IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
WELDED CONSTRUCTION, L.P., *et al.*,[1]	)	Case No. 18-12378 (KG)
Debtors.	)	(Jointly Administered)
	)	**Ref. Docket Nos. 1250 & 1326**

NOTICE OF FILING OF BLACKLINE OF AMENDED DISCLOSURE STATEMENT FOR THE AMENDED CHAPTER 11 PLAN OF WELDED CONSTRUCTION, L.P. AND WELDED CONSTRUCTION MICHIGAN, LLC

PLEASE TAKE NOTICE that, on March 3, 2020, the debtors and debtors in possession in the above-captioned chapter 11 cases (the "**Debtors**") filed the *Disclosure Statement for the Chapter 11 Plan of Welded Construction, L.P. and Welded Construction Michigan, LLC* [Docket No. 1250] (the "**Disclosure Statement**") with the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**").

PLEASE TAKE FURTHER NOTICE that, on April 27, 2020, the Debtors filed an amended version of the Disclosure Statement [Docket No. 1326] (the "**Amended Disclosure Statement**").

PLEASE TAKE FURTHER NOTICE that, for the convenience of the Bankruptcy Court and other interested parties, attached hereto as **Exhibit A** is a blackline of the Amended Disclosure Statement marked against the Disclosure Statement.

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Welded Construction, L.P. (5008) and Welded Construction Michigan, LLC (9830). The mailing address for each of the Debtors is P.O. Box 470, Perrysburg, OH 43552-0470.

1812378200427000000000004

Dated: April 27, 2020
Wilmington, Delaware

YOUNG CONAWAY STARGATT & TAYLOR, LLP

/s/ Betsy L. Feldman

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Counsel to the Debtors

EXHIBIT A

Blackline

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

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
WELDED CONSTRUCTION, L.P., *et al.*,[1]	)	Case No. 18-12378 (CSS)
	)	(Jointly Administered)
Debtors.	)	

AMENDED DISCLOSURE STATEMENT FOR THE AMENDED CHAPTER 11 PLAN OF WELDED CONSTRUCTION, L.P. AND WELDED CONSTRUCTION MICHIGAN, LLC

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Counsel to the Debtors

Dated: ~~March 3~~April 27, 2020

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Welded Construction, L.P. (5008) and Welded Construction Michigan, LLC (9830). The mailing address for each of the Debtors is P.O. Box 470, Perrysburg, OH 43552-0470.

DISCLAIMER

THIS DISCLOSURE STATEMENT PROVIDES INFORMATION REGARDING THE AMENDED CHAPTER 11 PLAN OF WELDED CONSTRUCTION, L.P. AND WELDED CONSTRUCTION MICHIGAN, LLC THAT THE DEBTORS ARE SEEKING TO HAVE CONFIRMED BY THE BANKRUPTCY COURT, WITH THE SUPPORT OF THE COMMITTEE (DEFINED BELOW) AND FEDERAL INSURANCE COMPANY. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED FOR PURPOSES OF SOLICITING ACCEPTANCES TO, AND CONFIRMATION OF, THE PLAN, AND MAY NOT BE RELIED ON FOR ANY OTHER PURPOSE. APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION OR RECOMMENDATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR THE MERITS OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN (INCLUDING THE COMPROMISES AND SETTLEMENTS PROVIDED FOR IN THE PLAN), CERTAIN STATUTORY PROVISIONS AND CERTAIN DOCUMENTS RELATING TO THE PLAN. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE AND PROVIDE ADEQUATE INFORMATION WITH RESPECT TO THE DOCUMENTS SUMMARIZED, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF, OR ARE INCONSISTENT WITH, THE PLAN, SUCH STATUTES, OR SUCH DOCUMENTS. TO THE EXTENT THERE IS ANY CONFLICT, INCONSISTENCY, OR DISCREPANCY BETWEEN THE TERMS AND PROVISIONS IN THE PLAN AND THIS DISCLOSURE STATEMENT, THE PLAN SHALL GOVERN FOR ALL PURPOSES. ALL HOLDERS OF CLAIMS SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN, AND THE RESPECTIVE EXHIBITS ATTACHED THERETO, IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN AND MAKING ANY ELECTIONS IN CONNECTION WITH THE PLAN WITH RESPECT TO CONVENIENCE CLAIMS AND RELEASES UNDER SECTION 11.11(b) OF THE PLAN, AS APPLICABLE.

THE STATEMENTS CONTAINED HEREIN HAVE BEEN MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH HEREIN. ALTHOUGH THE DEBTORS HAVE MADE AN EFFORT TO DISCLOSE WHERE CHANGES IN PRESENT CIRCUMSTANCES COULD REASONABLY BE EXPECTED TO AFFECT MATERIALLY ANY RECOVERIES UNDER THE PLAN, THE DEBTORS DO NOT PURPORT TO PREDICT WITH ACCURACY CHANGES IN PRESENT CIRCUMSTANCES AND UNDERTAKE NO OBLIGATION TO AMEND THIS DISCLOSURE STATEMENT TO REFLECT SUCH CIRCUMSTANCES.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE, AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY FEDERAL, STATE, LOCAL OR FOREIGN REGULATORY AGENCY, NOR HAS THE SEC OR ANY OTHER SUCH AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT. PERSONS OR ENTITIES HOLDING OR TRADING IN, OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING, SECURITIES OR CLAIMS OF THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

THE DEBTORS MAKE STATEMENTS IN THIS DISCLOSURE STATEMENT THAT MAY BE CONSIDERED FORWARD-LOOKING STATEMENTS UNDER FEDERAL SECURITIES LAWS. STATEMENTS CONCERNING THESE AND OTHER MATTERS ARE NOT GUARANTEES, REPRESENT THE DEBTORS' ESTIMATES AND ASSUMPTIONS ONLY AS OF THE DATE SUCH STATEMENTS WERE MADE, AND INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER KNOWN AND UNKNOWN FACTORS THAT COULD IMPACT THE DEBTORS' PLAN OR DISTRIBUTIONS THEREUNDER. IN ADDITION TO STATEMENTS THAT EXPLICITLY DESCRIBE SUCH RISKS AND UNCERTAINTIES, READERS ARE URGED TO CONSIDER STATEMENTS LABELED WITH THE TERMS "BELIEVES," "BELIEF," "EXPECTS," "INTENDS," "ESTIMATES," "ANTICIPATES," "PLANS" OR SIMILAR TERMS TO BE UNCERTAIN AND FORWARD-LOOKING. CREDITORS AND OTHER INTERESTED PARTIES SHOULD ALSO REVIEW THE SECTION OF THIS DISCLOSURE STATEMENT ENTITLED "RISK FACTORS" FOR A DISCUSSION OF CERTAIN FACTORS THAT MAY AFFECT THE PLAN AND DISTRIBUTIONS THEREUNDER.

VOTING DEADLINE

THE DEADLINE TO VOTE TO ACCEPT OR REJECT THE PLAN IS [●] (EASTERN TIME) ON [●], 2020. TO BE COUNTED, THE VOTING AGENT MUST ACTUALLY RECEIVE YOUR BALLOT ON OR BEFORE THE VOTING DEADLINE IN THE FORM AND MANNER PROVIDED FOR IN THE DISCLOSURE STATEMENT ORDER (DEFINED BELOW) AND THE VOTING INSTRUCTIONS AND DESCRIBED HEREIN.

CONFIRMATION HEARING AND DEADLINE TO OBJECT TO THE PLAN

THE HEARING TO CONSIDER CONFIRMATION OF THE PLAN HAS BEEN SCHEDULED FOR [●], 2020 AT [●] (EASTERN TIME). OBJECTIONS TO CONFIRMATION OF THE PLAN MUST BE FILED (I) ON OR BEFORE [●], 2020 AT [●] (EASTERN TIME), AND (II) IN ACCORDANCE WITH THE DISCLOSURE STATEMENT ORDER (DEFINED BELOW) AND THE CONFIRMATION HEARING NOTICE.

*****THE DEBTORS~~–~~, THE COMMITTEE AND FEDERAL INSURANCE COMPANY BELIEVE THAT THE PLAN IS FAIR AND EQUITABLE, WILL MAXIMIZE RECOVERIES TO CREDITORS, AND IS IN THE BEST INTERESTS OF THE DEBTORS AND THEIR ESTATES AND INTERESTED PARTIES. FOR THESE REASONS, THE DEBTORS~~–~~, THE COMMITTEE AND FEDERAL INSURANCE URGE HOLDERS OF CLAIMS WHO ARE ENTITLED TO VOTE ON THE PLAN TO TIMELY RETURN THEIR BALLOTS VOTING TO ACCEPT THE PLAN.*****

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*****THE DEBTORS ADOPT AND INCORPORATE THE EXHIBITS ATTACHED HERETO BY REFERENCE AS THOUGH FULLY SET FORTH HEREIN*****

I. INTRODUCTION

Welded Construction, L.P. (the "**Partnership**") and Welded Construction Michigan, LLC (the "**Subsidiary**," and together with the Partnership, the "**Debtors**"), the debtors and debtors-in-possession in the above-captioned chapter 11 cases (the "**Chapter 11 Cases**"), hereby submit this disclosure statement (the "**Disclosure Statement**"), pursuant to sections 1125 and 1126(b) of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq*. (the "**Bankruptcy Code**"), in connection with the solicitation of votes on the *Amended Chapter 11 Plan of Welded Construction, L.P. and Welded Construction Michigan, LLC*, dated ~~March 3~~April 27, 2020 (as amended, supplemented and modified from time to time, the "**Plan**"). A copy of the Plan is attached hereto as **Exhibit A**.[2]

The purpose of this Disclosure Statement is to enable Creditors whose Claims are Impaired under the Plan and who are entitled to vote on the Plan to make an informed decision in exercising their right to accept or reject the Plan. This Disclosure Statement sets forth certain information regarding, among other things, the Debtors' prepetition operating and financial history, their reasons for seeking protection under chapter 11 of the Bankruptcy Code, the course of these Chapter 11 Cases, and the orderly disposition of the Debtors' Assets. This Disclosure Statement also describes, among other things, certain terms and provisions of the Plan (including the compromises and settlements provided for in the Plan), factors supporting approval of the Plan Settlement and Indemnity Agreement, certain effects of Confirmation of the Plan, certain risk factors associated with the Plan, and the manner in which Distributions will be made under the Plan. In addition, this Disclosure Statement discusses, among other things, the Confirmation process and the voting and election procedures that Holders of Claims entitled to vote under the Plan must follow for their votes on the Plan to be counted and their elections with respect to Convenience Claims and releases under Section 11.11(b) of the Plan, as applicable, to be effective.

THE DEBTORS SUPPORT THE PLAN AND URGE ALL HOLDERS CLAIMS ENTITLED TO VOTE TO VOTE TO ACCEPT THE PLAN.

A. Overview of the Chapter 11 Cases and the Plan

1. The Chapter 11 Cases

For decades, the Debtors' business was a fundamentally strong one, providing significant value to their customers' construction projects. In the months before the Petition Date, as most of the Projects (defined below) neared completion, the Debtors began facing a series of challenges on the Projects and from their active Customers (defined in Section II(B) below) that combined to impair the Debtors' operating cash flow and the Debtors' near-term liquidity. These challenges began with significant Customer permitting delays at the outset of certain Projects and, in the months prior to the chapter 11 filing, included: (a) inclement weather, regulatory delays, shutdowns and other delays that in many instances were not specific to the Debtors; (b) cost overruns on Projects primarily resulting from the foregoing inclement weather and other Project delays; and (c)

[2] Unless otherwise noted, all capitalized terms used but not defined herein shall have the meanings provided to them in the Plan. The summary of the Plan provided herein is qualified in its entirety by reference to the Plan. In the case of any inconsistency between the summary herein and the Plan, the Plan shall govern.

significant unprecedented payment delays or disputes with Customers that largely began as the Projects neared completion and Customers could place the pipelines in-service to generate profit.

Of particular note, on October 4, 2018, Transco unexpectedly withheld $23,563,538 from a payment to the Debtors for the Williams/ASR Project (each, defined below), and filed a lawsuit (the "**Prepetition Transco Complaint**") against the Debtors that same day, in the District Court of Tulsa County for the State of Oklahoma, styled *Transcontinental Gas Pipe Line Company, LLC v. Welded Construction, L.P.*, asserting breach of contract. The Debtors vigorously dispute the allegations contained in the Prepetition Transco Complaint.

The Debtors continued to engage with Transco and their other Customers in an attempt to resolve the disputes and avert the need for the filing of these Chapter 11 Cases. However, the filing of the Prepetition Transco Complaint was quickly made public to the market, creating confusion and concern among the other Customers, employees, subcontractors and vendors.

As a bankruptcy filing became a potential outcome, it was imperative for the Debtors and their Customers to set aside their disputes temporarily to achieve their common goals of completing the Projects and paying the Debtors' employees, subcontractors and vendors. To that end, in the days leading up to the Petition Date, the Debtors engaged with their Customers to explore mutually beneficial options and ultimately entered into the Customer Project Completion Agreements to ensure not only success during a looming chapter 11 case, but also a value-maximizing exit strategy from bankruptcy. Importantly, this approach allowed the Debtors to preserve certain claims against the Customers for a later date as they completed Project work and mitigated, to the extent possible, the claims of employees, subcontractors and vendors. The objectives of the Customer Project Completion Agreements were generally as follows:

First, the Debtors and their advisors negotiated with their Customers to establish mutually agreeable terms on which the Customers would pay for the Debtors to complete unfinished Project work, until such pipelines could be placed into service. In general, the Customers agreed to fund future expenses, payroll and union benefits and dues for the Debtors' subcontractors, vendors and employees.

Second, funds were provided by the Customers to pay the Debtors' employees, subcontractors and vendors for unpaid goods and services that, in a chapter 11 case, would likely become general unsecured claims against the Debtors. Without such funds and the promise of payment, these constituents likely would not have agreed to continue working on the Projects until completion and Customers would be required to address significant lien issues on their Projects.

Third, the Debtors secured debtor-in-possession financing to fund their Chapter 11 Cases. While the Debtors and their advisors engaged in a marketing effort to procure such funding, North American Pipeline Equipment Company, LLC ("**NAPEC**"), an entity that is under common ownership with the partners of the Partnership, Ohio Welded Company, LLC and McCaig Welded GP, LLC, offered the best terms for a $20 million debtor-in-possession financing facility primarily secured by the Debtors' owned equipment. The DIP Facility (defined below) was critical to permit the Debtors to pay for administrative expenses and other costs associated with the Chapter 11 Cases, while executing on their plans with Customers, completing the Projects, and satisfying significant employee, union, subcontractor and vendor claims.

Altogether, this strategy proved greatly successful. The Debtors completed the Projects and the Customers are reaping the profits from the pipelines. The DIP Facility (defined below) has been repaid. Over $181 million[3] in prepetition employee, union, subcontractor and vendor claims and over $56 million in administrative expense claims have been paid even before a chapter 11 plan is confirmed. At the same time, the Debtors negotiated consensual settlements with their Customers, namely Consumers and Sunoco (each defined below), resulting in payment of the claims of all employees, subcontractors and vendors that worked on their Projects and the return of approximately $18 million to the Debtors' Estates for the benefit of other stakeholders. These efforts included significant, expedited claims reconciliation efforts and resulted in hundreds of settlements with subcontractors and vendors. With these hurdles largely behind them, the Debtors, in a close and cooperative effort with the Committee, were able to focus on other asset maximization efforts, such as (i) the assignment of a go-forward construction contract, which netted approximately $2.5 million, (ii) a thorough marketing and sale process of its construction equipment, which netted approximately $30.4 million, (iii) sale of the Debtors' corporate headquarters in the amount of $2.7 million, and (iv) the settlement of the Prime NDT litigation for $6.2 million. The remaining issues with other Customers and parties that were preserved at the outset of these Chapter 11 Cases, such as litigation with Williams and Transco, will continue to be vigorously pursued to ensure a value-maximizing result for the Debtors' remaining stakeholders. The Plan is the best means to accomplish that ultimate goal.

2. Plan Settlement

During the Chapter 11 Cases, the Committee undertook an extensive investigation of the prepetition conduct of the Debtors and their affiliates and certain third parties affiliated with the Debtors.[4] In connection with the investigation, the ~~Debtors provided the~~ Committee ~~with responses to various~~ took informal discovery ~~and diligence request~~from the Debtors and the Partner Settlement Parties. The Committee requested and received several thousand pages of documents and diligence materials in furtherance of its investigation. The Debtors, in addition to responding the Committee's requests, conducted their own investigation of potential claims and causes of actions. Ultimately, these investigations revealed certain transactions and events in the Debtors' recent corporate history that may give rise to potential claims or causes of action (collectively, the "**Potential Claims**").

The Plan Settlement Parties engaged in extensive, good-faith and arms'-length negotiations with respect to the Potential Claims, which resulted in a global compromise (as defined in the Plan, the "**Plan Settlement**") that not only resolves the Potential Claims, but also paves the way for the resolution of these Chapter 11 Cases and confirmation of the Plan with support from the Partners and the Committee.

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[3] This amount includes claims satisfied pursuant to the Federal Insurance Company Surety Bond (defined below).

[4] In addition to the Debtors, the Committee's investigation covered Bechtel GP, Bechtel LP, Bechtel Corporation, Bechtel Global Corporation, Bechtel Oil, Gas and Chemicals, Inc., Bechtel Equipment Operation Inc., Bechtel Power Corporation, McCaig GP, and McCaig LP and each of their respective non-Debtor Related Parties. (collectively, the "**Partner Settlement Parties**").

The Plan Settlement is described more fully in Article XII of the Plan and Section IV.O herein, and the Plan Settlement Agreement is attached as Exhibit A to the Plan. In general, the Plan Settlement Parties have agreed to the Plan Settlement on the following terms:[5]

(i) any and all disputes between the Debtors, the Committee and the Partner Settlement Parties will be resolved;

(ii) the Partner Settlement Parties will make the Plan Settlement Payment (as defined in the Plan) of $2,000,000, and waive any and all claims against the Debtors and the Estates;

(iii) Bechtel Global Corporation has agreed to enter into that certain Indemnity Agreement with Welded Construction, L.P., in the form set forth as Exhibit A to the Plan Settlement Agreement, pursuant to which, among other things, the Debtors have agreed that their liability with respect to that certain proof of claim number 534 (as it may be amended, the "**Withdrawal Liability Claim**") filed by the Central States, Southeast and Southwest Areas Pension Fund (the "**Central States**") in the Chapter 11 Cases shall be determined in the arbitration against Central States demanded by Bechtel on January 8, 2020, by the filing of an arbitration demand with the American Arbitration Association, and Bechtel Global Corporation has agreed to indemnify the Debtors against the Withdrawal Liability Claim;

(iv) the Plan Settlement Parties agree that any residual proceeds ~~and any other amounts related to the letters~~ of the letter of credit posted for the benefit of Zurich American Insurance Company and its affiliates by Welded Construction, L.P., but paid for by Bechtel Corporation and/or its affiliates ~~on behalf of the Welded Construction, L.P.~~ (the "**Residual LOC Proceeds**"), are not property of the Estates and shall not be deemed Assets that vest in the Post-Effective Date Debtors but shall be the sole and exclusive property of Bechtel Corporation and/or its affiliates. Any Residual LOC Proceeds that are refunded to the Debtors or the Post-Effective Date Debtors shall be forwarded to Bechtel Global Corporation or its applicable affiliate by the Plan Administrator within three (3) Business Days after receipt of such Residual LOC Proceeds;

(v) the Debtors and their Estates, with the consent of the Committee to be bound, release, waive and forever discharge the Partner Settlement Party Releasees and the Plan Settlement Parties agree to certain other release provisions in the Plan; and

(vi) the Committee has agreed to support the Plan.

The Plan Settlement provides significant value to the Debtors and their Estates, favorably resolves and avoids potential protracted expensive and uncertain litigation, and enables the prompt and efficient wind-down of the Debtors' Estates through the Plan. The Plan shall serve as a motion to approve the Plan Settlement pursuant to Bankruptcy Rule 9019. The entry of the Confirmation

[5] To the extent that there is any inconsistency between this summary of the primary terms of the Plan Settlement and the description of the Plan Settlement in the Plan, the Plan controls.

Order shall constitute the Bankruptcy Court's approval of each of the compromises and settlements provided for in the Plan Settlement, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, their Estates, Holders of Claims and Interests and other parties in interest, and are fair, equitable, and reasonable.

3. General Structure of the Plan

The Plan provides for the disposition of the Debtors' Assets and the distribution of the proceeds in accordance with the requirements of the Bankruptcy Code. As of the date of this Disclosure Statement, the Debtors' Assets are largely Cash and the Retained Causes of Action.

Under the Plan, for purposes of voting and distribution in connection with the Plan, the Debtors will be substantively consolidated, meaning that all of the Assets and liabilities of the Debtors will be deemed to be the Assets and liabilities of the Partnership. As a result, the votes to accept or reject the Plan by Holders of Claims against a particular Debtor will be tabulated as votes to accept or reject the Plan for the substantively consolidated Debtors.

The Plan provides for the appointment of a Plan Administrator. The Plan Administrator shall be empowered to, among other things, administer and liquidate all Assets, object to and settle Claims and prosecute Retained Causes of Action in accordance with the Plan. The Plan also provides for Distributions to Holders of Allowed Claims, including Administrative Claims, Professional Fee Claims, Priority Tax Claims, Secured Claims, Priority Claims, Surety Bond Claims, General Unsecured Claims and Convenience Claims. In addition, the Plan cancels all Interests in the Debtors, and provides for the dissolution and wind-up of the affairs of the Debtors.

Finally, the Plan provides for and implements the Plan Settlement by and between the Plan Settlement Parties, pursuant to which, among other things, any and all disputes among the Debtors, the Committee and the Partner Settlement Parties are resolved.

4. Material Terms of the Plan

The following is an overview of certain material terms of the Plan:

- All Allowed Administrative Claims, Allowed Professional Fee Claims, Allowed Priority Tax Claims, Allowed Secured Claims and Allowed Priority Claims will be paid or otherwise satisfied in full as required by the Bankruptcy Code and provided for in the Plan, unless otherwise agreed to by the Holders of such Claims and the Plan Administrator.

- Holders of Allowed Surety Bond Claims will receive the Surety Bond Share and their Pro Rata share of the General Unsecured Claim Distribution, unless less favorable treatment is otherwise agreed to by the Plan Administrator and the Holders of such Claims.

- Holders of Allowed General Unsecured Claims will receive their Pro Rata share of the General Unsecured Claim Distribution, unless less favorable treatment is otherwise agreed to by the Plan Administrator and the Holders of such Claims.

- Holders of Allowed Convenience Claims will receive Cash equal to 50% of the amount of such Allowed Convenience Claims.

- Any Claim Filed or to be Filed against either Debtor, as to which each of the Debtors is co-liable as a legal or contractual matter, shall be deemed Filed as a single Claim against, and a single obligation of, the Debtors.

- Holders of Subordinated Claims will not be entitled to any distribution or recovery on account of such Claims.

- As of the Effective Date, all Interests of any kind will be cancelled, and the Holders thereof will not receive or retain any property, interest in property or consideration under the Plan on account of such Interests.

- The Plan Settlement Agreement will resolve any and all disputes among the Debtors, the Committee and the Partner Settlement Parties.

- The Plan serves as a motion to approve the Plan Settlement pursuant to Bankruptcy Rule 9019. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the compromises and settlements provided for in the Plan Settlement, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, their Estates, Holders of Claims and other parties in interest, and are fair, equitable and reasonable.

5. Summary of Treatment of Claims and Interests Under the Plan

The table below summarizes the classification and treatment of Claims and Interests under the Plan.

IN CONNECTION WITH CONSIDERING THE PROJECTED RECOVERIES FOR ALLOWED SURETY BOND CLAIMS AND ALLOWED GENERAL UNSECURED CLAIMS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE TABLE BELOW, PLEASE CONSIDER THE FOLLOWING:

- **RECOVERIES ARE ESTIMATES ONLY, AND ACTUAL RECOVERIES MAY MATERIALLY DIFFER.**

- **RECOVERY ~~RANGE: THE DEBTORS' RECOVERY RANGE IS~~ ESTIMATES ARE BASED PRIMARILY ON THE DEBTORS' ESTIMATED DISTRIBUTIONS OF CASH~~,~~ AND DEPEND~~S~~ ON THE ALLOWANCE OR DISALLOWANCE OF CERTAIN CLAIMS ASSERTED AGAINST THE DEBTORS ~~AS WELL AS~~ . RECOVERIES ON RETAINED CAUSES OF ACTION ARE NOT INCLUDED IN THESE RECOVERY ESTIMATES, ~~AS MORE FULLY SET FORTH BELOW~~BUT COULD MATERIALLY CHANGE THE ACTUAL RECOVERIES TO HOLDERS OF SURETY BOND CLAIMS AND GENERAL UNSECURED CLAIMS. *SEE INFRA* SECTION IV.D FOR A MORE DETAILED DESCRIPTION OF THE ~~RECOVERY RANGE~~ESTIMATED RECOVERIES.**

FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS, REFERENCE SHOULD BE MADE TO THE PLAN AND THE OTHER SECTIONS OF THIS DISCLOSURE STATEMENT.

