BoA Limited Waiver") which waived certain defaults and cross-defaults as described below. On July 2, 2021, Sequential entered into another waiver, the LTV Waiver (as

[3] As of the First Amendment Effective Date (as defined in the Wilmington Credit Agreement, as defined below). The original principal amount was $415,000,000.

defined below), to the BoA Credit Agreement, related to the LTV Default (as defined below). The LTV Waiver expired on August 31, 2021.

2. Wilmington Facility

Sequential Brands and certain of its subsidiaries are party to that certain Third Amended and Restated First Lien Credit Agreement (the "Wilmington Credit Agreement"), dated as of July 1, 2016, with Wilmington Trust, National Association, as administrative agent and collateral agent and the lenders party thereto. On August 7, 2018, Sequential Brands entered into that certain First Amendment to the Wilmington Credit Agreement and made an $88.55 million prepayment under the Wilmington Credit Agreement, reducing the aggregate outstanding principal amount to $314 million. On the Petition Date, the total amount outstanding under the Wilmington Credit Agreement was $298,467,625.

On June 10, 2019, in connection with Sequential Brand's sale of MSLO, Sequential Brands entered into that certain Second Amendment to the Wilmington Credit Agreement. On August 12, 2019, Sequential Brands entered into that certain Third Amendment to the Wilmington Credit Agreement. Pursuant to the Third Amendment to the Wilmington Credit Agreement, no amortization of the loans under the Wilmington Credit Agreement was required through September 30, 2020, with quarterly amortization payments of $1.0 million commencing thereafter. The Third Amendment to the Wilmington Credit Agreement also provided for a consolidated excess cash flow payment holiday through December 31, 2020, modified the calculation of Consolidated EBITDA, and allowed certain netting of cash for purposes of calculating the leverage ratio covenant. Sequential also agreed not to borrow more than $30 million in Revolving Loans under the BoA Credit Agreement.

On March 30, 2020, Sequential Brands entered into that certain Fourth Amendment (the "Fourth Amendment") to the Wilmington Credit Agreement, which provides that after September 30, 2020, quarterly amortization payments would be $2.1 million, further modified the calculation of Consolidated EBITDA, and allowed certain netting of cash for purposes of calculating the leverage ratio covenant.

As described in more detail below, on November 16, 2020, Sequential Brands entered into that certain Fifth Amendment (the "Fifth Amendment") to the Wilmington Credit Agreement, which modified certain covenants and provided a waiver of certain defaults (the "Wilmington Waiver") through December 31, 2020 as further described below. The Company received incremental extensions of the Wilmington Waiver in the first, second, and third quarters of 2021. The last extension of the Wilmington Waiver expired on August 31, 2021.

3. Trade Debt

As of the Petition Date, the Debtors estimated they had unsecured Claims in an amount between $1.2 million and $1.4 million.

4. Securities Related Litigation

a. SEC Action

On December 11, 2020, the Securities and Exchange Commission ("SEC") filed a lawsuit (the "SEC Action") against the Sequential Brands Group, Inc. ("Sequential Defendant") in the U.S. District Court for the Southern District of New York (the "District Court") titled *Securities and Exchange Commission v. Sequential Brands Group, Inc.*, Case No. 1:20-cv-10471 (S.D.N.Y. 2020). In its complaint, the SEC alleges, among other things, (i) that Sequential Defendant improperly delayed certain goodwill impairments and (ii) that there existed certain related deficiencies in Sequential Defendant's internal

accounting controls. Sequential Defendant subsequently filed an answer to the complaint on October 14, 2021, which was followed by a settlement in principle between the parties. On December 1, 2021, the District Court ordered a final judgment as to Sequential Defendant. Sequential Defendant consented to entry of the final judgment without admitting or denying the allegations of the complaint. The final judgment permanently restrained and enjoined Sequential Defendant from violating the underlying provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. Due to the pending Chapter 11 Cases, the District Court did not order Sequential Defendant to pay a civil penalty, contingent on the accuracy and completeness of Sequential Defendants' schedules of assets and liabilities, as filed in these Chapter 11 Cases.

On August 9, 2021, the SEC settled charges against the former CFO of Sequential Brands for causing Sequential Brand's reporting, books and records, and internal controls violations related to allegations that the Company failed to impair goodwill in a timely manner. Without admitting or denying the allegations, the former CFO agreed to cease and desist from committing or causing violations of any of these provisions and to pay a $20,000 penalty. The SEC did not charge the former CFO with negligently or otherwise misleading investors. The SEC's findings were made pursuant to the former CFO's Offer of Settlement and were not binding on any other person or entity, including the Company, in any proceeding.

b. Derivative Litigation

On January 20, 2021, a shareholder derivative complaint, titled *Delmonico v. Shmidman, et al.*, was filed in the U.S. District Court of Delaware. The case names the Company and certain of its current and former officers and directors as defendants. The complaint alleges breaches of fiduciary duties and violation of Section 14(a) of the Exchange Act. The allegations in the complaint are based principally on the allegations in the SEC Action and the Company's alleged failure to disclose such matters in its 2020 proxy statement. The plaintiff seeks, among other things, injunctive relief and damages.

On June 16, 2021, a shareholder derivative complaint, titled *D'Arcy v. Shmidman, et al.*, was filed in the U.S. District Court of Delaware. The case names the Company and certain of its current and former officers and directors as defendants. The complaint alleges breaches of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement, corporate waste and violation of Section 14(a) of the Exchange Act and contribution under Sections 10(b) and 21D of the Exchange Act. The allegations in the complaint are based principally on the allegations in the SEC's complaint and the Company's alleged failure to disclose such matters in its 2020 proxy statement. The plaintiff seeks, among other things, injunctive relief and damages. On July 1, 2021, *D'Arcy v. Shmidman, et al.* was consolidated by stipulation with *Delmonico v. Shmidman, et al.*, into a single action titled, *In re Sequential Brands Group, Inc. Derivative Litigation*, Case No. 1:21-cv-00060 (D. Del. 2021) (the "Derivative Litigation"). On September 3, 2021, counsel to Sequential Brands Group Inc. filed the *Notice of Commencement of Chapter 11 Cases and Automatic Stay*, providing that the Derivative Litigation is subject to the automatic stay in these Chapter 11 Cases and all proceedings, including any pending motions, are stayed pending further action of the Bankruptcy Court.

Derivative causes of action, like the Derivative Litigation, have been consistently found to vest in a debtor upon the filing of its bankruptcy petition as property of the estate under section 541 of the Bankruptcy Code. Pursuant to Article VIII.B.1 of the Plan, the Plan provides for a broad release by the Debtors and their Estates of all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whether liquidated or unliquidated, direct, indirect or derivative, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or hereinafter arising, whether in law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common law, or any other applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, based on or relating to, or in any manner arising from, in whole or in part, among other things, any act,

omission, transaction, event, or other occurrence taking place on or prior to the Effective Date (including prior to the Petition Date) in any way relating to the Debtors, the Estates, or the purchase, sale, or rescission of the purchase or sale of any security of the Debtors. As a result, the underlying claims in the Derivative Action will be released by the Debtors by operation of the Plan.

c. Class Action Litigation

On March 16, 2021, a class action lawsuit, titled *D'Arcy v. Sequential Brands Group Inc. et al.* (the "Class Action Litigation"), was filed by a purchaser of the Company's securities, and prospectively on behalf of all other purchasers of the Company's publicly traded securities between November 3, 2016 and December 11, 2020, in the U.S. District Court for the Central District of California. The complaint names the Company and certain of its current and former officers and directors as defendants. The complaint alleges violations of Section 10(b) and 20(a) of the Exchange Act. The allegations in the complaint are based principally on the allegations in the SEC Action. The plaintiff seeks, among other things, class certification and damages. On August 20, 2021, the parties filed a stipulation to transfer the venue to the United States District Court for the Southern District of New York, Case No. 1:21-cv-07296 (S.D.N.Y. 2021). On September 2, 2021, counsel to Sequential Brands Group Inc. filed the *Notice of Commencement of Chapter 11 Cases and Automatic Stay*, providing that the Class Action Litigation is subject to the automatic stay in these Chapter 11 Cases and all proceedings, including any pending motions, are stayed pending further action of the Bankruptcy Court.

Under the Plan, Class 5 (Section 510 Claims), which includes any Claim (i) arising from (a) rescission of a purchase or sale of a security of the Debtors or an affiliate of the Debtors or (b) purchase or sale of such a security or (ii) subject to subordination in accordance with section 510 of the Bankruptcy Code or otherwise, shall be cancelled and extinguished. Holders of Section 510 Claims shall not receive any distribution or retain any property pursuant to the Plan. Because of the nature of the claims alleged in the Class Action Litigation, the lead plaintiff, the putative class, and any other parties asserting Claims in the Class Action Litigation shall not be entitled to any distribution from the Debtors pursuant to the Plan.

Further, pursuant to Article VIII.D of the Plan, all Parties and Entities are permanently enjoined, on and after the Effective Date, on account of any Claim, Cause of Action or Interest, including the Derivative Litigation and the Class Action Litigation from, among other things, 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, Causes of Action or Interests, including the Derivative Litigation and the Class Action Litigation, related to any Estate, any Released Party, the Liquidating Trust, and their respective successors and assigns, and any of their respective assets and properties.

5. Other Material Litigation

On February 7, 2020, Wenger S.A. ("Wenger") sued Galaxy Brands LLC ("Galaxy Brands") and Olivet International, Inc. ("Olivet") in the United States District Court for the Southern District of New York ("New York Court") asserting claims of trademark infringement, unfair competition and copyright infringement against the use of Swisstech and related cross design marks on backpacks and luggage. Wenger seeks an injunction preventing use of the Swisstech marks, cancellation of Galaxy Brand's federal registrations for the Swisstech marks, damages, and attorney fees. Galaxy Brands and Olivet filed counterclaims for a declaration canceling the Wenger's trademark registrations, and finding them invalid and unenforceable. On September 20, 2021, the New York Court granted Olivet's application to stay the action pending the conclusion of Galaxy Brands' bankruptcy proceeding. On November 17, 2021, Wenger filed a motion for preliminary injunction and for lift of the stay as against Olivet ("Wenger Motion"). On November 22, 2021, Galaxy Brands filed a letter with the New York Court seeking to keep the stay of the action in place, including as to Olivet, pending the conclusion of Galaxy Brands' bankruptcy proceeding.

A hearing on the Wenger Motion was held on December 9, 2021. The New York Court denied the Wenger Motion and continued the stay of the action as to Olivet pending the conclusion of Galaxy Brands' bankruptcy proceeding.

6. Equity

Sequential Brands Group, Inc. is the ultimate parent entity of each of the Debtors, and of certain of their non-Debtor affiliates. Prior to the Petition Date, Sequential Brands Group, Inc. was a publicly traded company listed on the NASDAQ under the ticker SQBG. On the Petition Date, the Debtors issued a press release announcing the delisting of the company's securities from listing and registration on NASDAQ. The Debtors received a letter from NASDAQ notifying them that, in accordance with NASDAQ Listing Rules 5101, 5110(b) and IM-5101-1 and as a result of its chapter 11 filing and the existing non-compliance due to filing delinquencies, the trading of Sequential's common stock was to be suspended at the opening of business on September 9, 2021 and a Form 25-NSE would be filed with the Securities and Exchange Commission which would remove the company's securities from listing and registration on the NASDAQ. On September 17, 2021, a form 25-NSE Notification of Removal from Listing and/or Registration Under Section 12(b) of the Securities Exchange Act of 1934 was filed, stating that NASDAQ had complied with its rules to strike the class of securities from listing and/or withdraw registration on the exchange.

As of close of market on August 27, 2021, there were approximately 394 holders of record of Sequential Brand's common stock and Sequential Brand's market capitalization was approximately $18.5 million.

E. Significant Events Leading to Commencement of Chapter 11 Cases

1. Revenue Decline and the COVID-19 Pandemic

The Company's revenues had been in decline since 2019. The Company's net revenue decreased by $25.7 million to $101.6 million for the year 2019, compared to $127.3 million for the prior year. The decrease was partially driven by licensee transitions, a licensee termination, lower contractual GMRs, and reduced wholesale sales year-over-year. This trend continued in 2020, as the Company's net revenue further decreased by $11.8 million to $89.8 million. While some of this decline was due to the economic impact of COVID-19, which caused a devastating impact on the Debtors' retail licensees, in the form of supply chain disruption and store closures, the Debtors' business faced a number of additional challenges.

The Company's licensing revenues are concentrated with a limited number of licensees and retail partners. During the year 2020, three licensees each represented at least 10% of net revenue, accounting for 19%, 18% and 15% of the Company's net revenue from continuing operations. The Company's revenue and cash flows were, therefore, dependent on these key licensees, creating a risk that the Company could be materially and adversely affected if any of these parties were to have financial difficulties affecting their ability to make payments, elected not to renew or extend any existing license agreements or arrangements, or significantly reduced their sales of these licensed products under their license agreements.

In addition, prior to the Petition Date, the Debtors sold the intellectual property underlying certain licenses according to their terms but have not generated sufficient revenue to replace them. Pursuant to some of the Debtors' license agreements, when a certain cumulative payment amount is met, the licensees may be entitled to purchase the underlying intellectual property for a nominal amount. Other licenses have various options for the licensee to acquire the brands when certain metrics are met. The Debtors' business model relies on being able to purchase additional licenses, brands, and assets in order to replace certain licenses after the Debtors have sold the underlying intellectual property at the end of the licensed term. As

a result of declining revenues, however, it was challenging for the Debtors to acquire additional brands to replace the brands they sold.

2. Prepetition Restructuring Efforts

The Company recognized the revenue challenges it was facing by the third quarter of 2019. Given these challenges, together with the Company's receipt of multiple unsolicited offers from third parties interested in acquiring certain of the Company's assets, the Company engaged Stifel, Nicholaus & Co., Inc. ("Stifel") on October 7, 2019 to perform a strategic alternatives business review, with a mandate that included, at the Company's determination, advice and assistance with the planning, execution, and closing of one or more sales. This specifically included exploring the unsolicited offers, as well as initiating and coordinating discussions with potential purchasers and/or negotiations of possible transactions. Based on conversation with Stifel, the Board of Directors of the Company decided in November 2019 to begin preparing for a sale of the Company's assets. As more fully set forth in the First Day Declaration, the Company has worked diligently with Stifel (and, after February 2021, with Miller Buckfire & Co., LLC ("Miller Buckfire")) to market the Company's assets, resulting in entry into several stalking horse bids, as discussed below.

As this marketing process was ongoing, the continued decline in historical revenue in the face of the COVID-19 pandemic rendered the Company in danger of breaching certain financial covenants in the Wilmington Credit Agreement by the fourth quarter of 2020. As a result, Sequential Brands entered into the Wilmington Waiver under the Wilmington Credit Agreement with the Term B Lenders. The Wilmington Waiver provided for a waiver of certain specified events of default under the Wilmington Credit Agreement, including, relating to Sequential Brand's (i) failure to deliver the audited financial statements for the fiscal quarter ended March 31, 2020, (ii) failure to deliver the Compliance Certificate for the Fiscal Quarter ended March 31, 2020, (iii) failure to deliver the updated report of the royalty revenue summary by brand and related licensing detail with respect to material licenses for the fiscal quarter ended March 31, 2020, (iv) failure to pay when due the fourth amendment fee to the agent, for the benefit of the lenders, and (v) cross-defaults related to similar defaults under the BoA Credit Agreement. Following a number of incremental extensions, the Wilmington Waiver expired on its terms as of August 31, 2021.

Throughout the course of this process, the Debtors' engaged in extensive arms-length negotiations with the Term B Lenders regarding potential solutions to the Debtor' capital structure, including through the sale of core Company assets. On January 20, 2021, the Debtors received a letter of intent from Galaxy Universal LLC ("Galaxy Universal"), a subsidiary of Gainline Galaxy Holdings LLC ("Galaxy") for the purchase of the Company's active division brands and related assets (the "Active Division Assets"). The proposed purchase price was $270 million, which was to be paid in cash, and did not specify Galaxy's financing sources. Despite this letter of intent, the Debtors' advisors continued to engage with other parties related to a sale of the Debtors' assets, including structures that focused on a sale of (i) the Active Division Assets, (ii) all of the Debtors' Assets, and/or (iii) various combinations of the Debtors' Assets. As such, the Debtors continued to pursue all viable options and engage with all potential parties to identify value-maximizing transaction.

After further negotiation with the Debtors' advisors, the cash purchase price in the Galaxy LOI increased to $310 million by January 29, 2021 but negotiations then stalled as the Debtors and their advisors worked to try to deliver more value for the Active Division Assets or the Company's assets as a whole. In March and April 2021, the Term B Lenders began to engage with the Debtors and Galaxy to develop a transaction structure by which the Term B Lenders would provide attractive financing to Galaxy in order to help increase the value of the transaction structure. Ultimately, with Term B Lender financing included in the proposal, the Galaxy purchase price for the Active Division Assets increased to $333 million. On April 28, 2021, the Debtors entered into a non-binding letter of intent (the "Galaxy LOI") with Galaxy

Universal to purchase the Company's Active Division Assets for a purchase price of $333 million (subject to certain adjustments, including related to the purchase of certain related accounts receivable).

On July 23, 2021, the Company entered into a non-binding letter of intent with Centric (the "Centric LOI") for the purchase of the Joe's Jeans brand, for a total purchase price of at least $42 million (subject to certain adjustments) consisting of (i) $38.25 million payable upon closing and (ii) an annual cash payment equal to 1.0% of Net Wholesale Sales[4] for the applicable year, subject to a minimum payment of $750,000 per year, for the next five consecutive years. As noted, Centric is the current licensee for the Joe's brand. Contemporaneously with the execution of the restructuring support agreement (as discussed below) the Company entered into asset purchase agreements with Galaxy (the "Galaxy APA") and Centric (the "Centric APA"), respectively, to serve as staking horse bidders.

During the course of these, and other, negotiations with transaction counterparties, the Company became aware on June 11, 2021, that, as a result of an updated appraisal of certain intellectual property, the Company was no longer in compliance with the loan to value ratio financial covenant set forth in the BOA Credit Agreement. On June 17, 2021, the Company entered into a temporary waiver (the "LTV Waiver" with the BoA Lenders, which was ultimately extended through August 31, 2021. Pursuant to the LTV waiver, the Company was obligated to, among other things, (i) apply cash on the balance sheet in excess of $11 million to pay down outstanding obligations under the BoA Credit Agreement on a weekly basis, (ii) deliver weekly cash flow forecasts to BoA, and (iii) pay a 1.0% waiver fee, unless the Term B Lenders delivered a fully underwritten commitment (the "DIP Commitment") sufficient to repay the obligations under the BoA Credit Agreement in full in cash by August 10, 2021. As detailed below, the Term B Lenders provided the DIP Commitment by August 10, 2021, and the 1.0% waiver fee was not required to be paid.

3. Sales Consummated Pre-Petition Date

In addition to the above described Galaxy LOI and Centric LOI, the Company's prepetition marketing process resulted in the sale of a number of brands prior to the Petition Date.

On April 21, 2021, the Company entered into an asset purchase agreement between Heeling Sports Limited, a wholly-owned indirect subsidiary of Sequential Brands, and BBC International LLC ("BBC International"), pursuant to which the Company sold BBC International the Heely's intangible assets for $11 million in cash consideration. The sale closed on April 21, 2021.