Class	Claim or Interest	Summary of Treatment	Estimated Allowed Amount of Claims	Projected Recovery Under Plan
1	Allowed Secured Claims	Unimpaired ***Deemed to Accept Plan***	$0.0 million	100%
2	Allowed Priority Claims	Unimpaired ***Deemed to Accept Plan***	$0.2 million	100%
3	Allowed Surety Bond Claims	Impaired ***Entitled to Vote on Plan***	$76.1 million	~~Recovery Range:[●]% - [●]~~21%[6]
4	Allowed General Unsecured Claims	Impaired ***Entitled to Vote on Plan***	$20.7 million	~~Recovery Range:[●]% - [●]~~21%[7]
5	Allowed Convenience Claims	Impaired ***Entitled to Vote on Plan***	$5.0 million	50%; up to a maximum of $50,000
6	Subordinated Claims	Impaired ***Deemed to Reject Plan***	N/A	~~0%~~N/A
7	Interests	Impaired ***Deemed to Reject Plan***	N/A	~~0%~~N/A

[6] As discussed in this Disclosure Statement, the Surety Bond Share of the Williams Litigation recovery is higher than the Estates' Share of such Williams Litigation Proceeds. Any recovery of Williams Litigation Proceeds will increase the Surety Bond Claims' recovery and reduce the amount of Surety Bond Claims that can share in the General Unsecured Claim Distribution. As such, the General Unsecured Claim Distribution will also increase based on lower claim amounts and increased Cash available for distribution based on the Estates' Share of the Williams Litigation Proceeds. *See infra* Section III.D.3.

[7] As discussed in this Disclosure Statement, the Surety Bond Share of the Williams Litigation recovery is higher than the Estates' Share of such Williams Litigation Proceeds. Any recovery of Williams Litigation Proceeds will increase the Surety Bond Claims' recovery and reduce the amount of Surety Bond Claims that can share in the General Unsecured Claim Distribution. As such, the General Unsecured Claim Distribution will also increase based on lower claim amounts and increased Cash available for Distribution based on the Estates' Share of the Williams Litigation Proceeds. *See infra* Section III.D.3.

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR HOLDERS OF ALLOWED CLAIMS, AND THUS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

B. Plan Voting Instructions and Procedures

1. Voting Rights

Under the Bankruptcy Code, only classes of claims or interests that are "impaired" and that are not deemed as a matter of law to have rejected a plan under section 1126 of the Bankruptcy Code are entitled to vote to accept or reject such plan. Any class that is "unimpaired" is not entitled to vote to accept or reject a plan, and is conclusively presumed to have accepted such plan. As set forth in section 1124 of the Bankruptcy Code, a class is "impaired" if the legal, equitable or contractual rights attaching to the claims or equity interests of that class are modified or altered. Holders of claims or interests within an impaired class are entitled to vote to accept or reject a plan if such claims or interests are "allowed" under section 502 of the Bankruptcy Code.

Under the Bankruptcy Code, acceptance of a plan by a class of claims is determined by calculating the number and the amount of allowed claims voting to accept such plan. Acceptance by a class of claims requires more than one-half of the number of total allowed claims voting in the class to vote in favor of the plan, and at least two-thirds in dollar amount of the total allowed claims voting in the class to vote in favor of the plan; only those holders that actually vote to accept or reject the plan are counted for purposes of determining whether these dollar and number thresholds are met.

Pursuant to the Plan, Claims in Classes 3, 4 and 5 are Impaired by, and entitled to receive a Distribution under, the Plan, and only the Holders of Claims in those Classes are entitled to vote to accept or reject the Plan. Only Holders of Claims in Classes 3, 4 and 5 as of [●], 2020 (the "Voting Record Date") may vote to accept or reject the Plan.

Pursuant to the Plan, Claims in Classes 1 and 2 are Unimpaired by the Plan, and such Holders are deemed to have accepted the Plan, and, therefore, are not entitled to vote on the Plan.

Pursuant to the Plan, Claims and Interests in Classes 6 and 7, respectively, will not receive or retain any property under the Plan on account of such Claims or Interests, as applicable, and, therefore, are deemed to reject the Plan and not entitled to vote on the Plan.

2. Solicitation Materials

The Debtors, with the approval of the Bankruptcy Court, have engaged Kurtzman Carson Consultants LLC (the "**Voting Agent**") to serve as the voting agent to process and tabulate Ballots and to oversee the Plan voting process generally. The following materials constitute the solicitation package (the "**Solicitation Package**"):

- This Disclosure Statement, including the Plan and any other exhibits annexed thereto;
- The Bankruptcy Court order approving this Disclosure Statement [D.I. ●] (the "**Disclosure Statement Order**") (excluding exhibits);

- The applicable Ballot and voting instructions to be used in connection with voting to accept or to reject the Plan and to make certain elections with respect to Convenience Claims and releases under Section 11.11(b) of the Plan, as applicable (the "**Voting Instructions**");

- A pre-addressed, postage pre-paid return envelope; and

- The notice of, among other things, (a) the date, time and place of the hearing to consider Confirmation of the Plan and related matters, and (b) the deadline for filing objections to Confirmation of the Plan (the "**Confirmation Hearing Notice**").

The Debtors, through the Voting Agent, will distribute the Solicitation Package in accordance with the Disclosure Statement Order. The Disclosure Statement, the Disclosure Statement Order, the Confirmation Hearing Notice and the Plan will also be available at the Voting Agent's website for the Debtors' Chapter 11 Cases at https://www.kccllc.net/welded, by clicking on the tab on the left-hand side of the page titled "Plan and Disclosure Statement."

If you are the Holder of a Claim and believe that you are entitled to vote on the Plan, but you did not receive a Solicitation Package, or if you have any questions concerning voting procedures, you should contact the Voting Agent electronically by submitting an inquiry via http://www.kccllc.net/welded or in writing to Welded Construction, L.P., *et al.*, c/o KCC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, California 90245.

If your Claim is subject to a pending claim objection as of [●], 2020, and you wish to vote on the Plan in the amount and priority as reflected on your timely filed proof of claim, you must File a motion, in accordance with the Disclosure Statement Order, pursuant to Bankruptcy Rule 3018(a) with the Bankruptcy Court for the temporary allowance of your Claim for Plan voting purposes, and your Claim or portion thereof, as applicable, must be temporarily allowed by the Bankruptcy Court for voting purposes by the Voting Deadline, or you will not be entitled to vote to accept or reject the Plan.

THE DEBTORS, THEIR ESTATES AND THE POST-EFFECTIVE DATE DEBTORS, AS APPLICABLE, RESERVE THE RIGHT TO OBJECT TO OR SEEK TO DISALLOW ANY CLAIM FOR PLAN DISTRIBUTION PURPOSES OR OTHERWISE.

3. Plan Voting Instructions and Procedures

To ensure your vote on the Plan is counted and any Release Opt-Out is effective you must: (a) complete the Ballot in accordance with the instructions set forth therein; (b) indicate your decision either to accept or reject the Plan in the boxes indicated in the Ballot; (c) make a Release Opt-Out election, if applicable and desired; and (d) sign and return the Ballot to the address set forth on the Ballot so as to be received by the Voting Agent prior to the Voting Deadline (defined below). ABSENT PRIOR CONSENT OF THE DEBTORS, BALLOTS SENT BY FACSIMILE OR ELECTRONIC TRANSMISSION ARE NOT ALLOWED AND WILL NOT BE COUNTED.

The Bankruptcy Court has fixed [●], 2020 as the Voting Record Date for the determination of the Holders of Claims who are entitled to (a) receive a Solicitation Package and (b) vote to accept or reject the Plan.

After carefully reviewing the Plan, this Disclosure Statement and the detailed Voting Instructions, you are asked to indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan in accordance with the Voting Instructions.

The deadline to vote on the Plan is [●], 2020 at 4:00 p.m. (Eastern Time) (the "Voting Deadline"). For your vote to be counted, your Ballot must be properly completed in accordance with the Voting Instructions, and received by the Voting Agent no later than the Voting Deadline.

Only the Holders of Claims in Classes 3, 4 and 5 as of the Voting Record Date are entitled to vote to accept or reject the Plan. Each Holder of a Claim must vote its entire Claim either to accept or reject the Plan and may not split such vote. It is important to follow the specific Voting Instructions.

Unless otherwise provided in the Voting Instructions or the Disclosure Statement Order, the following Ballots will not be counted in determining whether the Plan has been accepted or rejected:

- Any Ballot that fails to clearly indicate an acceptance or rejection, or that indicates both an acceptance and a rejection, of the Plan;
- Any Ballot received after the Voting Deadline, except by order of the Bankruptcy Court or if the Debtors have granted an extension of the Voting Deadline with respect to such Ballot;
- Any Ballot containing a vote that the Bankruptcy Court determines was not solicited or procured in good faith or in accordance with the applicable provisions of the Bankruptcy Code;
- Any Ballot that is illegible or contains insufficient information to permit the identification of the Claim Holder;
- Any Ballot cast by an Entity that does not hold a Claim in the ~~v~~Voting Class;
- Any unsigned Ballot or Ballot without an original signature; and
- Any Ballot submitted by fax, email or electronic transmission, unless approved by the Debtors in writing or otherwise ordered by the Bankruptcy Court.

The Ballots permit Holders of Class 4 General Unsecured Claims the opportunity to have their General Unsecured Claim treated as a Class 5 Convenience Class Claim.

The Ballots permit Holders of ~~Class 3 Surety Bond Claims,~~ Class 4 General Unsecured Claims and Class 5 Convenience Claims that vote to accept or reject the Plan the opportunity to opt out of the releases set forth in Section 11.11(b) of the Plan by checking the appropriate box on their Ballots to elect the Release Opt-Out.

Except as otherwise provided for in the Plan, (a) all Holders of Claims deemed hereunder to have accepted the Plan (i.e., Holders of Claims in Unimpaired Classes of Claims) that have not Filed an objection to the release in Section 11.11(b) of the Plan prior to the

deadline to object to Confirmation of the Plan; and (b) all Holders of Claims in Classes ~~3,~~ 4 and 5 that (i) vote to accept or reject the Plan and do not timely submit a Release Opt-Out indicating such Holder's decision to not participate in the releases set forth in Section 11.11(b) of the Plan, or (ii) do not vote to accept or reject the Plan, and either do not timely submit a Release Opt-Out ~~indicating such Holder's decision to not participate in the releases set forth in Section 11.11(b) of the Plan in the case of Holders of Claims in Classes 3, 4 and 5 entitled to vote on the Plan~~, or do not File an objection to the releases in Section 11.11(b) of the Plan prior to the deadline to object to Confirmation of ~~the Plan in the case of Holders of Claims in Classes 3, 4 and 5 not entitled to vote on~~ the Plan, are deemed to have forever released the Released Parties from any and all claims and causes of action to the extent provided for in Section 11.11(b) of the Plan.

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 Voting Agent prior to the Voting Deadline a subsequent properly completed Ballot for acceptance or rejection of the Plan; and 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 Voting Agent at any time prior to the Voting Deadline. 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. To be valid, a notice of withdrawal must (a) contain the description of the Claims to which it relates and the aggregate principal amount represented by such Claims; (b) be signed by the withdrawing party in the same manner as the Ballot being withdrawn; (c) contain a certification that the withdrawing party owns the Claims and possesses the right to withdraw the vote sought to be withdrawn; and (d) be actually received by the Voting Agent prior to the Voting Deadline. The Debtors' right to contest the validity of any such withdrawals of Ballots is expressly reserved.

ALL BALLOTS ARE ACCOMPANIED BY VOTING INSTRUCTIONS. IT IS IMPORTANT THAT THE HOLDER OF A CLAIM ENTITLED TO VOTE FOLLOW THE SPECIFIC INSTRUCTIONS PROVIDED WITH EACH BALLOT.

If you have any questions about (a) the procedure for voting your Claim; (b) the Solicitation Package that you have received; or (c) the amount of your Claim, or if you wish to obtain, at your own expense (unless otherwise specifically required by Bankruptcy Rule 3017(d)), an additional copy of the Plan, this Disclosure Statement or any appendices or exhibits to such documents, please contact the Voting Agent at the address specified above. Copies of the Plan, Disclosure Statement and other documents Filed in these Chapter 11 Cases may be obtained free of charge at the Voting Agent's website at https://www.kccllc.net/welded. Documents Filed in these Chapter 11 Cases may also be examined between the hours of 8:00 a.m. and 4:00 p.m., Eastern Time, Monday through Friday, at the Office of the Clerk of the Bankruptcy Court, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801.

The Voting Agent will process and tabulate Ballots received by the Voting Agent for the Classes entitled to vote to accept or reject the Plan, and will File a voting report in accordance with the Disclosure Statement Order.

THE DEBTORS URGE HOLDERS OF CLAIMS WHO ARE ENTITLED TO VOTE ON THE PLAN TO TIMELY RETURN THEIR BALLOTS VOTING TO ACCEPT THE PLAN BY THE VOTING DEADLINE.

4. Confirmation Hearing and Deadline for Objections to Confirmation

Objections to Confirmation of the Plan must be Filed and served on the Debtors and certain other entities, all in accordance with the Confirmation Hearing Notice, so that they are actually received by no later than **[●], 2020 at 4:00 p.m. (Eastern Time)**. Unless objections to Confirmation of the Plan are timely Filed and served in compliance with the Disclosure Statement Order, they may not be considered by the Bankruptcy Court. For further information, refer to Section VI of this Disclosure Statement, "Confirmation of the Plan."

II. GENERAL HISTORICAL INFORMATION ABOUT THE DEBTORS

Additional information regarding the Debtors' businesses, their capital structure and the circumstances leading to the filing of these Chapter 11 Cases is set forth in the *Declaration of Frank Pometti in Support of Debtors' Chapter 11 Petitions and First-Day Motions* [D.I. 4] (the "**First Day Declaration**").

A. Corporate Structure

The Partnership, a Delaware limited partnership, is the sole member and owner of the Subsidiary, a Michigan limited liability company.

The Partnership has two general partners and two limited partners. The general partners are Ohio Welded Company LLC (owner of 15 partnership units) and McCaig Welded GP, LLC (owner of 5 partnership units). The limited partners are Bechtel Oil, Gas and Chemicals, Inc. (owner of 735 partnership units) and McCaig US Holdings, Inc. (245 partnership units). The Partnership is overseen by a five-member board of managers, and governed in accordance with that certain *Second Amended and Restated Limited Partnership Agreement of Welded Construction, L.P.* dated December 1, 2015. Pursuant to an order of the Bankruptcy Court [D.I. 236], Frank A. Pometti of AlixPartners, LLP is the Chief Restructuring Officer of each of the Debtors. Attached hereto as **Exhibit B** is a chart detailing the organizational structure of the Debtors as of the Petition Date.

B. Business Overview

Prior to liquidating substantially all of their Assets in connection with their Chapter 11 Cases, the Debtors were a mainline pipeline construction contractor. As of the Petition Date, the Debtors had a workforce of 1,582 employees, of which 1,486 were union members. The Debtors' origins trace back to the 1940s when Hank Mogg and Harold Fluharty (both pipeline welders) originally founded the Debtors' business, utilizing the trade name "Mogg & Fluharty Pipe Line Welding Contractors." The Debtors moved their headquarters to Perrysburg, Ohio in the mid-1970s, where it remained until November 2019.

Although the Debtors' business originated in the Midwest, over the years, it grew to oversee projects nationwide, and became one of the largest and most relied upon mainline pipeline construction contractors in the United States. The Partnership came to oversee projects in lengths

ranging from a few hundred feet to over 200 miles for various customers, including Consumers, Sunoco, Energy Transfer Partners, Columbia Gas, and Transco (each defined below). In addition to mainline pipeline construction, the Partnership provided certain related services including: (a) fabrication welding, foundation construction, instrumentation installation, painting, and fencing for pipeline meter/regulator stations; (b) heavy wall pipe and fabrication welding for installation of compressor stations; (c) hydrostatic testing of existing pipelines; (d) pre-cleaning of pipelines to meet environmental discharge requirements; (e) investigation and repair of pipeline anomalies; and (f) replacement or repair of pipeline segments.

The Subsidiary was specifically formed to provide Consumers (defined below) with certain of those same services.

In November 2019, pursuant to an Order of the Bankruptcy Court, the Debtors sold their corporate headquarters located in Perrysburg, Ohio. Consequently, the Debtors do not currently own any real property.

The core of the Debtors' business consisted of mainline pipeline construction contract work with Customers that include many of the major energy providers in the United States. Such construction contracts were sometimes fixed-price contracts in which the contractor bids an amount for the project.[8] The price initially bid by contractors may later be subject to change orders if the cost of the project is greater than anticipated.[9] Certain of the Debtors' contracts with Customers, including their contract with Transco, were cost-plus contracts. In a cost-plus contract, the contractor's profit is fixed in an agreed amount, and the contractor's expenses are passed through to the project owner for reimbursement at actual cost.[10] Thus, a cost-plus contract structure is designed for the owner of the project to bear the risk that the cost of the project will be greater than anticipated as well as the attendant execution risks associated with completion of the project.[11]

In the ordinary course of their business, the Debtors would furnish and pay for all labor, supervision, technical capability, transportation, materials, supplies and all other items or accessories necessary for a particular project. Additionally, the Debtors would regularly purchase, lease and maintain equipment for work on their projects, and the Debtors were oftentimes co-signors with their

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[8] *See Key Considerations in a Fixed-Price Construction Contract*, MODERN CONTRACTOR SOLUTIONS (June 2018), https://mcsmag.com/key-considerations-in-a-fixed-price-construction-contract/ ("[T]he most frequently utilized pricing mechanism [in construction contracting] is, by far, the fixed-price arrangement.") (last visited Oct. 2, 2019).

[9] *Info. Sys. & Networks Corp. v. United States*, 64 Fed. Cl. 599, 606 (2005) ("Unlike the cost-reimbursement type contract in which the [project owner] bears the burden of all allowable costs, the burden is shifted entirely to the contractor in a fixed-price contract . . . .").

[10] *Contract*, BLACK'S LAW DICTIONARY (11th ed. 2019) (defining "cost-plus contract" as "[a] contract in which payment is based on a fixed fee or a percentage added to the actual cost incurred; esp., a construction contract in which the owner pays to the builder the actual costs of material and labor plus a fixed percentage over that amount.").

[11] W. Henry Parkman, *Cost-Plus Contracting Without a GMP—Contractor's Risks, Owner's Rights?*, 29 NO. 11 CONSTR. LITIG. REP. 1 (Nov. 2008) ("The cost-plus contract gives the owner all of the risk . . . of unanticipated changes in material and labor costs, as well as all of the risk and benefit of the contractor's relative efficiency or inefficiency." (internal quotation marks omitted)).

customers on the state and federal permits that authorized the projects. Finally, for most of their projects, the Debtors employed and oversaw the work of subcontractors and vendors (collectively, the "**Sub-Contractors**"), and, under certain contracts, the customer had discretion over which Sub-Contractors to utilize.

As of the Petition Date, the Debtors were working on portions of five pipeline construction projects (collectively, the "**Projects**") for their customers (collectively, the "**Customers**"), as follows:

- On September 19, 2018, the Debtors successfully achieved mechanical completion on a 96-mile expanse of the Atlantic Sunrise Pipeline (the "**Williams/ASR Project**") for Transcontinental Gas Pipe Line Company, LLC ("**Transco**"), an affiliate of The Williams Companies, Inc. ("**Williams**"), which received Federal Energy Regulatory Commission ("**FERC**") approval on October 4, 2018 and was placed into service on October 6, 2018. The Debtors completed restoration, cleanup and demobilization efforts on the Williams/ASR Project on or about December 8, 2019.

- The Debtors constructed a portion of the Saginaw Trail Pipeline (the "**2018 Consumers Project**") for Consumers Energy Company ("**Consumers**"), and the pipeline went into service prior to the Petition Date. The Debtors completed restoration, cleanup and demobilization efforts on or about December 1, 2018. In addition, the Debtors contracted to build a portion of another pipeline for Consumers in 2019 (the "**2019 Consumers Project**"). However, as part of an agreement with Consumers (discussed further below), the Debtors~~–~~, working closely with the Committee, assigned the contract for the 2019 Consumers Project to Snelson Companies, Inc. for $2.5 million on or about February 7, 2019.

- The Debtors constructed a portion of the Mariner East Pipelines (the "**ETP Project**") for Sunoco Partners Marketing & Terminals L.P. and Sunoco Pipeline L.P. (together, "**Sunoco**"), affiliates of Energy Transfer Partners, L.P. (collectively with Sunoco, "**ETP**").

- The Debtors constructed portions of two pipelines for affiliates of TC Energy Corporation (f/k/a TransCanada Corporation) ("**Columbia Gas**"), as successor to NiSource Corporate Services Company/Columbia Pipeline Group and Columbia Gas Transmission, LLC, respectively (the "**Columbia Gas Project**"). The Debtors' work on the Columbia Gas Project included work on the Leach XPress Pipeline in parts of West Virginia, Pennsylvania and Ohio ("**LXP**") and the Mountaineer XPress Pipeline in West Virginia ("**MXP**"). The Debtors completed restoration, cleanup and demobilization efforts on LXP on or about November 2018 and on MXP on or about March 2019.

C. Prepetition Capital Structure

As of the Petition Date, the Debtors had no outstanding secured debt obligations under any term loan or revolving credit facility or the like, but had certain existing or potential secured

obligations in connection with discrete equipment financings (with liens in the applicable pieces of equipment) and potential miscellaneous statutory lien claims.

The Debtors' capital structure as of the Petition Date is generally described below:

1. Unsecured Surety Bond Obligations

In the ordinary course of business, the Debtors were required to provide surety bonds (collectively, the "**Surety Bonds**") to certain third parties, including contract counterparties, governmental units or other public agencies, to secure the Debtors' payment or performance of certain obligations, including the completion of various projects within the terms of the applicable contracts, and environmental, road damage, lease, licensing and permitting and contractor obligations.

As of the Petition Date, the Debtors had four Surety Bonds related to their Projects. The Surety Bonds were issued through Federal Insurance Company and Berkshire Hathaway Specialty Insurance Company ("**Berkshire**," and collectively with Federal Insurance Company, the "**Sureties**").

Federal Insurance Company issued three Surety Bonds as follows: (a) an approximately $454 million bond related to the Williams/ASR Project; (b) an approximately $56 million bond related to a project that was completed by the Debtors approximately two years ago, which the Debtors believe has been released without liability; and (c) a $14.5 million wage payment bond. Finally, Berkshire issued an approximately $60 million bond on the 2018 Consumers Project.

In connection with the Surety Bonds, the Debtors entered into that certain: (a) *General Indemnity Agreement* dated February 28, 2017 with Federal Insurance Company (the "**Federal Insurance Company Indemnity Agreement**"); and (b) *General Agreement of Indemnity* dated May 29, 2018 with Berkshire (the "**Berkshire Indemnity Agreement**," and collectively, the "**Indemnity Agreements**"). Pursuant to these Indemnity Agreements, the Debtors agreed to indemnify Federal Insurance Company and Berkshire, respectively, on the terms set forth therein.

On February 27, 2019, Federal Insurance Company asserted Claim 551 against the Debtors' Estates pursuant to the Federal Insurance Company Surety Bonds and in connection with the Federal Insurance Company Indemnity Agreement (the "**Surety Bond Claim**"). The Surety Bond Claim consists of (i) an unliquidated General Unsecured Claim for not less than approximately $524 million, representing the aggregate penal limit of the Federal Insurance Company Surety Bonds, (ii) an unliquidated 503(b)(9) Claim representing bond premiums and charges under the Federal Insurance Company Surety Bonds, *plus* interest, costs and attorneys' fees and (iii) a liquidated General Unsecured Claim for almost $26 million on account of payments made to subcontractors for the Williams/ASR Project up to February 19, 2019 by Federal Insurance Company to claimants under the Federal Insurance Company Surety Bonds. A majority of the Sub-Contractors that provided goods and services on the Williams/ASR Project have submitted claims against the Federal Insurance Company Surety Bond related to that project. To date, Federal Insurance Company has paid approximately $74.4 million on account of the Federal Insurance Company Surety Bond.

Additionally, Berkshire asserted two Claims: one Claim for nearly $4 million relating to the Berkshire Surety Bond, and another Claim for over $30 thousand, relating to administrative expenses

incurred in executing the Berkshire Surety Bond (together, the "**Berkshire Claims**"). On February 28, 2020, the Bankruptcy Court entered an order fully resolving and releasing the Berkshire Claims [D.I. 1239].

2. Secured Claims

Prior to the Petition Date, financing statements were filed against the Debtors asserting certain discrete security interests in miscellaneous equipment in connection with certain amounts that were owing to CFSC (defined below) (which had filed liens in over 100 pieces of equipment)[12] and VAR Resources, LLC on account of equipment financings.

Certain other third parties, including state and local taxing authorities, also may possess statutory liens in certain of the Debtors' property or proceeds from the various sales during the Chapter 11 Cases in accordance with applicable law.

Finally, the Debtors previously entered into a revolving credit facility with The Huntington National Bank, pursuant to a credit agreement dated as of June 28, 2017 (the "**Revolving Credit Facility**"). There are no outstanding borrowings under the Revolving Credit Facility, which was terminated in March 2018.

3. Unsecured Debt

The Debtors have estimated the amount of Allowed General Unsecured Claims and Allowed Convenience Claims against the Debtors based on the Debtors' Schedules and an analysis of Filed proofs of claim. As part of this analysis, the Debtors have, among other things: (a) eliminated duplicate and superseded proofs of claim; (b) adjusted the amounts on account of certain Claims against the Debtors, as to which each of the Debtors is co-liable as a legal or contractual matter, so that such Claims are deemed Filed as a single Claim against, and a single obligation of, the substantively consolidated Debtors; (c) discounted to $0 the amounts of certain litigation claims against the Debtors, including, without limitation, where the recovery, if any, on such claims would be limited to insurance proceeds available from any insurer of the Debtors; and (d) eliminated various proofs of claim and scheduled amounts that have been satisfied by (i) the Debtors, (ii) Federal Insurance Company, in connection with the Federal Insurance Company Surety Bond for the Williams/ASR Project[13] or (iii) the Debtors' Customers pursuant to the Customer Project Completion Agreements (defined below), as discussed further below.

After accounting for the foregoing, the Debtors estimate that Allowed General Unsecured Claims total about ~~$23.0 million to $26.5~~ 20.7 million and Allowed Convenience Claims total about ~~$3.9 million to $4.5~~ 5.0 million. These Claims include, without limitation: (a) accrued and unpaid

[12] As discussed *infra* in Section III.E., the Debtors executed a buy-out option for the leased CFSC equipment and ultimately included such equipment in the Sale (defined below). All liens were released pursuant to the Sale.

[13] In a number of instances, Creditors filed Claims against the Debtors and also submitted claims to Federal Insurance Company that Federal Insurance Company paid pursuant to the Federal Insurance Company Surety Bond for the Williams/ASR Project. To the extent there was any duplication, the Debtors have identified those Claims as having been satisfied and eliminated them for purposes of estimating the aggregate amount of Allowed General Unsecured and Allowed Convenience Class Claims since the amounts are now included in the Surety Bond Claim.

trade and other unsecured debt incurred in the ordinary course of the Debtors' business; (b) Claims by equipment lessors for unpaid rent, rejection damages and other obligations under the Debtors' leases; and (c) certain litigation Claims other than Claims asserted against the Debtors by Transco and Central States against the Debtors or their Estates.

Except as otherwise set forth herein, without limitation, the estimated amount of Allowed General Unsecured Claims and Allowed Convenience Claims does not account for any additional Claims against the Debtors that have yet to be Filed as a result of the rejection of executory contracts and unexpired leases, including, without limitation, the rejection of any such contracts and leases pursuant to the Plan. The estimated amount of Allowed General Unsecured Claims and Allowed Convenience Claims does, however, take into account certain additional reductions or eliminations of Claims as part of the claims resolution process, and the anticipated disallowance or allowance of certain litigation Claims asserted by or against the Debtors, including claims asserted against the Debtors by Transco and Central States. Thus, the total amount of Allowed General Unsecured Claims and Allowed Convenience Claims may be materially more or less than the estimate set forth herein.

III. THE CHAPTER 11 CASES

On October 22, 2018, each of the Debtors commenced a voluntary case under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Chapter 11 Cases are being jointly administered under the caption *In re Welded Construction, L.P., et al.*, Case No. 18-12378 (CSS). Upon commencement of the Chapter 11 Cases, the automatic stay imposed under the Bankruptcy Code, with limited exceptions, enjoined the commencement or continuation of all collection efforts by Creditors, the enforcement of liens against property of the Debtors, and the continuation of litigation against the Debtors.

In the early days of the Chapter 11 Cases, the automatic stay also afforded the Debtors the necessary breathing room to begin tackling, among others, the goals described above—namely, completing the Projects, arranging for payment to (among others) their employees, Sub-Contractors and vendors for both pre- and post-petition goods and services, and obtaining debtor-in-possession financing. To that end, the Debtors have sought a wide variety of relief from the Bankruptcy Court.

A. First Day Orders

On or about the Petition Date, the Debtors Filed certain "first day" motions and applications with the Bankruptcy Court seeking certain immediate relief to aid in the efficient administration of these Chapter 11 Cases, and to facilitate the Debtors' transition to debtor-in-possession status. The Bankruptcy Court held hearings on these first-day motions, and entered a series of customary orders in connection therewith.

B. Debtor-in-Possession Financing

As described above, securing debtor-in-possession funding was critical to the success of these Chapter 11 Cases. Prior to the commencement of these Chapter 11 Cases, the Debtors and their advisors evaluated the cash requirements for the business and chapter 11 filing and reached out to potential third-party sources of financing. Simultaneously, the Debtors began negotiating a

potential debtor-in-possession financing facility with NAPEC. Only NAPEC agreed to provide the Debtors the necessary funding to support the company and prosecute these Chapter 11 Cases.

On or about the Petition Date, the Debtors Filed a motion [D.I. 17] (the "**DIP Motion**") seeking Bankruptcy Court approval of the DIP Facility (defined below) on the terms set forth in that certain *Senior Secured, Super Priority Debtor in Possession Term Loan, Guaranty and Security Agreement*, dated as of October 25, 2018 (the "**DIP Credit Agreement**"), by and among the Debtors and NAPEC. The DIP Credit Agreement provided for senior secured, superpriority, postpetition financing in an aggregate principal amount of up to $20 million (the "**DIP Facility**"). The DIP Motion was granted on an interim [D.I. 44], and then on a final, basis [D.I. 291].

On or about April 18, 2019, the Debtors satisfied their obligations under the DIP Facility, and the DIP Facility has been terminated.

C. Customer Project Completion Agreements

As discussed in the First Day Declaration and above, prior to the Petition Date, the Debtors diligently evaluated a range of strategic alternatives to address the near-term liquidity challenges that forced them to commence these Chapter 11 Cases. As a result of these efforts, the Debtors began negotiating agreements with their Customers to permit the Debtors to complete their ongoing Projects and maximize the value of their Estates for the benefit of their stakeholders.

Accordingly, on or about the Petition Date, the Debtors Filed a motion [D.I. 12 (under seal) and 13 (redacted)] (the "**Customer Programs Motion**") seeking approval of two Customer Project Completion Agreements (as defined in the Customer Programs Motion), and authority to enter into further agreements on an expedited basis. Ultimately, pursuant to the Customer Programs Motion and other settlement agreements, the Debtors obtained Bankruptcy Court authority to enter into agreements with all of their Customers for Project funding, procedures for Project completion, and authority to pay certain related pre- and post-petition obligations, as applicable.

As discussed below, by satisfying their obligations under the Customer Project Completion Agreements, the Debtors funded the majority of the Project completion costs and have satisfied over $107 million of prepetition claims in the aggregate, which will result in an increased recovery for their remaining creditors. The Debtors~~-~~, working together with the Committee, ultimately settled all claims with Sunoco and Consumers, but preserved any potential claims against their other Customers.

1. Columbia Gas Agreement[14]

On October 23, 2018, the Bankruptcy Court entered an order in connection with the Customer Programs Motion, approving, among other things, the *Stipulation of Welded Construction, L.P. and Columbia Gas Transmission, LCC* [sic] [D.I. 43] (the "**Columbia Gas Agreement**").

[14] All capitalized terms used in this Section III.D.1 that are not defined herein or in the Plan shall have the meanings provided to them in the Columbia Gas Agreement. The summary of the Columbia Gas Agreement provided herein is qualified in its entirety by reference to the Columbia Gas Agreement. In the case of any inconsistency between the summary herein and the Columbia Gas Agreement, the Columbia Gas Agreement shall govern.

Under the Columbia Gas Agreement, the parties agreed to a funding mechanism that required Columbia Gas to pay (i) the post-petition costs of completion of the Columbia Gas Projects (namely, LXP and MXP Projects), and (ii) certain labor and unpaid prepetition claims of certain Critical Vendors (as defined in the Columbia Gas Agreement). The Columbia Gas Agreement did not include releases.

The Columbia Gas Projects were both completed post-petition and the pipelines are in-service and generating profits for Columbia Gas. As of the date hereof, approximately $44 million of Critical Vendor claims, wages and union dues and benefits have been satisfied pursuant the terms of the Columbia Gas Agreement. The Debtors estimate that approximately $3 million remains outstanding under the Columbia Gas Agreement and Columbia Gas has not yet agreed to pay such amounts.

The Debtors continue to work with Columbia Gas to resolve open issues, including under the Columbia Gas Agreement, related to lien claims filed against the Columbia Gas Projects, and potential additional claims related to the Columbia Gas Projects.

Most recently, on April 15, 2020, the Debtors filed the *Debtors' Motion for Entry of an Order, Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, Approving Settlement Agreement by and between the Debtors, Ohio CAT, and the CGT Parties* [D.I. 1320], seeking approval of a settlement agreement by and between the Debtors, Ohio Machinery Company d/b/a Ohio CAT, and Columbia Gas Transmission, LLC and TransCanada USA Services Inc. that resolves various contested matters among the parties. The motion is scheduled to be heard at the hearing on May 6, 2020.

2. Transco Commitment Letters[15]

The Williams/ASR Project was substantially complete prior to the Petition Date, with the pipeline in service and generating approximately $35 million per month for Transco. *See Complaint and Objection to Claims* [Adv. D.I. 1]. However, certain demobilization and restoration work remained. Despite weeks of contention over the events surrounding the Prepetition Transco Complaint, the Debtors and Transco agreed to temporarily set aside their dispute to bring the Williams/ASR Project to completion and pay employees, subcontractors and vendors for doing so. Thus, on October 23, 2018, October 29, 2018 and November 8, 2018, the Bankruptcy Court approved three incremental agreements between the Debtors and Transco with respect to the funding of the Williams/ASR Project [D.I. 45, 111 & 172] (collectively, the "**Commitment Letters**").

Notably, Transco declined to pay outstanding invoiced amounts owed to the Debtors or to fund payments for prepetition goods and services provided for the Williams/ASR Project, thereby resulting in Federal Insurance Company paying for $74.4 million of such claims and, in turn, Federal Insurance Company asserting one of the largest claims against the Debtors' Estates in these Chapter

[15] All capitalized terms used in this Section III.D.2 that are not defined herein or in the Plan shall have the meanings provided to them in the Commitment Letters. The summary of the Commitment Letters provided herein is qualified in its entirety by reference to the Commitment Letters. In the case of any inconsistency between the summary herein and the Commitment Letters, the Commitment Letters shall govern.

11 Cases. As discussed *infra* in Section III.D.3, the Debtors are litigating the payment dispute over prepetition amounts due to Welded under the Transco contract.

Nevertheless, under the terms of the Commitment Letters, the Debtors agreed to complete demobilization and clean-up efforts on the Williams/ASR Project. In kind, Transco agreed to fund $8,050,000 in the aggregate for Welded's internal costs and expenses of providing work, as well as for third-party Sub-Contractor, materialmen and supplier costs, on spreads 5, 6 and 7 of the Williams/ASR Project.

On April 26, 2019, Transco filed a claim form, assigned claim number 775, asserting an administrative claim in the amount of nearly $2.4 million against the Partnership relating to the Commitment Letters (the "**Transco Administrative Claim**"). On May 3, 2019, the Partnership filed the Williams Complaint (as later defined), which disputes that any amounts are due under the Commitment Letters. On July 8, 2019, Transco filed a motion to compel alleging that it was entitled to a refund of nearly $2.27 million in amounts funded under the Commitment Letters [D.I. 836] ~~(the "**Transco Motion to Compel**"). Additionally, on July 8, 2019, Transco filed a motion requesting adequate protection in the form of a segregated account in the amount of $2.4 million in connection with the relief requested in the Transco Motion to Compel [D.I. 837] (the "**Transco Request for Adequate Protection**," and together with the Transco Motion to Compel, the "**Transco Motions**"). While the Debtors dispute the allegations in, and the relief sought by, the Transco Motions, no objection deadlines or hearing dates have been set~~, which amounts Transco agrees are subsumed in the Transco Administrative Claim. On November 13, 2019, Transco filed an answer and counterclaim to the Williams Complaint, including a counterclaim relating to the amounts sought through the Transco Administrative Claim. On December 18, 2019, the Partnership filed an answer to Transco's counterclaim, disputing that any amounts were owed under the Commitment Letters. Accordingly, the Debtors and Transco agree that the Transco Administrative Claim will be determined through the Williams Litigation.

3. Consumers Agreement[16]

Consumers and the Debtors were under contract for the Debtors to complete the 2018 Consumers Project—the Saginaw Pipeline Project—and the 2019 Consumers Project. The 2018 Consumers Project was substantially complete, with the pipeline in service prior to the Petition Date, but there was certain restoration, demobilization, cleanup and other work that remained. The 2019 Consumers Project had not yet begun as of the Petition Date. Prior to the Petition Date, the Debtors had also been negotiating a Customer Project Completion Agreement with Consumers. Shortly after the Bankruptcy Court's approval of the Customer Programs Motion, the Debtors sought authority to enter into the *Customer Project Completion Agreement with Consumers Energy Company* dated November 8, 2018 (the "**Consumers Agreement**"). By order entered on November 9, 2018 [D.I. 181], the Bankruptcy Court approved the Consumers Agreement.

[16] All capitalized terms used in this Section III.D.3 that are not defined herein or in the Plan shall have the meanings provided to them in the Consumers Agreement. The summary of the Consumers Agreement provided herein is qualified in its entirety by reference to the Consumers Agreement. In the case of any inconsistency between the summary herein and the Consumers Agreement, the Consumers Agreement shall govern.

Under the Consumers Agreement, Consumers agreed to pay all amounts due under the Debtors' contract with Consumers. Additionally, the Consumers Agreement established a procedure by which Sub-Contractors on the 2018 Consumers Project could be compensated for their outstanding prepetition claims. All known Project employees and Sub-Contractors were paid—in satisfaction of approximately $12 million in the aggregate of prepetition claims—pursuant to this process. The remaining 2018 Consumers Project work was completed on or about December 1, 2018. Consumers and the Debtors executed a release of funds agreement, whereby the remaining excess funds of $1.9 million that had been held in trust pursuant to the Consumers Agreement were released to the Debtors, made available for the Debtors' general use, and became property of the Debtors' Estates.

Additionally, under the Consumers Agreement, the Parties agreed that the operative contract for the 2019 Consumers Project was terminated for convenience as of November 9, 2018. However, Consumers paid a Termination Fee of $3.0 million to the Debtors, and also granted the Debtors the right to exercise either the Assignment Option (under which the Debtors had forty-five days to assume and assign the 2019 Consumers Project to a third-party contractor), or the Going-Concern Option (under which the Debtors could assume the 2019 Consumers Project without assignment). Closely working with the Committee's professionals, the Debtors exercised the Assignment Option and assigned the 2019 Consumers Project to Snelson Companies, Inc. for $2.5 million. The Bankruptcy Court approved the assumption and assignment on February 7, 2019. After satisfying all known creditor claims related to the Consumers Projects, the Debtors' Estates netted approximately $4.7 million for the benefit of their other stakeholders.

4. ETP Agreement[17]

On October 19, 2018, ETP sent a letter to the Debtors purporting to terminate for cause the Debtors' engagement on the ETP Project. The Debtors strenuously contested any alleged "for cause" termination and responded by rejecting Sunoco's attempt to terminate the engagement due to its failure to comply with certain contractual notice obligations. Shortly after the Petition Date, the Debtors initiated an adversary proceeding against Sunoco for declaratory and injunctive relief that any attempt by Sunoco to exercise control over the Debtors' property located on the ETP Project was prohibited by the automatic stay, and Filed a motion for a temporary restraining order to prevent Sunoco from interfering with equipment owned or leased by the Debtors.

Prior to a hearing on the temporary restraining order, the Debtors and Sunoco reached an agreement to resolve that dispute, and entered into that certain *Stipulation and Agreement between the Debtors, Sunoco Partners Marketing & Terminals, L.P. and Sunoco Pipeline, L.P.* The Debtors consented to termination of their engagement on the ETP Project as of October 19, 2018. At its sole cost and expense, Sunoco agreed to arrange for transfer of all of the Debtors' equipment located on the ETP Project to the Debtors' headquarters as promptly as practicable. Also, Sunoco agreed to cooperate with the Debtors to remove them from the state regulatory permits that governed the ETP Project, and to use commercially reasonable best efforts to replace Welded on the permits with

[17] All capitalized terms used in this Section III.D.4 that are not defined herein or in the Plan shall have the meanings provided to them in the ETP Agreement. The summary of the ETP Agreement provided herein is qualified in its entirety by reference to the ETP Agreement. In the case of any inconsistency between the summary herein and the ETP Agreement, the ETP Agreement shall govern.

Sunoco's new contractor, Precision Pipeline, LLC. Additionally, Sunoco agreed to indemnify and hold the Debtors harmless for any environmental liability related to the ETP Project arising from acts or omissions occurring on or after October 20, 2018. Finally, the Debtors and Sunoco agreed that they would commence discussions and work in good faith to resolve their outstanding claims.

On December 21, 2018, the Debtors sought approval of that certain *Stipulation and Settlement Agreement* between the Debtors and Sunoco [D.I. 360 (sealed) and 361 (redacted)] (the "**ETP Agreement**") that resolved all their outstanding claims. Most notably, Sunoco agreed to directly pay approximately $2 million to fund obligations of the Debtors related to prepetition union dues and benefits and approximately $14.1 million to the Direct Pay Subcontractors, in full resolution of the three largest prepetition claims related to the ETP Project. Additionally, Sunoco established the Subcontractor Settlement Fund of $40.0 million for payment of prepetition claims of the remaining Sub-Contractors on the ETP Project, and repaid demobilization costs of over $100,000. All known Sub-Contractors on the ETP Project were paid on account of their prepetition claims in accordance with the ETP Agreement. Upon completion of the Certification Process outlined in the ETP Agreement, Sunoco and the Debtors executed a release of funds agreement, whereby the remaining excess funds of approximately $5.6 million that had been held in trust in the Subcontractor Settlement Fund were released, made available for the Debtors' general use, and became property of the Debtors' Estates.

D. Litigation

In all, the Customer Project Completion Agreements substantially achieved the Debtors' primary goals of completing the unfinished Projects and getting Sub-Contractors paid for both pre- and post-petition goods and services. The Debtors are now, among other things, able to focus efforts on resolving or prosecuting the open claims against certain parties, including Customers with whom a global settlement has not yet been reached. These claims may result in the recovery of additional Assets for the Debtors' Estates, including, without limitation, those discussed herein. ***The Debtors and their Estates reserve all rights with respect to the same.***

1. Prepetition Litigation

In addition to the prepetition litigation with Transco, as of the Petition Date, the Debtors were defendants in two OSHA actions commenced by the U.S. Department of Labor, which were subsequently resolved [D.I. 923]. All prepetition litigation in which the Debtors are defendants is stayed by section 362(a) of the Bankruptcy Code, except to the extent the Bankruptcy Court has granted relief from the automatic stay during these Chapter 11 Cases, which the Bankruptcy Court has with respect to certain litigation matters.

2. Adversary Proceeding against Prime NDT Services, Inc.

On March 27, 2019, the Debtors initiated an adversary proceeding against Prime NDT Services, Inc. ("**Prime**" and collectively with the Debtors, the "**Prime Litigation Parties**") in the Bankruptcy Court (the "**Prime NDT Litigation**"), by filing a complaint (the "**Prime Complaint**") for breach of the subcontract and warranty related to the ETP Project. As discussed more fully in the Prime Complaint, the Debtors sought to recover their direct and certain consequential costs to remediate irregularities in Prime's work. On April 26, 2019, Prime responded to the Prime

Complaint with a partial motion to dismiss [Adv. D.I. 5] (the "**Prime MTD**") and a motion to withdraw the reference of the adversary proceeding [Adv. D.I. 7] (the "**Prime MTW**"). Subsequently, the matters were fully briefed [Adv. D.I. 12 and 14], and the Prime Litigation Parties submitted an agreed scheduling order regarding discovery and a litigation timeline, which was later amended four (4) times (the "**Prime Agreed Order**") [Adv. D.I. 16, 42, 52, 64 and 72]. On August 8, 2019, the Bankruptcy Court held a hearing to consider the Prime MTD. On August 13, 2019, the Bankruptcy Court issued a memorandum opinion denying the Prime MTD in its entirety [Adv. D.I. 30]. On February 5, 2020, the United States District Court for the District of Delaware (the "**District Court**") entered an order denying the Prime MTW and closing the District Court action [Adv. D.I. 111].

Meanwhile, in an effort to effectuate the ETP Agreement, Sunoco, the Debtors, and Prime entered into a *Subcontractor Direct Pay Agreement and Authorization* and a *Subcontractor's Release of Liens and Claims* (the "**Prime Settlement Documents**"), which address claims related to the services, work, or supplies that Prime provided to the ETP Project. The Debtors required Prime to execute that certain *Escrow Agreement*, dated April 17, 2019 (the "**Prime Escrow Agreement**"), escrowing the funds paid pursuant to the Prime Settlement Documents pending resolution of the Prime NDT Litigation.

Pursuant to the Prime Agreed Order, the Prime Litigation Parties briefed case-dispositive motions and *motions in limine* [Adv. D.I. 85, 86, 87, 92, 93, 94 (sealed) & 95 (redacted)]. The Bankruptcy Court entered orders on the Prime Litigation Parties' motions (i) denying Prime's motion for partial summary judgment [Adv. D.I. 112], (ii) granting Prime's motion *in limine* to preclude certain expert testimony from one (1) of the Debtors' expert witnesses [Adv. D.I. 114], and (iii) denying Prime's motion to preclude evidence of damages related to subcontractor direct pay [Adv. D.I. 115].

After months of negotiations, on the eve of trial, the Prime Litigation Parties agreed to settle Prime NDT Litigation pursuant to that certain *Settlement Agreement* dated as of February 27, 2020 (the "**Prime Settlement Agreement**"), which ~~is scheduled to be heard~~ was approved by the Bankruptcy Court ~~on~~ by an order [Adv. D.I. 130] dated March ~~31~~19, 2020. ~~The~~ Pursuant to the Prime Settlement Agreement ~~provides~~, among other things~~, that~~: (i) Prime ~~will pay~~ paid $6.2 million (the "**Prime Payment**") to the Debtors ~~within ten (10) days following Bankruptcy Court approval of the Prime Settlement Agreement~~, ~~provided that the Prime Payment will not be due until March 16, 2020, and~~ which payment ~~will conclude~~ concluded the Prime NDT Litigation in its entirety; (ii) following receipt of the Prime Payment and submission of the Prime Settlement Agreement to the escrow agent in accordance with the Prime Escrow Agreement, the escrowed funds ~~will be~~ were released to Prime; and (iii) upon the Debtors' receipt of the Prime Payment, the Prime Litigation Parties ~~will release~~ released all claims arising from Prime NDT Litigation, the ETP Project, and/or the subcontract against each other~~, and will cooperate in the dismissal of the~~. The Prime NDT Litigation was dismissed on March 25, 2020.

3. Adversary Proceeding against Williams and Transco; Williams Litigation Funding Agreement

On May 3, 2019, the Partnership initiated an adversary proceeding in the Bankruptcy Court against Transco and two of its affiliates, Williams and Williams Partners Operating LLC (the

"**Williams Litigation**"). As discussed more fully in its complaint (the "**Williams Complaint**"), the Partnership asserts that the defendants are improperly withholding or are otherwise liable for an amount in excess of $70 million, among other actions, for breaching the parties' contract and additional damages, fees, penalties and interest. The Partnership pleaded several counts against the defendants, including breach of contract, breach of implied covenants, tortious interference with contractual relationships, turnover of Estate property, declaratory judgment for violation of the automatic stay, impermissible setoff, unjust enrichment, objecting to Transco's two proofs of claim (Claim numbers 632 & 636), declaratory judgment that no amounts are owed in connection with post-petition reconciliation of invoices, and violation of a Pennsylvania state statute governing Pennsylvania construction contracts. The Partnership also seeks attorneys' fees against the defendants.

On May 22, 2019, the Bankruptcy Court entered an order [D.I. 745] approving that certain *Litigation Funding and Cooperation Agreement* (the "**Cooperation Agreement**") between the Debtors, Federal Insurance Company and the Committee. The Cooperation Agreement resolved Federal Insurance Company's assertion of equitable-subrogation rights, secured funding for the Williams Litigation, and established a protocol to share the net proceeds of the recovery in such litigation. Federal Insurance Company agreed to fund up to $2.5 million (with no interest or fees and subject to increase with prior written consent of the parties) for fees and costs actually incurred by the Debtors in prosecuting the Williams Litigation. The litigation funding is secured by a lien solely in any litigation proceeds and only to the extent of the funded amount. Under the Cooperation Agreement, the protocol for the disposition of the proceeds of a recovery in the Williams Litigation is as follows:

> (a) Unless there is a Funding Termination Event (as defined in the Cooperation Agreement), Federal Insurance Company shall receive reimbursement of all amounts advanced for the Williams Litigation, with the remaining proceeds after such reimbursement defined for purposes of the Cooperation Agreement as the "**Net Proceeds**."
>
> (b) The Estates shall receive from the Net Proceeds—the Estates' Share—the lesser of $250,000 or the Net Proceeds ("**Estate Reimbursement**") to cover the costs incurred by the Estates for maintaining staff and other resources necessary for the Williams Litigation.
>
> (c) In addition to the Estate Reimbursement, the Estates will receive one of the following mutually exclusive payments:
>
> > (1) Where the Net Proceeds are less than or equal to $5 million, the Estates will receive 10% of the Net Proceeds inclusive of the Estate Reimbursement. For example, if the Net Proceeds are equal to $3 million, the Estates will receive $50,000 in addition to the Estate Reimbursement.
> >
> > (2) Where the Net Proceeds are greater than $5 million and less than or equal to $10 million, the Estates will receive $750,000 in addition to the Estate Reimbursement ($1 million total).

(3) Where the Net Proceeds are greater than $10 million, the Estates shall receive 10% of the Net Proceeds inclusive of the Estate Reimbursement. For example, if the Net Proceeds are equal to $12 million, the Estate will receive $950,000 in addition to the Estate Reimbursement.

The remaining Net Proceeds—the Surety Bond Share—shall be used to satisfy the Surety Bond Claim. As noted above and further herein, the projected recoveries for Holders of Allowed Surety Bond Claims and General Unsecured Claims may be materially impacted by any recovery in the Williams Litigation.

On July 3, 2019, the defendants filed a motion to abstain, and in the alternative, to transfer venue, and in the alternative, to dismiss, and a supporting brief [Adv. D.I. 24 and 25]. The Partnership filed a responding brief on July 26, 2019 [Adv. D.I. 31]. On August 8, 2019, the defendants, in turn, filed their reply brief [Adv. D.I. 36]. On August 22, 2019, the Bankruptcy Court held oral argument on the defendants' motion. On October 16, 2019, the Bankruptcy Court issued a memorandum opinion granting in part and denying in part the defendants' motion [Adv. D.I. 48]. First, the Bankruptcy Court denied the defendants' motions to abstain and to transfer venue, holding that the Bankruptcy Court was the appropriate place to resolve the Williams Litigation. Second, the Bankruptcy Court dismissed certain non-contract based claims asserted in the Williams Complaint for failure to state a claim upon which relief could be granted, including the counts for turnover of Estate property and violation of the automatic stay.