On July 19, 2021, Sequential Brands entered into an asset purchase agreement with Elan Polo International, Inc. ("Elan Polo"), pursuant to which Sequential agreed to sell its 65% interest in the DVS brand to Elan Polo for $2.0 million in cash consideration. The sale closed on July 19, 2021.

On July 30, 2021, the Company entered into an asset purchase agreements between (i) Brand Matter, LLC ("Brand Matter"), a wholly-owned indirect subsidiary of Sequential, and Ellen Tracy Holdings, LLC ("ET Holdings") and (ii) Brand Matter and Caribbean Joe Holdings, LLC ("CJ Holdings" and, together with ET Holdings, "Capelli"), pursuant to which the Company sold Capelli the Ellen Tracy and Caribbean Joe brands for $17 million and $3 million in cash consideration, respectively. Both sales closed on July 30, 2021.

[4] As that term is defined in the Joe's Jeans Sportswear and Jeanswear License between Sequential Brands Group, Inc. and Centric West LLC (as successor to GBG USA Inc.), dated as of September 1, 2015, as amended.

4. The Restructuring Support Agreement

The Debtors and their advisors finalized and entered into a restructuring support agreement ("RSA") with the Term B Lenders on August 31, 2021. In conjunction therewith, the Debtors entered into purchase agreements with Galaxy (the "Galaxy APA") and Centric (the "Centric APA"), respectively, to serve as stalking horse bidders. Pursuant to the RSA, the Term B Lenders agreed to support Galaxy as the stalking horse bidder (the "Galaxy Stalking Horse Bidder") for the Active Division Assets and Centric as stalking horse bidder (the "Centric Stalking Horse Bidder") for the Joe's Jeans brand. The RSA provided for a value-maximizing sale process for the Debtors' assets and also provided up to $150 million of debtor-in-possession financing (the "DIP Facility") and consensual use of cash collateral to provide the Debtors with much-needed liquidity to bridge through the sale process.

In addition, pursuant to the plan term sheet attached to the RSA as Exhibit C, the Term B Lenders also agreed to support an orderly wind-down of the Debtors' estates, including an agreement to fund the anticipated costs of the wind-down of the Debtors' operations, the administration of the estate following the consummation of the transactions set forth in the RSA, and the payment of all administrative and priority claims required to be paid pursuant to a plan of liquidation in the Chapter 11 Cases.

5. Commencement of Chapter 11 Cases.

On August 31, 2021, Sequential Brands Group, Inc., SQBG, Inc., Sequential Licensing, Inc., William Rast Licensing, LLC, Heeling sports Limited, Brand Matter, LLC, SBG FM, LLC, Galaxy Brands LLC, The Basketball Marketing Company, Inc., American Sporting Goods Corporation, LNT Brands LLC, Joe's Holdings LLC, Gaiam Brand Holdco, LLC, Gaiam Americas, Inc., SBG-Gaiam Holdings, LLC, SBG Universe Brands, LLC, and GBT Promotions LLC. each commenced these Chapter 11 Cases in the United States Bankruptcy Court for the District of Delaware. As of the date hereof, the Debtors continue to manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

6. DIP Financing.

As part of the preparation for the commencement of the Chapter 11 Cases, the Debtors negotiated the terms of a DIP term loan facility pursuant to that certain Superpriority Secured Debtor-in-Possession Credit Agreement (the "DIP Credit Agreement") with Wilmington Trust, National Association as Administrative Agent (the "DIP Agent"), the lenders from time to time party thereto (collectively and in such capacity, the "DIP Lenders"), and the DIP Guarantors. The DIP Credit Agreement provided for the Debtors to obtain the DIP Facility in the form of post-petition financing on a secured and super-priority basis in an amount of up to $150 million, of which $141 million was immediately available upon the entry of the Interim DIP Order (as defined below).

By orders dated September 2, 2021 [Docket No. 70] and September 21, 2021 [Docket No. 110] (the "Interim DIP Order" and "Final DIP Order" respectively and, together, the "DIP Order"), the Bankruptcy Court approved the DIP Facility on an interim and final basis, respectively, and also granted the DIP Agent and the DIP Lenders allowed super-priority Administrative Claims, with priority over all other Administrative Claims, subject only to the Carve-Out (as defined in the DIP Credit Agreement). Subject to certain exceptions as set forth in the DIP Credit Agreement and the DIP Orders, the Debtors' obligations under the DIP Credit Agreement were secured by first priority security interests in and liens on substantially all of the Debtors' assets and junior security interests in and liens on certain of the Debtors' assets encumbered by non-avoidable liens. The Bankruptcy Court also granted adequate protection in the form of (i) adequate protection payments, including payment of current interest and payment of reasonable and documented out-of-pocket fees, costs, and expenses to certain advisors; (ii) replacement liens to the extent of any diminution in value of interest in the relevant prepetition collateral, junior only to the

Permitted Prior Liens, the DIP Liens, the Carve-Out, and with respect to certain prepetition collateral, the Term B Liens and Adequate Protection Liens (as each such term is defined in the Final DIP Order) in the case of the BoA Lenders and to the DIP Liens, in the case of the Term B Lenders, (iii) and superpriority administrative expense claims to the extent of any postpetition diminution in value of certain collateral.

Pursuant to the DIP Order, the Debtors were authorized to use the proceeds of the DIP Facility to pay in full all outstanding Debtor obligations under the BoA Credit Agreement. This paydown of the full outstanding amount of Debtor obligations under the BoA Credit Agreement occurred on September 2, 2021.

7. Bid Procedures, Sale Process, and Auction

On the Petition Date, the Company filed the *Motion of the Debtors for Entry of Orders (I)(A) Approving Bidding Procedures for the Sale of Substantially All of the Debtors' Assets, (B) Authorizing the Debtors to Enter Into One or More Stalking Horse Agreements and to Provide Bidding Protections Thereunder, (C) Scheduling an Auction and Approving the Form and Manner of Notice Thereof, (D) Approving Assumption and Assignment Procedures and (E) Scheduling a Sale Hearing and Approving the Form and Manner of Notice Thereof; (II)(A) Approving the Sale of the Debtors' Assets Free and Clear of Liens, Claims, Interests and Encumbrances and (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases; (III) Granting Related Relief* [Docket No. 19] (the "Bidding Procedures Motion"), pursuant to which the Debtors sought to implement a value-maximizing sale process for substantially all of their assets. On September 24, 2021, prior to the hearing on approval of the Bidding Procedures Motion, the Debtors filed the *Notice of Filing Revised Documents Related to Motion of the Debtors for Entry of Orders (I)(A) Approving Bidding Procedures for the Sale of Substantially All of the Debtors' Assets, (B) Authorizing the Debtors to Enter Into One or More Stalking Horse Agreements and to Provide Bidding Protections Thereunder, (C) Scheduling an Auction and Approving the Form and Manner Thereof, (D) Approving Assumption and Assignment Procedures, and (E) Scheduling a Sale Hearing and Approving the Form and Manner of Notice Thereof; (II)(A) Approving the Sale of the Debtors Assets Free and Clear of Liens, Claims, Interests and Encumbrances, (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases; (III) Granting Related Relief* [Docket No. 135], which included an amended and restated version of the Centric APA (the "First A&R Centric APA").

The First A&R Centric APA (i) raised the purchase price thereunder to $45,000,000 and (ii) eliminated any break-up fee thereunder, as further described in the *Declaration of Derek Herbert in Support of Motion of the Debtors for Entry of Orders (I)(A) Approving Bidding Procedures for the Sale of Substantially All of the Debtors' Assets, (B) Authorizing the Debtors to Enter Into One or More Stalking Horse Agreements and to Provide Bidding Protections Thereunder, (C) Scheduling an Auction and Approving the Form and Manner Thereof, (D) Approving Assumption and Assignment Procedures and (E) Scheduling a Sale Hearing and Approving the Form and Manner of Notice Thereof; (II)(A) Approving the Sale of the Debtors' Assets Free and Clear of Liens, Claims, Interests and Encumbrances and (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases; (III) Granting Related Relief* [Docket No. 134].

On September 24, 2021, the Bankruptcy Court entered an order approving the Bidding Procedures Motion [Docket No. 138] (the "Bidding Procedures Order"), thereby initiating the auction and sale process further detailed below. The Bidding Procedure Order also authorized Galaxy as the Galaxy Stalking Horse Bidder for the Active Division Assets and Centric as the Centric Stalking Horse Bidder for the Joe's Jeans Brand on the terms set forth in the Galaxy APA and the First A&R Centric APA, respectively.

Pursuant to the Bidding Procedures Order, the Debtors were authorized to seek out and enter into one or more agreements with additional stalking horse purchasers for some or all of the Debtors' assets (other than the assets subject to the Galaxy APA and the Centric APA, respectively) in advance of the

auction (each a "Stalking Horse Purchaser"), for the purposes of setting a "floor" purchase price for a potential sale or sales of such assets.

On September 24, 2021, following entry of the Bidding Procedures Order, the Debtors also filed the *Notice of Sale, Bidding Procedures, Auction, Sale Hearing and Other Deadlines Related Thereto* [Docket No. 139] (the "Sale Notice"), and thereafter served the Sale Notice pursuant to the Bidding Procedures Order. Pursuant to the Sale Notice, objections to the sale of the Debtors' assets were to be filed no later than October 21, 2021, at 4:00 p.m. (prevailing Eastern Time).

On October 8, 2021, the Company filed the *Notice of (I) Stalking Horse Designation and (II) Filing of the Stalking Horse Purchase Agreement with Bid Protections* [Docket No. 176] (the "With You Notice") seeking, according to the procedures set forth in the Bidding Procedures Order, to designate With You, Inc. ("With You") as the Stalking Horse Bidder for all of the Company's outstanding membership interests in non-Debtor affiliate, With You LLC (in such capacity, the "With You Stalking Horse Bidder"), for $65,000,000 in cash, subject to certain adjustments. On October 13, 2021, the Court entered the *Order Authorizing and Approving (I) Stalking Horse Designation and (II) Filing of the Stalking Horse Purchase Agreement with Bid Protections* [Docket No. 183] designating With You as the With You Stalking Horse Bidder.

On October 19, 2021, the Company filed the *Notice of (I) Stalking Horse Designation and (II) Filing of William Rast Stalking Horse Purchase Agreement* [Docket No. 223] seeking, according to the procedures set forth in the Bidding Procedures Order, to designate WRBH Brands Group LLC ("WRBH") as the Stalking Horse bidder for substantially all of the assets of Debtor William Rast Licensing, LLC (in such capacity, the "William Rast Stalking Horse Bidder" and together with the Galaxy Stalking Horse Bidder, the Centric Stalking Horse Bidder, and the With You Stalking Horse Bidder, the "Stalking Horse Bidders") for cash consideration in the amount of $800,000 due at closing and $100,000 due on or before the first anniversary of closing and $100,000 due on or before the second anniversary of closing. On October 25, 2021 the Court entered the *Order Approving Stalking Horse Designation* [Docket No. 256] designating WRBH as the William Rast Stalking Horse Bidder.

The Bidding Procedures Order established October 25, 2021 at 5:00 pm (prevailing Eastern Time) as the deadline for prospective bidders to submit bids on the Debtors' assets. Pursuant to the Bidding Procedures Order, if the Debtors received more than one Qualified Bid (as defined in the Bidding Procedures Order) for an asset or assets, the Debtors could hold an auction. That auction was scheduled for October 28, 2021 at 10:00 am (prevailing Eastern Time). On October 27, 2021, the Debtors filed a *Notice of Adjournment of Auction* [Docket No. 260] rescheduling the Auction to October 29, 2021 at 9:00 a.m. (prevailing Eastern Time).

In conjunction with the Bidding Procedures, on October 28, 2021, the Centric Stalking Horse Bidder enhanced its bid to increase its purchase price from $45,000,000 for the Joe's Jeans brand to $48,500,000 for the purchase of the Joe's Jeans brand and the purchase of the William Rast brand. This enhanced bid was reflected in a second amended and restated Centric APA (the "Second A&R Centric APA"), dated as of October 28, 2021, and entry into that certain Asset Purchase Agreement, by and among JJWHP, LLC and William Rast Licensing, LLC, dated as of October 28, 2021 (the "WR APA").

On October 28, 2021, the Debtors, in accordance with the terms of the Bidding Procedures Order, determined to cancel the auction and identified Successful Bidders for each of their Assets as follows:

- Gainline Galaxy Holdings LLC as Successful Bidder for the Debtors' Active Division Assets for a purchase price including, as may be adjusted in accordance with the terms of the Galaxy APA,(a) $55,500,000 in cash, (b) issuance to the Term B Lenders of Series A

units of the Buyer in an amount equal to 11.3% of the aggregate outstanding Series A and Series B Units of the Buyer at Closing, such units to be valued at $50,000,000, (c) issuance of indebtedness of Buyer or its subsidiaries in an amount equal to $227,500,000, and (d) the assumption of certain assumed liabilities, all as more further set forth and/or described by (i) the Galaxy APA attached to the Motion and (ii) the notices of assumption and assignment filed in the Chapter 11 Cases [Docket Nos. 148, 175 and 225]

- Centric Brands LLC as Successful Bidder for the Debtors' Joe's Jeans Brand for a purchase price including but not limited to (a) an amount in cash that, when combined with the Cash Consideration as defined in, and payable under, the WR APA, equals $48,500,000 and (b) the assumption of certain assumed liabilities, all as more further described by (i) the Second A&R Centric APA and (ii) the notices of assumption and assignment filed in the Chapter 11 Cases [Docket Nos. 148, 175 and 225]; and JJWHP, LLC as Successful Bidder for the Debtors' William Rast Brand for a purchase price including but not limited to (a) an amount in cash that, when combined with the Cash Consideration as defined in, and payable under, the Centric APA, equals $48,500,000 and (b) the assumption of assumed liabilities, all as more further described by (i) the William Rast APA with JJWHP and (ii) the notices of assumption and assignment filed in the Chapter 11 Cases [Docket Nos. 148, 175 and 225]; and

- With You Inc. as Successful Bidder for the Debtors' Unit Interests in With You LLC for a purchase price including but not limited to $65,000,000 in cash, subject to certain adjustments, all as more further described by the With You Notice and (ii) the notices of assumption and assignment filed in the Chapter 11 Cases [Docket Nos. 148, 175 and 225].

On October 29, 2021, the Debtors filed the *Notice of Filing of Proposed Sale Orders in Connection with the Sale of Substantially All of the Debtors' Assets* [Docket No. 265], which attached:

- A proposed form of order approving the Galaxy APA, with the Galaxy APA as an exhibit thereto (the "Galaxy Sale Order");

- A proposed form of order approving the Second A&R Centric APA, with the Second A&R Centric APA as an exhibit thereto (the "Centric Sale Order");

- A proposed form of order approving an asset purchase agreement with With You (the "With You APA") with the With You APA attached as an exhibit thereto (the "With You Sale Order"); and

- A proposed form of order approving the WR APA as Exhibit 4 with the Second WR APA as an exhibit thereto (the "WR Sale Order").

On November 3, 2021, the Bankruptcy Court entered the following orders approving sales of the Debtors' assets (collectively, the "Sale Transactions"):

- *Order (I) Approving Purchase Agreement Among Debtors and Gainline Galaxy Holdings LLC, (II) Approving Sale of Certain of Debtors' Assets Free and Clear of Liens, Claims, Interests and Encumbrances, (III) Authorizing Assumption and Assignment of Certain Executory Contracts and Unexpired Leases and (IV) Granting Related Relief* [Docket No. 278], approving the Galaxy Sale Order (the "Galaxy Sale");

- *Order (I) Authorizing the Sale of Certain Assets of the Debtors to Centric Brands LLC Free and Clear of All Liens, Claims, Interests and Encumbrances, (II) Authorizing the Assumption and Assignment of Certain Executory Contracts in Connection Therewith, and (III) Granting Related Relief [Docket 279], approving the Centric Sale Order* (the "Centric Sale");

- *Order (I) Authorizing the Sale of Certain Assets of the Debtors to With You Inc. Free and Clear of All Liens, Claims, Interests and Encumbrances, (II) Authorizing the Assumption and Assignment of Certain Executory Contracts in Connection Therewith, and (III) Granting Related Relief [Docket No. 280], approving the With You Sale Order* (the "With You Sale"); and

- *Order (I) Authorizing the Sale of Certain Assets of the Debtors to JJWHP, LLC Free and Clear of All Liens, Claims, Interests and Encumbrances, (II) Authorizing the Assumption and Assignment of Certain Executory Contracts in Connection Therewith, and (III) Granting Related Relief [Docket No. 281], approving the WR Sale Order* (the "William Rast Sale").

On November 9, 2021, the Centric Sale and the William Rast Sale both closed, pursuant to the terms of the Second A&R Centric APA and the William Rast APA. In accordance with the terms of the Second A&R Centric APA, Centric assigned all of its rights and obligations thereunder to JJWHP, LLC, which then assigned certain rights back to Centric. In accordance with the terms of the William Rast APA, JJWHP, LLC assigned all of its rights and obligations thereunder to WRWHP, LLC.

On November 12, 2021, the Galaxy Sale and the With You Sale both closed, pursuant to the terms of the Galaxy APA and the With You APA. Following the exercise of its option pursuant to Section 1.10 of the Galaxy APA, Gainline Galaxy Holdings LLC purchased the Company's AND1, Avia, GAIAM, and SPRI brands for an adjusted purchase price of $328,950,000.

On December 2, 2021, the Debtors filed the *Notice of (I) Closing of Sale Transactions and (II) Assumption and Assignment of Certain Executory Contracts and Unexpired Leases* [Docket No. 334], providing notice of the closing of the Sale Transactions and setting forth the executory contracts and unexpired leases assumed and assigned in conjunction therewith.

8. Post-Sale Paydowns

Following the closing of the Sale Transactions, on November 12, 2021, pursuant to the Galaxy Sale Order, the Debtors applied the non-cash portion of the Purchase Price (as described in the Galaxy APA) to partially paydown the total amount outstanding under the Wilmington Credit Agreement, which outstanding amount was $298,467,625 as of the Petition Date. As a result, the principal balance outstanding under the Wilmington Facility was reduced by $267,978,980. On November 24, 2021, pursuant to the orders approving the Sale Transactions and the DIP Order, $140,349,832.00 was repaid under the DIP Facility, leaving the balance outstanding under the DIP Facility at $1,000,000.

9. Executory Contracts. As of the Petition Date, the Debtors were parties to numerous executory contracts and one unexpired lease of nonresidential real property. The Company underwent a thorough analysis of its executory contracts and unexpired leases and, on November 5, 2021, filed the Lease Rejection Motion to reject the 1407 Lease, as described above. Any Debtor executory contracts remaining following consummation of the Sale Transactions described above will be assumed or rejected pursuant to the Plan.

10. Claims Process. By order dated October 4, 2021 [Docket No. 162] (the "Bar Date Order"), the Bankruptcy Court established (i) November 30, 2021 as the deadline for each person or entity, excluding governmental units but including holders of Claims arising under section 503(b)(9) of the Bankruptcy Code, to file a proof of Claim against the Debtors in the Chapter 11 Cases (the "General Bar Date"), (ii) February 28, 2022 (the "Government Bar Date," and together with the General Bar Date, the "Bar Dates") as the deadline for each governmental unit to file a proof of Claim against the Debtors in the Chapter 11 Cases, and (iii) December 27, 2021 ("Administrative Claim Bar Date") as the deadline for each person or entity to assert a request for payment of an Administrative Claim arising on or prior to November 15, 2021 (but excluding claims for fees and expenses of professionals retained in the Chapter 11 Cases and Claims asserting priority pursuant to section 503(b)(9) of the Bankruptcy Code). Certain parties holding Claims (including parties that are affected by any amendment or supplement to the Debtors' schedules and statements and any parties that are asserting rejection damages claims) may file claims after the Bar Dates if permitted by the Bar Date Order.