On October 28, 2019, the Partnership filed a motion for partial summary judgment on the discrete issues that (i) Pennsylvania's Contractor and Subcontractor Payment Act applies to the Contract between Transco and Welded; and (ii) Transco breached the payment provisions of its Contract with the Partnership [Adv. D.I. 50 & 55]. On December 20, 2019, the parties completed briefing on the Partnership's motion for partial summary judgment. As of the filing of this Disclosure Statement, the Partnership's motion for partial summary judgment remains pending before the Bankruptcy Court and the defendants have requested oral argument [Adv. D.I. 83 & 86]. The parties involved in the Williams Litigation are conducting discovery.

4. Lien Enforcement Actions

A number of Sub-Contractors filed *in rem* lawsuits against Columbia Gas and/or Welded in West Virginia state court, asserting mechanics' lien claims against certain real property interests of Columbia Gas in West Virginia (collectively, the "**Lien Actions**"). Generally, the Lien Actions assert that the Sub-Contractor is owed money for work performed on the Columbia Gas Project. The asserted Lien Actions do not assert liens on the Debtors' Assets and, to the extent named, the Debtors are nominal defendants in such actions.

Eleven of the Lien Actions (the "**Transferred Lien Actions**") were removed to the United States Bankruptcy Court for the Northern District of West Virginia, and transferred to the United States District Court for the District of Delaware. Based on the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012, the Transferred Lien Actions were referred to the Bankruptcy Court. The Transferred Lien Actions currently pending before the Bankruptcy Court are as follows: *Earth Pipeline Services, Inc. v. Columbia Gas Transmission, LLC*, Adv. Case Nos. 19-50274 (CSS) and 19-50275 (CSS) (the

"**EPS Litigation**"); *Schmid Pipeline Construction, Inc. v. Columbia Gas Transmission, LLC and Welded Construction, L.P.*, Adv. Case No. 19-50886 (CSS) (the "**Schmid Litigation**"); *CADD Enterprises, L.L.C. v. Columbia Gas Transmission, LLC and Welded Construction, L.P.*, Adv. Case Nos. 19-50887 (CSS), 19-50888 (CSS), 19-50889 (CSS) and 19-50890 (CSS); *Sunbelt Equipment Marketing, Inc. v. Columbia Gas Transmission, LLC, TransCanada USA Services Inc., and Welded Construction, LP*, Adv. Case Nos. 20-50445 (CSS) and 20-50447 (CSS); and *Sunbelt Tractor & Equipment Company, Inc. v. Columbia Gas Transmission, LLC, TransCanada USA Services, Inc. and Welded Construction, LP*, Adv. Case Nos. 20-50446 (CSS) and 20-50448 (CSS). On February 19, 2020, CADD Enterprises, L.L.C. and Columbia Gas Transmission, LLC entered into that certain Settlement and Release Agreement, resulting in a release of liens and claims stemming from the Columbia Gas Project against the Debtors' estates. As of the date hereof, seven Lien Actions remain pending and unresolved.

E. Sale; Miscellaneous Asset Sale Transactions

The Debtors, in consultation with their professional advisors, investigated and analyzed a number of strategies to preserve and maximize the value of their Assets, including their equipment. Indeed, realizing the value of the Debtors' owned and leased equipment was a critical component of the chapter 11 process, including as security for the DIP and for recoveries on creditor claims not satisfied under the Customer Agreements.

While the Debtors heavily considered many restructuring options, they concluded that under the circumstances of these Chapter 11 Cases the best way to maximize the value of their Assets for the benefit of creditors was to conduct an orderly sale process of their equipment and other Assets. As a result, in December 2018, the Debtors, working with the Committee, commenced a nearly three-month competitive process to market their Assets, solicit proposals and select a proposal(s) that would facilitate the Debtors' goal of maximizing the value of their Assets.

After conducting a comprehensive, competitive marketing and sale process with input and involvement from their key creditor constituencies, the Debtors sought approval [D.I. 581] of the sale (the "**Sale**") of substantially all of their tangible assets (collectively, the "**Acquired Assets**") and entry into the Agency Agreement, dated as of March 22, 2019 (together with the First Amendment to Agency Agreement by and among the Debtors, the Agent (defined below) and Caterpillar Financial Services Corporation ("**CFSC**"), dated as of April 18, 2019, and the Second Amendment to Agency Agreement by and among the Debtors and the Agent, dated as of June 26, 2019, the "**Agency Agreement**") with Gordon Brothers Commercial & Industrial, LLC and Ritchie Bros Auctioneers (America) Inc. (together, the "**Agent**"). The Sale was structured so that the Agent would sell substantially all of the Debtors' Acquired Assets, including, as described below, certain equipment leased to the Debtors by CFSC (the "**CFSC Equipment**") free and clear of all encumbrances on the Debtors' behalf in exchange for a guaranteed payment of at least $20.0 million[18] in Cash to the Debtors, subject to the resolution of the Asset Impairment Notices (as defined in the Agency Agreement), plus the sharing of proceeds in excess of the first $2.0 million after the Agent was reimbursed for the guaranteed payment from the first $20.0 million in sales proceeds, all in

[18] As described in more detail below, the Debtors and the Agent agreed to reduce the guaranteed payment by $1.0 million to resolve the Agent's Asset Impairment Notices and the Debtors' objections thereto.

accordance with the terms of the Agency Agreement. Additionally, the Agency Agreement provided for the payoff in full of all remaining obligations under the DIP Facility.

After executing the Agency Agreement, the Debtors~~–~~, working with the Committee, continued to negotiate with the Agent and CFSC over the inclusion of the CFSC Equipment in the Sale. Ultimately, the Debtors, the Agent and CFSC agreed to amend the Agency Agreement to include the CFSC Equipment in the Sale, and agreed that the Agent would pay the buyout price to CFSC for the CFSC Equipment, for which the Agent would be reimbursed from the proceeds of the Sale of the CFSC Equipment. Thereafter, the Debtors and the Agent would share any remaining proceeds of the Sale of the CFSC Equipment in the amounts and percentages as provided in the Agency Agreement. . An additional benefit provided through the Agency Agreement and the inclusion of the CFSC Equipment in the Sale was the elimination of approximately $19 million in potential rejection damages and other claims.

On April 17, 2019, the Bankruptcy Court entered an order approving the Sale and the Agency Agreement (as amended) [D.I. 655] (the "**Sale Order**"), and the Sale closed on April 19, 2019.

After the entry of the Sale Order, the Debtors and the Agent engaged in extensive negotiations regarding the Agent's Asset Impairment Notices and the Debtors' objections thereto, and reached an agreement regarding the same, which was memorialized in that certain *Settlement Agreement and Second Amendment to Agency Agreement* (the "**Second Amendment**"). The Second Amendment fixed the Asset Impairment Value at $1.0 million and resolved the Asset Impairment Notices. On June 28, 2019, the Bankruptcy Court entered a supplemental Sale Order approving the Second Amendment [D.I. 812].

On June 25, 2019, June 27, 2019 and June 28, 2019, the Agent conducted auctions for the sale of certain of the Acquired Assets (collectively, the "**Auction**"). Additionally, the Agent conducted private treaty sales of certain of the Acquired Assets (the "**Private Sales**" and collectively with the Auction, the "**Initial Sales**").

On August 1, 2019, after the results of the Initial Sales were tallied, the Debtors and the Agent entered into a *First Reconciliation Agreement*, pursuant to which the Debtors and the Agent agreed on the payments to be made to the Debtors and the Agent pursuant to the Agency Agreement. Under this agreement, the Debtors received an additional $10.6 million. On December 3, 2019, the Bankruptcy Court approved the *Second Reconciliation Agreement* between the Debtors and the Agent resulting in an additional $83,137.50 of proceeds to the Debtors [D.I. 1134]. The aggregate proceeds received by the Debtors through the sales authorized through the Agency Agreement was approximately $30.4 million.

In August 2019, the Debtors also commenced the second leg of their sale process by engaging the services of real estate broker, Reichle Klein Group, Inc., to market their corporate headquarters in Perrysburg, Ohio for sale. After conducting a comprehensive, competitive marketing and sale process with input and involvement from their key creditor constituencies, the Debtors sought approval [D.I. 1066] of the private sale of the headquarters (the "**Property Sale**") to Michels Corporation for an aggregate purchase price of $2,706,000 pursuant to that certain *Purchase and Sale Agreement* effected as of October 25, 2019 (the "**Purchase Agreement**").

On November 18, 2019, the Bankruptcy Court entered an order approving the Property Sale and the Purchase Agreement [D.I. 1101], and the Property Sale closed on November 21, 2019.

In addition to consummating the Sale, during the course of the Chapter 11 Cases, the Debtors consummated a number of Proposed Miscellaneous Asset Sales (as defined in the Miscellaneous Asset Sale Procedures Order) pursuant to the terms of the Miscellaneous Asset Sale Procedures Order (defined below). *See* D.I. 326, 339, 344, 404, 483 and 484.

F. Executory Contracts and Unexpired Leases

As of the Petition Date, the Debtors were parties to hundreds of executory contracts and unexpired leases. Such contracts and leases covered, most notably, a vast quantity of construction equipment deployed across various Projects in a number of states. The Debtors undertook a thorough analysis of leased equipment and related executory contracts and unexpired leases and, pursuant to several motions, sought authority to reject numerous such contracts and leases [D.I. 262, 318, 356, 451, 455, 641 and 814] (the "**Rejection Motions**"). The Rejection Motions were approved by orders of the Bankruptcy Court [D.I. 324, 421, 442, 446, 454, 469, 521, 698, 874, 875, 1023 and 1119]. Certain parties objected to the Rejection Motions and, as of the date hereof, the Debtors have been working with those parties toward a mutual resolution of those objections. The Debtors worked diligently to ensure the safe return of the leased and rented equipment, as well as the mitigation of damages claims through the processing of millions of dollars of insurance claims. The remainder of the Debtors' executory contracts and unexpired leases will be assumed or rejected pursuant to the Plan or additional motions to assume or reject executory contracts and unexpired leases.

G. Additional Orders

On and after the Petition Date, the Debtors also Filed a number of customary motions and applications to retain professionals and to streamline the administration of these Chapter 11 Cases. The Bankruptcy Court entered the following orders granting such motions and applications:

- Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals [D.I. 230];
- Order Authorizing the Debtors to Retain, Employ, and Compensate Certain Professionals Utilized in the Ordinary Course of Business, Effective as of the Petition Date [D.I. 231];
- Order Authorizing Employment and Retention of Kurtzman Carson Consultants LLC as Administrative Advisor to the Debtors *Nunc Pro Tunc* to the Petition Date [D.I. 233];
- Order, Pursuant to Section 327(a) of the Bankruptcy Code, Bankruptcy Rule 2014, and Local Rule 2014-1, Authorizing the Retention of Young Conaway Stargatt & Taylor, LLP as Counsel for the Debtors, *Nunc Pro Tunc* to the Petition Date [D.I. 234];

- Order Authorizing the Debtors to (A) Employ and Retain Zolfo Cooper Management, LLC to Provide Interim Management Services and (B) Designate Frank Pometti as Debtors' Chief Restructuring Officer *Nunc Pro Tunc* to the Petition Date [D.I. 236];[19]

- Order Establishing Procedures for Sales of Certain Miscellaneous Assets Outside the Ordinary Course of Business Free and Clear of All Liens, Claims, Interests and Encumbrances Pursuant to Section 363 of the Bankruptcy Code [D.I. 245] (the "**Miscellaneous Asset Sale Procedures Order**");

- Order Establishing Deadlines for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof [D.I. 403] (the "**Bar Date Order**"); and

- Order (I) Establishing Bar Dates for Filing Administrative Expense Claims, Other than 503(b)(9) Claims, and (II) Approving the Form and Manner of Notice Thereof [D.I. 554] (the "**Administrative Claim Bar Date Order**").

In addition, the Committee Filed applications to retain professionals and the Bankruptcy Court entered the following orders granting such applications:

- Order Authorizing the Official Committee of Unsecured Creditors of Welded Construction, L.P., *et al.*, to Retain and Employ Blank Rome LLP as Its Counsel Pursuant to 11 U.S.C. §§ 328 and 1103, Fed. R. Bankr. P. 2014, and Local R. 2014-1 *Nunc Pro Tunc* to October 30, 2018 [D.I. 311]; and

- Order Granting Application of the Official Committee of Unsecured Creditors for an Order under Bankruptcy Code Sections 328 and 1103, Bankruptcy Rule 2014, and Local Rule 2014-1 Approving the Employment and Retention of Teneo Capital LLC as Investment Banker and Financial Advisor *Nunc Pro Tunc* to October 30, 2018 [D.I. 314].

H. Key Employee Incentive Plans, Key Employee Retention Plans

The Debtors filed several motions seeking approval of key employee incentive plans ("**KEIPs**") and key employee retention plans ("**KERPs**") to incentive and retain certain key employees during critical periods in these Chapter 11 Cases. Generally, the purpose of such plans was to incentivize the Debtors' employees to maximize the value of the Debtors' Assets and combat, among other things, the negative employee morale that typically results from the uncertainties and increased burdens of an employer's debtor-in-possession status.

First, on November 19, 2018, the Bankruptcy Court approved the KERP for the Columbia Gas Project [D.I. 244]. At the request of Columbia Gas, the plan was formulated to incentivize certain of the Debtors' rank and file employees who were working on Spread 1 of the Columbia Gas Project until completion of the Debtors' obligations on the Columbia Gas Project or until their craft or services were no longer needed on that project. Columbia Gas funded the KERP.

[19] On November 1, 2018, AlixPartners, LLP ("**AlixPartners**") acquired all of the membership interests of Zolfo Cooper, LLC ("**Zolfo Cooper**"). Since this acquisition, Zolfo Cooper has continued to provide services to the Debtors as Zolfo Cooper, operating as a subsidiary of AlixPartners.

Second, on November 30, 2018, the Bankruptcy Court approved the Debtors' first KEIP and KERP [D.I. 289], which ensured that the Debtors' could maintain their business operations, preserve their financial condition, provide critical Project management and oversight and meet their debtor-in-possession duties during the pendency of these Chapter 11 Cases. The payment of KEIP bonuses was conditioned on the achievement of certain milestones under the Columbia Gas Agreement. The payment of KERP bonuses was conditioned on the applicable employee's continued employment through the earlier of (i) March 31, 2019 or (ii) the employee's termination without cause before March 31, 2019. The payment of the KERP bonuses was also conditioned on the employees waiving their rights to severance payments.

Third, on April 16, 2019, the Bankruptcy Court approved the Debtors' second KEIP and KERP [D.I. 646]. The plans provide performance incentives to certain insider members of the Debtors' workforce and encourage the retention of certain valuable and hard-to-replace non-insider members of the Debtors' workforce. Payments under the second KEIP are based on the level of gross proceeds generated from the monetization of the remaining Assets of the Debtors and their Estates. Payments under the second KERP were conditioned on the applicable employee's continued employment through the earlier of (i) September 27, 2019 or (ii) the employee's termination without cause before September 27, 2019. The KERP participants continued their employment with the Debtors through the requisite period, and the KERP payments were paid shortly thereafter.

I. Appointment of Committee

On October 30, 2018, the U.S. Trustee appointed the Committee in these Chapter 11 Cases. The counsel to the Committee is Blank Rome LLP, and the investment banker and financial advisor to the Committee is Teneo Capital LLC. The Committee originally consisted of Ohio Machinery Co., Cleveland Brothers Equipment Co., Inc.; United Piping, Inc.; PipeLine Machinery International, LP; Earth Pipeline Services, Inc.; IUOE and Pipe Line Employers Health & Welfare Fund; and Schmid Pipeline. As of February 4, 2019, United Piping, Inc. resigned from the Committee.

J. Claims Process and Bar Dates

1. Schedules, Statements of Financial Affairs

The Debtors Filed their Schedules as well as their Statements of Financial Affairs on December 18, 2018 [D.I. 333, 334, 335 and 336]. On July 3, 2019, the Debtors Filed certain amendments to their Schedules [D.I. 817] (the "**Schedules Amendments**").

2. Claims Bar Dates

On January 10, 2019, the Bankruptcy Court entered the Bar Date Order providing that, except as otherwise provided therein, the deadline for (a) all persons or entities (including, without limitation, individuals, partnerships, corporations, joint ventures and trusts) that assert a claim, as defined in section 101(5) of the Bankruptcy Code, against the Debtors, including without limitation, any claims under section 503(b)(9) of the Bankruptcy Code, secured claims and priority claims, which arose prior to the Petition Date, to file a proof of any such claim was 5:00 p.m. (prevailing

Eastern Time) on February 28, 2019 (the "**General Bar Date**");[20] and (b) all governmental units, as defined in section 101(27) of the Bankruptcy Code, to file a proof of any such claim was 5:00 p.m. (prevailing Eastern Time) on April 22, 2019 (the "**Government Bar Date**").

The Bar Date Order also provides that if the Debtors amend or supplement the Schedules subsequent to the date of service of the Bar Date Notice (as defined in the Bar Date Order), then the Debtors shall give notice of any such amendment or supplement to the holders of claims affected thereby, and such holders shall be afforded the later of (a) the General Bar Date or (b) 5:00 p.m. (prevailing Eastern Time) on the date that is thirty (30) days from the date on which such notice is given, to file proofs of claim in respect of their claims (the "**Supplemental Bar Date**"). In connection with the Schedules Amendments, the Supplemental Bar Date was 5:00 p.m. (ET) on August 2, 2019.

Additionally, pursuant to the Bar Date Order, except as otherwise provided by another order of the Bankruptcy Court, any person or entity that holds a claim arising from the rejection of an executory contract or unexpired lease (a "**Rejection Damages Claim**") must file a proof of claim on account of such Rejection Damages Claim on or before the later of (a) the General Bar Date or (b) 5:00 p.m. (prevailing Eastern Time) on the date that is thirty-five (35) days following the entry of the order approving the rejection of the executory contract or unexpired lease pursuant to which the entity asserting the Rejection Damages Claim is a party (the "**Rejection Damages Bar Date**").

On March 11, 2019, the Bankruptcy Court entered the Administrative Claim Bar Date Order, providing that the deadline for each person or entity, including, without limitation, individuals, partnerships, corporations, joint ventures, trusts and governmental units, that holds or wishes to assert an administrative expense claim pursuant to sections 365 or 503(b) of the Bankruptcy Code or otherwise, other than Section 503(b)(9) Claims, against the Debtors' Estates (each, an "**Administrative Expense Claim**"), which claim arose during the period from the Petition Date through and including March 31, 2019, to file a request for allowance of such Administrative Expense Claim was 5:00 p.m. (prevailing Eastern Time) on April 30, 2019 (collectively with the General Bar Date, the Government Bar Date, the Supplemental Bar Date and the Rejection Damages Bar Date, the "**Bar Dates**").

Notice of the Bar Dates was provided by mail and publication in accordance with the procedures outlined in the Bar Date Order and the Administrative Bar Date Order.

3. Claims Reconciliation

Over 835 proofs of claim have been filed against the Debtors' Estates. As part of the claims reconciliation process, the Debtors have filed ten substantive and non-substantive objections to claims [D.I. 721, 811, 839, 840, 888, 889, 962, 963, 1039 and 1040], as well as six notices of

[20] The Debtors entered into stipulations with Federal Insurance Company whereby the General Bar Date was extended for Federal Insurance Company as provided for therein first through and including 5:00 p.m. (ET) on April 30, 2019, later further extended through and including 5:00 p.m. (ET) on August 30, 2019, and then subsequently further extended through and including 5:00 p.m. (ET) on the date that is ten (10) days after the date that the Bankruptcy Court enters an order approving this Disclosure Statement. D.I. 520, 694, 809 and 978.

satisfied claims and scheduled amounts [D.I. 792, 873, 934, 1062, 1162 and 1248]. As a result of these efforts, the claims pool has been reduced by approximately $140 million.

As of the date of this Disclosure Statement, inclusive of amounts set forth in the Schedules and not superseded by filed proofs of claims, there are approximately $803 million in Claims asserted against the Debtors and their Estates, including $585 million in Surety Bond Claims, $203 million in General Unsecured Claims and $4.3 million in Convenience Claims. *However, this amount does not reflect the actual liabilities owed by the Debtors, because, among other things,* certain of these Claims are invalid claims for various reasons, including being filed after the applicable Bar Date and not likely to be Allowed Claims. The Claims that remain pending and unsatisfied against each Debtor as of the date hereof are, except as otherwise noted therein, accounted for in the Liquidation Analysis (as defined below) attached hereto. As explained therein and more fully below, the analysis reflects certain assumptions regarding, among other things, proofs of claim that were filed against more than one Debtor, certain proofs of claim that are contingent and/or disputed, certain proofs of claim that have been filed in partially or wholly unliquidated amounts, and certain proofs of claim that assert invalid claims that are not likely to be Allowed Claims. The Liquidation Analysis also assumes that any claims objections pending as of the date of this Disclosure Statement will be granted. Because of these and other reasons, the amount of Claims against the Debtors' Estates that will ultimately become Allowed Claims remains uncertain, but the Liquidation Analysis represents the best estimate of the Debtors at this time.

In the near term, the Debtors anticipate filing additional claims objections.

IV. SUMMARY OF THE CHAPTER 11 PLAN

This section provides a summary of the structure and means for implementation of the Plan and the classification and treatment of Claims and Interests under the Plan, and is qualified in its entirety by reference to the Plan (as well as the exhibits thereto and definitions therein).

The statements contained in this Disclosure Statement do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred to therein, and reference is made to the Plan and to such documents for the full and complete statement of such terms and provisions.

The Plan itself and the documents referred to therein control the actual treatment of Claims against and Interests in the Debtors under the Plan and will, upon the occurrence of the Effective Date, be binding upon all Holders of Claims against and Interests in the Debtors, the Debtors' Estates, all parties receiving property under the Plan, and other parties in interest.

A. Purpose and Effect of the Plan

Chapter 11 is the chapter of the Bankruptcy Code primarily used for business reorganization. Under chapter 11, a debtor is authorized to reorganize its business for the benefit of its stakeholders. Chapter 11 also allows a debtor to formulate and consummate a plan of liquidation. A plan of liquidation sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of liquidation by a bankruptcy court makes the plan binding upon the debtor and any creditor of or interest holder in the debtor, whether or not such creditor or interest holder (a) is impaired under or has accepted the plan or (b) receives or retains any property under the plan.

The Plan provides for the distribution of the proceeds of the liquidation of Assets of the Debtors to various Holders of Allowed Claims as contemplated under the Plan and for the wind-up the Debtors' corporate affairs. The Plan also provides for the appointment of a Plan Administrator that will, among other things, administer and liquidate or otherwise resolve all remaining Assets of the Debtors, including the Retained Causes of Action.

Under the Plan, Claims against, and Interests in, the Debtors are divided into Classes according to their relative priority and other criteria. If the Plan is confirmed by the Bankruptcy Court and consummated, the Allowed Claims and Interests of the various Classes will be treated in accordance with the provisions in the Plan for each such Class, and the Plan Administrator will make Distributions as provided in the Plan. A general description of the Classes of Claims and Interests created under the Plan, the treatment of those Classes under the Plan, and the property to be distributed under the Plan are described below.

B. Substantive Consolidation

Solely for purposes of voting and distributions in connection with the Plan, pursuant to Section 5.2 of the Plan, the Assets, Claims and affairs of the Debtors and their Estates shall be "substantively consolidated." In other words, solely for such purposes, the separateness of the Debtors and the Estates will be ignored, and the Debtors and the Estates will be treated as if they were one Debtor and one Estate.

More specifically, on and after the Effective Date, and except as otherwise set forth in the Plan: (a) all Assets and liabilities of the Debtors shall be treated as though they were pooled; (b) each Claim Filed or to be Filed against any Debtor, as to which each of the Debtors is co-liable as a legal or contractual matter, shall be deemed Filed as a single Claim against, and a single obligation of, the Debtors; (c) all Claims held by one Debtor against the other Debtor shall be cancelled or extinguished; (d) no Distributions shall be made under the Plan on account of any Claim held by one Debtor against the other Debtor; (e) the Interests shall be cancelled; (f) no Distributions shall be made under the Plan on account of any Interest held by a Debtor in any other Debtor; (g) all guarantees of any Debtors of the obligations of any other Debtor shall be eliminated so that any Claim against any Debtor and any Claim based upon a guarantee thereof executed by any other Debtor shall be treated as one Claim against the substantively consolidated Debtors; and (h) any joint or several liability of any of the Debtors shall be one obligation of the substantively consolidated Debtors and any Claims based upon such joint or several liability shall be treated as one Claim against the substantively consolidated Debtors.

The Plan is predicated on the treatment of Surety Bond Claims, General Unsecured Claims and Convenience Claims without regard to the specific Debtor as to which the Holders of such Claims assert their Claims. Absent the substantive consolidation proposed under the Plan, the process of winding down the Debtors' Estates and administering Distributions could be more time consuming and costly. Furthermore, as permitted by section 1123(a)(5)(C) of the Bankruptcy Code, a vote of the Voting Classes of Claims in favor of such treatment is a basis for substantive consolidation in these Chapter 11 Cases. The Plan does not propose substantive consolidation to deprive a specific Creditor or group of Creditors of their rights while providing a windfall to other Creditors. Rather, given the expense involved in winding down the Debtors' Estates and administering Distributions, recoveries by Creditors should be maximized by consolidating the

Assets and liabilities of the Debtors as provided for in the Plan. Accordingly, the Debtors believe that substantive consolidation of the Debtors, for purposes of voting and distribution in connection with the Plan, is in the best interest of the Debtors' Estates and parties in interest.

C. Plan Administrator

1. Appointment; Duties

Not less than ten (10) days prior to the commencement of the Confirmation Hearing and subject to Bankruptcy Court approval in connection with Confirmation of the Plan, the Committee, in consultation with the Debtors and Federal Insurance Company, shall designate the Person who initially will serve as the Plan Administrator.

2. Plan Administrator Agreement

(a) Plan Administrator as a Fiduciary. The Plan Administrator shall be a fiduciary of each of the Debtors' Estates and the Post-Effective Date Debtors, and shall be compensated and reimbursed for expenses as set forth in, and in accordance with, the Plan Administrator Agreement.

(b) Provisions of the Plan Administrator Agreement and Confirmation Order. The Plan Administrator Agreement and the Confirmation Order shall provide that: (i) the Plan Administrator shall have no duties until the occurrence of the Effective Date, and on and after the Effective Date, shall be a fiduciary of each of the Post-Effective Date Debtors and the Estates; (ii) if the Plan is withdrawn or otherwise abandoned prior to the occurrence of the Effective Date, the Plan Administrator position shall thereafter be dissolved; (iii) on and after the Effective Date, the Plan Administrator shall perform the functions of a Liquidating trustee of the Partnership as provided in sections 17-803 and 17-804 of the Delaware Revised Uniform Limited Partnership Act (the "**LP Act**"); and (iv) the Plan Administrator shall be subject to the terms of the Surety Cooperation Agreement Order.

3. Powers and Duties

(a) General Powers and Duties. From and after the Effective Date, pursuant to the terms and provisions of the Plan and the Plan Administrator Agreement, the Plan Administrator shall, in consultation with the Plan Oversight Committee, be empowered and directed to: (i) take all steps and execute all instruments and documents necessary to make Distributions to Holders of Allowed Claims and to perform the duties assigned to the Plan Administrator under the Plan or the Plan Administrator Agreement; (ii) comply with the Plan and the obligations hereunder; (iii) employ, retain or replace professionals to represent him or her with respect to his or her responsibilities; (iv) object to Claims as provided in the Plan and prosecute such objections; (v) compromise and settle any issue or dispute regarding the amount, validity, priority, treatment or allowance of any Claim; (vi) establish, replenish or release any reserves as provided in the Plan, as applicable; (vii) exercise such other powers as may be vested in the Plan Administrator pursuant to the Plan, the Plan Administrator Agreement or any other order of the Bankruptcy Court, including the Confirmation Order, or otherwise act on behalf of and for the Debtors and the Post-Effective Date Debtors from and after the Effective Date; (viii) file applicable tax returns for any of the Debtors; (ix) liquidate any of the Assets; and (x) prosecute, compromise, resolve or withdraw any of the Retained Causes of Action subject to the terms of the Surety Cooperation Agreement Order. The

Plan Administrator may, without the need for further Court approval, retain legal counsel and financial advisors to advise him or her in the performance of his or her duties, which counsel and advisors may be counsel and advisors for the Debtors and the Committee.

(b) Distributions. Pursuant to the terms and provisions of the Plan and the Plan Administrator Agreement, the Plan Administrator shall make the required Distributions specified under the Plan and in accordance with the Plan.

(c) Reserves. On the Effective Date, the Plan Administrator shall establish reserves, as required by the Plan or as otherwise determined to be appropriate in his or her sole discretion.

4. Compensation of the Plan Administrator

The Estates and the Post-Effective Date Debtors shall pay the reasonable fees and expenses of the Plan Administrator and the Plan Administrator Professionals. If a party disputes the reasonableness of any such invoice and such dispute is not resolved by agreement, the Plan Administrator or the affected professional may submit such dispute to the Bankruptcy Court for a determination of the reasonableness of any such invoice, and the disputed portion of such invoice shall not be paid until the dispute is resolved. The undisputed portion of such reasonable fees and expenses shall be paid as provided in the Plan. The Plan Administrator shall provide summary invoices to the Plan Oversight Committee prior to payment of any such invoice.

5. Indemnification of the Plan Administrator, the Plan Oversight Committee, and Related Parties

The Debtors and the Post-Effective Date Debtors shall indemnify and hold harmless: (a) the Plan Administrator (solely in his or her capacity as such); (b) the Plan Administrator Professionals; and (iii) the Plan Oversight Committee and Plan Oversight Committee Members (solely in their capacities as such) (collectively, the "**Indemnified Parties**"), with respect to any and all liabilities, losses, damages, claims, costs and expenses arising out of or due to their post-Effective Date actions or omissions, or consequences of such post-Effective Date actions or omissions, taken in connection with the Plan, the Plan Administrator Agreement and the Confirmation Order, other than acts or omissions, resulting from such Indemnified Party's bad faith, willful misconduct (including, without limitation, actual fraud) or gross negligence, with respect to all actions. To the extent that an Indemnified Party asserts a claim for indemnification as provided above, (a) any payment on account of such claim shall be paid solely from the Estates and (b) the legal fees and related costs incurred by counsel to the Plan Administrator in monitoring and participating in the defense of such claims giving rise to the asserted right of indemnification shall be advanced to such Indemnified Party (and such Indemnified Party undertakes to repay such amounts if it ultimately shall be determined that such Indemnified Party is not entitled to be indemnified therefore) out of the Estates or any insurance. The indemnification provisions of the Plan Administrator Agreement shall remain available to and be binding upon any former Plan Administrator or the estate of any decedent of the Plan Administrator and shall survive the termination of the Plan Administrator Agreement.

6. Insurance

The Plan Administrator shall be authorized to obtain and pay for, out of the funds of the Estates, all reasonably necessary insurance coverage for himself or herself, his or her agents,

representatives, employees or independent contractors and the Debtors, including, but not limited to, coverage with respect to: (a) any property that is or may in the future become the property of the Debtors or their Estates; and (b) the liabilities, duties and obligations of the Plan Administrator and his or her agents, representatives, employees or independent contractors under the Plan Administrator Agreement, the latter of which insurance coverage may remain in effect for a reasonable period of time as determined by the Plan Administrator after the termination of the Plan Administrator Agreement.

7. Preservation of Retained Causes of Action

Except as expressly set forth in the Plan or the Confirmation Order, the Post-Effective Date Debtors shall retain all Retained Causes of Action~~. Except as expressly provided in the Plan or the Confirmation Order,~~ and nothing contained in the Plan or the Confirmation Order shall be deemed to be a release, waiver or relinquishment of any such Retained Causes of Action. ~~The~~ Subject to the provisions relating to Preference Actions below, the Post-Effective Date Debtors or the Plan Administrator, as applicable, shall have, retain, reserve and be entitled to assert all such Retained Causes of Action as fully as if these Chapter 11 Cases had not been commenced, and all of the Post-Effective Date Debtors' legal and equitable rights respecting any Claim that are not specifically waived or relinquished by the Plan, the Confirmation Order, or any Final Order (including settlement or other agreements authorized thereby) may be asserted after the Effective Date to the same extent as if these Chapter 11 Cases had not been commenced. Solely to the extent that the Plan Oversight Committee Chairperson, individually and on its own behalf and sole discretion, consents, the Plan Administrator may pursue and/or litigate one or more Preference Actions, and upon such conditions as the Plan Oversight Committee Chairperson determines appropriate upon consultation with the Plan Oversight Committee as to the potential benefits such Preference Action(s) may bring after conducting an appropriate cost-benefit analysis (including weighing the potential impact upon Holders of any Surety Bond Claims) against the benefit to the Estates. For the avoidance of doubt, the Plan Administrator is authorized to pursue Preference Actions under conditions required by the Plan Oversight Committee Chairperson if, in the Plan Administrator's business judgment, the pursuit of such Preference Actions under such required conditions is expected to result in a net benefit to the creditors.

8. Creation of the Plan Oversight Committee

On or before ten (10) days prior to the commencement of the Confirmation Hearing and subject to Bankruptcy Court approval in connection with Confirmation of the Plan, the Committee, in consultation with the Debtors, may appoint up to two (2) Plan Oversight Committee Members, and ~~Federal Insurance Company~~the designated Plan Oversight Committee Chairperson, in consultation with the Debtors, may appoint up to one (1) Plan Oversight Committee Members. Each Plan Oversight Committee Member shall be authorized to act in accordance with the Plan and the Plan Administrator Agreement. Plan Oversight Committee Members shall serve without compensation and shall be entitled to reimbursement of actual, reasonable expenses incurred in the course of discharging their responsibilities as Plan Oversight Committee Members if such expenses have been approved by the Plan Administrator prior to being incurred. For the avoidance of doubt, Plan Oversight Committee Members shall not be entitled to reimbursement of fees and expenses of such Plan Oversight Committee Members' legal counsel or other professional advisors.

9. Standing of the Plan Oversight Committee

The Plan Oversight Committee shall have independent standing to appear and be heard in the Bankruptcy Court as to any matter relating to the Plan, the Plan Administrator Agreement, the Estates or the Post-Effective Date Debtors, including any matter as to which the Bankruptcy Court has retained jurisdiction pursuant to Article X of the Plan.

10. Function and Duration of the Plan Oversight Committee

The Plan Oversight Committee shall have the rights and responsibilities set forth in the Plan and the Plan Administrator Agreement, including instructing and supervising the Plan Administrator with respect to its responsibilities under the Plan and the Plan Administrator Agreement. The Plan Oversight Committee shall remain in existence until such time as the final Distributions under the Plan have been made.

11. Recusal of Plan Oversight Committee Members

A Plan Oversight Committee member shall recuse itself from any decisions or deliberations regarding actions taken or proposed to be taken by the Plan Administrator with respect to the Claims, Retained Causes of Action or rights of such Plan Oversight Committee Member, the entity appointing such Plan Oversight Committee Member, or any affiliate of the foregoing.

12. Funding of Reserves

(a) Professional Fee Reserve. On the Effective Date, the Plan Administrator shall establish the Professional Fee Reserve as set forth in Section 11.2 of the Plan.

(b) Administrative and Priority Claims Reserve. On the Effective Date, the Plan Administrator shall set aside Cash in the amount of the Administrative and Priority Claims Estimate, which Cash shall be used by the Post-Effective Date Debtors to fund the Administrative Claims Reserve. The Cash so transferred shall not be used for any purpose other than to pay Unclassified Claims (except Professional Fee Claims, which shall be paid from the Professional Fee Reserve), Secured Claims and Priority Claims. The Plan Administrator (i) shall segregate in an account and shall not commingle the Cash held in the Administrative and Priority Claims Reserve and (ii) subject to the terms and conditions of the Plan and the Plan Administrator Agreement, shall, in accordance with the Plan, pay each Unclassified Claim (except Professional Fee Claims, which shall be paid from the Professional Fee Reserve), Secured Claim and Priority Claim, on or as soon as reasonably practicable after the date such Claim becomes an Allowed Claim. After all Unclassified Claims (except Professional Fee Claims), Secured Claims and Priority Claims are Allowed or Disallowed and the Allowed amounts of such Claims are paid by the Plan Administrator, any remaining Cash in the Administrative and Priority Claims Reserve shall first be applied to pay any outstanding Allowed Professional Fee Claims and any remaining amounts shall be returned by the Plan Administrator to the Post-Effective Date Debtors for further distribution in accordance with the Plan.

(c) Other Reserves. The Plan Administrator shall use Cash to establish and administer any other necessary reserves that may be required to effectuate the Plan and the Distributions to Holders of Allowed Claims hereunder or Plan Administrator Agreement, including the Disputed Claims Reserve and the Convenience Claims Reserve.

D. Estimated Recoveries for Holders of Surety Bond Claims, General Unsecured Claims and Convenience Class Claims

The Debtors estimate that Holders of Allowed Surety Bond Claims in these Chapter 11 Cases should recover ~~between~~ approximately ~~[●]% and [●]~~21% of the total amount of their Allowed Claims. The Debtors further estimate that Holders of Allowed General Unsecured Claims in these Chapter 11 Cases should recover ~~between~~ approximately ~~[●]% and [●]~~21% of the total amount of their Allowed Claims. ~~Actual recoveries may differ from these "Recovery Ranges" if, among other reasons: (a) there is significant disparity from assumptions in the potential recoveries with respect to the Retained Causes of Action; (b) the total amount of Allowed General Unsecured Claims is significantly different from the current estimated amount of Allowed General Unsecured Claims based on the Schedules and the proofs of claims Filed against the Debtors; and (c) there are significant increases or reductions in Allowed General Unsecured Claims based on the rejection of executory contracts and unexpired leases of the Debtors.~~ The Debtors have calculated ~~this range of~~ these projected recoveries for Holders of Surety Bond Claims and General Unsecured Claims by taking into account, among other variables: (a) the total estimated amount of Allowed Surety Bond Claims and Allowed General Unsecured Claims; and (b) the total estimated amount of Cash available for Distributions to Holders of Allowed Surety Bond Claims and Allowed General Unsecured Claims~~; and (c)~~. These estimates do not account for potential additional recoveries based on Retained Causes of Action and other Assets. Actual recoveries may differ from these projected recoveries as a result of, among other reasons: (a) actual recoveries with respect to the Retained Causes of Action; (b) an increase in the total amount of Allowed Administrative or Priority Claims from current estimates; and (c) the total amount of Surety Bond Claims or Allowed General Unsecured Claims differing significantly from the current estimated amounts, including increases or reductions based on the rejection of executory contracts and unexpired leases of the Debtors.

To date, the amount of filed Surety Bond Claims not currently subject to a pending objection is $5840.8 million, and the amount of filed General Unsecured Claims fully adjudicated or subject to a pending objection is approximately $2075.48 million. However, the Debtors estimate that the anticipated Allowed Surety Bond Claims approximate $746.41 million, and anticipated Allowed General Unsecured Claims approximate $~~23.0 million to $26.5~~ 20.7 million, subject to potential adjustments. The Debtors estimate that the number of Allowed General Unsecured Claims, excluding Convenience Class Claims, is approximately 65~~5~~8. The estimated amount and number of Convenience Class Claims is, respectively $~~4.3~~ 5.0 million and 3~~45~~66.

After the Effective Date, the Plan Administrator may obtain additional Cash from (a) recoveries with respect to the Retained Causes of Action, and (b) any other potential recoveries with respect to the Debtors' remaining Assets. As of ~~the date of this Disclosure Statement~~April 20, 2020, the Debtors' Cash on hand in the aggregate is approximately $~~[●]~~ 28.2 million. However, the Cash has been or will be increased by the Partnership Settlement and outstanding litigation reimbursement receivables, and reduced by, among other things, (a) the Plan Administrator Professional Fees; (b) any other wind-down fees, costs and expenses of the Debtors; and (c) Claims required to be paid by the Estates pursuant to the Plan with priority over Allowed General Unsecured Claims. After considering all of these variables and others, the Debtors estimate Cash available for Distributions for Allowed Surety Bond Claims, Allowed General Unsecured Claims ~~ranging between~~ and Allowed Convenience Class Claims of approximately $~~[●] and $[●]~~ 26.5 million. This

does not take into account any potential recoveries with respect to the Retained Causes of Action that the Plan Administrator may pursue.

E. Treatment of Unclassified Claims

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Fee Claims and Priority Tax Claims have not been classified and the respective treatment of such unclassified Claims is set forth in Section 3.1 of the Plan.

1. Administrative Claims

Except as otherwise provided for in the Plan, the Confirmation Order, or separate order of ~~this~~ the Bankruptcy Court, on, or as soon as reasonably practicable after the later of (i) the Effective Date and (ii) thirty (30) days following the date on which an Administrative Claim becomes an Allowed Administrative Claim, the Holder of such Allowed Administrative Claim shall receive from the Post-Effective Date Debtors, in full satisfaction of such Allowed Administrative Claim, (a) Cash equal to the unpaid portion of the Face Amount of such Allowed Administrative Claim or (b) such other less favorable treatment as to which such Holder and the Post-Effective Date Debtors shall have agreed upon in writing.

2. Professional Fee Claims

All final requests for payment of Professional Fee Claims pursuant to sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code must be made by application Filed with the Bankruptcy Court and served on counsel to the Plan Administrator, counsel to the Debtors, and counsel to the U.S. Trustee no later than thirty (30) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to such applications must be Filed and served on counsel to the Plan Administrator, counsel to the Debtors, counsel to the Committee, counsel to the U.S. Trustee and the requesting Professional on or before the date that is fourteen (14) days after the date on which the applicable application was served (or such longer period as may be allowed by Order of the Bankruptcy Court or by agreement with the requesting Professional). All Professional Fee Claims shall be paid by the Estates to the extent approved by Order of the Bankruptcy Court within five (5) Business Days from entry of such Order. On the Effective Date, the Plan Administrator shall establish the Professional Fee Reserve, which shall only be used to pay (i) Professional Fee Claims and (ii) any claims of Zolfo Cooper Management, LLC and AlixPartners, LLP (as applicable) for compensation or reimbursement of costs and expenses relating to services provided to the Debtors during the period from the Petition Date through the Effective Date, unless and until all Professional Fee Claims and any such claims of Zolfo Cooper Management, LLC and AlixPartners, LLP (as applicable) have been paid in full, otherwise satisfied, or withdrawn. The Professional Fee Reserve shall vest in the Estates and shall be maintained by the Plan Administrator in accordance with the Plan and the Plan Administrator Agreement. The Estates shall fund the Professional Fee Reserve on the Effective Date in an amount that is agreed upon by the Debtors and the Committee and that approximates, as of the Effective Date, the total projected amount of unpaid Professional Fee Claims and unpaid claims of Zolfo Cooper Management, LLC and AlixPartners, LLP, as applicable, for compensation or reimbursement of costs and expenses relating to services provided to the Debtors during the period from the Petition Date through the Effective Date. If the Debtors and the Committee are unable to agree on an amount by which the Professional Fee Reserve

is to be funded, the Debtors and the Committee shall submit the issue to the Bankruptcy Court, which, following notice and a hearing, shall fix the amount of the required Professional Fee Reserve. Any excess funds in the Professional Fee Reserve shall be released to the Estates to be used for other purposes consistent with the Plan and the Plan Administrator Agreement.

3. Priority Tax Claims

In full satisfaction of such Claims, Holders of Allowed Priority Tax Claims shall be paid by the Post-Effective Date Debtors, at the Post-Effective Date Debtors' discretion, as follows: (a) Cash equal to the unpaid portion of the Face Amount of such Allowed Priority Tax Claim on the later of the Effective Date or thirty (30) days following the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim; (b) in regular installment payments in Cash over a period not exceeding five (5) years after the Petition Date, plus interest on the unpaid portion thereof at the rate determined under applicable non-bankruptcy law as of the calendar month in which the Confirmation Date occurs; and (c) such other treatment as to which the Holder of an Allowed Priority Tax Claim and the Post-Effective Date Debtors shall have agreed upon in writing.

F. Classification and Treatment of Claims and Interests

Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims and Interests. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving Distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released, withdrawn or otherwise settled prior to the Effective Date.

1. Class 1: Secured Claims

On, or as soon as reasonably practicable after, the later of (a) the Effective Date and (b) thirty (30) days following the date on which a Secured Claim becomes an Allowed Secured Claim, the Holder of such Allowed Secured Claim shall receive from the Post-Effective Date Debtors, at the discretion of the Post-Effective Date Debtors, in full satisfaction of such Allowed Secured Claim, (a) Cash equal to the value of such Claim; (b) the return of the Holder's Collateral securing such Claim; (c) such Claim reinstated pursuant to sections 1124(1) or 1124(2) of the Bankruptcy Code; or (d) such other less favorable treatment as to which such Holder and the Post-Effective Date Debtors shall have agreed upon in writing. ***Class 1 is Unimpaired, and therefore Holders of Secured Claims are conclusively presumed to have accepted the Plan***.

2. Class 2: Priority Claims

On, or as soon as reasonably practicable after, the later of (a) the Effective Date and (b) thirty (30) days following the date on which a Priority Claim becomes an Allowed Priority Claim, the Holder of such Allowed Priority Claim shall receive from the Post-Effective Date Debtors, in full satisfaction of such Allowed Priority Claim, either (a) Cash equal to the unpaid portion of the Face Amount of such Allowed Priority Claim or (b) such other less favorable treatment as to which such Holder and the Post-Effective Date Debtors shall have agreed upon in writing. ***Class 2 is***

Unimpaired, and therefore Holders of Priority Claims are conclusively presumed to have accepted the Plan.

3. Class 3: Surety Bond Claim

On, or as soon as reasonably practicable after, the Effective Date, the Holder of any Allowed Surety Bond Claim shall receive from the Post-Effective Date Debtors, in full satisfaction of such Allowed Surety Bond Claim, (a) the Surety Bond Share and its Pro Rata share of the General Unsecured Claim Distribution (i.e., Pro Rata on a combined dollar for dollar basis with the Holders of Allowed Class 4 Claims); or (b) such other less favorable treatment as to which such Holder and the Post-Effective Date Debtors shall have agreed upon in writing. ***Class 3 is Impaired, and therefore Holders of Surety Bond Claims are entitled to vote on the Plan***.

4. Class 4: General Unsecured Claims

On, or as soon as reasonably practicable after, the Effective Date, the Holder of an Allowed General Unsecured Claim shall receive from the Post-Effective Date Debtors, in full satisfaction of such Allowed General Unsecured Claim, (a) its Pro Rata share of the General Unsecured Claim Distribution (i.e., Pro Rata on a combined dollar for dollar basis with the Holder of the Allowed Class 3 Claim), or (b) such other less favorable treatment as to which such Holder and the Post-Effective Date Debtors shall have agreed upon in writing. ***Class 4 is Impaired, and therefore Holders of General Unsecured Claims are entitled to vote on the Plan***.

5. Class 5: Convenience Claims

On, or as soon as reasonably practicable after, the Effective Date, the Holder of an Allowed Convenience Claim shall receive from the Post-Effective Date Debtors, in full satisfaction of such Allowed Convenience Claim, Cash equal to 50% of the amount of such Allowed Convenience Claim, up to a maximum recovery of $50,000. ***Class 5 is Impaired, and therefore Holders of Convenience Claims are entitled to vote on the Plan.***

6. Class 6: Subordinated Claims

On the Effective Date, Holders of Subordinated Claims shall not be entitled to, and shall not receive or retain any property or interest in property under the Plan on account of such Subordinated Claims. ***Class 6 is deemed to have rejected the Plan, and therefore Holders of Subordinated Claims are not entitled to vote on the Plan***.

7. Class 7: Interests

As of the Effective Date, all Interests of any kind, including, without limitation, the GP Interests and LP Interests, shall be deemed cancelled, and the Holders thereof shall not receive or retain any property, interest in property or consideration under the Plan on account of such Interests. ***Class 7 is deemed to have rejected the Plan, and therefore Holders of Interests are not entitled to vote on the Plan***.