Notice of the Bar Dates was given as required. As of the General Bar Date, 83 proofs of claim have been filed against the Debtors.

AS NOTED ABOVE, AMONG OTHERS, (I) ALL HOLDERS OF CLAIMS THAT (A) VOTE TO ACCEPT THE PLAN AND/OR (B) ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN AND THAT ABSTAIN FROM VOTING ON THE PLAN OR VOTE TO REJECT THE PLAN BUT, IN EITHER CASE, DO NOT "OPT-OUT" OF THE RELEASES SET FORTH IN ARTICLE VIII.B.2 OF THE PLAN BY CHECKING THE BOX ON THEIR RESPECTIVE BALLOT AND SUBMITTING THE BALLOT SUCH THAT THE BALLOT IS TIMELY RECEIVED AND EFFECTIVE.

11. OPTIONAL OPT-OUT BOX. EACH BALLOT SHALL INCLUDE AN OPTIONAL OPT-OUT BOX. THE OPTIONAL OPT-OUT BOX IS AN OPT-OUT BOX SET FORTH IN THE BALLOT, DUE BY THE VOTING DEADLINE, PURSUANT TO WHICH HOLDERS OF CLAIMS IN CLASS 3 THAT ABSTAIN FROM VOTING ON THE PLAN OR VOTE TO REJECT THE PLAN MAY OPT-OUT OF THE RELEASES SET FORTH IN ARTICLE VIII.B.2 OF THE PLAN.

III. OVERVIEW OF THE PLAN

A. General

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

In general, a chapter 11 plan (i) divides claims and equity interests into separate classes, (ii) specifies the consideration that each class is to receive under the plan, and (iii) contains other provisions necessary to implement the Plan. Under the Bankruptcy Code, "claims" and "equity interests," rather than "creditors" and "shareholders," are classified because creditors and shareholders may hold claims and equity interests in more than one class. Under section 1124 of the Bankruptcy Code, a class of claims is "impaired" under a plan unless the plan (a) leaves unaltered the legal, equitable, and contractual rights of each holder of a claim in such class or (b) provides, among other things, for the cure of existing defaults and reinstatement of the maturity of claims in such class. Class 3 is impaired under the Plan, and holders of Claims in such Class are entitled to vote to accept or reject the Plan unless the Claims are subject to an objection filed by the Debtors. Ballots are being furnished herewith to all Holders of Claims in Class 3 that are entitled to vote to facilitate their voting to accept or reject the Plan.

A chapter 11 plan may also specify that certain classes of claims or equity interests are to have their claims or equity interests remain unaltered by the plan. Such classes are referred to as "not impaired," and, because of the treatment accorded to such classes, they are conclusively deemed to have accepted the plan and, therefore, need not be solicited to vote to accept or reject the plan. Classes 1 and 2 are unimpaired and will not be solicited to vote to accept or reject the Plan.

A chapter 11 plan may also specify that certain classes will not receive any distribution under the plan. Under section 1126(g) of the Bankruptcy Code, such classes are conclusively deemed to have rejected the plan and, therefore, need not be solicited to accept or reject the plan. Holders of Claims and Interests in Classes 4 through 8 are impaired and will not receive any recovery under the Plan on account of such Claims and/or Interests, and such Classes, therefore, are conclusively deemed to reject the Plan. No ballot is enclosed for Holders in Classes 4 through 8, but a Notice of Non-Voting Status is included.

The "Effective Date" of the Plan means the date on which the conditions precedent to the occurrence of the Effective Date of the Plan specified in Article X.B of the Plan have been satisfied or waived by the Debtors pursuant to Article X.C of the Plan and the Plan is implemented.

B. Description and Summary of Classification and Treatment of Claims and Interests Under the Plan

Claims and Interests are divided into eight (8) Classes under the Plan as against each of the Debtors, and the proposed treatment of Claims and Interests in each Class is described in the Plan and summarized below. Such classification takes into account the different nature and priority of the Claims and Interests. The Plan contains a Class of Other Priority Claims (Class 1) that is unimpaired, a Class of Other Secured Claims (Class 2) that is unimpaired, a Class of Term B Secured Claims (Class 3) that is impaired, a Class of General Unsecured Claims (Class 4) that is impaired, a Class of Section 510 Claims (Class 5) that is impaired, a Class of Intercompany Claims (Class 6) that is impaired, a Class of Intercompany Interests (Class 7) that is impaired, and a Class of Existing Parent Equity Interests (Class 8) that is impaired.

C. Administrative Claims, Priority Tax Claims, and Professional Fee Claims

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

1. Administrative Claims.

Except to the extent that a Holder of an Allowed Administrative Claim agrees to a less favorable treatment of its Allowed Administrative Claim, each Holder of an Allowed Administrative Claim will receive in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim either (i) on the Effective Date, or as soon as practicable thereafter or (ii) if the Administrative Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which such Administrative Claim is Allowed by a Final Order, or as soon as reasonably practicable thereafter, and all requests for payment of an Administrative Claim must be Filed with the Bankruptcy Court and served on counsel to the Liquidating Trustee, counsel to the Debtors, and the U.S. Trustee no later than the Administrative Claim Bar Date.

2. Priority Tax Claims.

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in

exchange for each Allowed Priority Tax Claim, the 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.

3. Professional Fee Claims.

All final applications for payment of Professional Fee Claims shall be filed with the Bankruptcy Court and served on the Debtors, counsel for the Requisite Consenting Lenders, and the Liquidating Trustee on or before the Professional Fee Claims Bar Date or such later date as may be agreed to by the Liquidating Trustee. Each holder of an Allowed Professional Fee Claim shall be paid in Cash from the Liquidating Trust in an amount equal to such Allowed Professional Fee Claim on or as soon as reasonably practicable after the first Business Day following the date upon which such Claim becomes Allowed, unless such holder shall agree to a different treatment of such Claim.

D. Classification and Treatment of Claims and Interests

1. Classification of Claims and Interests.

Claims and Interests, except for Administrative Claims, Priority Tax Claims, and Professional Fee Claims, are classified in the Classes set forth in Article III of the Plan. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or Interest also is classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

The classification of Claims and Interests against the Debtors pursuant to the Plan is as follows:

Class	Claims and Interests	Status	Voting Rights
Class 1	Other Secured Claims	Unimpaired	Not Entitled to Vote (Presumed to Accept)
Class 2	Other Priority Claims	Unimpaired	Not Entitled to Vote (Presumed to Accept)
Class 3	Term B Secured Claims	Impaired	Entitled to Vote
Class 4	General Unsecured Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 5	Section 510 Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 6	Intercompany Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 7	Intercompany Interests	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 8	Existing Parent Equity Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

2. Treatment of Claims and Interests.

a. Class 1—Other Secured Claims.

i. *Classification*: Class 1 consists of all Other Secured Claims.

ii. *Treatment*: Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment of its Allowed Other Secured Claim, on the Effective Date or as soon as reasonably practicable thereafter or, if the Other Secured Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which such Other Secured Claim is Allowed by Final Order, or as soon as reasonably practicable thereafter, each Holder of an Allowed Other Secured Claim shall receive, in full and complete settlement, release, and discharge of such Claim, at the option of the Debtors and the Requisite Consenting Lenders, the following treatment: (i) payment in full (in Cash) of such Allowed Other Secured Claim on the later of (a) the Effective Date (or as soon thereafter as reasonably practicable) and (b) as soon as practicable after the date such Allowed Other Secured Claim becomes due and payable; (ii) satisfaction of such Allowed Other Secured Claim by delivering the collateral securing such Allowed Other Secured Claim and paying any interest required to be paid under section 506(b) of the Bankruptcy Code, (iii) reinstatement of such Allowed Other Secured Claim, or (iv) such other treatment rendering such Allowed Other Secured Claim unimpaired in accordance with section 1124 of the Bankruptcy Code.

iii. *Voting*: **Class 1 is Unimpaired under the Plan. Holders of Claims in Class 1 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**.

b. Class 2—Other Priority Claims.

i. *Classification*: Class 2 consists of all Other Priority Claims.

ii. *Treatment*: Except to the extent that a Holder of an Allowed Other Priority Claim agrees to a less favorable treatment of its Allowed Other Priority Claim, on the Effective Date or as soon as reasonably practicable thereafter or, if the Other Priority Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which such Other Priority Claim is Allowed by Final Order, or as soon as reasonably practicable thereafter, each Holder of an Allowed Other Priority Claim shall receive, in full and complete settlement, release, and discharge of such Claim, at the option of the Debtors and the Requisite Consenting Lenders, the following treatment: (i) payment in full (in Cash) of such Allowed Other Priority Claim on the later of (a) the Effective Date (or as soon thereafter as reasonably practicable) and (b) as soon as practicable after the date such Allowed Other Priority Claim becomes due and payable or (ii) such other treatment rendering such Allowed Other Priority Claim unimpaired in accordance with section 1124 of the Bankruptcy Code.

iii. *Voting*: **Class 2 is Unimpaired under the Plan. Holders of Claims in Class 2 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**.

c. Class 3—Term B Secured Claims.

i. *Classification*: Class 3 consists of all Term B Secured Claims.

ii. *Treatment*: Each Holder of an Allowed Class 3 Claim shall receive its Pro Rata share of the Liquidating Trust Interests in accordance with Article IV.B.2 of the Plan on account of such Holder's Term B Secured Claim(s) against the Debtors, which shall entitle such holder to distributions from the Liquidating Trust as and to the extent set forth in the Plan and the Liquidating Trust Agreement; *provided, however*, that if the Debtors and the Requisite Consenting Lenders agree, the Liquidating Trust may assume certain Term B Secured Claim(s) in an amount to be agreed; *provided, further, however*, no Holder of a Term B Secured Claim will recover more than the full amount of its Term B Secured Claim.

iii. *Voting*: **Class 3 is Impaired under the Plan. Therefore, Holders of Allowed Claims in Class 3 are entitled to vote to accept or reject the Plan**.

d. Class 4—General Unsecured Claims.

i. *Classification*: Class 4 consists of all general Unsecured Claims.

ii. *Treatment*: On the Effective Date or as soon as reasonably practicable thereafter, all General Unsecured Claims shall be cancelled and extinguished. Holders of General Unsecured Claims shall not receive any distribution or retain any property pursuant to the Plan.

iii. *Voting*: **Class 4 is Impaired under the Plan. Each Holder of an Allowed Claim in Class 4 is deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, is not entitled to vote to accept or reject the Plan**.

e. Class 5—Section 510 Claims.

i. *Classification*: Class 5 consists of all Section 510 Claims.

ii. *Treatment*: On the Effective Date or as soon as reasonably practicable thereafter, all Section 510 Claims shall be cancelled and extinguished. Holders of Section 510 Claims shall not receive any distribution or retain any property pursuant to the Plan.

iii. *Voting*: **Class 5 is Impaired under the Plan. Each Holder of an Allowed Claim in Class 5 is deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, is not entitled to vote to accept or reject the Plan**.

f. Class 6—Intercompany Claims.

i. *Classification*: Class 6 consists of all Intercompany Claims.

ii. *Treatment*: On the Effective Date or as soon as reasonably practicable thereafter, in accordance with the Implementation Memorandum, each Intercompany Claim shall be (i) reinstated, in full or in part, and treated in the ordinary course of business or (ii) cancelled and discharged, as mutually agreed upon by the Debtors

and the Requisite Consenting Lenders. Holders of such Intercompany Claims shall not receive or retain any property on account of such claims to the extent that such Intercompany Claim is cancelled and discharged.

iii. *Voting*: **Class 6 is Impaired under the Plan. Each Holder of an Allowed Claim in Class 6 is deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, is not entitled to vote to accept or reject the Plan**.

g. Class 7—Intercompany Interests.

i. *Classification*: Class 7 consists of all Intercompany Interests.

ii. *Treatment*: On the Effective Date or as soon as reasonably practicable thereafter, in accordance with the Implementation Memorandum, each Intercompany Interest shall be (i) reinstated, in full or in part, and treated in the ordinary course of business or (ii) cancelled and discharged, as mutually agreed upon by the Debtors and the Requisite Consenting Lenders. Holders of such Intercompany Interests shall not receive or retain any property on account of such Interest to the extent that such Intercompany Interest is cancelled and discharged.

iii. *Voting*: **Class 7 is Impaired under the Plan. Each Holder of an Allowed Interest in Class 7 is deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, is not entitled to vote to accept or reject the Plan**.

h. Class 8—Existing Parent Equity Interests.

i. *Classification*: Class 8 consists of all Existing Parent Equity Interests.

ii. *Treatment*: On the Effective Date or as soon as reasonably practicable thereafter, all Existing Parent Equity Interests shall be cancelled and extinguished. Holders of Existing Parent Equity Interests shall not receive any distribution or retain any property pursuant to the Plan.

iii. *Voting*: **Class 8 is Impaired under the Plan. Each Holder of an Allowed Interest in Class 8 is deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, is not entitled to vote to accept or reject the Plan.**

3. Special Provision Governing Unimpaired Claims.

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

4. Acceptance or Rejection of the Plan.

a. Voting Classes.

Class 3 is Impaired under the Plan. The Holders of Claims in Class 3 are entitled to vote to accept or reject the Plan.

b. Presumed Acceptance of the Plan.

Classes 1 and 2 are Unimpaired under the Plan. The Holders of Claims in such Classes are presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

c. Deemed Rejection of the Plan.

Classes 4, 5, 6, 7, and 8 are Impaired under the Plan. The Holders of Claims in Classes 4, 5, and 6 and the Holders of Interests in Classes 7 and 8 are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

5. Elimination of Vacant Classes.

Any Class of Claims or Interests that, as of the commencement of the Confirmation Hearing, does not have at least one Holder of a Claim or Interest that is Allowed in an amount greater than zero for voting purposes shall be considered vacant, deemed eliminated from the Plan for purposes of voting to accept or reject the Plan, and disregarded for purposes of determining whether the Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to that Class.

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

Provided Class 3 votes to accept the Plan, the Debtors request Confirmation pursuant to section 1129(b) of the Bankruptcy Code.

7. 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 at or before the hearing conducted by the Bankruptcy Court to consider confirmation of the Plan. Any dispute with respect to Impairment that is not raised in sufficient time to enable the Bankruptcy Court to determine such dispute on or prior to the Confirmation Date shall be deemed waived.

8. Subordinated Claims.

Pursuant to section 510 of the Bankruptcy Code, the Debtors reserve the right to reclassify any Allowed Claim or Allowed Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

9. Provision Governing Allowance and Defenses to Claims.

On and after the Effective Date, the Liquidating Trust shall have all of the Debtors' and the Estates' rights under section 558 of the Bankruptcy Code. Nothing under the Plan shall affect the rights and defenses of the Debtors, the Estates, and the Liquidating Trust in respect of any Claim not allowed by Final Order, including all rights in respect of legal and equitable objections, defenses, setoffs, or recoupment against

such Claims. The Liquidating Trust may, but shall not be required to, setoff against any Claim (for purposes of determining the Allowed amount of such Claim on which distribution shall be made) any claims of any nature whatsoever that the Estates or the Liquidating Trust may have against the Claim Holder, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Liquidating Trust of any such Claim it may have against such Claim Holder. The Liquidating Trustee may (i) designate any Claim as Allowed at any time from and after the Effective Date and (ii) may designate any Claim Disputed and not Allowed at any time from and after the Effective Date until the Claim Objection Deadline, other than Claims that have already become Allowed by Final Order.

C. Means for Implementation of the Plan

1. Plan Transactions.

The Plan is being proposed as a joint plan of liquidation of the Debtors for administrative purposes only and constitutes a separate chapter 11 plan of liquidation for each Debtor. The Plan is not premised upon the substantive consolidation of the Debtors with respect to the Classes of Claims or Interests set forth in the Plan.

On the Effective Date or as soon as practicable thereafter, as provided in the Implementation Memorandum, the Debtors shall effect the Plan Transactions. Notwithstanding anything to the contrary in the Plan, the means and timing for implementation of the Plan Transactions are set forth in the Implementation Memorandum.

Without limiting the foregoing, unless otherwise provided by the Implementation Memorandum, all such Plan Transactions will be deemed to occur on the Effective Date or as soon as practicable thereafter and may include one or more mergers, conversions, consolidations, dispositions, liquidations or dissolutions, as may be determined by the Debtors to be necessary or appropriate. Subject to the immediately preceding sentence, the actions to effect these transactions may include (i) the execution and delivery of appropriate agreements or other documents of merger, conversion, consolidation, disposition, liquidation or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable state law and such other terms to which the applicable Entities may agree, (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms to which the applicable Entities may agree, (iii) the filing of appropriate certificates or articles of merger, conversion, consolidation, dissolution or change in corporate form pursuant to applicable state law, and (iv) the taking of all other actions that the applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable state law in connection with such transactions. Any such transactions may be effected on or subsequent to the Effective Date without any further action by the Debtors. All documents, agreements, and instruments entered into and delivered on or as of the Effective Date, or as soon as practicable thereafter, contemplated by or in furtherance of the Plan shall become and shall remain effective and binding in accordance with their respective terms and conditions upon the parties thereto, in each case, without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Entity (other than as expressly required by such applicable agreement).

2. The Liquidating Trust.

a. Execution of the Liquidating Trust Agreement.

On or before the Effective Date, the Liquidating Trust Agreement shall be executed, and all other necessary steps shall be taken to establish the Liquidating Trust and the Liquidating Trust Interests, which shall be for the benefit of the Liquidating Trust Beneficiaries. Article IV.B of the Plan sets forth certain of the rights, duties, and obligations of the Liquidating Trustee. In the event of any conflict between the terms of Article IV.B of the Plan and the terms of the Liquidating Trust Agreement, unless otherwise specified in the Plan, the terms of the Liquidating Trust Agreement shall govern.

b. Interests in the Liquidating Trust.

There shall be one class of interests in the Liquidating Trust. The Liquidating Trust shall issue the Liquidating Trust Interests to the Holders of Allowed Term B Secured Claims in accordance with Article III.B.3 of the Plan so that each Holder of an Allowed Term B Secured Claim shall receive a percentage of the Liquidating Trust Interests equal to such Holder's Allowed Term B Secured Claim divided by the sum of all Term B Secured Claims. Liquidating Trust Interests shall be uncertificated. The Liquidating Trust Beneficiaries shall be bound by the Liquidating Trust Agreement. If the Debtors and the Requisite Consenting Lenders agree, the Liquidating Trust may assume certain Term B Secured Claim(s) in an amount to be agreed; *provided, however*, no Holder of a Term B Secured Claim will recover more than the full amount of its Term B Secured Claim. Notwithstanding anything to the contrary in this Plan or any Plan Document, if the Liquidating Trust assumes any Term B Secured Claim, such Term B Secured Claim shall continue to be secured by the Prepetition Term B Liens, which for the avoidance of doubt, shall provide a first priority security interest in, and continuing lien on, the Liquidating Trust Assets.

c. Purpose of the Liquidating Trust.

The Liquidating Trust shall be established to administer certain post-Effective Date responsibilities and wind-down under the Plan, including, but not limited to, (i) resolving all Disputed Administrative/Priority Claims and Disputed Other Secured Claims, (ii) prosecuting, settling, and resolving Causes of Action (other than the Released Causes of Action), (iii) recovering, through enforcement, resolution, settlement, collection, or otherwise, assets on behalf of the Liquidating Trust (which assets shall become part of the Liquidating Trust Assets), (iv) abandoning, liquidating, and reducing to Cash the Liquidating Trust Assets, as necessary, and (v) distributing the Liquidating Trust Assets. The Liquidating Trust has no objective to continue or engage in the conduct of a trade or business.

d. Liquidating Trust Assets.

The Liquidating Trust shall consist of the Liquidating Trust Assets and the Wind-Down Reserve Accounts. On the Effective Date, as provided in the Implementation Memorandum, the Debtors shall transfer all of the Liquidating Trust Assets and the Wind-Down Reserve Accounts then held by the Debtors to the Liquidating Trust free and clear of all liens, claims, and encumbrances, except to the extent otherwise provided in the Plan, including, without limitation, pursuant to Article III.B and Article IV.B of the Plan. The transfer of the Liquidating Trust Assets and the Wind-Down Reserve Accounts to the Liquidating Trust shall not affect any attorney-client privilege, the work-product privilege, and any other applicable evidentiary privileges of the Debtors, which such privileges shall be expressly transferred and assumed by the Liquidating Trust.

e. Governance of the Liquidating Trust.

The Liquidating Trust shall be governed by the Liquidating Trustee in consultation with the Class 3 Representative.

f. Role of the Liquidating Trustee.

On the Effective Date, the Debtors shall appoint a trustee, whose identity shall be acceptable to the Debtors and the Requisite Consenting Lenders, to oversee the Liquidating Trust (the "Liquidating Trustee") and the wind-down of the Debtors' estates. In furtherance of and consistent with the purposes of the Liquidating Trust and the Plan, the Liquidating Trustee shall have the power and authority to, among other things, (i) hold, manage, sell, invest, and distribute to the Liquidating Trust Beneficiaries the Net Proceeds of the Liquidating Trust Assets, (ii) hold the Liquidating Trust Assets for the benefit of the Liquidating Trust Beneficiaries, (iii) prosecute and resolve (a) objections to Claims and (b) subject to obtaining necessary approval of the Bankruptcy Court, any claims for equitable subordination and recharacterization in connection with such objections, (iv) prosecute, resolve, and satisfy Administrative/Priority Claims and Other Secured Claims, (v) prosecute, settle, and resolve Causes of Action (other than the Released Causes of Action), (vi) recover assets through enforcement, resolution, settlement, collection, or otherwise on behalf of the Liquidating Trust, (vii) abandon, liquidate, and reduce to Cash the Liquidating Trust Assets, as necessary, pursuant to the Liquidating Trust Agreement, (viii) perform such other functions as are provided in the Plan and the Liquidating Trust Agreement, and (ix) administer the closure of the Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules. The Liquidating Trustee shall be responsible for all decisions and duties with respect to the Liquidating Trust and the Liquidating Trust Assets and shall file periodic public reports on the status of reconciliation and distributions, which reports may be included in the quarterly reporting required by the U.S. Trustee. In all circumstances, the Liquidating Trustee shall act in the best interests of all Liquidating Trust Beneficiaries and in furtherance of the purpose of the Liquidating Trust, and in accordance with the Liquidating Trust Agreement and not in its own best interest.

g. Transferability of Liquidating Trust Interests.

Liquidating Trust Interests shall be transferable only (i) as permitted by the Liquidating Trust Agreement and (ii) to the extent that the transferability thereof would not require the Liquidating Trust to register the beneficial interests under Section 12(g) of the Securities Exchange Act of 1934, as amended.

h. Investment of Liquidating Trust Assets.

The Liquidating Trustee may invest Cash (including any earnings thereon or proceeds therefrom) as permitted by the Liquidating Trust Agreement or as otherwise permitted by an order of the Bankruptcy Court.

i. Costs and Expenses of Liquidating Trustee.

The costs and expenses of the Liquidating Trust, including the fees and expenses of the Liquidating Trustee and its professionals, and other professionals retained on behalf of the Liquidating Trust (including the Retained Professionals), shall be paid out of the Liquidating Trust Reserve Account, subject to the terms of the Liquidating Trust Agreement.

j. Compensation of Liquidating Trustee.

The Liquidating Trustee shall be entitled to reasonable compensation, subject to the terms of the Liquidating Trust Agreement, in an amount consistent with that of similar functionaries in similar types of bankruptcy cases. Such compensation shall be payable from the Liquidating Trust Reserve Account, subject to the terms of the Liquidating Trust Agreement.

k. Distribution of Liquidating Trust Assets.

Subject to Article VI of the Plan, the Liquidating Trustee shall distribute (to the extent there are sufficient Liquidating Trust Assets available for distribution in accordance with the Liquidating Trust Agreement), beginning on the first Business Day following the Effective Date, or as soon thereafter as is reasonably practicable, the appropriate Net Proceeds of the Liquidating Trust Assets to the Liquidating Trust Beneficiaries in proportion to the Liquidating Trust Interests held by such Liquidating Trust Beneficiary. The Liquidating Trustee shall utilize, in accordance with the Liquidating Trust Agreement and the Plan, Cash from the Liquidating Trust Reserve Account in amounts sufficient to (i) fund costs and expenses of the Liquidating Trust, including, without limitation, the fees and expenses of the Liquidating Trustee, its professionals, and the Retained Professionals, (ii) compensate the Liquidating Trustee, and (iii) satisfy other liabilities incurred by the Liquidating Trust in accordance with the Plan or the Liquidating Trust Agreement (including any taxes imposed on the Liquidating Trust or in respect of the Liquidating Trust Assets).

l. Retention of Professionals by Liquidating Trustee and Liquidating Trust.

The Liquidating Trustee may retain and reasonably compensate counsel and other professionals to assist in his or her duties as Liquidating Trustee or to assist on behalf of the Liquidating Trust on such terms as the Liquidating Trustee deems appropriate without Bankruptcy Court approval, subject to the provisions of the Liquidating Trust Agreement. The Liquidating Trustee may retain any professional who represented parties in interest, including the Debtors, the Term B Lenders and/or the Requisite Consenting Lenders in the Chapter 11 Cases, as well as any current and/or former employee of the Debtors. All fees and expenses incurred in connection with the foregoing shall be payable from the Liquidating Trust Reserve Account subject to the terms of the Liquidating Trust Agreement. Notwithstanding anything herein to the contrary or in the Liquidating Trust Agreement, immediately following the Effective Date, the Retained Professionals shall be retained by the Liquidating Trust.

m. U.S. Federal Income Tax Treatment and Reporting of Liquidating Trust.

For all U.S. federal and applicable state and local income tax purposes, all parties (including, without limitation, the Debtors, the Liquidating Trustee and the Liquidating Trust Beneficiaries) shall treat the Liquidating Trust, other than any portion thereof in respect of Disputed Claims (the "Disputed Claims Reserve"), as a liquidating trust under Treasury Regulation Section 301.7701-4 and that the trust be 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 Estates of an undivided interest in the Liquidating Trust Assets (to the extent of the value of their respective share in the applicable Assets) and then contributed such interests to the Liquidating Trust, and the Liquidating Trust's Beneficiaries will be treated as the grantors and owners thereof.

For all U.S. federal and applicable state and local income tax purposes, all parties (including, without limitation, the Debtors, the Liquidating Trustee, and the Liquidating Trust Beneficiaries) shall treat the Disputed Claims Reserve as a "disputed ownership fund" within the meaning of Treasury Regulation section 1.468B-9. Following the funding of the Liquidating Trust, Sequential Parent shall provide a "§

1.468B-9 Statement" in respect of the Disputed Claims Reserve to the Liquidating Trustee in accordance with Treasury Regulation section 1.468B-9(g).

The Liquidating Trustee shall be responsible for filing all federal, state, and local tax returns for the Liquidating Trust and for the Debtors. 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 comply with all withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all Distributions made by the Liquidating Trust shall be subject to any such withholding and reporting requirements. The Liquidating Trustee shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements including, without limitation, requiring that, as a condition to the receipt of a Distribution, the Holder of an Allowed Claim complete the appropriate IRS Form W-8 or IRS Form W-9, as applicable to each Holder. Notwithstanding any other provision of the Plan, (i) each Holder of an Allowed Claim that is to receive a Distribution from a Liquidating Trust shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such Holder by any Governmental Unit, including income and other tax obligations, on account of such Distribution and (ii) no Distribution shall be made to or on behalf of such Holder under the Plan unless and until such Holder has made arrangements satisfactory to the Liquidating Trustee to allow it to comply with its tax withholding and reporting requirements. Any property to be distributed by the Liquidating Trust shall, pending the implementation of such arrangements, be treated as an undeliverable Distribution to be held by the Liquidating Trustee, as the case may be, until such time as Liquidating Trustee is satisfied with the Holder's arrangements for any withholding tax obligations.

n. Indemnification of Liquidating Trustee.

The Liquidating Trustee (and its agents and professionals) shall not be liable for actions taken or omitted in its or their capacity as, or on behalf of, the Liquidating Trustee or the Liquidating Trust, except those acts arising out of its or their actual fraud or willful misconduct, each as determined by a final order from a court of competent jurisdiction. The Liquidating Trustee (and its agents and professionals) shall be entitled to indemnification and reimbursement for fees and expenses in defending any and all of its or their actions or inactions in its or their capacity as, or on behalf of, the Liquidating Trustee or the Liquidating Trust, except for any actions or inactions involving actual fraud or willful misconduct, each as determined by a final order from a court of competent jurisdiction. Any indemnification claim of the Liquidating Trustee and the other parties entitled to indemnification under this subsection shall be satisfied (i) first from the Liquidating Trust Reserve Account and (ii) second from the Liquidating Trust Assets, as provided in the Liquidating Trust Agreement. The Liquidating Trustee shall be entitled to rely, in good faith, on the advice of its professionals.

3. Reserve Accounts.

On the Effective Date, Cash shall be placed into the Wind-Down Reserve Accounts comprised of the (i) Administrative/Priority Claims Reserve Account, (ii) Other Secured Claims Reserve Account, (iii) Professional Fee Claims Reserve Account, and (iv) Liquidating Trust Reserve Account, in each case, pursuant to the terms of the Plan. The Wind-Down Reserve Accounts shall be transferred from the Debtors to the Liquidating Trust, and thereafter administered by the Liquidating Trustee, on the Effective Date.

a. Administrative/Priority Claims Reserve Account.

Prior to the Effective Date, the Debtors shall establish a reserve account (the "Administrative/ Priority Claims Reserve Account") in an amount equal to the estimated Administrative/Priority Claims (other than Professional Fee Claims, which shall be placed in the Professional Fee Claims Reserve Account) pursuant to and in accordance with the Wind-Down Budget. The Administrative/Priority Claims Reserve Account shall be funded with Cash. The funds in the Administrative/Priority Claims Reserve Account shall be used solely for the payment of Allowed Administrative/Priority Claims (other than Professional Fee Claims) in accordance with Articles II or III (as applicable) and VI.B of the Plan. To the extent funds held in the Administrative/Priority Claims Reserve Account relate to Administrative/Priority Claims that (i) have been Disallowed by the Bankruptcy Court, (ii) are no longer claimed, as evidenced by a written release of such Claim, or (iii) have been satisfied by a means other than Cash in accordance with Articles II or III (as applicable) of the Plan, then such funds shall become Liquidating Trust Assets pursuant to the Plan. The Administrative/Priority Claims Reserve Account shall be closed once all required payments have been made. Any funds remaining in the Administrative/Priority Claims Reserve Account after all required payments have been made shall become Liquidating Trust Assets pursuant to the Plan. In the event Cash in the Administrative/Priority Claims Reserve Account is insufficient to satisfy all Allowed Administrative/Priority Claims (other than Professional Fee Claims), such Allowed Claims shall be satisfied from funds held the Liquidating Trust Reserve Account.

b. Other Secured Claims Reserve Account.

Prior to the Effective Date, the Debtors shall establish a reserve account (the "Other Secured Claims Reserve Account") in an amount equal to the estimated Other Secured Claims pursuant to the Wind-Down Budget. The Other Secured Claims Reserve Account shall be funded with Cash. The funds in the Other Secured Claims Reserve Account shall be used solely for the payment of Allowed Other Secured Claims in accordance with Articles III.B.2 and VI.B of the Plan. To the extent funds held in the Other Secured Claims Reserve Account relate to Other Secured Claims that (i) have been Disallowed by the Bankruptcy Court, (ii) are no longer claimed, as evidenced by a written release of such Claim, or (iii) have been satisfied by a means other than Cash in accordance with Article III.B.2 the Plan, then such funds shall become Liquidating Trust Assets pursuant to the Plan. The Other Secured Claims Reserve Account shall be closed once all required payments have been made. Any funds remaining in the Other Secured Claims Reserve Account after all required payments have been made shall become Liquidating Trust Assets pursuant to the Plan. In the event Cash in the Other Secured Claims Reserve Account is insufficient to satisfy all Allowed Other Secured Claims, such Allowed Claims shall be satisfied from funds held the Liquidating Trust Reserve Account.

c. Professional Fee Claims Reserve Account.

Prior to the Effective Date, the Debtors shall establish a reserve account (the "Professional Fee Claims Reserve Account") in an amount equal to the estimated Professional Fee Claims pursuant to the Wind-Down Budget. The Professional Fee Claims Reserve Account shall be funded with Cash. The funds in the Professional Fee Claims Reserve Account shall be used solely for the payment of Allowed Professional Fee Claims in accordance with Article II.D of the Plan. To the extent funds held in the Professional Fee Claims Reserve Account relate to Professional Fee Claims that have been satisfied by a means other than Cash in accordance with Article II.D the Plan, then such funds shall become Liquidating Trust Assets pursuant to the Plan. The Professional Fee Claims Reserve Account shall be closed once all required payments have been made. Any funds remaining in the Professional Fee Claims Reserve Account after all required payments have been made shall become Liquidating Trust Assets pursuant to the Plan. In the event Cash in the Professional Fee Claims Reserve Account is insufficient to satisfy all Allowed

Professional Fee Claims, such Allowed Claims shall be satisfied from funds held the Liquidating Trust Reserve Account..

d. Liquidating Trust Reserve Account.

Prior to the Effective Date, the Debtors shall establish a reserve account (the "Liquidating Trust Reserve Account") in an amount equal to the Liquidating Trust Amount. The Liquidating Trust Reserve Account shall be closed once all required payments have been made. Any funds remaining in the Liquidating Trust Reserve Account after all required payments have been made shall become Liquidating Trust Assets pursuant to the Plan.

4. Governance, Directors and Officers; Employment-Related Agreements and Compensation Programs; Other Agreements.

Pursuant to section 1142 of the Bankruptcy Code, the following shall occur and be effective as of the Effective Date, if no such other date is specified in such other documents, including the Implementation Memorandum, and shall be authorized and approved in all respects and for all purposes without any requirement of further action by the stockholders, members, managers or directors of the Debtors: (i) the Plan Transactions, (ii) the adoption, execution, delivery and implementation of all contracts, leases, instruments, releases and other agreements or documents related to any of the foregoing, (iii) appointment of the Liquidating Trustee, as provided in the Plan, (iv) all actions necessary to effectuate the Liquidating Trust Agreement and the Liquidating Trust, and (v) any other matters provided for under the Plan or described in the Implementation Memorandum or any Plan Document involving the Liquidating Trust, the corporate structure of the Debtors, or any action to be taken by or required of a Debtor.

5. Cancellation of Existing Securities and Agreements.

On the Effective Date, except to the extent otherwise provided in the Plan or the Implementation Memorandum, all notes, instruments, certificates, and other documents evidencing Claims or Interests, shall be deemed cancelled and surrendered without any need for a Holder to take further action with respect thereto and the obligations of the Debtors thereunder or in any way related thereto shall be deemed satisfied in full and discharged; provided, however, that notwithstanding Confirmation or Consummation, 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; provided further, however, that the preceding proviso shall not affect the discharge of Claims or Interests pursuant to the Bankruptcy Code, the Confirmation Order, or the Plan, or result in any expense or liability to the Debtors.

6. Corporate Action.

Upon the Effective Date, the Debtors shall perform each of the actions and effect each of the transfers required by the terms of the Plan, in the time period allocated therefor, and all matters provided for under the Plan that would otherwise require approval of the stockholders, partners, members, directors, or comparable governing bodies of the Debtors shall be deemed to have occurred and shall be in effect from and after the Effective Date pursuant to the applicable general corporation law (or other applicable governing law) of the states in which the Debtors are incorporated or organized, without any requirement of further action by the stockholders, partners, members, directors, or comparable governing bodies of the Debtors. Each of the Debtors shall be authorized and directed, following the completion of all disbursements, other transfers, and other actions required of the Debtors by the Plan and Implementation Memorandum, to file its certificate of cancellation or dissolution as provided in the Plan and the Implementation Memorandum. The filing of such certificates of cancellation or dissolution shall be authorized and approved in all respects without further action under applicable law, regulation, order, or

rule, including, without express or implied limitation, any action by the stockholders, partners, members, directors, or comparable governing bodies of the Debtors.

7. Effectuating Documents; Further Transactions.

Each of the officers of each of the Debtors is authorized and directed to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

8. Securities Law Matters.

The offering, issuance, or distribution of the Liquidating Trust Interests or any units or other beneficial interests in the Liquidating Trust in accordance with the Plan is exempt from the provisions of Section 5 of the Securities Act and any state or local law requiring registration for the offer, issuance, or distribution of a security by reason of section 1145(a) of the Bankruptcy Code. The Liquidating Trust Interests shall be transferable to the extent provided in Article IV.B.7 of the Plan

9. Section 1146 Exemption.

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property or interests pursuant to the Plan, including the recording of any amendments to such transfers, or any new mortgages or liens placed on the property in connection with such transfers, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo 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.

10. Administration of Taxes.

Subject to the Implementation Memorandum and the Liquidating Trust Agreement, Sequential Parent shall be responsible for all of the Debtors' tax matters until a certificate of cancellation or dissolution for Sequential Parent shall have been filed in accordance with the Plan and Implementation Memorandum.

Following the filing of a certificate of cancellation or dissolution for Sequential Parent, subject to the Plan, the Implementation Memorandum, and the Liquidating Trust Agreement, the Liquidating Trustee shall prepare and file (or cause to be prepared and filed) on behalf of the Debtors, all tax returns, reports, certificates, forms, or similar statements or documents (collectively, "Tax Returns") required to be filed or that the Liquidating Trustee otherwise deems appropriate, including the filing of amended Tax Returns or requests for refunds, for all taxable periods ending on, prior to, or after the Effective Date.

Each of the Debtors and the Liquidating Trustee shall cooperate fully with each other regarding the implementation of Article IV.J of the Plan (including the execution of appropriate powers of attorney) and shall make available to the other as reasonably requested all information, records, and documents relating to taxes governed by Article IV.J of the Plan until the expiration of the applicable statute of limitations or extension thereof or at the conclusion of all audits, appeals, or litigation with respect to such taxes. Without limiting the generality of the foregoing, the Debtors shall execute on or prior to the filing of a certificate of cancellation or dissolution for Sequential Parent a power of attorney authorizing the Liquidating Trustee to

correspond, sign, collect, negotiate, settle, and administer tax payments and Tax Returns for the taxable periods described in Article IV.J of the Plan.