8. Special Provisions Regarding Insurance

Notwithstanding anything to the contrary in the Disclosure Statement, the Plan, the Plan Supplement, the Confirmation Order, any bar date notice or claim objection, any other document related to any of the foregoing, or any other order of the Bankruptcy Court (including, without limitation, any other provision that purports to be preemptory or supervening, grants an injunction, discharge or release, confers Bankruptcy Court jurisdiction, or requires a party to opt out of any releases):

(a) subject to Section 3.5(e) of the Plan, on the Effective Date, the Insurance Contracts shall vest, unaltered and in their entirety with the Post-Effective Date Debtors, and all debts, obligations, and liabilities of the Debtors (and, after the Effective Date, of the Post-Effective Date Debtors) thereunder, whether arising before or after the Effective Date, shall survive and shall not be amended, modified, waived, released, discharged or impaired in any respect, all such debts, obligations, and liabilities of the Debtors (and, after the Effective Date, of the Post-Effective Date Debtors) shall be satisfied by the Post-Effective Date Debtors in the ordinary course of business, and the Insurers shall not need to or be required to file or serve any objection to a proposed cure amount or a request, application, Claim, proof or motion for payment or allowance of any Claim or Administrative Claim and shall not be subject to any bar date or similar deadline governing cure amounts, proofs of Claim or Administrative Claims;

~~(a) For~~ (b) for the avoidance of doubt, subject to the automatic stay under section 362 of the Bankruptcy Code and the injunction under Section 11.10 of the Plan, if there is available insurance, any party with rights against or under the applicable ~~i~~Insurance ~~policy~~Contract, including~~,~~ without limitation, the Estates, the Post-Effective Date Debtors and Holders of Insured Claims, may pursue such rights, and the Post-Effective Date Debtors may, but shall not be required to, move to limit an Insured Claim to the Face Amount of such Insured Claim less the total ~~insurance~~ coverage available with respect to that Insured Claim under the ~~Debtors~~Insurance Contracts; provided, however, that doing so in no way obligates an Insurer to pay any portion of the Insured Claim or otherwise alters an Insurer's coverage defenses; provided further, however, that, subject to Section 3.5(e) of the Plan, nothing alters or modifies the duty, if any, that Insurers have to pay Insured Claims covered by the Insurance Contracts and the Insurers' ~~applicable insurance policies~~ right to seek payment or reimbursement from the Debtors (or after the Effective Date, the Post-Effective Date Debtors); provided finally, however, the automatic stay of Bankruptcy Code section 362(a) and the injunctions set forth in Article XI of the Plan, if and to the extent applicable, shall be deemed lifted without further order of the Bankruptcy Court, solely to permit: (I) all current and former employees of the Debtors to proceed with any valid workers compensation claims they might have in the appropriate judicial or administrative forum; (II) direct action claims against an Insurer under applicable non-bankruptcy law to proceed with their claims; (III) the Insurers to administer, handle, defend, settle, and/or pay, in the ordinary course of business and without further order of the Bankruptcy Court, (A) any valid workers compensation claims, (B) claims where a claimant asserts a direct claim against any Insurer under applicable non-bankruptcy law, or an order has been entered by the Bankruptcy Court granting a claimant relief from the automatic stay to proceed with its Insured Claim, and (C) all costs in relation to each of the foregoing; and (IV) the Insurers to cancel any Insurance Contracts, to the extent permissible under applicable non-bankruptcy and bankruptcy law, and in accordance with the terms of the Insurance Contracts (other than on the basis of any

outstanding pre-petition claims against the Debtors, their Estates or the Post-Effective Date Debtors arising from or related to such Insurance Contracts);

~~(b) Nothing~~ (c) nothing in Section 3.5 of the Plan shall constitute a waiver of any causes of action the Debtors~~-~~, their Estates or the Post-Effective Date Debtors may hold against any Entity, including ~~the Debtors' insurance carriers; and nothing~~ any Insurers. Nothing in Section 3.5 of the Plan is intended to, shall~~,~~ or shall be deemed to preclude any Holder of an Allowed Insured Claim from seeking and/or obtaining a ~~distribution or other~~ recovery from any ~~insurer of the Debtors~~ Insurer in addition to (but not in duplication of) any Distribution such Holder may receive under the Plan; provided, however, that the Debtors, their Estates, and the Post-Effective Date Debtors do not waive, and expressly reserve their rights to assert that ~~any insurance coverage is~~ the proceeds of the Insurance Contracts are an Asset and property of the Estates to which they are entitled~~.~~ to the extent that the Debtors are entitled to assert first-party claims pursuant to the terms and conditions of the applicable Insurance Contract;

(~~e~~d) ~~Except as otherwise set forth in~~ subject to Section 3.5(e) of the Plan, ~~the Plan~~ nothing shall ~~not~~ modify the scope of, or alter in any other way, the rights and obligations of the ~~Debtors' insurers under their policies, and the Debtors' insurers~~ Insurers, the Debtors (or, after the Effective Date, the Post-Effective Date Debtors), or any other individual or entity, as applicable, under the Insurance Contracts, and all such rights and obligations shall be determined under the Insurance Contracts and applicable non-bankruptcy law as if the Chapter 11 Cases had not occurred, and, for the avoidance of doubt, the Insurers shall retain any and all rights, claims and defenses to liability and/or coverage that ~~such insurers may~~ they have under the Insurance Contracts, including the right to contest and/or litigate with any party, including the Debtors and the Post-Effective Date Debtors, the existence, primacy and/or scope of liability and/or available coverage under any alleged applicable ~~policy.~~ Insurance Contract; and

(e) any payment, pecuniary, reimbursement or other financial or monetary obligations of the Debtors, their Estates or the Post-Effective Date Debtors owing to the Insurers under the Insurance Contracts, including, but not limited to, reimbursement for payments within a deductible, shall be satisfied solely from existing collateral and/or security, if any, held by the Insurers in the ordinary course and pursuant to the terms of the Insurance Contracts, and to the extent that any such collateral and/or security is insufficient to satisfy any such obligations, the Insurers shall have no recourse to the Debtors, their Estates or the Post-Effective Date Debtors, and hereby waive any and all claims against, and rights to a Distribution from, the Debtors, their Estates and the Post-Effective Date Debtors.

9. Provision Governing Allowance and Defenses to Claims

On and after the Effective Date, the Post-Effective Date Debtors 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 Post-Effective Date Debtors 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 Post-Effective Date Debtors 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 Post-Effective Date Debtors may have against the Claim Holder,

including, without limitation, Avoidance Actions and Preference Actions, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Post-Effective Date Debtors of any such Claim it may have against such Claim Holder. The Post-Effective Date Debtors may (a) designate any Claim as Allowed at any time from and after the Effective Date and (b) may designate any Claim as a Disputed Claim and not Allowed at any time from and after the Effective Date until the Claim Objection Deadline.

G. Acceptance or Rejection of the Plan

1. Impaired Class of Claims Entitled to Vote

Only the votes of Holders of Claims in Classes 3, 4 and 5 shall be solicited with respect to the Plan.

2. Acceptance by an Impaired Class

In accordance with section 1126(c) of the Bankruptcy Code, and except as provided in section 1126(e) of the Bankruptcy Code, Classes 3, 4 and 5, respectively, shall have accepted the Plan if the Plan is accepted by the Holders of at least two-thirds (⅔) in dollar amount and more than one-half (½) in number of the Claims allowed for purposes of Plan voting pursuant to the Disclosure Statement Order that have timely and properly voted to accept or reject the Plan.

3. Presumed Acceptances by Unimpaired Classes

Class 1 and Class 2 are Unimpaired under the Plan. ***Under section 1126(f) of the Bankruptcy Code, the Holders of Claims in such Unimpaired Classes are conclusively presumed to have accepted the Plan, and, therefore, the votes of the Holders of such Claims shall not be solicited***.

4. Impaired Classes Deemed to Reject Plan

Holders of Subordinated Claims and Interests in Class 6 and Class 7 are not entitled to receive or retain any property or interests in property under the Plan. ***Under section 1126(g) of the Bankruptcy Code, such Holders are deemed to have rejected the Plan, and, therefore, the votes of such Holders shall not be solicited***.

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

Because at least one Impaired Class is deemed to have rejected the Plan, the Debtors will request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke or withdraw the Plan, the Plan Supplement or any schedule or exhibit, including to amend or modify it to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary.

6. Elimination of Vacant Classes

Any Class of Claims that does not contain, as of the date of the commencement of the Confirmation Hearing, a Holder of a Claim allowed for purposes of Plan voting pursuant to the

Disclosure Statement Order, shall be deemed eliminated from the Plan for purposes of determining acceptance of the Plan by such Class under section 1129(a)(8) of the Bankruptcy Code.

H. Implementation of the Plan

1. Implementation of the Plan

The Plan will be implemented by, among other things, the approval of the Plan Settlement Agreement and Indemnity Agreement, the appointment of the Plan Administrator, the formation of the Plan Oversight Committee, and the making of Distributions from the Assets, including, without limitation, all Cash, the Plan Settlement Payment, and the proceeds, if any, from the Retained Causes of Action, by the Post-Effective Date Debtors in accordance with the Plan and the Plan Administrator Agreement.

Except as otherwise provided in the Plan, on and after the Effective Date, all Assets of the Estates, including all claims, rights, Retained Causes of Action and any property acquired by the Debtors under or in connection with the Plan, including as a result of the Plan Settlement, shall vest in the Post-Effective Date Debtor Welded Construction, L.P., free and clear of all Claims, Liens, charges, other encumbrances and Interests subject to the substantive consolidation provided for in the Plan.

2. Substantive Consolidation for Plan Purposes Only

Except as otherwise provided in Section 5.2 of the Plan, each Debtor shall continue to maintain its separate corporate existence after the Effective Date for all purposes, other than the treatment of Claims and Distributions under the Plan. Except as expressly provided in the Plan (or as otherwise ordered by the Bankruptcy Court), on the Effective Date for purposes of voting to accept or reject the Plan and Distributions: (i) the Assets and liabilities of the Debtors shall be deemed merged or treated as though they were merged into and with the Assets and liabilities of the Partnership; (ii) all guaranties of the Debtors of the obligations of any other Debtor shall be deemed eliminated and extinguished so that any Claim against any Debtor, and any guarantee thereof executed by any Debtor and any joint or several liability of any of the Debtors shall be deemed to be one obligation of the Partnership; (iii) each and every Claim filed or to be filed in either of the Chapter 11 Cases shall be treated as filed against the consolidated Debtors and shall be treated as one Claim against and obligation of the Partnership; (iv) all Intercompany Claims shall be eliminated and extinguished, and holders of Intercompany Claims shall not receive any Distributions or retain any property pursuant to the Plan on account of such Intercompany Claims; and (v) for purposes of determining the availability of the right of set off under section 553 of the Bankruptcy Code, the Debtors shall be treated as one entity, Welded Construction, L.P., so that, subject to the other provisions of section 553 of the Bankruptcy Code, debts due to any of the Debtors may be set off against the debts of any of the other Debtors. Such substantive consolidation shall not (other than for purposes relating to the Plan) affect the legal and corporate structures of the Post-Effective Date Debtors. Moreover, such substantive consolidation shall not affect any subordination provisions set forth in any agreement relating to any Claim or Interest or the ability of the Post-Effective Date Debtors to seek to have any Claim or Interest subordinated in accordance with any contractual rights or equitable principles. Notwithstanding anything in Section 5.2 of the Plan to the contrary, all post-

Effective Date fees payable to the U.S. Trustee pursuant to 28 U.S.C. § 1930, if any, shall be calculated on a separate legal entity basis for each Post-Effective Date Debtor.

3. The Debtors' Post-Effective Date Corporate Affairs

(a) Debtors' Officers and Managers

On the Effective Date, each of the Debtors' officers and managers shall be terminated automatically without the need for any corporate action or approval and without the need for any corporate filings, and shall have no continuing obligations to the Debtors following the occurrence of the Effective Date.

(b) Dissolution and Cancellation of the Debtors

(a) Welded Construction Michigan, LLC. On the Effective Date, the Plan Administrator will be appointed to manage the Subsidiary in consultation with the Plan Oversight Committee, in accordance with the Plan and the Plan Administrator Agreement. Following the implementation of the Plan, the administration and distribution of the Debtors' Assets in accordance with the terms of the Plan, and the winding down of the Subsidiary's affairs, without the need for any further order or action of the Bankruptcy Court, Subsidiary will be dissolved and its affairs will be wound up in accordance with Michigan law. The Plan Administrator is authorized to take, in consultation with the Plan Oversight Committee, all actions reasonably necessary to dissolve the Subsidiary, and neither the Plan Administrator nor the Post-Effective Date Debtors shall be required to pay any taxes or fees in order to cause such dissolution and termination of the Subsidiary's existence. As the Partnership is the sole member of the Subsidiary, the interest in Subsidiary is an asset in the Partnership's Estate.

(b) Welded Construction, L.P. On the Effective Date, pursuant to the Plan, all of the Interests in the Partnership, including, without limitation, all of the GP Interests and the LP Interests, are deemed automatically canceled, in exchange for no consideration to the Holders thereof. Upon such cancellation, the Partnership will have no general partners and no limited partners. As a consequence, the Partnership will thereupon automatically dissolve pursuant to section 17-801(4) of the LP Act.

Notwithstanding the dissolution of the Partnership, it will continue to exist as a separate legal entity, pursuant to section 17-201(b) of the LP Act, until the filing with the Delaware Secretary of State of a Certificate of Cancellation canceling the Partnership's Certificate of Limited Partnership (which filing is not subject to any statutory deadline). During the period between the Partnership's dissolution and the filing of the Certificate of Cancellation, the Partnership's business and affairs will be wound up under sections 17-803(b) and 17-804 of the LP Act. Subject to the terms of the Plan, such winding up may involve, among other things, prosecuting suits by and defending suits against the Partnership; settling and closing the Partnership's business, if any; liquidating, disposing of, and conveying the Partnership's property; paying, discharging, or making reasonable provision for the Partnership's liabilities; and taking all actions permitted under the Plan. The winding up will be carried out by or under the direction of the Plan Administrator, in consultation with the Plan Oversight Committee. The Plan Administrator will be the Liquidating trustee of the Partnership as provided in sections 17-803 and 17-804 of the LP Act.

When the Plan Administrator shall have implemented the Plan, administered and distributed the Debtors' Assets in accordance with the terms of the Plan, and otherwise completed winding up the business and affairs of the Partnership, the Plan Administrator shall, in consultation with the Plan Oversight Committee, cause the Partnership's Certificate of Limited Partnership to be canceled under section 17-203(a) of the LP Act by filing a Certificate of Cancellation with the Delaware Secretary of State. The Plan Administrator is authorized to take, after consultation with the Plan Oversight Committee, all actions reasonably necessary to cause such cancellation, and neither the Plan Administrator nor the Post-Effective Date Debtors shall be required to pay any taxes or fees in order to cause such cancellation. Regardless of when such winding up is completed, under no circumstances will such Certificate of Cancellation be filed before the Subsidiary shall have been dissolved and its affairs completely wound up.

I. Executory Contracts and Unexpired Leases

1. Executory Contracts and Unexpired Leases

Subject to the occurrence of the Effective Date, all executory contracts and unexpired leases of the Debtors that have not been assumed, assumed and assigned~~,~~ , or rejected, prior to the Effective Date, or are not subject to a motion to assume or reject Filed before the Effective Date, shall be deemed rejected~~,~~ pursuant to the Confirmation Order, as of the Effective Date, ~~except with respect to, to the extent applicable,~~ other than the Plan Settlement Agreement, the Indemnity Agreement ~~and any applicable insurance policies~~, the Litigation Funding and Cooperation Agreement and the Insurance Contracts, including, without limitation, those identified in the Plan Supplement. For the avoidance of doubt, any post-petition consulting agreements shall not be deemed rejected as of the Effective Date. ***Any Creditor asserting a Rejection Claim shall File a proof of claim with the Debtors' claims and noticing agent, Kurtzman Carson Consultants LLC, at the address below, within thirty-five (35) days of the Effective Date, and shall also serve such proof of claim upon the Plan Administrator.***

Welded Construction Claims Processing Center
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, CA 90245

2. Rejection Claims

Any Rejection Claims that are not timely Filed pursuant to Section 6.1 of the Plan shall be forever disallowed and barred. If one or more Rejection Claims are timely Filed pursuant to Section 6.1 of the Plan, the Post-Effective Date Debtors may File an objection to any Rejection Claim on or prior to the Claim Objection Deadline.

J. Provisions Governing Distributions

1. Interest on Claims

Except to the extent provided in section 506(b) of the Bankruptcy Code, the Plan or the Confirmation Order, post-petition interest, penalties or fees shall not accrue or be paid on Allowed

Claims, and no Holder of an Allowed Claim shall be entitled to interest accruing on any Allowed Claim from and after the Petition Date.

2. Distributions by Post-Effective Date Debtors

The Plan Administrator or its designee, on behalf of the Post-Effective Date Debtors, shall serve as the disbursing agent under the Plan with respect to Distributions to Holders of Allowed Claims (provided that the Post-Effective Date Debtors may hire professionals or consultants to assist with making Distributions). The Post-Effective Date Debtors shall make all Distributions required to be made to such Holders of Allowed Claims pursuant to the Plan, the Confirmation Order and the Plan Administrator Agreement. The Post-Effective Date Debtors shall not be required to give any bond or surety or other security for the performance of the Plan Administrator's duties as disbursing agent unless otherwise ordered by the Bankruptcy Court.

3. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided herein or as ordered by the Bankruptcy Court, all Distributions to be made on account of Claims that are Allowed Claims as of the Effective Date shall be made on the initial distribution date by the Post-Effective Date Debtors. Distributions on account of Claims that first become Allowed Claims after the Effective Date shall be made pursuant to the terms and conditions of the Plan and the Plan Administrator Agreement. No Distribution shall be made on account of, without limitation, any Allowed Claim or portion thereof that (i) has been satisfied after the Petition Date; (ii) is listed in the schedules as contingent, unliquidated, disputed or in a zero amount, and for which a proof of claim has not been timely filed; or (iii) is evidenced by a proof of claim that has been amended by a subsequently filed proof of claim.

4. Means of Cash Payment

(a) Cash payments under the Plan shall be made, at the option, and in the sole discretion, of the Post-Effective Date Debtors, by wire, check or such other method as the Post-Effective Date Debtors deems appropriate under the circumstances. Cash payments to foreign creditors may be made, at the option, and in the sole discretion, of the Post-Effective Date Debtors, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction. Cash payments made pursuant to the Plan in the form of checks issued by the Post-Effective Date Debtors shall be null and void if not cashed within ninety (90) days of the date of the issuance thereof. Requests for reissuance of any check within ninety (90) days of the date of the issuance thereof shall be made directly to the Post-Effective Date Debtors.

(b) For purposes of effectuating Distributions under the Plan, any Claim denominated in foreign currency shall be converted to U.S. Dollars pursuant to the applicable published exchange rate in effect on the Petition Date.

5. Fractional Distributions

Notwithstanding anything in the Plan to the contrary, no payment of fractional cents shall be made pursuant to the Plan. Whenever any payment of a fraction of a cent under the Plan would otherwise be required, the actual Distribution made shall reflect a rounding of such fraction to the

nearest whole penny (up or down), with half cents or more being rounded up and fractions less than half of a cent being rounded down.

6. De Minimis Distributions

Notwithstanding anything to the contrary contained in the Plan, the Post-Effective Date Debtors shall not be required to distribute, and shall not distribute, Cash or other property to the Holder of any Allowed Claim if the amount of Cash or other property to be distributed on account of such Claim is less than $100. Any Holder of an Allowed Claim on account of which the amount of Cash or other property to be distributed is less than $100 shall be forever barred from asserting such Claim against the Estates.

7. Delivery of Distributions

All Distributions to Holders of Allowed Claims shall be made at the address of such Holder as set forth in the claims register maintained in these Chapter 11 Cases (subject to, after the Effective Date, a change of address notification provided by a Holder in a manner reasonably acceptable to the Post-Effective Date Debtors) or, in the absence of a Filed proof of claim, the Schedules. If a Distribution is returned as undeliverable, the Post-Effective Date Debtors shall use reasonable efforts to determine such Holder's then-current address, but shall have no affirmative obligation to locate such current address. If the Post-Effective Date Debtors cannot determine, or is not notified of, a Holder's then-current address within ninety (90) days after the Effective Date, the Distribution reserved for such Holder shall be deemed an unclaimed Distribution. The responsibility to provide the Post-Effective Date Debtors a current address of a Holder of Claims shall always be the responsibility of such Holder. Except as set forth above, nothing contained in the Plan shall require the Post-Effective Date Debtors to attempt to locate any Holder of an Allowed Claim. Amounts in respect of undeliverable Distributions made by the Post-Effective Date Debtors shall be held in trust on behalf of the Holder of the Allowed Claim to which they are payable by the Post-Effective Date Debtors until the earlier of the date that such undeliverable Distributions are claimed by such Holder and ninety (90) days after the date the undeliverable Distributions were made. The Post-Effective Date Debtors shall have no obligation to recognize the sale or transfer of any Claim that occurs after the Confirmation Date.

8. Withholding, Payment and Reporting Requirements with Respect to Distributions

All Distributions under the Plan shall, to the extent applicable, comply with all tax withholding, payment and reporting requirements imposed by any federal, state, provincial, local or foreign taxing authority and all Distributions shall be subject to any such withholding, payment and reporting requirements. The Post-Effective Date Debtors shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding, payment, and reporting requirements. The Post-Effective Date Debtors may require, in the Post-Effective Date Debtors' sole and absolute discretion and as a condition to the receipt of any Distribution, that the Holder of an Allowed Claim complete and return to the Post-Effective Date Debtors the appropriate Form W-8 or Form W-9, as applicable, to each Holder. Notwithstanding any other provision of the Plan, (a) each Holder of an Allowed Claim that is to receive a Distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations

imposed by any governmental unit, including income, withholding and other tax obligations, on account of such Distribution, and including, in the case of any Holder of a Disputed Claim that has become an Allowed Claim, any tax obligation that would be imposed upon the Estates in connection with such Distribution, and (b) no Distribution shall be made to or on behalf of such Holder pursuant to the Plan unless and until such Holder has made arrangements reasonably satisfactory to the Post-Effective Date Debtors for the payment and satisfaction of such withholding tax obligations or such tax obligation that would be imposed upon the Estates in connection with such Distribution.

9. Setoffs

The Post-Effective Date Debtors may, but shall not be required to, set off against any Claim, any payments, Retained Causes of Action or other Distributions to be made by the Post-Effective Date Debtors pursuant to the Plan in respect of such Claim, any claims of any nature whatsoever that the Debtors or the Estates may have against the Holder of such Claim; provided, however, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors, the Estates, or the Post-Effective Date Debtors of any such claim that it may have against such Holder; provided further, that if the Post-Effective Date Debtors set off any Avoidance Action or Retained Cause of Action against the recovery to any Holder of a Claim pursuant to Section 7.9 of the Plan, the Post-Effective Date Debtors shall not be deemed to have impaired, estopped, waived, or released any rights to prosecute the same such Avoidance Action or Retained Cause of Action against any other Person or Entity.

10. No Distribution in Excess of Allowed Amounts

Notwithstanding anything to the contrary in the Plan, no Holder of an Allowed Claim shall receive in respect of such Claim any Distribution of a value as of the Effective Date in excess of the Allowed amount of such Claim.

11. Allocation of Distributions

All Distributions received under the Plan by Holders of Claims shall be deemed to be allocated first to the principal amount of such Claim as determined for United States federal income tax purposes and then to accrued interest, if any, with respect to such Claim.

12. Forfeiture of Distributions

If the Holder of an Allowed Claim fails to cash a check payable to it within the time period set forth in Section 7.4(a) of the Plan, fails to claim an undeliverable Distribution within the time limit set forth in Section 7.7 of the Plan, or fails to complete and return to the Post-Effective Date Debtors the appropriate Form W-8 or Form W-9 within one hundred twenty (120) days of the written request by the Post-Effective Date Debtors for the completion and return to it of the appropriate form pursuant to Section 7.8 of the Plan, then such Holder shall be deemed to have forfeited its right to any Distributions from the Estates (or the proceeds thereof) and the Post-Effective Date Debtors. The forfeited Distributions shall become unrestricted Assets, and shall be redistributed to the Holders of Allowed Claims in accordance with the terms of the Plan after reserving as necessary for payment of expenses of the Plan Administrator and otherwise in compliance with the Plan and the Plan Administrator Agreement. In the event the Post-Effective Date Debtors determine, in the Post-Effective Date Debtors' sole discretion, that any such amounts

are too small in total to economically redistribute to the Holders of Allowed Claims, the Post-Effective Date Debtors may instead donate such amounts to a charitable organization(s) free of any restrictions thereon, notwithstanding any federal or state escheat laws to the contrary.

K. Procedures for Resolving Disputed, Contingent and Unliquidated Claims and Distributions with Respect Thereto

1. Claims Administration Responsibility

Except as otherwise specifically provided in the Plan and the Plan Administrator Agreement, after the Effective Date, the Post-Effective Date Debtors shall have the sole authority (a) to file, withdraw or litigate to judgment objections to Claims; (b) to settle, compromise or Allow any Claim or Disputed Claim without any further notice to or action, order or approval by the Bankruptcy Court; (c) to amend the Schedules in accordance with the Bankruptcy Code; and (d) to administer and adjust the claims register to reflect any such settlements or compromises without any further notice to or action, order or approval by the Bankruptcy Court. Any agreement entered into by the Post-Effective Date Debtors (acting in accordance with the terms of the Plan Administrator Agreement) with respect to the allowance of any Claim shall be conclusive evidence and a final determination of the Allowance of such Claim.

2. Claim Objections

All objections to Claims (other than (a) Administrative Claims and (b) Professional Fee Claims, which Professional Fee Claims shall be governed by Section 11.2 of the Plan) shall be Filed by the Post-Effective Date Debtors on or before the Claim Objection Deadline, which date may be extended by the Bankruptcy Court upon a motion Filed by the Post-Effective Date Debtors on or before the Claim Objection Deadline with notice only to those parties entitled to notice in these Chapter 11 Cases pursuant to Bankruptcy Rule 2002 as of the Filing of such motion. The Filing of a motion to extend the Claim Objection Deadline shall automatically extend the Claim Objection Deadline until a final order is entered by the Bankruptcy Court. In the event that such a motion to extend the Claim Objection Deadline is denied, the Claim Objection Deadline shall be the later of the then-current Claim Objection Deadline (as previously extended, if applicable) or thirty (30) days after entry of an order denying the motion to extend the Claim Objection Deadline.

3. No Distributions Pending Allowance

Notwithstanding any other provision of the Plan or the Plan Administrator Agreement, no payments or Distributions shall be made with respect to a Disputed Claim unless and until all objections to such Disputed Claim have been settled, withdrawn, or determined by a Final Order, and the Disputed Claim has become an Allowed Claim. To the extent that a Claim is not a Disputed Claim but is held by a Holder that is or may be liable to the Debtors or the Post-Effective Date Debtors on account of a Retained Cause of Action, no payments or Distributions shall be made with respect to all or any portion of such Claim unless and until such Claim and liability have been settled or withdrawn or have been determined by Final Order of the Bankruptcy Court or such other court having jurisdiction over the matter.

4. Estimation of Contingent or Unliquidated Claims

The Post-Effective Date Debtors may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether the Debtors have previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute the Allowed amount of such Claim. All of the ~~aforementioned~~ Claims objection, estimation and resolution procedures in Section 8 of the Plan are cumulative and are not necessarily exclusive of one another.

5. Central States Claim Estimation

Pursuant to sections 105(a), 502(c), and 1142(b) of the Bankruptcy Code and in accordance with Section 8.4, the Central States Claim shall be estimated at $0.00 solely for purposes of determining the General Unsecured Claim Distribution and any related reserve. The Central States Claim estimation is properly estimated at $0.00 solely for distribution and reserve purposes to avoid undue delay in the administration of these Chapter 11 Cases and is supported by, without limitation, the indemnity contained in the Plan Settlement Agreement. The rights of all parties with respect to the allowance, liquidation or determination of liability with respect the Central States Claim are preserved, including, without limitation, all rights to object to or otherwise oppose the Central States Claim for any reason in ~~this~~ the Bankruptcy Court and any other court or tribunal of competent jurisdiction, including any arbitration proceedings.

6. Amendments to Claims

On or after the Effective Date, a Claim may not be Filed or amended to increase liability or to assert new liabilities without the prior authorization of the Bankruptcy Court or the Post-Effective Date Debtors and any such new or amended Claim Filed without prior authorization shall be deemed disallowed in full and expunged without any further action. Any Claims filed after the applicable deadlines in the Bar Date Orders or the Plan shall be automatically deemed disallowed in full and expunged without further action.