The Debtors and the Liquidating Trustee shall have the right to request an expedited determination of the tax liability of the Debtors, if any, under section 505(b) of the Bankruptcy Code with respect to any tax returns filed, or to be filed, for any and all taxable periods ending on or before the filing of a certificate of cancellation or dissolution for Sequential Parent.

Following the filing of a certificate of cancellation or dissolution for Sequential Parent, subject to Liquidating Trust Agreement, the Liquidating Trustee shall have the sole right, at its expense, to control, conduct, compromise, and settle any tax contest, audit, or administrative or court proceeding relating to any liability for taxes of the Debtors and shall be authorized to respond to any tax inquiries relating to the Debtors.

11. Preservation of Causes of Action.

In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article VIII of the Plan, the Debtors shall retain and transfer to the Liquidating Trust all rights to enforce, commence, and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, including, without limitation the right to commence, prosecute, or settle such Causes of Action, which shall be preserved notwithstanding the occurrence of the Effective Date. The Liquidating Trustee, on behalf of the Liquidating Trust, may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Liquidating Trust. **No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Liquidating Trust will not pursue any and all available Causes of Action against it and all rights associate therewith are expressly reserved, except as otherwise expressly provided in the Plan.** Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled pursuant to the Plan or a Final Order (including, for the avoidance of doubt, the Released Causes of Action), all rights with respect to Causes of Action are expressly reserved for later adjudication and 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 Confirmation or Consummation.

The Debtors reserve and shall retain the Causes of Action and shall transfer such Causes of Action to the Liquidating Trust notwithstanding the rejection of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3)(B) of the Bankruptcy Code, any Causes of Action that a Debtor or its Estate may hold against any Entity shall vest in the Liquidating Trust, pursuant to the terms of the Plan and Implementation Memorandum. The Liquidating Trust, through its respective authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. On or after the Effective Date, the Liquidating Trust 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.

D. Treatment of Executory Contracts and Unexpired Leases

1. Assumption, Assumption and Assignment, and Rejection of Executory Contracts and Unexpired Leases.

On the Effective Date, except as otherwise provided herein, each of the Debtors' Executory Contracts and Unexpired Leases not previously assumed or rejected pursuant to an order of the Bankruptcy Court shall be deemed rejected as of the Effective Date in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code except any Executory Contract or Unexpired Lease (i) identified on the Assumed Executory Contract and Unexpired Lease List (which shall be included in the Plan Supplement) as an Executory Contract or Unexpired Lease designated for assumption, (ii) which is the subject of a separate motion or notice to assume or reject Filed by the Debtors and pending as of the Confirmation Hearing, (iii) that previously expired or terminated pursuant to its own terms, or (iv) that was previously assumed or rejected by any of the Debtors. Any objection to the assumption, assumption and assignment, or rejection of an Executory Contract or Unexpired Lease, as applicable, must be Filed, served, and actually received by the counsel to the Debtors, the clerk of the Bankruptcy Court, and the U.S. Trustee on or before the Plan Objection Deadline (as set forth in the Disclosure Statement Order). The Bankruptcy Court shall rule on any such objection at the time of the Confirmation Hearing or such other date and time agreed by the parties or ordered by the Bankruptcy Court. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption, assumption and assignment, or rejection will be deemed to have assented to such assumption, assumption and assignment, or rejection, as applicable.

Entry of the Confirmation Order by the Bankruptcy Court shall constitute an order approving the assumption of Executory Contracts and Unexpired Leases identified on the Assumed Executory Contract and Unexpired Lease List and rejection of all other Executory Contracts and Unexpired Leases, subject to the exceptions noted above, all pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each Executory Contract and Unexpired Lease assumed pursuant to the Plan or by Bankruptcy Court order, and not assigned to a third party on or prior to the Effective Date, shall be transferred to the Liquidating Trust and be deemed a Liquidating Trust Asset. To the maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such Executory Contract or Unexpired Lease (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 counterparty thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto. Notwithstanding anything to the contrary in the Plan, the Debtors, with the prior written consent of the Requisite Consenting Lenders (email to suffice), reserve the right to alter, amend, modify, or supplement the Assumed Executory Contract and Unexpired Lease List prior to the Confirmation Date on no less than five days' notice to any counterparty to an Executory Contract or Unexpired Lease affected thereby.

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

Unless otherwise provided by a Bankruptcy Court order, any Proofs of Claim asserting Rejection Claims pursuant to the Plan or otherwise must be Filed with the Claims and Balloting Agent no later than the later of 35 days after the Effective Date or 35 days after the effective date of rejection. Rejection Claims shall be classified as General Unsecured Claims and shall be treated in accordance with Article III, as applicable. Any Rejection Claims that are not timely Filed pursuant to Article V.B of the Plan shall be forever disallowed and barred.

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

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed or assumed and assigned, as applicable, pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the cure amount specified on the Cure Notice and Schedule in Cash on the Effective Date or in the ordinary course of business, subject to the limitation described below, or on such other terms as the parties to such Executory Contract or Unexpired Lease may otherwise agree and no objection to the cure amount specified on the Cure Notice and Schedule shall be permitted; provided, however, that any objection to a proposed cure amount filed pursuant to the terms of the Cure Notice and Schedule will be permitted.

The Bankruptcy Court shall rule on any disputed cure amount(s) or objection to assumption of an Executory Contract or Unexpired Lease at the time of the Confirmation Hearing or such other date and time agreed by the parties or ordered by the Bankruptcy Court. Any counterparty to an Executory Contract or Unexpired Lease that failed to object to the cure amount applicable to an Executory Contract or Unexpired Lease to be assumed or assumed and assigned pursuant to the terms set forth in the Cure Notice and Schedule is deemed to have assented to such cure amount. Any Proofs of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed or assumed and assigned shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

In the event of a dispute regarding (i) the amount of any payments to cure a default in connection with a proposed assumption or assumption and assignment of an Executory Contract or Unexpired Lease, (ii) the ability of the Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed or to be assumed and assigned, or (iii) any other matter pertaining to assumption or assumption and assignment, as applicable, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or Final Orders resolving the dispute and approving the assumption or assumption and assignment, as applicable.

Assumption, rejection, or assumption and assignment, as applicable, of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed or assumed and assigned Executory Contract or Unexpired Lease at any time prior to the effective date of assumption.

4. Insurance Policies.

Each of the Debtors' insurance policies and any agreements, documents, or instruments relating thereto, are treated as Executory Contracts under the Plan. The Assumed Insurance Policies, including, without limitation, the Chubb Insurance Contracts, shall be assumed pursuant to the Plan and assigned to the Liquidating Trust.

Notwithstanding anything to the contrary in the Plan Documents (including Article V.D of the Plan and Article II.D.4 of the Disclosure Statement), the RSA, the Implementation Memorandum, the Confirmation Order, any other document related to any of the foregoing, or any other order of the Bankruptcy Court (including, without limitation, any other provision that confers jurisdiction or purports to be preemptory or supervening or grants an injunction or release or requires a party to opt out of any releases):

(i) on the Effective Date, all Chubb Insurance Contracts which identify any of the Debtors as first named insureds or as a counterparty thereto shall vest unaltered in their entireties with the Liquidating Trust;

(ii) nothing shall alter, modify, amend, affect, impair or prejudice the legal, equitable or contractual rights, obligations, and defenses of the Chubb Companies, the Debtors (or, after the Effective Date, the Liquidating Trust), or any other individual or entity, as applicable, under any of the Chubb Insurance Contracts, and any such rights and obligations shall be determined under the Chubb Insurance Contracts and applicable non-bankruptcy law;

(iii) to the extent the Debtors (or, after the Effective Date, the Liquidating Trust) or any "insured persons" (as defined or described in the Chubb Insurance Contracts) seek coverage or payment under any Chubb Insurance Contracts, the Chubb Companies shall be entitled to payment or reimbursement in full from the Debtors or Liquidating Trust, to the extent required under the applicable Chubb Insurance Contract (such payment or reimbursement owed to the Chubb Companies, the "Amounts Owed"), in the ordinary course and without the need for the Chubb Companies to file a Proof of Claim, Administrative Claim, or object to the Cure Notice and Schedule or any other asserted cure amount; provided that any and all rights of the Debtors, the "insured persons" (as defined or described in the Chubb Insurance Contracts) and Liquidating Trust to dispute such Amounts Owed are expressly reserved; *provided, however*, that the Liquidating Trust shall not be entitled to coverage as an "insured" (as defined or described in the Chubb Insurance Contracts) under the Chubb Insurance Contracts at any time without the express written consent of the Chubb Companies; and

(iv) the automatic stay of section 362(a) of the Bankruptcy Code and the injunctions set forth in Article VIII.D of the Plan, if and to the extent applicable, shall be deemed lifted without further order of this Bankruptcy Court, solely to permit: (1) claimants with valid workers' compensation claims or direct action claims against the Chubb Companies under applicable non-bankruptcy law to proceed with their claims; (2) the Chubb Companies to administer, handle, defend, settle, and/or pay, in the ordinary course of business and without further order of this Bankruptcy Court, (A) workers' compensation claims, (B) claims where a claimant asserts a direct claim against the Chubb Companies or third party administrator under applicable non-bankruptcy law, or an order has been entered by this Bankruptcy Court granting a claimant relief from the automatic stay or the injunctions set forth in Article VIII.D of the Plan to proceed with its claim, and (C) all costs in relation to each of the foregoing; and (3) subject to the terms of the Chubb Insurance Contracts and/or applicable non-bankruptcy law, the Chubb Companies to (A) cancel any policies under the Chubb Insurance Contracts, and (B) take other actions relating to the Chubb Insurance Contracts (including effectuating a setoff).

5. Modifications, Amendments, Supplements, Restatements, or Other Agreements.

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

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

6. Reservation of Rights.

Nothing contained in the Plan, including identification in the Assumed Executory Contract and Unexpired Lease List, shall constitute an admission by the Debtors that any contract or lease is in fact an Executory Contract or Unexpired Lease subject to assumption or rejection pursuant to section 365(a) of the Bankruptcy Code, 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 Debtors shall have 30 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease, if necessary.

7. 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, unless such deadline(s) have expired.

E. Provisions Governing Distributions

1. Distribution Record Date.

As of the close of business on the Distribution Record Date, (i) the various transfer registers for each of the Classes of Claims or Interests as maintained by the Debtors, or their agents, shall be deemed closed, (ii) there shall be no further changes in the record holders of any of such Claims or Interests, and the Debtors shall have no obligation to recognize any transfer of such Claims or Interests occurring on or after the Distribution Record Date, and (iii) the Debtors shall be entitled to recognize and deal for all purposes hereunder only with those record holders stated on the transfer ledgers as of the close of business on the Distribution Record Date, to the extent applicable; *provided*, *however*, that if the Liquidating Trust Interests are transferable as set forth in Article IV.B.7 of the Plan, then the Liquidating Trustee may set additional record dates for subsequent distributions to holders of Liquidating Trust Interests, in accordance with the Liquidating Trust Agreement.

2. Method of Distribution Under the Plan.

On the Effective Date, or as soon thereafter as is reasonably practicable, the Debtors or the Liquidating Trustee, as applicable, shall (i) remit to holders of Allowed Administrative/Priority Claims and Allowed Other Secured Claims (in each case except as otherwise provided herein) Cash equal to the Allowed amount of such Claims from the Administrative/Priority Claims Reserve Account and Other Secured Claims Reserve Account respectively and (ii) transfer the Liquidating Trust Assets then held by the Debtors to the Liquidating Trust free and clear of all liens, claims, and encumbrances, except to the extent otherwise provided in the Plan, including, without limitation, pursuant to Article III.B and Article IV.B of the Plan, but subject to any obligations imposed by the Plan and the Liquidating Trust Agreement, on behalf of the Liquidating Trust Beneficiaries. At the option of the Debtors or the Liquidating Trustee, as applicable, any Cash payment to be made under the Plan, the Liquidating Trust, or the Liquidating Trust Agreement, as applicable, may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

3. Delivery of Distributions and Undeliverable or Unclaimed Distributions.

a. Delivery of Distributions in General.

Except as otherwise provided in the Plan or the Liquidating Trust Agreement, all distributions to any Holder of an Allowed Claim shall be made (i) at the address for each such Holder as indicated on such Holder's Proof of Claim, (ii) to a different address and to another party if the Debtors or Liquidating Trustee, as applicable, are so directed in writing by a Holder of an Allowed Claim, or (iii) if no Proof of Claim has been filed, as reflected in the Debtors' books and records as of the date of any such distribution. For the avoidance of doubt, the Debtors or the Liquidating Trustee, as applicable, shall conduct a reasonable search to locate any Holder for purposes of making a distribution pursuant to Article VI.C.1 of the Plan; provided, however, that the Debtors and the Liquidating Trustee shall not be required to engage an outside consultant to conduct such search.

b. Undeliverable Distributions and Unclaimed Property.

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Debtors or the Liquidating Trustee, as applicable, have determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; provided, however, that 90 days after the date such undeliverable distribution was initially made, all such unclaimed property or interests in property shall irrevocably 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 to such property or interest in property shall be discharged and forever barred.

4. Compliance with Tax requirements.

In connection with the Plan, to the extent applicable, any party issuing any instrument or making any distribution under the Plan or Liquidating Trust Agreement shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions under the Plan and all Plan Documents shall be subject to any such withholding or reporting requirements. In the case of a non-Cash distribution that is subject to withholding, the distributing party may withhold an appropriate portion of such distributed property and sell such withheld property to generate Cash necessary to pay over the withholding tax. Notwithstanding the foregoing, each holder of an Allowed Claim or Interest that receives a distribution under the Plan shall have responsibility for any taxes imposed by any governmental unit, including income, withholding, and other taxes, on account of such distribution. Notwithstanding any provision in the Plan to the contrary, the Debtors and the Liquidating Trustee, as applicable, shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including withholding distributions pending receipt of information necessary or appropriate to facilitate such distributions or establishing any other mechanisms they believe are reasonable and appropriate.

5. Time Bar to Cash Payments.

Checks issued by the Debtors or the Liquidating Trustee, as applicable, in respect of Allowed Claims shall be null and void if not negotiated within 60 days after the date of issuance thereof. Requests for re-issuance of any check shall be made to the Debtors or the Liquidating Trustee, as applicable, by the holder of the Allowed Claim to whom such check originally was issued. Any Claim in respect of such a voided check shall be made on or before 30 days after the expiration of the 60 day period following the date of issuance of such check. Thereafter, the amount represented by such voided check shall irrevocably

revert to the Liquidating Trust, and any Claim in respect of such voided check shall be discharged and forever barred.

6. Setoffs and Recoupment.

The Debtors and the Liquidating Trustee, as applicable, may, but shall not be required to, setoff against or recoup from any Claims of any nature whatsoever that the Debtors or the Liquidating Trust may have against the Holder of any such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Liquidating Trustee, as applicable, of any such Claim it may have against the Holder of such Claim.

F. Procedures for Resolving Contingent, Unliquidated, and Disputed Claims

1. Disputed Claims.

On and after the Effective Date, except as otherwise provided in the Plan, all Allowed Claims shall be paid in accordance with the terms of the Plan and shall survive the Effective Date as if the Chapter 11 Cases had not been commenced. Nothing in this paragraph shall in any way limit the Debtors' or Liquidating Trustee's rights to contest the validity, amount, or enforceability of any Claim regardless of whether a Proof of Claim is required for such Claim.

2. Objections to Claims and Interests.

Unless a different time is set by an order of the Bankruptcy Court or otherwise established pursuant to the Plan, all objections to Claims and Interests must be Filed by the Claim Objection Deadline; provided, that no such objection may be Filed with respect to any Claim or Interest after a Final Order has been entered Allowing such Claim or Interest.

3. Prosecution, Compromise, and Settlement.

a. Prosecution of Disputed Claims.

Except as otherwise provided herein, the Liquidating Trust shall have the right to object to all Claims on any basis. Subject to further extension by the Bankruptcy Court with or without notice, the Liquidating Trustee may object to the allowance of all Claims on or before the Claim Objection Deadline. From and after the Effective Date, the Liquidating Trust shall succeed to all of the rights, defenses, offsets, and counterclaims of the Debtors and the Estates in respect of all Claims, and in that capacity shall have the exclusive power to prosecute, defend, compromise, settle, and otherwise deal with all such objections.

b. Compromise and Settlement of Claims.

Pursuant to Bankruptcy Rule 9019(b), the Liquidating Trustee may settle any Disputed Claims (or aggregate of Claims if held by a single creditor), without notice, a hearing or Bankruptcy Court approval.

4. No Distributions Pending Allowance.

If a Claim or Interest, or any portion of a Claim or Interest, is Disputed, no payment or distribution provided hereunder shall be made on account of such Disputed Claim or Interest, unless and until such Disputed Claim or Interest becomes an Allowed Claim or Interest.

5. Distributions After Allowance.

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Debtors or the Liquidating Trustee, as applicable, shall provide to the Holder of such Claim 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.

G. Settlement, Release, Injunction, and Related Provisions

1. No Discharge of Claims.

In accordance with section 1141(d)(3) of the Bankruptcy Code, the Plan does not discharge the Debtors. Nevertheless, no Entity holding a Claim against the Debtors may receive any payment from, or seek recourse against, any assets that are to be distributed under the Plan other than assets required to be distributed to that Entity under the Plan. As of the Confirmation Date, all parties are precluded from asserting against any property to be distributed under the Plan any Claims, rights, Causes of Action, liabilities, or Interests based upon any act, omission, transaction, or other activity that occurred before the Effective Date except as expressly provided in the Plan or the Confirmation Order.

Notwithstanding any language to the contrary contained in the Disclosure Statement, Plan and/or the Confirmation Order, no provision of this Plan or the Confirmation Order shall (i) preclude the United States Securities and Exchange Commission ("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 non-Debtor entity in any forum.

2. Releases.

a. Debtor Release

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Released Parties will be deemed conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged by the Debtors and their Estates, in each case, from and against all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whether liquidated or unliquidated, direct, indirect or derivative, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or hereinafter arising, whether in law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common law, or any other applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, based on or relating to, or in any manner arising from, in whole or in part, any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date (including prior to the Petition Date) in any way relating to the Debtors, the Estates, the Debtors' capital structure, the Term B Credit Agreement and the other Term B Loan Documents, the Chapter 11 Cases, the Plan, the RSA, the Disclosure Statement, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, including, without limitation, the administration of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation,

formulation, or preparation of the Plan, the RSA, the Disclosure Statement, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the Debtors' in or out-of-court sale, restructuring and recapitalization efforts, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, the documents in the Plan Supplement, the Asset Purchase Agreements, the Bidding Procedures Order, the Sale Transactions, the Sale Order, the DIP Orders and the DIP Documents, and any related agreements, instruments, and other documents, and the negotiation, formulation, preparation, dissemination, filing, pursuit of consummation, or implementation thereof, the solicitation of votes with respect to the Plan, or any other act or omission or related agreements, instruments, or other documents, or any other act, omission, transaction, agreement, event, or other occurrence taking place before the Effective Date.

Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any Person under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan. Moreover, the foregoing release shall have no effect on the liability of, or any Cause of Action against, any Entity that results from any act or omission that is determined in a Final Order to have constituted actual fraud, willful misconduct, criminal acts, or reckless or gross negligence.

b. Release by Holders of Claims and Interests

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Released Parties will be deemed conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged by the Releasing Parties, in each case, from and against all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whether liquidated or unliquidated, direct, indirect or derivative, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or hereinafter arising, whether in law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common law, or any other applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, based on or relating to, or in any manner arising from, in whole or in part, any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date (including prior to the Petition Date) in any way relating to the Debtors, the Estates, the Debtors' capital structure, the Term B Credit Agreement and the other Term B Loan Documents, the Chapter 11 Cases, the Plan, the RSA, the Disclosure Statement, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Releasing Party and any Released Party, including, without limitation, the administration of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the RSA, the Disclosure Statement, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the Debtors' in or out-of-court restructuring and recapitalization efforts, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, the documents in the Plan Supplement, the Asset Purchase Agreements, the Bidding Procedures Order, the Sale Transactions, the Sale Order, the DIP Orders and the DIP Documents, and any related agreements, instruments, and other documents, and the negotiation, formulation, preparation, dissemination, filing, pursuit of consummation, or implementation thereof, the solicitation of votes with respect to the Plan, or any other act or omission or related agreements, instruments, or other documents, or any other act, omission, transaction, agreement, event, or other occurrence taking place before the Effective Date.

Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any Person under the Plan or any document,

instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan. Moreover, the foregoing release shall have no effect on the liability of, or any Cause of Action against, any Entity that results from any act or omission that is determined in a Final Order to have constituted actual fraud, willful misconduct, criminal acts, or reckless or gross negligence.

c. Release of Liens

Except as otherwise provided in the Plan (including, without limitation, Article III.B and Article IV.B of the Plan) or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Debtors and their Estates 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 Debtors and their successors and assigns, including the Liquidating Trust, in accordance with the Plan.

3. Exculpation.

To the fullest extent permitted by applicable law, and without affecting or limiting the releases set forth in Article VIII.B.1 or Article VIII.B.2 of the Plan, each Debtor, each Estate, and each Exculpated Party is hereby released and exculpated from any claim, obligation, Cause of Action, or liability in connection with or arising out of: the administration of the Chapter 11 Cases, commencement of the Chapter 11 Cases, pursuit of Confirmation and consummation of the Plan, making Distributions, implementing the Liquidating Trust and the wind-down, the Disclosure Statement, the Sale Transactions, the Asset Purchase Agreements, the Sale Orders, or the solicitation of votes for, or Confirmation of, the Plan; the occurrence of the Effective Date; the administration of the Plan or the property to be distributed under the Plan; the issuance of securities under or in connection with the Plan; the purchase, sale, or rescission of the purchase or sale of any asset or security of the Debtors; the DIP Orders and the DIP Documents, and any related agreements, instruments, and other documents, and the negotiation, formulation, preparation, dissemination, filing, pursuit of consummation, or implementation thereof, or any other act or omission or related agreements, instruments, or other documents, or any other act, omission, transaction, agreement, event, or other occurrence taking place before the Effective Date, or the transactions in furtherance of any of the foregoing; provided, however, that none of the foregoing provisions shall operate to waive or release (i) any Claims or Causes of Action arising out of or related to any act or omission of an Exculpated Party that constitutes actual fraud, willful misconduct, criminal acts, or reckless or gross negligence, as determined by a Final Order, and (ii) the Exculpated Parties' rights and obligations under the Plan, the Plan Supplement documents, and the Confirmation Order, but in all respects such Persons will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan.

The Exculpated Parties have acted in compliance with the applicable provisions of the Bankruptcy Code with regard to the solicitation of votes on the Plan and, therefore, are not, and will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or Distributions made pursuant to the Plan. The Exculpation will be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable law or rules protecting such Exculpated Parties from liability. Without limiting the generality of the foregoing, each Debtor, each Estate, and each Exculpated Party shall be entitled to and granted the protections and benefits of section 1125(e) of the Bankruptcy Code. Notwithstanding anything to the contrary in the foregoing, the releases and exculpations set forth above do not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed or

deemed executed to implement the Plan, or any Executory Contract or Unexpired Lease assumed during the Chapter 11 Cases or under the Plan.

4. Injunction.

All Parties and Entities are permanently enjoined, on and after the Effective Date, on account of any Claim, Cause of Action or Interest, from taking any of the following actions against, as applicable, any Estate, any Released Party, the Liquidating Trust, the Liquidating Trustee, their respective successors and assigns, and any of their respective assets and properties: (i) 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, Causes of Action or Interests, (ii) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against the Released Parties (other than the Debtors) on account of or in connection with or with respect to any such Claims, Causes of Action or Interests, (iii) creating, perfecting, or enforcing any encumbrance of any kind against the Released Parties (other than the Debtors), or their respective property or the estates of such Entities on account of or in connection with or with respect to any such Claims, Causes of Action or Interests, (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from the Released Parties (other than the Debtors) or against their respective property or estates on account of or in connection with or with respect to any such Claims, Causes of Action or Interests unless such Entity has timely asserted such setoff right before Confirmation in a Proof of Claim or document Filed with the Bankruptcy Court explicitly preserving such setoff, and notwithstanding an indication of a Claim, Cause of Action or Interest or otherwise that such Entity asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise, and (v) 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, Causes of Action or Interests released or settled pursuant to the Plan. Notwithstanding the foregoing, or any of the releases, discharges, injunctions or waivers set forth herein, nothing in the Plan or the Confirmation Order shall modify the rights, if any, of any counterparty to an unexpired lease of non-residential real property to assert any right of setoff or recoupment that such counterparty may have under applicable bankruptcy or non-bankruptcy law, including, but not limited to, the ability, if any, of such counterparties to setoff or recoup a security deposit held pursuant to the terms of their unexpired lease with the Debtors or the Liquidating Trust.

5. Setoffs.

Except as otherwise expressly provided for in the Plan, the Liquidating Trust or any Debtor pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the Holder of a Claim, as applicable, may set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), any claims, rights, and Causes of Action of any nature that such Debtor or the Liquidating Trust may hold against the Holder of such Allowed Claim, to the extent such claims, rights, or Causes of Action against such Holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); *provided*, *however*, that neither the failure to effect such a setoff nor the allowance of any Claim pursuant to the Plan shall constitute a waiver or release by such Debtor or Liquidating Trust of any such claims, rights, and Causes of Action that such Debtor or Liquidating Trust may possess against such Holder.

6. Recoupment.

In no event shall any Holder of a Claim be entitled to recoup any Claim against any claim, right, or Cause of Action of the Debtors or the Liquidating Trust, as applicable, unless such Holder actually has

performed such recoupment and provided notice thereof in writing to the Debtors or the Liquidating Trustee on or before the Confirmation Date.

7. Subordination Rights.

The classification and treatment of all Claims and Interests under the Plan shall conform to and with the respective contractual, legal, and equitable subordination rights of such Claims and Interests, and, subject to the provisions of Article III.H of the Plan, any such subordination rights shall be settled, compromised, and released pursuant to the Plan.

H. Effect of Confirmation of the Plan

Upon entry of the Confirmation Order, the Bankruptcy Court shall be deemed to have made and issued pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014, the Confirmation Order Findings of Fact and Conclusions of Law. Upon entry of the Confirmation Order, the Confirmation Order Findings of Fact and Conclusions of Law shall constitute findings of fact even if they are stated as conclusions of law, and any and all conclusions of law in the Plan shall constitute conclusions of law even if they are stated as findings of fact.

I. Conditions Precedent to Consummation of the Plan

1. Conditions Precedent to the Confirmation Date.

It shall be a condition to the Confirmation Date that the following conditions shall have been satisfied or waived pursuant to the provisions of Article X.C of the Plan:

a. The Disclosure Statement Order shall have been entered by the Bankruptcy Court in form and substance acceptable to the Debtors and to the Requisite Consenting Lenders;

b. All Plan Documents are in form and substance acceptable to the Debtors and to the Requisite Consenting Lenders and have been filed with the Bankruptcy Court; and

c. The Bankruptcy Court shall have entered the Confirmation Order in form and substance acceptable to the Debtors and to the Requisite Consenting Lenders which, among other things, approves the Plan Documents.

2. 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 X.C of the Plan:

a. The Confirmation Order shall have been entered by the Bankruptcy Court in form and substance acceptable to the Debtors and to the Requisite Consenting Lenders, be in full force and effect, and not be subject to any stay or injunction, and shall have become a Final Order;

b. All actions, documents, Certificates, and agreements necessary or appropriate to implement the Plan shall have been effected or executed or deemed executed and delivered, as the case may be, to the required parties and, to the extent required, Filed with the applicable Governmental Units in accordance with applicable laws;

c. All authorizations, consents, regulatory approvals, rulings, or documents that are necessary or appropriate to implement and effectuate the Plan shall have been received; and

d. The Wind-Down Reserve Accounts have each been funded in the Wind-Down Amount pursuant to the Wind-Down Budget and as otherwise required pursuant to the Plan.

3. Waiver of Conditions.

The conditions set forth in Article X.A and X.B of the Plan may be waived only by joint written consent of the Debtors and the Requisite Consenting Lenders (email to suffice). Such waiver may be effectuated without notice to or entry of an order of the Bankruptcy Court and without notice to any other parties in interest.

4. Effect of Failure of Conditions.

If Consummation does not occur on or prior to April 15, 2022 (or such date which may be extended further by the Debtors), the Plan shall be null and void in all respects and nothing contained in the Plan, the Disclosure Statement shall (i) constitute a waiver or release of any claims by the Debtors, Holders of Claims, or Holders of Interests or any Causes of Action, (ii) prejudice in any manner the rights of the Debtors or any other Entity, or (iii) constitute an admission, acknowledgment, offer, or undertaking by the Debtors or any other Entity in any respect, including with respect to substantive consolidation and similar arguments.

J. Modification, Revocation, or Withdrawal of the Plan

1. Modification and Amendments.

Except as otherwise provided in the Plan, the Debtors reserve the right, with the prior written consent of the Requisite Consenting Lenders (email to suffice), to modify the Plan and any Plan Document (including, without limitation, any Plan Supplement document) and seek Confirmation consistent with the Bankruptcy Code. Such modification may be material or immaterial, and may include material modifications to the economic terms of the Plan. Further, subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtors, with the prior written consent of the Requisite Consenting Lenders (email to suffice), expressly reserve the right to exercise reasonable discretion to revoke or withdraw, or to alter, amend, or modify the Plan with respect to any Debtor, one or more times, after Confirmation, and, to the extent necessary or appropriate, 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 Plan, the Plan Documents, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary or appropriate to carry out the purposes and intent of the Plan. Any such revocation, withdrawal, alteration, amendment, modification, or supplement contemplated by this paragraph shall be in form and substance acceptable to the Debtors and reasonably acceptable to the Requisite Consenting Lenders. Additionally, any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with Article XI of the Plan.

2. Effect of Confirmation on Modifications.

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

3. Revocation or Withdrawal of Plan.

The Debtors reserve the right, with the prior written consent of the Requisite Consenting Lenders (email to suffice), to revoke or withdraw the Plan prior to the Confirmation Date and to file subsequent plans of liquidation or reorganization. If the Debtors, with the prior written consent of the Requisite Consenting Lenders (email to suffice), revoke or withdraw the Plan, or if Confirmation or Consummation does not occur, then: (i) the Plan shall be null and void in all respects, (ii) any settlement or compromise embodied in the Plan, assumption, assumption and assignment, or rejection of Executory Contracts or Unexpired Leases effected under the Plan, and any document or agreement executed or deemed executed pursuant to the Plan, shall be deemed null and void, and (iii) nothing contained in the Plan shall: (i) constitute a waiver or release of any Claims, Interests or Causes of Action, (ii) prejudice in any manner the rights of such Debtor or any other Entity, or (iii) constitute an admission, acknowledgement, offer, or undertaking of any sort by such Debtor or any other Entity, including with respect to substantive consolidation and similar arguments.

K. 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 related to, the Chapter 11 Cases and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code to the extent provided under applicable law, including jurisdiction to:

1. 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/Priority Claim and the resolution of any and all objections to the Secured or unsecured status, priority, amount, or allowance of Claims or Interests;

2. 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;

3. resolve any matters related to: (i) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including cure amount pursuant to section 365 of the Bankruptcy Code, (ii) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed or assumed and assigned, and (iii) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that distributions to Holders of Allowed Claims and Allowed Interests are accomplished pursuant to the provisions of the Plan and the Liquidating Trust Agreement;

5. enter and implement such orders as may be necessary or appropriate 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 Plan or the Disclosure Statement;

6. 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;

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

8. enter an order or Final Decree concluding or closing the Chapter 11 Cases;

9. 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;

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

11. 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 or deemed executed in connection with the Plan;

12. 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 VIII of the Plan, regardless of whether such termination occurred prior to or after the Effective Date;

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

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

L. Miscellaneous Provisions

1. Immediate Binding Effect.

Subject to Article X.B of the Plan and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, as of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors, the Liquidating Trustee, and any and all Holders of Claims or Interests (irrespective of whether the Holders of such 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 Debtors.

2. Additional Documents.

On or before the Effective Date, the Debtors 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 Debtors or the Liquidating Trust, as applicable, and all Holders of Claims 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.

3. 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 by each of the Debtors or the Liquidating Trustee on behalf of each of the Debtors, on the Effective Date, and following the Effective Date, the Debtors, or the Liquidating Trustee on behalf of each of the Debtors, shall pay such fees as they are assessed and come due for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first.

4. Reservation of Rights.

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the Filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtors with respect to the Plan, the Disclosure Statement, or the Plan Documents shall be or shall be deemed to be an admission or waiver of any rights of any of the Debtors with respect to the Holders of Claims or Interests prior to the Effective Date.

5. 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, director, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

6. Disallowed Claims.

No distribution shall be made under the Plan on account of or in relation to Disallowed Claims.

7. Notices.

All notices, requests, and demands to or upon the Debtors 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:

if to the Debtors, to:

c/o Sequential Brands Group, Inc.
105 E. 34th Street, #249
New York, NY 10016
Attn: Lorraine DiSanto
Email: LDiSanto@sbg-ny.com

with copies to:

GIBSON, DUNN & CRUTCHER LLP
Scott J. Greenberg
Joshua Brody
Jason Zachary Goldstein
200 Park Avenue
New York, New York 10166
Tel: (212) 351-4000
Fax: (212) 351-4035
Email: sgreenberg@gibsondunn.com
jbrody@gibsondunn.com
jgoldstein@gibsondunn.com

After the Effective Date, the Debtors and the Liquidating Trustee, as applicable, shall have authority to send a notice to Entities providing that, in order to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entity must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Debtors and the Liquidating Trustee, as applicable,

are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have Filed such renewed requests.

8. Closure of Chapter 11 Cases.

If at any time the Liquidating Trustee determines that the expense of administering the Liquidating Trust so as to make a final distribution to the Liquidating Trust Beneficiaries is likely to exceed the value of the Liquidating Trust Assets remaining in the Liquidating Trust, the Liquidating Trustee shall apply to the Bankruptcy Court for authority to (i) distribute to each Liquidating Trust Beneficiary its Pro Rata share of Cash remaining in the Liquidating Trust Reserve Account (after reserving for administrative cost associated therewith) and (ii) close the Chapter 11 Cases in accordance with the Bankruptcy Code and Bankruptcy Rules. Notice of such application shall be given electronically, to the extent practicable, to those parties who have filed requests for notices and whose electronic addresses remain current and operating.

9. Term of Injunction or Stays.

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases 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.

10. Entire Agreement.

Except as otherwise indicated, the Plan and the Plan Supplement supersede 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 and Plan Supplement.

11. Exhibits.

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 Debtors' counsel at the address above or by downloading such exhibits and documents from the Claims and Balloting Agent website at http://www.kccllc.net/SQBG or the Bankruptcy Court's website at http://www.deb.uscourts.gov/. To the extent any exhibit or document is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit or non-document portion of the Plan shall control.

12. 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. To the extent that one of the individual Debtor's chapter 11 plans is found to be unconfirmable, the Debtors may sever such Debtor from the Plan and seek confirmation of the Plan. Notwithstanding any such holding, alteration, interpretation or severance, 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, interpretation or severance. 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: (i) valid and enforceable pursuant to its terms, (ii) integral to the Plan and may not be deleted or modified without the Debtors' consent, and (iii) nonseverable and mutually dependent.

13. Votes Solicited in Good Faith.

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

14. Waiver or Estoppel.

Each Holder of a Claim or an Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Interest should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court prior to the Confirmation Date.

15. Conflicts.

Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, the Plan Supplement (other than the Liquidating Trust Agreement), or any other order (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control. In the event of a conflict between the terms of the Plan, the Disclosure Statement, the Plan Supplement and, in each case, all documents, attachments, and exhibits thereto, on the one hand, and the terms of the Confirmation Order, on the other hand, the terms of the Confirmation Order shall control.

16. No Stay of Confirmation Order.

The Debtors will request that the Bankruptcy Court waive any stay of enforcement of the Confirmation Order otherwise applicable, including, without limitation, pursuant to Bankruptcy Rules 3020(e), 6004(h) and 7062.

IV. ALTERNATIVES TO THE PLAN

The Plan reflects discussions and negotiations held between the Debtors and various stakeholders. The Debtors, in consultation with various professionals, have determined that the Plan is the most practical means of providing maximum recoveries to creditors. Alternatives to the Plan which have been considered and evaluated by the Debtors during the course of the Chapter 11 Cases include (i) liquidation of the Debtors' assets under chapter 7 of the Bankruptcy Code and (ii) an alternative chapter 11 plan. The Debtors' thorough consideration of these alternatives to the Plan has led them to conclude that the Plan, in comparison, provides a greater recovery to creditors on a more expeditious timetable and in a manner which minimizes inherent risks than any other course of action available to the Debtors.

A. Liquidation Under Chapter 7 of the Bankruptcy Code

If the Plan or any other chapter 11 plan for the Debtors cannot be confirmed under section 1129(a) of the Bankruptcy Code, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, in which event a trustee would be elected or appointed to liquidate any remaining assets of the Debtors for distribution to creditors pursuant to chapter 7 of the Bankruptcy Code. A chapter 7 trustee, who would lack the Debtors' knowledge of their affairs, would be required to invest substantial time and resources to investigate the facts underlying the multitude of Claims filed against the Debtors' estates. If a trustee is appointed and the remaining assets of the Debtors are liquidated under chapter 7 of the Bankruptcy Code, all creditors holding Allowed Administrative Claims, Allowed Priority Tax Claims, and Allowed Other Priority Claims may receive distributions of a lesser value on account of their Allowed Claims and likely would have to wait a longer period of time to receive such distributions than they would under the Plan. A liquidation under chapter 7 likely would result in smaller distributions made to creditors than that provided for in the Plan because of (i) additional administrative expenses involved in the appointment of a chapter 7 trustee and (ii) additional expenses and Claims, some of which would be entitled to priority, which would be generated during the chapter 7 liquidation. A liquidation analysis is attached as Exhibit C hereto.

B. Alternative Chapter 11 Plan

If the Plan is not confirmed, the Debtors or any other party in interest (if the Debtors' exclusive period in which to file a chapter 11 plan has expired) could attempt to formulate an alternative chapter 11 plan which might provide for the liquidation of the Debtors' assets and the treatment of Claims other than as provided in the Plan. Because the Debtors do not have any ongoing operations, the Debtors believe that any alternative chapter 11 plan will necessarily be substantially similar to the Plan. Accordingly, the Debtors do not believe that a realistic alternative chapter 11 plan is likely or in the best interests of creditors.