L. Conditions Precedent to the Occurrence of the Effective Date

1. Conditions to Confirmation

The following are conditions precedent to confirmation of the Plan, each of which must be satisfied or waived in accordance with Section 9.3 of the Plan:

(i) the provisions of the Confirmation Order that relate to the Plan Settlement Agreement and the Indemnity Agreement shall be in form and substance reasonably acceptable to the Debtors, the Partner Settlement Parties and the Committee and shall, among other things:

> (A) provide that the Debtors are authorized and directed to take all actions necessary or appropriate to enter into, implement and consummate the agreements or documents created under or in connection with the Plan; and

(B) provide that, notwithstanding Bankruptcy Rule 3020(e), the Confirmation Order shall be immediately effective, subject to the terms and conditions of the Plan; and the Confirmation Order shall have been entered by the Bankruptcy Court.

(ii) each of the Plan Settlement Agreement and Indemnity Agreement shall be signed by all parties and in a form acceptable to the Debtors and Committee.

2. Conditions to the Occurrence of the Effective Date

The occurrence of the Effective Date shall not occur and the Plan shall not be consummated unless and until each of the following conditions has been satisfied or duly waived, as applicable, pursuant to Section 9.3 of the Plan:

(i) the Bankruptcy Court shall have entered the Confirmation Order in form and substance reasonably acceptable to the Debtors and the Committee;

(ii) the Confirmation Order shall not be subject to any stay;

(iii) the Plan Administrator Agreement shall have been executed, and a Plan Administrator and Plan Oversight Committee shall have been appointed;

(iv) the Professional Fee Reserve shall be funded in Cash pursuant to and in accordance with Sections 5.7 and 11.2 of the Plan in an amount agreed to by the Debtors and the Committee or, if there is a dispute concerning the amount of the funding required, in an amount fixed by the Bankruptcy Court; and

(v) all actions, documents, and agreements necessary to implement the provisions of the Plan to be effectuated on or prior to the Effective Date shall be reasonably satisfactory to the Debtors and the Committee, and such actions, documents, and agreement shall be effected or executed and delivered.

3. Waiver of Conditions to the Occurrence of the Effective Date

The conditions to the Effective Date set forth in Section 9.2 of the Plan may be waived in writing by mutual written agreement, including by electronic mail, of the Debtors and the Committee at any time without further Order.

4. Effect of Non-Occurrence of Conditions to the Effective Date

If each of the conditions to the Effective Date is not satisfied or duly waived in accordance with Sections 9.2 and 9.3 of the Plan, the Debtors reserve all rights to seek an order from the Bankruptcy Court directing that the Confirmation Order be vacated. If the Confirmation Order is vacated pursuant to Section 9.4 of the Plan, (i) the Plan shall be null and void in all respects; and (ii) nothing contained in the Plan shall (a) constitute a waiver or release of any Claims by or against, or any Interest in, the Debtors, the Estates or any other Person, or (b) prejudice in any manner the rights of the Debtors, the Estates or any other Person or Entity.

M. Retention of Jurisdiction

1. Scope of Retained Jurisdiction

Under sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, and except as otherwise ordered by the Bankruptcy Court, the Bankruptcy Court shall retain jurisdiction over all matters arising out of, or related to, these Chapter 11 Cases and the Plan to the fullest extent permitted by law, including, among other things, jurisdiction to do the following:

(a) allow, disallow, determine, liquidate, classify, estimate or establish the priority, secured or unsecured status of any Claim not otherwise Allowed under the Plan, including the resolution of any request for payment of any Administrative Claim and the resolution of any objections to the allowance or priority of Claims;

(b) hear and determine all applications for compensation and reimbursement of expenses of Professionals under the Plan or under sections 327, 328, 330, 331, 503(b), 1103 and 1129(a)(4) of the Bankruptcy Code;

(c) hear and determine all matters with respect to the assumption, assignment or rejection of any executory contract or unexpired lease to which a Debtor is a party or with respect to which a Debtor may be liable, including, if necessary, the nature or amount of any required cure or the liquidation or allowance of any Claims arising therefrom;

(d) effectuate performance of and payments under the provisions of the Plan and any agreement or order of the Bankruptcy Court with respect to a sale of the Debtors' Assets prior to the Effective Date and enforce remedies upon any default under the Plan and any such sale agreement or order;

(e) hear and determine any and all adversary proceedings, motions, applications and contested or litigated matters that are pending as of the Effective Date, that are arising out of, under, or related to, these Chapter 11 Cases, including, without limitation, the Retained Causes of Action, and that are with respect to the Plan. For the avoidance of doubt, the Bankruptcy Court shall retain jurisdiction over (1) the Williams Litigation; ~~and~~ (2) the ~~Prime NDT~~ Schmid Litigation; and (3) the EPS Litigation;

(f) enter such orders as may be necessary or appropriate to execute, implement or consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents created, executed or contemplated in connection with the Plan, the Disclosure Statement or the Confirmation Order, including, without limitation, the Plan Settlement and the Indemnity Agreement;

(g) hear and determine disputes arising in connection with the interpretation, implementation, consummation or enforcement of the Plan, including disputes arising under agreements, documents or instruments executed in connection with the Plan, including, without limitation, the Plan Settlement and the Indemnity Agreement;

(h) consider any modifications of the Plan, cure any defect or omission or reconcile any inconsistency in any Order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(i) issue injunctions, enter and implement other Orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with the implementation, consummation or enforcement of the Plan or the Confirmation Order;

(j) enter and implement such Orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified or vacated;

(k) hear and determine any matters arising in connection with or relating to the Plan, the Plan Supplement, the Disclosure Statement, the Confirmation Order, any agreement or Final Order of the Bankruptcy Court, or any contract, instrument, release, or other agreement or document created, executed, or contemplated in connection with any of the foregoing documents and Orders;

(l) enforce, interpret and determine any disputes arising in connection with any stipulations, orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with these Chapter 11 Cases, including, without limitation, the Plan Settlement and the Indemnity Agreement and any and all customer completion agreements, including, but not limited to, the (1) Columbia Gas Agreement, (2) each of the Commitment Letters, (3) the Consumers Agreement and (4) the ETP Agreement (each discussed more fully in this Disclosure Statement);

(m) except as otherwise limited in the Plan, recover all Assets of the Debtors, wherever located;

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

(o) hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code;

(p) resolve any cases, controversies, suits or disputes related to the Estates, including, but not limited to, the Debtors' Assets; and

(q) enter a final decree closing these Chapter 11 Cases.

2. Failure of the Bankruptcy Court to Exercise Jurisdiction

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Chapter 11 Cases, including the matters set forth in Section 10.1 of the Plan, the provisions of Article X of the Plan shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

N. Miscellaneous Plan Provisions

1. Administrative Claims Bar Date

All requests for payment of an Administrative Claim arising on or after April 1, 2019 through and including the Effective Date must be Filed with the Bankruptcy Court and served on counsel to the Plan Administrator, counsel to the Post-Effective Date Debtors and counsel to the U.S. Trustee no later than thirty five (35) days after the Effective Date. In the event of an objection to allowance of an Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Claim.

2. Professional Fee Claims

(a) ***All final requests for payment of Professional Fee Claims pursuant to sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code must be made by application Filed with the Bankruptcy Court and served on counsel to the Plan Administrator, counsel to the Post-Effective Date Debtors and counsel to the U.S. Trustee no later than thirty (30) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court.*** **Objections to such applications must be Filed and served on counsel to the Plan Administrator, counsel to the Post-Effective Date Debtors, counsel to the Committee, counsel to the U.S. Trustee and the requesting Professional on or before the date that is fourteen (14) days after the date on which the applicable application was served (or such longer period as may be allowed by Order of the Bankruptcy Court or by agreement with the requesting Professional);**

(b) All Professional Fee Claims shall be paid by the Estates to the extent approved by Order of the Bankruptcy Court within five (5) Business Days from entry of such Order. On or before the Effective Date, the Debtors shall establish the Professional Fee Reserve, which shall only be used to pay (i) Professional Fee Claims and (ii) any claims of Zolfo Cooper Management, LLC and AlixPartners, LLP (as applicable) for compensation or reimbursement of costs and expenses relating to services provided to the Debtors during the period from the Petition Date through the Effective Date, unless and until all Professional Fee Claims and any such claims of Zolfo Cooper Management, LLC and AlixPartners, LLP (as applicable) have been paid in full, otherwise satisfied or withdrawn. The Professional Fee Reserve shall vest in the Estates and shall be maintained by the Post-Effective Date Debtors in accordance with the Plan and the Plan Administrator Agreement. The Estates shall fund the Professional Fee Reserve on the Effective Date in an amount that is agreed upon by the Debtors and the Committee and that approximates, as of the Effective Date, the total projected amount of unpaid Professional Fee Claims and unpaid claims of Zolfo Cooper Management, LLC and AlixPartners, LLP, as applicable, for compensation or reimbursement of costs and expenses relating to services provided to the Debtors during the period from the Petition Date through the Effective Date. If the Debtors and the Committee are unable to agree on an amount by which the Professional Fee Reserve is to be funded, the Debtors and the Committee shall submit the issue to the Bankruptcy Court, which, following notice and a hearing, shall fix the amount of the required Professional Fee Reserve. Any excess funds in the Professional Fee Reserve shall be released back to the Estates to be used for other purposes consistent with the Plan and the Plan Administrator Agreement.

3. Payment of Statutory Fees; Filing of Quarterly Reports

All fees payable pursuant to section 1930 of title 28 of the United States Code prior to the Effective Date shall be paid on or before the Effective Date. All such fees that arise after the Effective Date shall be paid by the Estates ~~and~~ , the Post-Effective Date Debtors and the Plan Administrator in the ordinary course. The Post-Effective Date Debtors and the Plan Administrator shall have the obligation to pay quarterly fees to the Office of the United States Trustee pursuant to section 1930 of title 28 of the United States Code for each Debtor until its particular case is closed, dismissed or converted. Notwithstanding anything to the contrary in the Plan, the U.S. Trustee shall not be required to file any proofs of claim with respect to quarterly fees payable pursuant to section 1930 of title 28 of the United States Code.

4. Dissolution of Committee

On the Effective Date, the Committee shall dissolve and all members, ex officio members, employees, attorneys, financial advisors, other Professionals or other agents thereof shall be released from all rights and duties arising from or related to these Chapter 11 Cases or the Plan and its implementation, and the retention or employment of the Committee's attorneys and financial advisors and other agents shall terminate; provided, however, that the Committee shall continue in existence and its Professionals shall continue to be retained with respect to (i) applications Filed or to be Filed pursuant to sections 330 and 331 of the Bankruptcy Code and (ii) any appeals of the Confirmation Order.

5. Modifications and Amendments

(a) The Debtors may alter, amend or modify the Plan under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date. All alterations, amendments or modifications to the Plan must comply with section 1127 of the Bankruptcy Code. The Debtors shall provide parties in interest with notice of such amendments or modifications as may be required by the Bankruptcy Rules or Order of the Bankruptcy Court. A Holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or clarified, if the proposed alteration, amendment, modification or clarification does not materially and adversely change the treatment of the Claim of such Holder.

(b) After the Confirmation Date and prior to substantial consummation (as defined in section 1101(2) of the Bankruptcy Code) of the Plan, the Debtors or the Post-Effective Date Debtors, as applicable, may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement approved with respect to the Plan, or the Confirmation Order, and such matters as may be necessary to carry out the purpose and effect of the Plan. Such proceedings must comply with section 1127 of the Bankruptcy Code. To the extent required, prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or an order of the Bankruptcy Court. A Holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or clarified, if the proposed alteration, amendment, modification or clarification does not materially and adversely change the treatment of the Claim of such Holder.

6. Post-Effective Date Compromises and Settlements

From and after the Effective Date, the Post-Effective Date Debtors may compromise and settle Claims against the Debtors and their Estates, as well as the Retained Causes of Action, without any further approval by or notice to the Bankruptcy Court, except with respect to the Williams Litigation, which shall be treated in accordance with the Surety Cooperation Agreement Order.

7. Binding Effect of Plan

Upon the Effective Date, section 1141 of the Bankruptcy Code shall become applicable with respect to the Plan and the Plan shall be binding on all parties to the fullest extent permitted by section 1141(e) of the Bankruptcy Code.

8. Non-Discharge of the Debtors; Injunction

In accordance with section 1141(d)(3) of the Bankruptcy Code, the Plan does not discharge the Debtors. Section 1141(c) of the Bankruptcy Code nevertheless provides, among other things, that the property dealt with by the Plan is free and clear of all Claims and Interests. As such, no Person or Entity holding a Claim or Interest may receive any payment from, or seek recourse against, any Assets or property of the Debtors and their Estates or the Post-Effective Date Debtors other than Assets or property required to be distributed to that Person or Entity under the Plan. As of the Effective Date, all parties are precluded from asserting against any Assets or property of the Debtors and their Estates and the Post-Effective Date Debtors 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.

Except as otherwise expressly provided for in the Plan or the Confirmation Order, all Persons and Entities are permanently enjoined, on and after the Effective Date, on account of any Claim or Interest, from:

(a) commencing or continuing in any manner any action or other proceeding of any kind against the Debtors, their Estates, the post-Effective Date Debtors, the Post-Effective Date Debtors, their successors and assigns and any of their Assets and properties;

(b) enforcing, attaching, collecting or recovering by any manner or means any judgment, award, decree or order against the Debtors, their Estates, the post-Effective Date Debtors, the Post-Effective Date Debtors, their successors and assigns and any of their Assets and properties;

(c) creating, perfecting or enforcing any encumbrance of any kind against the Debtors, their Estates, the post-Effective Date Debtors, the Post-Effective Date Debtors, their successors and assigns and any of their Assets and properties;

(d) asserting any right of setoff or subrogation of any kind against any obligation due from the Debtors, their Estates, the post-Effective Date Debtors, the

Post-Effective Date Debtors or their successors and assigns or against any of their Assets and properties, except to the extent that a right to setoff or subrogation is asserted in a timely filed proof of claim; or

(e) commencing or continuing in any manner any action or other proceeding of any kind in respect of any Claim, Interest or cause of action released or settled hereunder.

From and after the Effective Date, all Persons and Entities are permanently enjoined from commencing or continuing in any manner against the Debtors, their Estates, the post-Effective Date Debtors, the Released Parties, their successors and assigns and any of their Assets and properties, any suit, action or other proceeding, on account of or respecting any claim, interest, demand, liability, obligation, debt, right, cause of action, interest or remedy released or to be released pursuant to the Plan or the Confirmation Order.

9. Releases and Related Matters

(a) Releases by Debtors. As of the Effective Date, for good and valuable consideration, including the contributions of the Released Parties in facilitating the administration of these Chapter 11 Cases and other actions contemplated by the Plan and the other contracts, instruments, releases, agreements or documents executed and delivered in connection with the Plan and these Chapter 11 Cases, including, without limitation, the Plan Settlement, the Released Parties are deemed forever released by the Debtors and the Estates, and anyone claiming by or through the Debtors and the Estates, from any and all claims, interests, obligations, rights, suits, damages, causes of action (including any and all causes of action under chapter 5 of the Bankruptcy Code), remedies and liabilities whatsoever, including any derivative claims or claims asserted or assertible on behalf of the Debtors and the Estates, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, fixed or contingent, matured or unmatured, existing or hereinafter arising, in law, equity or otherwise, that the Debtors or the Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest, based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Estates, these Chapter 11 Cases, the Plan, the Disclosure Statement or related agreements, instruments or other documents in these Chapter 11 Cases. For the avoidance of doubt, with respect to contingent Claims asserted by Debtors' current or former officers and managers, the Plan Administrator retains all rights to reconcile such Claims, consistent with the Plan Settlement Agreement.

(b) Releases by Holders of Claims. As of the Effective Date, for good and valuable consideration, including the contributions of the Released Parties in facilitating the administration of these Chapter 11 Cases and other actions contemplated by the Plan and the other contracts, instruments, releases, agreements or documents executed and delivered in connection with the Plan and these Chapter 11 Cases, including, without limitation, the Plan Settlement, and subject to Section 11.11(e) of the Plan, each of the Releasing Parties shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever, released the Released Parties from any and all claims, interests, obligations, rights, suits, damages, causes of action (including any and all causes of action under chapter 5 of the Bankruptcy Code),

remedies and liabilities whatsoever, including any derivative claims or claims asserted or assertible on behalf of the Debtors and the Estates, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, fixed or contingent, matured or unmatured, existing or hereafter arising, in law, equity or otherwise, that such Releasing Party would have been legally entitled to assert (whether individually or collectively), based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Estates, these Chapter 11 Cases, the Plan, the Disclosure Statement or related agreements, instruments or other documents; provided, however, that nothing herein shall be deemed a waiver or release of any right of any such Releasing Parties to receive a Distribution pursuant to the terms of the Plan; provided further, however, that the foregoing provisions of this release in Section 11.11(b) of the Plan shall not operate to waive, release or otherwise impair any causes of action arising from criminal acts, willful misconduct, actual fraud, or gross negligence of such applicable Released Party as determined by Final Order of the Bankruptcy Court or any other court of competent jurisdiction. For the avoidance of doubt, notwithstanding anything to the contrary herein, the foregoing release by the Releasing Parties is not, and shall not be deemed to be, in exchange for a waiver of the Debtors' rights or claims against the Releasing Parties, including the Debtors' rights to assert setoffs, recoupments or counterclaims, or to object or assert defenses to any Claim or Interest, and all such rights and claims are expressly reserved. Notwithstanding any of the foregoing, nothing in Section 11.11(b) of the Plan is intended to limit or otherwise modify any releases or waivers that are separately provided for in any other Final Order (including settlement or other agreements authorized thereby) of the Bankruptcy Court.

(c) Entry of the Confirmation Order shall constitute (i) the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases set forth in Section 11.11 of the Plan; and (ii) the Bankruptcy Court's findings that, among other things, such releases are (1) in the best interests of the Debtors, the Estates and all Holders of Claims that are Releasing Parties, (2) fair, equitable and reasonable, (3) given and made after due notice and opportunity for objection and hearing, (4) consensual, (5) supported by consideration, and (6) a bar to any of the Releasing Parties asserting any released claim against any of the Released Parties.

(d) Each Holder of a Claim in Class 3, 4 and 5 shall be a Releasing Party and, as such, provides the releases set forth in Section 11.11(b) of the Plan, unless such Holder timely submits a Release Opt-Out indicating such Holder's decision to not participate in the releases set forth in Section 11.11(b) of the Plan in the case of Holders of Claims in Classes 4 and 5 entitled to vote on the Plan, or does not File , or Files an objection to the releases in Section 11.11(b) of the Plan prior to the deadline to object to Confirmation of the Plan in the case of Holders of Claims in Classes 4 and 5 not entitled to vote on the Plan. .

(e) Federal Insurance Company Release. On behalf of itself and any person or entity claiming by or through Federal Insurance Company or any of its Related Parties, Federal Insurance Company grants the releases set forth in Section 11.11(b) of the Plan to each of the Released Parties except for the direct claims against the Debtors, which are preserved, and except for any claims arising under or relating to (a) bonds issued on behalf of entities other than Welded Construction, L.P., and associated indemnity agreements, (b) insurance contracts and related agreements, including collateral agreements, pertaining to the Released Parties, and (c) any other contract to which a Released Party is a direct party.

10. Exculpation and Limitation of Liability

On the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, to the maximum extent permitted by law, none of the Exculpated Parties shall have or incur any liability to any Person or Entity, including, without limitation, to any Holder of a Claim or an Interest, for any postpetition act or omission in connection with, relating to, or arising out of these Chapter 11 Cases, the formulation, negotiation, preparation, dissemination, solicitation of acceptances, implementation, confirmation or consummation of the Plan, the Disclosure Statement, the Plan Administrator Agreement or any contract, instrument, release or other agreement or document created, executed or contemplated in connection with the Plan, or the administration of the Plan or the Assets and property to be distributed under the Plan; provided, however, that the exculpation provisions of Section 11.12 of the Plan shall not apply to acts or omissions constituting actual fraud, willful misconduct or gross negligence by such Exculpated Party, as determined by a Final Order. The Confirmation Order and the Plan shall serve as a permanent injunction against any Person or Entity seeking to enforce any claim or cause of action against the Exculpated Parties pursuant to Section 11.12 of the Plan.

11. Terms of Injunctions or Stays

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays provided for in these Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code or otherwise, and extant on the Confirmation Date (including any injunctions or stays contained in or arising from the Plan or the Confirmation Order), shall remain in full force and effect.

12. Revocation, Withdrawal or Non-Consummation

The Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Confirmation Date and to file subsequent chapter 11 plans of liquidation. If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, or if Confirmation or the Effective Date does not occur, then (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims) and any document or agreement executed pursuant to the Plan shall be deemed null and void; and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims against, or any Interests in, any Debtor, or any Avoidance Actions, Retained Causes of Action or other claims by or against any Debtor or any Entity, (ii) prejudice in any manner the rights of any Debtor or any Entity in any further proceedings involving a Debtor or (iii) constitute an admission of any sort by any Debtor or any other Entity.

13. Preservation of Retained Causes of Action

(a) Vesting of Causes of Action.

Except as otherwise provided in the Plan or Confirmation Order, in accordance with Section 1123(b)(3) of the Bankruptcy Code, any Retained Causes of Action that the Debtors may hold against any Person or Entity shall vest upon the Effective Date in the Post-Effective Date Debtors.

Except as otherwise provided in the Plan or Confirmation Order, after the Effective Date, the Post-Effective Date Debtors shall have the exclusive right to institute, prosecute, abandon, settle or compromise any Retained Causes of Action, in accordance with the terms of the Plan and the Plan Administrator Agreement and without further order of or notice to the Bankruptcy Court, in any court or other tribunal, including, without limitation, in an adversary proceeding Filed in one or more of the Chapter 11 Cases; provided, however, that the Williams Litigation shall be treated in accordance with the Surety Cooperation Agreement Order.

(b) Reservation of Causes of Action.

Unless a Retained Cause of Action against a Holder or other Person or Entity is expressly waived, relinquished, released, compromised or settled in the Plan, the Confirmation Order or any Final Order, the Debtors, the Estates and the Post-Effective Date Debtors expressly reserve such Retained Cause of Action for later adjudication by the Post-Effective Date Debtors, including, without limitation, Retained Causes of Action of which the Debtors may presently be unaware or which may arise or exist by reason of additional facts or circumstances unknown to the Debtors at this time or facts or circumstances that may change or be different from those the Debtors now believe to exist. Therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise), laches or the like, shall apply to such Retained Causes of Action upon or after the entry of the Confirmation Order or Effective Date based on the Disclosure Statement, Plan, or Confirmation Order, except where such Retained Causes of Action have been expressly waived, relinquished, released, compromised or settled in the Plan, the Confirmation Order, a Final Order of the Bankruptcy Court or, following the Effective Date, in a written agreement duly executed by the Post-Effective Date Debtors which agreement, by its terms, is not subject to Bankruptcy Court approval.

14. Bar Date Orders

Nothing in the Plan extends or otherwise modifies a bar date established in the Bar Date Orders or other Final Order of the Bankruptcy Court.

15. Section 1146 Exemption

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of any security under the Plan or the making or delivery of any instrument of transfer pursuant to, in implementation of, or as contemplated by the Plan, or the re-vesting, transfer or sale of any real or personal property of the Debtors pursuant to, in implementation of, or as contemplated by the Plan, shall not be taxed under any state or local law imposing a stamp tax, transfer tax or any similar tax or fee.

16. Conflicts with the Plan

In the event and to the extent that any provision of the Plan is inconsistent with the provisions of the Disclosure Statement and any other Order in these Chapter 11 Cases, or any other agreement to be executed by any Person pursuant to the Plan, the provisions of the Plan shall control and take precedence; provided, however, that (1) the Confirmation Order shall control and take precedence in the event of any inconsistency between the Confirmation Order, any provision of the

Plan and any of the foregoing documents and (2) except as to the Settlement Agreement and section 11.11 of the Plan, the Order Approving Litigation Funding and Cooperation Agreement shall control, and take precedence in the event of any inconsistency between the terms of the Plan and the terms of the Litigation Funding and Cooperation Agreement.

17. 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.

O. The Plan Settlement

(a) The Plan Settlement. Following good faith and arm's length negotiations, in exchange for the releases and other valuable consideration provided for in the Plan, the Debtors, the Committee and the Partner Settlement Parties (i.e., the Plan Settlement Parties) have agreed to the settlement provided for in the Plan Settlement Agreement and Indemnity Agreement annexed to the Plan as Exhibit A and fully incorporated as a material component of the Plan. The Plan Settlement and Indemnity Agreement each provide significant value to the Debtors and their Estates, favorably resolve and avoid potential protracted expensive and uncertain litigation, and enable the prompt and efficient wind-down of the Debtors' Estates through the Plan. The Plan Settlement is integral to the development and implementation of the Plan. The Plan, taken together with this Disclosure Statement, shall serve as a motion to approve the Plan Settlement pursuant to Bankruptcy Rule 9019. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the compromises and settlements provided for in the Plan Settlement, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, their Estates, Holders of Claims and Interests and other parties in interest, and are fair, equitable, and reasonable.

(b) Plan Settlement Payment. Within ten (10) days of the Confirmation Order becoming a Final Order, the Partner Settlement Parties shall make the Plan Settlement Payment to the Debtors or the Post-Effective Date Debtors, as applicable.

V. RISK FACTORS

A. Risk of Amendment, Waiver, Modification or Withdrawal of the Plan

The Debtors, the Post-Effective Date Debtors, or the Plan Administrator, as applicable, reserve the right, in accordance with the Bankruptcy Code, the Bankruptcy Rules and consistent with the terms of the Plan, to amend the terms of the Plan or waive any conditions thereto if and to the extent that such amendments or waivers are necessary or desirable to consummate the Plan. The potential impact of any such amendment or waiver on the holders of Claims and Interests cannot presently be foreseen, but may include a change in the economic impact of the Plan on some or all of the proposed Classes or a change in the relative rights of such Classes.

B. Parties May Object to the Plan's Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that the classification of the Claims and Interests under the Plan complies with this requirement. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that parties will not object to the proposed classification.

C. The Debtors May Not Be Able to Obtain Confirmation of the Plan

The Debtors may not receive the requisite acceptances to confirm the 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. However, 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 the 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 has 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 Allowed 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.

D. 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.

E. General Unsecured Creditors May Recover Less Than Projected

The Cash available for Distributions to Holders of Allowed Surety Bond Claims, Allowed General Unsecured Claims and Allowed Convenience Claims may be reduced by, among other things, the prior payment of (a) the Plan Administrator Expenses; (b) any other wind-down fees, costs and expenses of the Debtors; and (c) Allowed Claims required to be paid by the Estates pursuant to the Plan with priority over Allowed Surety Bond Claims, Allowed General Unsecured Claims, and Allowed Convenience Claims.

F. The Allowed Amount of Claims May Differ from Current Estimates

There can be no assurance that the estimated Allowed Claim amounts set forth herein 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 those estimated in this Disclosure Statement. 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. Any such claims may

result in a greater amount of Allowed Surety Bond Claims, Allowed General Unsecured Claims and Allowed Convenience Claims than estimated in the Disclosure Statement.

G. Risks Related to Income Taxation

There are several income tax considerations, risks and uncertainties associated with the Plan. Interested parties should read carefully the discussions set forth in Article VII of this Disclosure Statement regarding certain United States federal income tax consequences of the transactions proposed by the Plan.

H. Litigation

As is the case with most litigation, the outcomes of the ~~Prime NDT~~ Williams Litigation, the ~~Williams~~ Schmid Litigation, the EPS Litigation or any other Retained Cause of Action commenced, or preserved, prior to the Effective Date, are difficult to assess or quantify. The Debtors seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss or gain relating to such lawsuits may remain unknown for substantial periods of time. Thus, the results of the ~~Prime NDT~~ Williams Litigation, the ~~Williams~~ Schmid Litigation, the EPS Litigation or any other Retained Cause of Action commenced, or preserved, prior to the Effective Date, may not be as the Debtors predict, estimate or assert in this Disclosure Statement.

VI. CONFIRMATION OF THE PLAN

A. The Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on Confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan.

The Bankruptcy Court has scheduled the Confirmation Hearing to commence on [●], 2020 at [●] a.m. (Eastern Time), before the Honorable Christopher S. Sontchi, United States Bankruptcy Judge, in the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 5th Floor, Courtroom No. 6, Wilmington, Delaware 19801. The Confirmation Hearing Notice, which sets forth the time, date and place of the Confirmation Hearing, has been included along with this Disclosure Statement. The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or in a notice of agenda for the Confirmation Hearing Filed with the Bankruptcy Court.

Objections to Confirmation of the Plan must be Filed and served so that they are actually received by no later than [●], 2020 at 4:00 p.m. (Eastern Time). Unless objections to Confirmation of the Plan are timely served and Filed in compliance with the Disclosure Statement Order, they may not be considered by the Bankruptcy Court.

B. Requirements for Confirmation of the Plan

Among the requirements for the Confirmation of the Plan is that the Plan: (a) is accepted by all Impaired Classes of Claims, or, if rejected by an Impaired Class of Claims, that the Plan "does

not discriminate unfairly" and is "fair and equitable" as to such Impaired Class of Claims; (b) is feasible; and (c) is in the "best interests" of Holders of Claims.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that: (a) the Plan satisfies or will satisfy all of the necessary statutory requirements of chapter 11 of the Bankruptcy Code; (b) the Debtors have complied or will have complied with all of the necessary requirements of chapter 11 of the Bankruptcy Code; and (c) the Plan has been proposed in good faith. Specifically, the Debtors believe that the Plan satisfies or will satisfy the following applicable Confirmation requirements of section 1129 of the Bankruptcy Code, along with any other such requirements:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to these Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment: (1) made before the Confirmation of the Plan is reasonable; or (2) is subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after Confirmation of the Plan.
- Each Holder of a Claim in an Impaired Class of Claims has either (1) accepted the Plan; or (2) will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on the Effective Date under chapter 7 of the Bankruptcy Code.
- Except to the extent a different treatment is agreed to, the Plan provides that all Allowed Administrative Claims, Allowed Professional Fee Claims, Allowed Tax Claims, Allowed Secured Claims and Allowed Priority Claims will be paid in full on the Effective Date, or as soon thereafter as is reasonably practicable or otherwise satisfied in accordance with the Plan.
- At least one Class of Impaired Claims will have accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in that Class.
- All accrued and unpaid fees of the type described in 28 U.S.C. § 1930, including the fees of the U.S. Trustee, will be paid as of the Effective Date.

C. Best Interests of Creditors

Often called the "best interests of creditors" test, section 1129(a)(7) of the Bankruptcy Code requires that a Bankruptcy Court find, as a condition to confirmation of a chapter 11 plan, that the plan provides, with respect to each impaired class, that each holder of a claim or an interest in such class either (a) has accepted the plan or (b) will receive or retain under the plan property of a value that is not less than the amount that such holder would receive or retain if the debtor liquidated under chapter 7 on the Effective Date.

Here, the costs of liquidation under chapter 7 of the Bankruptcy Code would include, among other things, the statutory fees payable to a chapter 7 trustee, and the fees that would be payable to additional attorneys and other professionals that such a trustee may engage, which amounts would, subject to the terms of the Cooperation Agreement, have to be paid before anything is paid to Holders of Allowed Surety Bond Claims, Allowed General Unsecured Claims and Allowed Convenience Claims.

Conversion to chapter 7 of the Bankruptcy Code would also mean the establishment of a new claims bar date, which could result in, among other things, new Claims being asserted against the Estates, thereby diluting the recoveries of, among others, other Holders of Allowed Surety Bond Claims, Allowed General Unsecured Claims and Allowed Convenience Claims.

Furthermore, any chapter 7 trustee could have to confront certain Asset allocation issues among the Debtors, as a chapter 7 trustee might need to allocate value among the individual Estates. This process could be time-consuming and costly, and reduce recoveries available for Holders of Allowed Surety Bond Claims, Allowed General Unsecured Claims and Allowed Convenience Claims.

As more fully set forth in the hypothetical liquidation analysis (the "**Liquidation Analysis**")[21] attached hereto as **Exhibit C**, the Debtors estimate that they will have approximately $~~[●] of Cash to make distributions to Holders of Allowed Claims in accordance with the Plan~~28.5 million of Cash available in the Debtors' Estates upon the Effective Date. The Debtors believe that such amount will exceed the amount of expenses that will be incurred in implementing the Plan and winding up the affairs of the Debtors and their Estates, in accordance with the Plan and the Plan Administrator Agreement. After considering the effects that a chapter 7 liquidation would have on the funds available for distribution to Holders of Allowed Claims, including, among other things, fees payable to a chapter 7 trustee, the Debtors believe that Holders of Allowed Claims will receive not less than such Holders would receive if these Chapter 11 Cases were converted to a chapter 7 case.

[21] ***The Liquidation Analysis was prepared by the Debtors in consultation with their professional advisors. Underlying the Liquidation Analysis are a number of estimates and assumptions that, although carefully developed and considered reasonable by the Debtors and their professional advisors, are inherently subject to significant economic uncertainties beyond such parties' control. The Liquidation Analysis is also based on assumptions with regard to liquidation decisions that are subject to change.***

In light of the foregoing, the Debtors believe that confirmation of the Plan will provide each Holder of an Allowed Claim with a greater recovery than such Holder would receive pursuant to the liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

D. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan is not likely to be followed by the liquidation, or the need for further financial reorganization of the Debtors, or any successor to the Debtors (unless such liquidation or reorganization is proposed in the plan). This requirement is satisfied as the Plan proposes a liquidation of the Debtors' Assets, and the Debtors believe the Debtors' Cash (and any additional proceeds from the liquidation of the Debtors' remaining Assets) will be sufficient to allow the Plan Administrator to make all payments required to be made under the Plan.

E. Acceptance by Impaired Classes

The Bankruptcy Code requires that, as a condition to confirmation, except as described in the following section, each class of claims or interests that is impaired under a plan accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required.

A class is "impaired" unless a plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or the interest entitles the holder of such claim or interest; or (b) cures any default, reinstates the original terms of such obligation, compensates the holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds (⅔) in dollar amount and more than one-half (½) in number of allowed claims in that class, counting only those claims that actually voted to accept or reject the plan. Thus, a Class of Impaired Claims will have voted to accept the Plan only if two-thirds in dollar amount and a majority in number actually voting on the Plan cast their Ballots in favor of acceptance.

F. Confirmation Without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a Bankruptcy Court to confirm a plan even if all impaired classes have not accepted it, if the plan has been accepted by at least one impaired class of claims, determined without including the acceptance of the plan by any insider. Notwithstanding an impaired class's rejection or deemed rejection of the plan, such plan will be confirmed, at the plan proponent's request, in a procedure commonly known as "cramdown," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.

Because at least one Impaired Class is deemed to have rejected the Plan, the Debtors will request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke or withdraw the

Plan, the Plan Supplement or any schedule or exhibit, including to amend or modify it to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary.

1. No Unfair Discrimination

The "unfair discrimination" test applies to classes of claims or interests that reject or are deemed to have rejected a plan and that are of equal priority with another class of claims or interests that is receiving different treatment under such plan. The test does not require that the treatment of such classes of claims or interests be the same or equivalent, but that such treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (*e.g.*, classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly, and, accordingly, a plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class. The Debtors submit that the Plan does not "discriminate unfairly" against any rejecting Class.

2. Fair and Equitable Test

The "fair and equitable" test applies to classes that reject or are deemed to have rejected a plan and are of different priority and status vis-à-vis another class (*e.g.*, secured versus unsecured claims, or unsecured claims versus interests), and includes the general requirement that no class of claims receive more than 100% of the amount of the allowed claims in such class, including interest. As to the rejecting class, the test sets different standards depending upon the type of claims or interests in such rejecting class. The Debtors submit that the Plan meets the "fair and equitable" test.

G. Alternatives to Confirmation and Consummation of the Plan

The Debtors believe that the Plan affords Holders of Allowed Surety Bond Claims, Allowed General Unsecured Claims and Allowed Convenience Claims the potential for a greater recovery on the Debtors' Assets than a chapter 7 liquidation, and, therefore, is in the best interests of such Holders. If, however, the requisite acceptances of the ~~v~~Voting Classes of Claims are not received, or no Plan is confirmed and consummated, the theoretical alternatives to the Plan include (i) formulation of an alternative plan or plans of liquidation, or (ii) liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

The Debtors believe that the Plan enables Holders of Allowed Surety Bond Claims, Allowed General Unsecured Claims and Allowed Convenience Claims to realize the greatest possible recovery under the circumstances, and, as compared to any alternative plan of liquidation, has the greatest chance of being confirmed and consummated.

These Chapter 11 Cases may also be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to complete the liquidation of the Debtors' Assets for distribution to Creditors in accordance with the priorities established by the Bankruptcy Code. As described above, the Debtors believe that the Plan will provide each Holder of an Allowed Surety Bond Claim, Allowed General Unsecured Claim and Allowed Convenience Claim with a greater recovery than such Holder would receive with respect to a liquidation of the Debtors' Assets under chapter 7 of the Bankruptcy Code.

VII. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. ALL HOLDERS OF CLAIMS AGAINST THE DEBTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

This discussion is provided for information purposes only, and is based on provisions of the Internal Revenue Code of 1986, as amended (the "**IRC**"), Treasury Regulations promulgated thereunder, judicial authorities, and current administrative rulings and practice, all as in effect on the date hereof. Legislative, judicial or administrative changes or interpretations enacted or promulgated after the date hereof could alter or modify the analyses set forth below with respect to the United States federal income tax consequences of the Plan. Any such changes or interpretations may be retroactive and could significantly, and adversely, affect the United States federal income tax consequences of the Plan.

The following summary is limited to Holders that are United States persons within the meaning of the IRC. For purposes of the following discussion, a "**United States person"** is any of the following:

(i) An individual who is a citizen or resident of the United States;

(ii) A corporation created or organized under the laws of the United States or any state or political subdivision thereof;

(iii) An estate, the income of which is subject to federal income taxation regardless of its source; or

(iv) A trust that (a) is subject to the primary supervision of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust, or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

This discussion does not address all aspects of United States federal income taxation that may be relevant to a particular Holder in light of its particular facts and circumstances, or to certain types of Holders subject to special treatment under the IRC. Examples of Holders subject to special treatment under the IRC include, without limitation, governmental entities and entities exercising governmental authority, foreign companies, persons who are not citizens or residents of the United States, banks and certain other financial institutions, broker-dealers, insurance companies, tax-exempt organizations, real estate investment trusts, small business investment companies, regulated investment companies, persons that have a functional currency other than the United States dollar, and persons holding Claims that are a hedge against, or that are hedged against, currency risk or that are part of a straddle, constructive sale, or conversion transaction. This discussion does not address the state, local or foreign tax consequences of the Plan with respect to any such Holders.

The tax treatment of Holders of Claims and the character, amount and timing of income, gain or loss recognized as a consequence of the Plan and the Distributions provided for by the Plan may vary, depending upon the following factors, among others: (i) whether the Claim or portion thereof constitutes a Claim for principal or interest; (ii) the type of consideration, if any, received by the Holder in exchange for the Claim, and whether the Holder receives Distributions under the Plan in more than one taxable year; (iii) whether the Holder is a citizen or resident of the United States for tax purposes, is otherwise subject to United States federal income tax on a net basis, or falls into any special class of taxpayers, such as those that are excluded from this discussion as noted above; (iv) the manner in which the Holder acquired the Claim; (v) the length of time that the Claim has been held; (vi) whether the Claim was acquired at a discount; (vii) whether the Holder has taken a bad debt deduction or a worthless securities deduction with respect to the Claim or any portion thereof in the current or prior taxable years; (viii) whether the Holder has previously included in gross income accrued but unpaid interest with respect to the Claim; (ix) the method of tax accounting of the Holder; (x) whether the Claim is an installment obligation for United States federal income tax purposes; and (xi) whether the "market discount" rules apply to the Holder. Therefore, each Holder should consult such Holder's own tax advisor for tax advice with respect to that Holder's particular situation and circumstances, and the particular tax consequences to such Holder of the transactions contemplated by the Plan.

A significant amount of time may elapse between the date of the Disclosure Statement and the receipt of a final Distribution under the Plan. Events occurring after the date of the Disclosure Statement, such as new or additional tax legislation, court decisions, or administrative changes, could affect the United States federal income tax consequences of the Plan and the transactions contemplated thereunder. No ruling has been or will be sought from the IRS with respect to any of the tax aspects of the Plan, and no opinion of counsel has been or will be obtained by the Debtors with respect thereto. No representations are being made regarding the particular tax consequences of confirmation or implementation of the Plan as to any Holder of a Claim. This discussion is not binding upon the IRS or other taxing authorities. No assurance can be given that the IRS or another authority would not assert, or that a court would not sustain, a different position from any discussed herein.

THE FOLLOWING DISCUSSION IS: (I) INTENDED ONLY AS A SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN, AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL; AND (II) FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN, AND MAY VARY DEPENDING ON A HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, EACH HOLDER IS STRONGLY URGED TO CONSULT SUCH HOLDER'S TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF THE PLAN.

A. Certain Tax Consequences to Holders of Claims

A Holder of an Allowed Claim will generally recognize gain or loss equal to the difference between the Holder's adjusted basis in its Allowed Claim and the amount realized by the Holder in respect of its Allowed Claim. Over time and on a cumulative basis, the amount realized generally will equal the aggregate amount of the Cash (and the fair market value of property, if any)

distributed to the Holder by the Plan Administrator, less the amount, if any, attributable to accrued but unpaid interest. A Holder of an Allowed Claim will generally recognize ordinary income to the extent that the amount of Cash or property received (or deemed received) under the Plan is attributable to interest that accrued on a Allowed Claim but was not previously paid by the Debtors or included in income by the Holder of the Allowed Claim.

The character of any gain or loss that is recognized as such will depend upon a number of factors, including the status of the Holder, the nature of the Allowed Claim in the Holder's hands, whether the Allowed Claim was purchased at a discount, whether and to what extent the Holder has previously claimed a bad debt deduction with respect to the Allowed Claim, and the Holder's holding period of the Allowed Claim. If the Allowed Claim in the Holder's hands is a capital asset, the gain or loss realized will generally be characterized as a capital gain or loss. Such gain or loss will constitute long-term capital gain or loss if the Holder held such Allowed Claim for longer than one year, or short-term capital gain or loss if the Holder held such Allowed Claim for one year or less. Any capital loss realized generally may be used by a corporate Holder only to offset capital gains, and by an individual Holder only to the extent of capital gains plus a certain limited statutorily proscribed amount of ordinary income in any single taxable year.

A Holder of an Allowed Claim who receives, in respect of the Holder's Allowed Claim, an amount that is less than that Holder's tax basis in such Allowed Claim may be entitled to a bad debt deduction under IRC Section 166(a). The rules governing the character, timing and amount of a bad debt deduction place considerable emphasis on the facts and circumstances of the holder, the obligor and the instrument with respect to which a deduction is claimed. Holders of Allowed Claims, therefore, are urged to consult their tax advisors with respect to the ability to take a bad debt deduction. A Holder that has previously recognized a loss or deduction in respect of that Holder's Allowed Claim may be required to include in gross income (as ordinary income) any amounts received under the Plan to the extent such amounts exceed the Holder's adjusted basis in such Allowed Claim.

Holders of Allowed Claims who were not previously required to include any accrued but unpaid interest with respect to an Allowed Claim may be treated as receiving taxable interest income to the extent any consideration they receive under the Plan is allocable to such interest. A Holder previously required to include in gross income any accrued but unpaid interest with respect to an Allowed Claim may be entitled to recognize a deductible loss to the extent such interest is not satisfied under the Plan.

A Holder of an Allowed Claim constituting an installment obligation for tax purposes may be required to currently recognize any gain remaining with respect to such obligation if, pursuant to the Plan, the obligation is considered to be satisfied at other than at face value or distributed, transmitted, sold or otherwise disposed of within the meaning of IRC Section 453B.

Under backup withholding rules, a Holder of an Allowed Claim may be subject to backup withholding with respect to payments made pursuant to the Plan unless such Holder: (i) is a corporation or is otherwise exempt from backup withholding and, when required, demonstrates this fact; or (ii) provides a correct taxpayer identification and certifies under penalty of perjury that the taxpayer identification number is correct and that the Holder is not subject to backup withholding because of failure to report all dividend and interest income. Any amount withheld under such rules

will be credited against the Holder's federal income tax liability. Holders of Allowed Claims may be required to establish an exemption from backup withholding or to make arrangements with regard to payment of any backup withholding.

Holders of Subordinated Claims and Claims that are not Allowed ("**Disallowed Claims**") will not receive any Distribution as part of the Plan. Accordingly, because such a Holder may receive an amount that is less than that Holder's tax basis in such Claim, such Holder may be entitled to a bad debt deduction under IRC Section 166(a). The rules governing the character, timing and amount of a bad debt deduction place considerable emphasis on the facts and circumstances of the Holder, the obligor and the instrument with respect to which a bad debt deduction is claimed. Holders of Subordinated Claims and Disallowed Claims, therefore, are urged to consult their tax advisors with respect to the ability to take a bad debt deduction.

B. Certain Tax Consequences to the Debtors

1. Federal Taxation Issues Related to Pass-Through Entities in General

In general, for United States federal income tax law purposes, an entity can be taxable as a corporation or association, a partnership, or disregarded. The primary differences between corporations and partnerships for tax purposes are how an entity's items of income, gain, deduction and loss are taxed. Generally, corporations are treated as independent tax-paying entities, unaffected by the personal characteristics of the corporation's shareholders or changes in the composition of such shareholders as a result of transfers of stock from one or more shareholders to other existing or new shareholders. As separate taxpayers, corporations are liable for any tax on items of income and gain earned by such corporation and such taxable amounts are reduced by any deductions and losses available to the corporation. When amounts are distributed from a corporation to shareholders, the amount so distributed to the shareholders is taxable to the shareholders giving rise to double taxation, *i.e.*, once at the corporate level and again at the shareholder level. Partnerships, on the other hand, are not entities subject to income tax. Instead, partnerships are pass-through entities and items of income, gain, deduction and loss pass through to the partners. The partners are taxed on their allocable share of such items without regard to whether any income is actually distributed to such partners. Limited liability companies with more than one member are, by default, are taxable as partnerships unless an election to be taxed as a corporation is made. Certain entities, e.g., single member limited liability companies, absent an election to be taxable as a corporation, are disregarded for tax purposes. Items of income, gain, loss and deduction of a disregarded entity are treated, for tax purposes, as if they are earned or incurred directly by the owner of the disregarded entity. Limited liability companies with more than one member and partnerships are permitted to elect to be taxed as corporations by making a so-called "check-the-box" election. If such a check-the-box election is made, the electing limited liability company or partnership is treated as a corporation for tax purposes, the entity is taxable on income and gain, and income of the entity is not taxable to the members or partners until such time as when distributions are made to such members or partners. The Partnership is taxable as a partnership. The Subsidiary is disregarded for tax purposes. All items of income, gain, deduction and loss of the Subsidiary are treated as if received or incurred by the Partnership and flow through to the partners of the Partnership in accordance with each partners allocable share.

2. Cancellation of Indebtedness Income

Under the IRC, a taxpayer generally must include in gross income the amount of any cancellation of indebtedness income ("**COD Income**") realized during the taxable year. Section 108 of the IRC provides an exception to this general rule, however, if the cancellation occurs in a case under the Bankruptcy Code or the taxpayer is insolvent at the time the COD Income arises. In the case of a pass-through entity the determination of insolvency is made at the partner level. For example, if an insolvent limited liability company that is taxable as a partnership realizes COD Income, a member of such insolvent limited liability company will be required to recognize and pay tax on that member's allocable share of the limited liability company's COD Income unless the member is itself insolvent.

Where COD Income is excluded from taxable income IRC Section 108 requires the amount of COD Income so excluded from gross income to be applied to reduce certain tax attributes of the taxpayer or, in the case of a pass-through entity, the owner of such entity if such owner is insolvent and permitted to exclude such COD Income from taxable income. The tax attributes of the taxpayer or, in the case of a pass-through entity, the owner of such entity, that may be subject to reduction include the net operating losses and net operating loss carryovers (collectively, "**NOLs**"), certain tax credits and tax credit carryovers, capital losses and capital loss carryovers, tax bases in assets and passive activity loss carryovers. Section 108 of the IRC further provides that a taxpayer does not realize COD Income from cancellation of indebtedness to the extent that payment of such indebtedness would have given rise to a deduction.

Under the Plan, Holders of certain Allowed Claims are expected to receive less than full payment on their Claims, and Holders of Subordinated Claims and Disallowed Claims are expected to receive no payment. The Debtors' liability to the Holders of such Claims in excess of the amount satisfied by Distributions under the Plan will be canceled, and therefore will result in COD Income to the Debtors. The owners of the equity interests in the Debtors will be required to recognize their respective allocable shares of COD Income of the Debtors unless such owners are themselves insolvent. If such owners are insolvent, the exclusion of the COD Income will result in a reduction of certain tax attributes, such as any NOLS, of an insolvent equity owner.

C. Certain Tax Consequences to Equity Owners

Under the Plan, the general and limited partnership interests of the general and limited partners of the Partnership will be terminated and such general and limited partners will cease to be general and limited partners of the Partnership, and the Partnership will be dissolved. In connection with the dissolution of the Partnership and the termination of the partners' interests therein, the partners will receive no distributions with respect to their partnership interests. In general, such partners will recognize loss to the extent of the excess of a partner's adjusted basis in its partnership interest over the sum of (i) any money distributed (anticipated to be none) and (ii) the basis of the recipient partner in any unrealized receivables and inventory (again none are anticipated to be distributed). Other factors, including prior deductions made by a partner with respect to that partner's partnership interest and a partner's negative capital account, could affect the amount of income or loss a partner may be required to recognize as a result of the termination of such partner's partnership interest in the Partnership Accordingly, each partner is strongly encouraged to consult

with such partner's tax advisors to determine the tax consequences of the termination of that partner's partnership interest under the Plan.

D. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS: (I) INTENDED ONLY AS A SUMMARY OF CERTAIN INCOME TAX CONSEQUENCES OF THE PLAN, AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL; AND (II) FOR INFORMATIONAL PURPOSES ONLY, AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN, AND MAY VARY DEPENDING ON A CLAIM HOLDER'S OR INTEREST HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, SUCH HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE TAX CONSEQUENCES OF THE PLAN.

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VIII. RECOMMENDATION

IN THE OPINION OF THE DEBTORS, THE PLAN IS SUPERIOR AND PREFERABLE TO ANY ALTERNATIVE.

ACCORDINGLY, THE DEBTORS, AS THE PLAN PROPONENT, RECOMMEND THAT HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN VOTE TO ACCEPT THE PLAN AND SUPPORT CONFIRMATION OF THE PLAN.

Dated: ~~March 3~~April ___, 2020

DEBTORS

By: */s/* _____
Name: Frank A. Pometti
Title: Chief Restructuring Officer

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EXHIBIT A TO DISCLOSURE STATEMENT

Chapter 11 Plan

EXHIBIT B TO DISCLOSURE STATEMENT

Organizational Chart

EXHIBIT C TO DISCLOSURE STATEMENT

Liquidation Analysis