C. Certain Risk Factors

1. The Debtors May Not Be Able to Obtain Confirmation of the Plan. With regard to any proposed plan, the Debtors may not receive the requisite acceptances to confirm a plan. In the event that votes with respect to Claims in the Class entitled to vote are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek Confirmation of the Plan by the Bankruptcy Court. If the requisite acceptances are not received, the Debtors may not be able to obtain Confirmation of the Plan. Even if the requisite acceptances of a proposed plan are received, the Bankruptcy Court might not confirm the Plan as proposed if the Bankruptcy Court finds that any of the statutory requirements for confirmation under section 1129 of the Bankruptcy Code have not been met. If the Plan is not confirmed by the Bankruptcy Court, there can be no assurance that any alternative plan of liquidation would be on terms as favorable to Holders of Claims as the terms of the Plan. In addition, there can be no assurance that the Debtors will be able to successfully develop, prosecute, confirm and consummate an alternative plan that is acceptable to the Bankruptcy Court and the Debtors' creditors. In the event that the Plan is not confirmed or the Chapter 11 Cases are converted to cases under chapter 7 of the Bankruptcy Code, the Debtors believe that such action or inaction, as the case may be, will cause the Debtors to incur substantial expenses and otherwise serve only to prolong unnecessarily the Chapter 11 Cases and negatively affect creditors' recoveries on their Claims.

2. The Conditions Precedent to the Effective Date of the Plan May Not Occur. As more fully set forth in the Plan, the Effective Date is subject to a number of conditions precedent. If such conditions precedent are not met or waived, the Effective Date will not occur.

3. Class 3 Creditors May Recover Less From the Liquidating Trust Assets Than Projected. The Cash available for Distributions to Holders of Allowed Term B Lender Claims may be reduced by,

among other things, the prior payment of (i) the Liquidating Trust expenses, (ii) any other wind-down fees, costs, and expenses of the Debtors, and (iii) Claims required to be paid pursuant to the Plan with priority over the Term B Lender Claims.

4. The Allowed Amount of Claims May Differ From Current Estimates. There can be no assurance that the Debtors' estimated Claim amounts are correct, and the actual amount of Allowed Claims may differ from the estimates. The estimated amounts are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, the actual amount of Allowed Claims may vary from the Debtors' estimates. Furthermore, a number of additional Claims may be filed, including on account of rejection damages for executory contracts and unexpired leases rejected pursuant to the Plan.

V. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. General

The following discussion summarizes certain material United States federal income tax consequences of the implementation of the Plan to the Debtors and to certain Holders of Allowed Claims. This summary does not address the federal income tax consequences to Holders of Claims who are deemed to have rejected the Plan in accordance with the provisions of Section 1126(g) of the Bankruptcy Code, or Holders whose Claims are entitled to payment in full in Cash.

This summary is based on the Internal Revenue Code ("IRC"), existing and proposed Treasury Regulations, judicial decisions, and published administrative rules and pronouncements of the IRS as in effect on the date hereof, all of which are subject to change, possibly on a retroactive basis. Any such change could significantly affect the federal income tax consequences described below.

The Debtors have not requested an opinion of counsel or a ruling from the IRS with respect to any of the tax aspects of the Plan. This summary does not address state, local or foreign income or other tax consequences of the Plan. Creditors who are non-U.S. Holders should consult their own tax advisors with respect to the tax consequences of the Plan applicable to them.

The following discussion generally assumes that the Plan will be treated as a plan of liquidation of the Debtors for U.S. federal income tax purposes, and that all Distributions to Holders of Claims will be taxed accordingly.

ACCORDINGLY, THE FOLLOWING SUMMARY IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING OR FOR ADVICE BASED UPON THE PARTICULAR CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS URGED TO CONSULT ITS OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES APPLICABLE TO IT UNDER THE PLAN.

B. Consequences to the Debtors

1. Cancellation of Debt. The Debtors may realize cancellation of debt ("COD") income by reason of the discharge of the Debtors' indebtedness. COD is the amount by which the adjusted issue price of indebtedness discharged exceeds the sum of the amount of Cash, the issue price of any debt instrument and the fair market value of any other property given in exchange therefor, subject to certain statutory or judicial exceptions that can apply to limit the amount of COD (such as where the payment of the canceled debt would have given rise to a tax deduction). Because the Debtors anticipate utilizing a tax provision

applicable to COD income realized in connection with the discharge of indebtedness in a chapter 11 case, the Debtors do not expect to incur COD income as a result of the implementation of the Plan.

2. Transfer of Assets to Liquidating Trust. The Debtors' transfer of assets to the Liquidating Trust may result in the recognition of gain or loss by the Debtors, depending in part on the value of such assets on the date of such transfer to the Liquidating Trust relative to the Debtors' adjusted tax basis in such assets.

C. Consequences to Holders of Claims and Interests

1. Realization and Recognition of Gain or Loss, In General. The federal income tax consequences of the implementation of the Plan to a Holder of a Claim or Interest will depend, among other things, upon the origin of the Holder's Claim or Interest, when the Holder receives payment in respect of such Claim or Interest, whether the Holder reports income using the accrual or cash method of tax accounting, whether the Holder acquired its Claim or Interest at a discount, whether the Holder has taken a bad debt deduction or worthless security deduction with respect to such Claim or Interest, and whether (as intended and herein assumed) the Plan is treated as a plan of liquidation for federal income tax purposes. A Holder of an Interest should consult its tax advisor regarding the timing and amount of any potential worthless stock loss.

Generally, a Holder of an Allowed Claim will realize gain or loss on the exchange under the Plan of its Allowed Claim for Cash or other property (including any Liquidating Trust Interests), in an amount equal to the difference between (i) the sum of the amount of any Cash and the fair market value on the date of the exchange of any other property received by the Holder, including, as discussed below, any beneficial interests in a Liquidating Trust (other than any consideration attributable to a Claim for accrued but unpaid interest) and (ii) the adjusted tax basis of the Allowed Claim exchanged therefor (other than basis attributable to accrued but unpaid interest previously included in the Holder's taxable income).

When gain or loss is recognized as discussed below, such gain or loss may be long-term capital gain or loss if the Claim or Interest disposed of is a capital asset in the hands of the Holder and the Holder's holding period in the Claim or Interest exceeds one year. Each Holder of an Allowed Claim or Interest should consult its own tax advisor to determine whether gain or loss recognized by such Holder will be long-term capital gain or loss and the specific tax effect thereof on such Holder.

As discussed below, each Holder of an Allowed Claim that receives a beneficial interest in the Liquidating Trust will be treated for U.S. federal income tax purposes as directly receiving, and as a direct owner of, its respective share of the Liquidating Trust Assets (consistent with its economic rights in the trust). Pursuant to the Plan, the Liquidating Trustee will in good faith value the assets transferred to the Liquidating Trust, and all parties to the Liquidating Trust (including Holders of Claims receiving Liquidating Trust Interests) must consistently use such valuation for all U.S. federal income tax purposes.

A Holder's share of any proceeds received by a Liquidating Trust upon the sale or other disposition of the assets of the Liquidating Trust should not be included, for federal income tax purposes, in the

Holder's amount realized in respect of its Allowed Claim but should be separately treated as amounts realized in respect of such Holder's ownership interest in the underlying assets of the Liquidating Trust.

A Holder's tax basis in its respective share of the Liquidating Trust Assets will equal the fair market value of such respective share, and the Holder's holding period generally will begin the day following the establishment of a Liquidating Trust.

2. Allocation of Consideration to Interest. In general, to the extent any amount received (whether stock, Cash, or other property) by a Holder of a debt instrument is received in satisfaction of accrued interest during its holding period, such amount will be taxable to the Holder as interest income (if not previously included in the Holder's gross income under the Holder's normal method of accounting). Conversely, a Holder generally recognizes a deductible loss to the extent any accrued interest claimed was previously included in its gross income and is not paid in full. Each Holder of an Allowed Claim is urged to consult its own tax advisor regarding the allocation of consideration and the taxation or deductibility of unpaid interest for tax purposes.

D. Tax Treatment of a Liquidating Trust and Holders of Beneficial Interests

1. Classification of the Liquidating Trust. The Liquidating Trust (other than the Disputed Claims Reserve, which is intended to qualify as a "disputed ownership fund" within the meaning of Treasury Regulation section 1.468B-9) is intended to qualify as a "liquidating trust" for U.S. federal income tax purposes. In general, a liquidating trust is not a separate taxable entity, but rather is treated for U.S. federal income tax purposes as a "grantor trust" (i.e., all income and loss is taxed directly to the Liquidating Trust Beneficiaries). However, merely establishing a trust as a liquidating trust does not ensure that it will be treated as a grantor trust for U.S. federal income tax purposes. The IRS, in Revenue Procedure 94-45, 1994-2 C.B. 684, set forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a chapter 11 plan. The Liquidating Trust will be structured to comply with such general criteria. Pursuant to the Plan, and in conformity with Revenue Procedure 94-45, all parties (including, without limitation, the Debtors, the Liquidating Trustee, Holders of Allowed Claims, and the Liquidating Trust Beneficiaries) will be required to treat, for U.S. federal income tax purposes, the Liquidating Trust (other than the Disputed Claims Reserve) as a grantor trust of which the Liquidating Trust Beneficiaries are the owners and grantors. The following discussion assumes that the Liquidating Trust will be so respected for U.S. federal income tax purposes. However, no opinion of counsel has been requested, and the Debtors or Liquidating Trustee may or may not obtain a ruling from the IRS, concerning the tax status of the Liquidating Trust as a grantor trust. Accordingly, there can be no assurance that the IRS would not take a contrary position. If the IRS were to challenge successfully the classification of a Liquidating Trust, the U.S. federal income tax consequences to the Liquidating Trust, the Liquidating Trust Beneficiaries and the Debtors could vary from those discussed herein (including the potential for an entity-level tax on income of the Liquidating Trust).

2. General Tax Reporting by the Liquidating Trust and Beneficiaries. For all U.S. federal income tax purposes, all parties (including, without limitation, the Debtors, the Liquidating Trustee, Holders of Allowed Claims, and the Liquidating Trust Beneficiaries) must treat the transfer of the Liquidating Trust Assets to the Liquidating Trust in accordance with the terms of the Plan. Pursuant to the Plan, the Liquidating Trust Assets (other than the Disputed Claims Reserve) are treated, for U.S. federal income tax purposes, as having been transferred, subject to any obligations relating to those Assets, directly to the Holders of the respective Claims receiving Liquidating Trust Interests (with each Holder receiving an undivided interest in such assets in accordance with their economic interests in such assets), followed by the transfer by the Holders of such assets to the Liquidating Trust in exchange for the Liquidating Trust Interests. Accordingly, all parties must treat the Liquidating Trust (other than the Disputed Claims Reserve) as a grantor trust of which the Holders of Liquidating Trust Interests are the owners and grantors, and treat

the Liquidating Trust Beneficiaries as the direct owners of an undivided interest in the Liquidating Trust Assets, consistent with their economic interests therein, for all U.S. federal income tax purposes.

Allocations of taxable income of the Liquidating Trust among the Liquidating Trust Beneficiaries shall be determined by reference to the manner in which an amount of Cash equal to such taxable income would be distributed (were such Cash permitted to be distributed at such time) if, immediately prior to such deemed Distribution, the Liquidating Trust had distributed all its assets (valued at their tax book value, and other than assets allocable to Disputed Claims) to the Liquidating Trust Beneficiaries, adjusted for prior taxable income and loss and taking into account all prior and concurrent Distributions from the Liquidating Trust. Similarly, taxable loss of the Liquidating Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating Distribution of the remaining Liquidating Trust Assets. The tax book value of the Liquidating Trust Assets for this purpose shall equal their fair market value on the date of the transfer of the Liquidating Trust Assets to the Liquidating Trust, adjusted in accordance with tax accounting principles prescribed by the IRC, applicable Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements.

As soon as reasonably practicable after the transfer of the Liquidating Trust Assets to the Liquidating Trust, the Liquidating Trustee shall make a good faith valuation of the Liquidating Trust Assets. All parties to the Liquidating Trust (including, without limitation, the Debtors and the Liquidating Trust Beneficiaries) must consistently use such valuation for all U.S. federal income tax purposes. The valuation will be made available, from time to time, as relevant for tax reporting purposes.

Taxable income or loss allocated to a Liquidating Trust Beneficiary will be treated as income or loss with respect to Liquidating Trust Beneficiary's undivided interest in the Liquidating Trust Assets, and not as income or loss with respect to its prior Allowed Claim. The character of any income and the character and ability to use any loss will depend on the particular situation of the Liquidating Trust Beneficiary.

The U.S. federal income tax obligations of a Holder with respect to its Liquidating Trust Interest are not dependent on the Liquidating Trust distributing any Cash or other proceeds. Thus, a Holder may incur a U.S. federal income tax liability with respect to its allocable share of Liquidating Trust income even if the Liquidating Trust does not make a concurrent Distribution to the Holder. In general, a Distribution of Cash by the Liquidating Trust will not be separately taxable to a Liquidating Trust Beneficiary since the beneficiary is already regarded for federal income tax purposes as owning the underlying assets (and was taxed at the time the cash was earned or received by the Liquidating Trust).

The Liquidating Trustee will comply with all applicable governmental withholding requirements. Thus, in the case of any Liquidating Trust Beneficiaries that are not U.S. persons, the Liquidating Trustee may be required to withhold up to 30% of the income or proceeds allocable to such persons, depending on the circumstances (including whether the type of income is subject to a lower treaty rate). As indicated above, the foregoing discussion of the U.S. federal income tax consequences of the Plan does not generally address the consequences to non-U.S. Holders; accordingly, such Holders should consult their tax advisors with respect to the U.S. federal income tax consequences of the Plan, including owning an interest in the Liquidating Trust.

The Liquidating Trustee will file with the IRS tax returns for the Liquidating Trust consistent with its classification as a grantor trust pursuant to Treasury Regulation Section 1.671-4(a). The Liquidating Trustee also will send annually to each holder of a Liquidating Trust Interest a separate statement regarding the receipts and expenditures of the Liquidating Trust as relevant for U.S. federal income tax purposes and will instruct all such holders to use such information in preparing their U.S. federal income tax returns or

to forward the appropriate information to such holder's underlying beneficial holders with instructions to utilize such information in preparing their U.S. federal income tax returns.

3. Disputed Claims. Until such time as all of the beneficial interests in the Liquidating Trust can be distributed to the Holders in accordance with the terms of the Plan, the Disputed Claims Reserve will be treated as owning a portion of the assets in the Liquidating Trust. Distributions will be made to Holders of Disputed Claims when such Claims are subsequently Allowed and to Holders of Allowed Claims when Disputed Claims are subsequently disallowed. The Liquidating Trust shall file all income tax returns with respect to any income attributable to the Disputed Claims Reserve and shall pay the federal, state, and local income taxes attributable to the Disputed Claims Reserve, based on the items of income, gain, deduction, credit, or loss allocable thereto.

Holders should note that the tax treatment of a Disputed Claims Reserve is unclear and should consult their tax advisors as to the tax consequences to them of the establishment of, the income on, and distributions from, the Disputed Claims Reserve.

E. Withholding on Distributions, and Information Reporting

All Distributions to Holders of Allowed Claims under the Plan are subject to any applicable tax withholding, including employment tax withholding. Under federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable withholding rate (currently 24%). Backup withholding generally applies if the Holder (a) fails to furnish its social security number or other taxpayer identification number, (b) furnishes an incorrect taxpayer identification number, (c) fails properly to report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the tax identification number provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions. These categories are very broad; however, there are numerous exceptions. Holders of Allowed Claims are urged to consult their tax advisors regarding the Treasury Regulations governing backup withholding and whether the transactions contemplated by the Plan would be subject to these Treasury Regulations.

In addition, a Holder of an Allowed Claim or a Liquidating Trust Beneficiary that is a not a U.S. person may be subject to up to 30% withholding, depending on, among other things, the particular type of income and whether the type of income is subject to a lower treaty rate. As to certain Claims, it is possible that withholding may be required with respect to Distributions by the Debtors even if no withholding would have been required if payment was made prior to the Chapter 11 Cases. A non-U.S. Holder may also be subject to other adverse consequences in connection with the implementation of the Plan. As discussed above, the foregoing discussion of the U.S. federal income tax consequences of the Plan does not generally address the consequences to non-U.S. Holders. Holders are urged to consult their tax advisors regarding potential withholding on Distributions by the Debtors or payments from the Liquidating Trustee.

In addition, Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these Treasury Regulations and

whether the transactions contemplated by the Plan would be subject to these Treasury Regulations and require disclosure on the Holder's tax returns.

VI. VOTING PROCEDURES AND REQUIREMENTS

A. Ballots and Voting Deadline

IT IS IMPORTANT THAT THE HOLDERS OF CLAIMS IN CLASS 3 TIMELY EXERCISE THEIR RIGHT TO VOTE TO ACCEPT OR REJECT THE CHAPTER 11 PLAN. All known Holders of Claims entitled to vote on the Plan have been sent a Ballot together with this Disclosure Statement. Such Holders should read the Ballot carefully and follow the instructions contained therein. Please use only the Ballot that accompanies this Disclosure Statement.

The Debtors have engaged Kurtzman Carson Consultants, LLC as their Claims and Balloting Agent to assist in the transmission of voting materials and in the tabulation of votes with respect to the Plan. **IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE RECEIVED BY THE CLAIMS AND BALLOTING AGENT AT THE ADDRESS SET FORTH BELOW BEFORE THE VOTING DEADLINE OF FEBRUARY 15, 2022 AT 4:00 P.M. (EASTERN TIME).**

IF A BALLOT IS DAMAGED OR LOST, YOU MAY CONTACT THE CLAIMS AND BALLOTING AGENT AT THE NUMBER SET FORTH BELOW. ANY BALLOT THAT IS EXECUTED AND RETURNED BUT WHICH DOES NOT INDICATE AN ACCEPTANCE OR REJECTION OF THE CHAPTER 11 PLAN SHALL NOT BE COUNTED AS EITHER AN ACCEPTANCE OR REJECTION OF THE CHAPTER 11 PLAN.

IF YOU HAVE ANY QUESTIONS CONCERNING VOTING PROCEDURES, YOU MAY CONTACT THE CLAIMS AND BALLOTING AGENT AT (866) 556-7696 (U.S./CANADA) OR (781) 575-2048 (INTERNATIONAL), OR AT:

Sequential Brands Group, Inc., et al. Balloting Center
c/o KCC
222 N. Pacific Coast Highway, Suite 300
El Segundo, CA 90245

B. Holders of Claims Entitled to Vote

Class 3 is the only Class of Claims under the Plan that is impaired and entitled to vote to accept or reject the Plan. Each holder of a Claim in Class 3 as of the Record Date established by the Debtors for purposes of this solicitation may vote to accept or reject the Plan (other than Holders of Claims subject to an objection filed by the Debtors).

C. Votes Required for Acceptance by a Class

Under the Bankruptcy Code, acceptance of a chapter 11 plan by a class of claims occurs when holders of at least two-thirds in dollar amount and more than one half in number of the allowed claims of that class that cast ballots for acceptance or rejection of the chapter 11 plan vote to accept the plan. Thus, acceptance of the Plan by Class 3, for example, will occur only if at least two-thirds in dollar amount and a majority in number of the holders of such Class 3 Claims that cast their ballots vote in favor of acceptance. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such

acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

D. Voting Procedures

1. Holders of Claims in Class 3. All Holders of Claims in Class 3 that are entitled to vote on the Plan should complete the enclosed Ballot and return it to the Claims and Balloting Agent so that it is received by the Claims and Balloting Agent before the Voting Deadline.

2. Withdrawal of Ballot. Except as otherwise provided in the Disclosure Statement Order, any party who has delivered a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Claims and Balloting Agent at any time prior to the Voting Deadline. To be valid, a notice of withdrawal must (i) contain the description of the Claims to which it relates and the aggregate principal amount represented by such Claims, (ii) be signed by the withdrawing party in the same manner as the Ballot being withdrawn, (iii) contain a certification that the withdrawing party owns the Claims and possesses the right to withdraw the vote sought to be withdrawn, and (iv) be actually received by the Claims and Balloting Agent prior to the Voting Deadline.

Except as otherwise provided in the Disclosure Statement Order, any party who has previously delivered a valid Ballot for the acceptance or rejection of the Plan may revoke such Ballot and change its vote by delivering to the Claims and Balloting Agent prior to the Voting Deadline a subsequent properly completed Ballot for acceptance or rejection of the Plan. In the case where multiple ballots are received from the same Holder with respect to the same Claim prior to the Voting Deadline, the last timely received, properly executed Ballot will be deemed to reflect that voter's intent and will supersede and revoke any prior Ballot.

AS NOTED ABOVE, AMONG OTHERS, (I) ALL HOLDERS OF CLAIMS THAT (A) VOTE TO ACCEPT THE PLAN AND/OR (B) ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN AND THAT ABSTAIN FROM VOTING ON THE PLAN OR VOTE TO REJECT THE PLAN BUT, IN EITHER CASE, DO NOT "OPT-OUT" OF THE RELEASES SET FORTH IN ARTICLE VIII.B.2 OF THE PLAN BY CHECKING THE BOX ON THEIR RESPECTIVE BALLOT AND SUBMITTING THE BALLOT SUCH THAT THE BALLOT IS TIMELY RECEIVED AND EFFECTIVE.

OPTIONAL OPT-OUT BOX. EACH BALLOT SHALL INCLUDE AN OPTIONAL OPT-OUT BOX. THE OPTIONAL OPT-OUT BOX IS AN OPT-OUT BOX SET FORTH IN THE BALLOT, DUE BY THE VOTING DEADLINE, PURSUANT TO WHICH HOLDERS OF CLAIMS IN CLASS 3 THAT ABSTAIN FROM VOTING ON THE PLAN OR VOTE TO REJECT THE PLAN MAY OPT-OUT OF THE RELEASES SET FORTH IN ARTICLE VIII.B.2 OF THE PLAN.

VII. CONFIRMATION OF THE PLAN

The Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation are that the Plan is (i) accepted by all impaired Classes of Claims entitled to vote or, if rejected by an impaired Class, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to such Class and as to the impaired Classes of Claims

and Interests that are deemed to reject the Plan, (ii) feasible, and (iii) in the "best interests" of the holders of Claims and Interests impaired under the Plan.

A. Acceptance of the Plan

The Bankruptcy Code defines acceptance of a chapter 11 plan by a class of creditors as acceptance by creditors holding two-thirds (2/3) in dollar amount and a majority in number of the claims in such class (other than any such creditor designated under section 1126(e) of the Bankruptcy Code), but for that purpose counts only those creditors that actually cast Ballots. Holders of claims that fail to vote are not counted as either accepting or rejecting a plan.

B. Confirmation of the Plan If a Class Does Not Accept the Plan/No Unfair Discrimination/Fair and Equitable Test

In the event that any impaired Class of Claims does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtors if, as to each impaired Class of Claims that has not accepted the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable" under the so-called "cramdown" provisions set forth in section 1129(b) of the Bankruptcy Code. Because the holders of Claims and Interests in Classes 4 through 8 will not receive any recovery under the Plan and are, therefore, deemed to have rejected the Plan, the Bankruptcy Court may only confirm the Plan if the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such Classes.

The "unfair discrimination" test applies to classes of claims or equity interests that are of equal priority and are receiving different treatment under the Plan. A chapter 11 plan does not discriminate unfairly, within the meaning of the Bankruptcy Code, if the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are substantially similar to those of the dissenting class and if no class of claims or equity interests receives more than it legally is entitled to receive for its claims or equity interests. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair."

The "fair and equitable" test applies to classes of different priority and status (e.g., secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the allowed amount of the claims in such class. As to the dissenting class, the test sets different standards, depending on the type of claims or interests in such class:

- Secured Creditors. Each holder of an impaired secured claim either (i) retains its liens on the property, to the extent of the allowed amount of its secured claim and receives deferred cash payments having a value, as of the effective date, of at least the allowed amount of such claim, or (ii) has the right to credit bid the amount of its claim if its property is sold and retains its lien on the proceeds of the sale (or if sold, on the proceeds thereof), or (iii) receives the "indubitable equivalent" of its allowed secured claim.

- Unsecured Creditors. Either (i) each holder of an impaired unsecured claim 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.

- Equity Interests. Either (i) each equity interest holder will receive or retain under the plan property of a value equal to the greater of (a) the fixed liquidation

preference or redemption price, if any, of such stock and (b) the value of the stock or (ii) the holders of interests that are junior to the equity interests of the dissenting class will not receive or retain any property under the plan.

These requirements are in addition to other requirements established by case law interpreting the statutory requirement.

The Debtors believe the Plan will satisfy the "fair and equitable" requirement notwithstanding that Classes 4 through 8 are deemed to reject the Plan because (i) no Class that is junior to such Classes will receive or retain any property under the Plan, (ii) no Class of equal rank to Classes 4 through 8 is being afforded better treatment than Classes 4 through 8, respectively, and (iii) the Claims and/or Interests in Classes 4 through 8 are valueless.

IF ALL OTHER CONFIRMATION REQUIREMENTS ARE SATISFIED AT THE CONFIRMATION HEARING, THE DEBTORS WILL ASK THE BANKRUPTCY COURT TO RULE THAT THE PLAN MAY BE CONFIRMED ON THE GROUND THAT THE SECTION 1129(b) REQUIREMENTS HAVE BEEN SATISFIED.

C. Best Interests Test

The Bankruptcy Code requires that each holder of an impaired claim or equity interest either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

The first step in determining whether this test has been satisfied is to determine the dollar amount that would be generated from the liquidation of the Debtors' assets and properties in the context of a chapter 7 liquidation case. The gross amount of cash that would be available for satisfaction of claims and equity interests would be the sum consisting of the proceeds resulting from the disposition of the unencumbered assets and properties of the Debtors, augmented by the unencumbered cash held by the Debtors at the time of the commencement of the liquidation case.

The next step is to reduce that gross amount by the costs and expenses of liquidation and by such additional administrative and priority claims that might result from the use of chapter 7 for the purposes of liquidation. Any remaining net cash would be allocated to creditors and shareholders in strict priority in accordance with section 726 of the Bankruptcy Code. Finally, the present value of such allocations (taking into account the time necessary to accomplish the liquidation) are compared to the value of the property that is proposed to be distributed under the Plan on the Effective Date.

The Debtors' costs of liquidation under chapter 7 would include the fees payable to a trustee in bankruptcy, as well as those fees that might be payable to attorneys and other professionals that such a trustee might engage. Other liquidation costs include the expenses incurred during the Chapter 11 Cases allowed in the chapter 7 cases, such as compensation for attorneys, financial advisors, appraisers, accountants, and other professionals for the Debtors and statutory committees appointed in the Chapter 11 Cases, and costs and expenses of members of such committees, as well as other compensation claims. In addition, claims would arise by reason of the breach or rejection of obligations incurred and leases and executory contracts assumed or entered into by the Debtors during the pendency of the Chapter 11 Cases.

The foregoing types of claims, costs, expenses, fees, and such other claims that may arise in a liquidation case would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay prepetition priority and unsecured Claims.

The Debtors submit that each impaired Class will receive under the Plan a recovery at least equal in value to the recovery such Class would receive pursuant to a liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

The Plan is a plan of liquidation without the additional costs and expenses attendant to a liquidation under chapter 7. After consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in the Chapter 11 Cases, including (i) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee and (ii) the substantial increases in Claims that would be satisfied on a priority basis, the Debtors have determined that confirmation of the Plan will provide each holder of an Allowed Claim with a recovery that is not less than such holder would receive pursuant to liquidation of the Debtors under chapter 7.

The Debtors also believe that the value of any distributions to each Class of Allowed Claims in a chapter 7 case would be less than the value of distributions under the Plan because such distributions in a chapter 7 case would not occur for a substantial period of time. In the event litigation was necessary to resolve claims asserted in a chapter 7 case, the delay could be prolonged and administrative expenses increased. As noted above, a liquidation analysis is attached as Exhibit C hereto.

D. Feasibility

Section 1129(a)(11) of the Bankruptcy Code provides that a chapter 11 plan may be confirmed only if the Bankruptcy Court finds that such plan is feasible. A feasible plan is one which will not lead to a need for further reorganization or liquidation of the debtor. Since the Plan provides for the liquidation of the Debtors, the Bankruptcy Court should find that the Plan is feasible if it determines that the Debtors will be able to satisfy the conditions precedent to the Effective Date and otherwise have sufficient funds to meet their post-Confirmation Date obligations to pay for the costs of administering and fully consummating the Plan and closing the Chapter 11 Cases. The Debtors believe that the Plan satisfies the financial feasibility requirement imposed by the Bankruptcy Code.

E. Classification of Claims and Interests Under the Plan

The Debtors believe that the Plan meets the classification requirements of the Bankruptcy Code which requires that a chapter 11 plan place each claim or equity interest into a class with other claims or equity interests that are "substantially similar." The Plan establishes Classes of Claims and Interests as required by the Bankruptcy Code and summarized above. Administrative Claims, Priority Tax Claims, and Professional Fee Claims are not classified.

F. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after appropriate notice, to hold the Confirmation Hearing. The Confirmation Hearing is scheduled for February 22, 2022 at 1:00 p.m. (Eastern Time), or as soon thereafter as counsel may be heard, before the Honorable John T. Dorsey, United States Bankruptcy Judge, in Courtroom #1 of the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 6th Floor, Wilmington, Delaware 19801. The Confirmation Hearing may be adjourned from time to time by the Debtors or the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned confirmation hearing.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. Any objection to Confirmation of the Plan must be in writing, must conform to the

Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, must set forth the name of the objector and the nature and amount of claims or interests held or asserted by the objector against the particular Debtor or Debtors, the basis for the objection and the specific grounds therefor, and must be filed with the Bankruptcy Court and served on (a) counsel to the Debtors, Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, New York 10166, Attn: Scott J. Greenberg, Esq., Joshua K. Brody, Esq., and Jason Zachary Goldstein, Esq., and Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, Wilmington, DE 19899 Laura Davis Jones, Esq. and Timothy P. Cairns, Esq., (b) Richard Schepacarter, Esq., Office of the United States Trustee, 844 N. King Street, Room 2207, Lockbox 35, Wilmington DE, 19801; so as to be **ACTUALLY RECEIVED** no later than February 15, 2022, at 4:00 p.m. (Eastern Time).

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. **UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT**.

At the Confirmation Hearing, the Bankruptcy Court must determine whether the requirements of section 1129 of the Bankruptcy Code have been satisfied and, upon demonstration of such compliance, the Bankruptcy Court will enter the Confirmation Order.

VIII. CONCLUSION

The Debtors believe the Plan is in the best interests of all creditors and urge the holders of impaired Claims in Class 3 (Term B Secured Claims) to vote to accept the Plan and to evidence such acceptance by returning their Ballots so that they will be received not later than February 15, 2022.

Dated: January 12, 2022

Respectfully submitted,

SEQUENTIAL BRANDS GROUP, INC.

By: */s/ Lorraine DiSanto*
Name: Lorraine DiSanto
Title: Authorized Signatory

SQBG, INC.

By: */s/ Lorraine DiSanto*
Name: Lorraine DiSanto
Title: Authorized Signatory

SEQUENTIAL LICENSING, INC.

By: */s/ Lorraine DiSanto*
Name: Lorraine DiSanto
Title: Authorized Signatory

WILLIAM RAST LICENSING, LLC

By: */s/ Lorraine DiSanto*
Name: Lorraine DiSanto
Title: Authorized Signatory

HEELING SPORTS LIMITED

By: */s/ Lorraine DiSanto*
Name: Lorraine DiSanto
Title: Authorized Signatory

BRAND MATTER, LLC

By: */s/ Lorraine DiSanto*
Name: Lorraine DiSanto
Title: Authorized Signatory

SBG FM, LLC

By: */s/ Lorraine DiSanto*
Name: Lorraine DiSanto
Title: Authorized Signatory

GALAXY BRANDS LLC

By: */s/ Lorraine DiSanto*
Name: Lorraine DiSanto
Title: Authorized Signatory

THE BASKETBALL MARKETING COMPANY

By: */s/ Lorraine DiSanto*
Name: Lorraine DiSanto
Title: Authorized Signatory

AMERICAN SPORTING GOODS CORPORATION

By: */s/ Lorraine DiSanto*
Name: Lorraine DiSanto
Title: Authorized Signatory

LNT BRANDS LLC

By: */s/ Lorraine DiSanto*
Name: Lorraine DiSanto
Title: Authorized Signatory

JOE'S HOLDING LLC

By: */s/ Lorraine DiSanto*
Name: Lorraine DiSanto
Title: Authorized Signatory

GAIAM BRAND HOLDCO, LLC

By: */s/ Lorraine DiSanto*

Name: Lorraine DiSanto
Title: Authorized Signatory

GAIAM AMERICAS, INC.

By: */s/ Lorraine DiSanto*
Name: Lorraine DiSanto
Title: Authorized Signatory

SBG-GAIAM HOLDINGS, LLC
By: */s/ Lorraine DiSanto*
Name: Lorraine DiSanto
Title: Authorized Signatory

SBG UNIVERSE BRANDS, LLC

By: */s/ Lorraine DiSanto*
Name: Lorraine DiSanto
Title: Authorized Signatory

GBT PROMOTIONS, LLC

By: */s/ Lorraine DiSanto*
Name: Lorraine DiSanto
Title: Authorized Signatory

EXHIBIT A

PLAN

EXHIBIT B

RETAINED PROFESSIONALS

Lorraine DiSanto

Eric Gul

EXHIBIT C

LIQUIDATION ANALYSIS

Set forth below is the Debtors' liquidation analysis that compares estimated distributions to Holders of Claims and Interests under the Plan to estimated recoveries pursuant to a hypothetical liquidation of the Debtors under chapter 7 of the Bankruptcy Code (the "Liquidation Analysis").

Pursuant to the DIP Orders, the Debtors stipulated to the validity, perfection, and priority of the liens securing the Term B Secured Claims. DIP Orders ¶ D(vi). The Debtors stipulated that the liens securing the Term B Secured Claims were valid, binding, enforceable, non-avoidable and properly perfected and were granted to, or for the benefit of, the Holders of Term B Secured Claims for fair consideration and reasonably equivalent value and constitute legal, valid, binding, and non-avoidable obligations. *Id.* The Debtors also stipulated that the Debtors and their Estates have no claims, objections, challenges, causes of action, and/or choses in action, against the Holders of Term B Secured Claims related to the Term B Secured Claims. *Id.* The DIP Orders also provided for a Challenge Period (as defined in the DIP Orders) for other parties in interest to challenge the Debtors' stipulations in the DIP Orders. DIP Orders ¶ 41. This Challenge Period ran on November 3, 2021, and no challenge was filed by this date. As a result, the Debtors' stipulations have become binding upon the Debtors' estates, any subsequent trustee, responsible person, examiner with expanded powers, any other estate representative, and all creditors and parties in interest and all of their successors in interest and assigns.

In this case, the Debtors sold substantially all of their Assets in the Sale Transactions. Following the closing of the Sale Transactions and the running of the Challenge Period, as noted above, the Debtors applied the non-cash portion of the Purchase Price (as described in the Galaxy APA) to partially paydown the total amount of Term B Secured Claims outstanding under the Wilmington Credit Agreement, which outstanding amount was $298,467,625 as of the Petition Date. Accordingly, the principal balance outstanding of Term B Secured Claims under the Wilmington Facility was reduced by $267,978,980. Additionally, pursuant to the orders approving the Sale Transactions and the DIP Orders, the Debtors used cash from the Sale Transactions to repay $140,349,832.00 under the DIP Facility, leaving the balance outstanding under the DIP Facility at $1,000,000.

As of the date hereof, the Debtors have approximately $29 million in net liquidation proceeds presently remaining for distribution to, and funding of reserves for, Holders of Allowed Administrative Claims, Allowed Professional Fee Claims, Allowed Priority Tax Claims, Allowed Other Priority Claims, Allowed Other Secured Claims, Allowed Term B Secured Claims, and for costs and expenses of an orderly administration and winding down of the Debtors and their Estates. Based upon the Debtors' current projections, Holders of Allowed Administrative Claims, Allowed Professional Fee Claims, Allowed Priority Tax Claims, Allowed Other Priority Claims, and Allowed Other Secured Claims will be paid in full under the Plan, while each Holder of an Allowed Term B Secured Claim will receive a distribution of 59-78% on its remaining Claim amount (i.e., its Claim amount reflecting partial paydown following the closing of the Sale Transactions, as described above), which equates to a 95-98% total recovery in the Chapter 11 Cases. Holders of Claims and Interests in all other classes, including, without limitation, Holders of Allowed General

Unsecured Claims, Allowed Section 510 Claims, Allowed Intercompany Claims, Allowed Intercompany Interests, and Existing Parent Equity Interests, will receive a 0% recovery.

The Debtors will incur certain costs and expenses of an orderly administration and winding down of their Estates in either the Chapter 11 Cases or if the Chapter 11 Cases were converted to cases under chapter 7. If the Chapter 11 Cases were converted to cases under chapter 7, however, the Debtors' Estates would incur the additional incremental costs and expenses of a statutorily allowed commission to the chapter 7 trustee, as well as the costs and expenses of counsel and other professionals retained by the chapter 7 Trustee. The Debtors believe that such incremental amounts would exceed any incremental amounts that will be incurred in implementing the Plan and winding up the affairs of the Debtors in the Chapter 11 Cases. The Debtors contemplate an orderly administration and winding down of their Estates by parties that are already familiar with the Debtors, their assets and affairs, and their creditors and liabilities. Such familiarity will allow the Liquidating Trust to complete liquidation of the remaining Assets and distribute the net proceeds more efficiently and expeditiously than a chapter 7 trustee. Additionally, the Estates would suffer delays, as a chapter 7 trustee and his/her counsel would need time to develop a necessary learning curve in order to complete the administration of the Estates. Also, a new time period for the filing of Claims would commence under Bankruptcy Rule 1019(2), possibly resulting in the filing of additional Claims against the Estates. If the Chapter 11 Cases were converted to cases under chapter 7, there would be a 0% recovery for Holders of Allowed General Unsecured Claims, but the additional costs, expenses, and delay may reduce the percentage recovery to Holders of Allowed Term B Secured Claims. Further, given the liens securing the Term B Secured Claims cover substantially all of the Debtors' remaining assets, it is not clear what value would remain to be distributed to Holders of Allowed Administrative Claims and Allowed Priority Tax Claims if the Chapter 11 Cases were converted to cases under chapter 7.

Given there will be a 0% recovery to Holders of Allowed General Unsecured Claims (and any junior classes) under either the Plan or if the Chapter 11 Cases were converted to cases under chapter 7, and the recovery to Holders of Term B Secured Claims may be greater under the Plan for the reasons described above, the Debtors believe that Holders of Claims and Interests will receive at least as much under the Plan and likely more, than they would receive if the Chapter 11 Cases were converted to cases under chapter 7.