UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

IN RE:	.	Case No. 26-10910-MBK
	.	(Jointly Administered)
	.	
MULTI-COLOR CORPORATION,	.	U.S. Courthouse
ET AL.,	.	402 East State Street
	.	Trenton, NJ 08608
Debtors.	.	
	.	April 16, 2026
. . . . .	.	9:02 a.m.

TRANSCRIPT OF CONTINUED CONFIRMATION HEARING
BEFORE HONORABLE MICHAEL B. KAPLAN
UNITED STATES BANKRUPTCY COURT JUDGE

TELEPHONIC APPEARANCES:

For the Debtors:	Kirkland & Ellis LLP By: RACHAEL M. BENTLEY, ESQ. 333 West Wolf Point Plaza Chicago, IL 60654
For the United States Trustee:	Office of the U.S. Trustee U.S. Department of Justice By: JEFFREY M. SPONDER, ESQ. One Newark Center Newark, NJ 07102
Audio Operator:	Linda Brakel

Proceedings recorded by electronic sound recording, transcript produced by transcription service.

J&J COURT TRANSCRIBERS, INC.
268 Evergreen Avenue
Hamilton, New Jersey 08619
E-mail: jjcourt@jjcourt.com

(609) 586-2311 Fax No. (609) 587-3599

(Proceedings commenced at 9:02 a.m.)

THE COURT: Okay. Good morning, everyone. This is Judge Kaplan. I'll let everybody adjust their screens. I'm trying to do right now. All right. Thank you. We are hearing the continued confirmation hearing and combined hearing with respect to the approval of the disclosure statement, as well. Let me first turn to Mr. Sponder. Good morning, Mr. Sponder.

MR. SPONDER: Good morning, Your Honor.

THE COURT: Have you had a chance to review the flurry of filings from yesterday?

MR. SPONDER: Thank you, Your Honor. Jeff Sponder on behalf of the United States Trustee. And, as always, the United States Trustee wants to thank Your Honor for allowing us the ability to review the pleadings filed immediately before the confirmation hearing yesterday.

As such, Your Honor, we have had the opportunity to review those pleadings. We had three issues, all with respect to the proposed confirmation order. And I believe we are resolved with the debtors. So those issues and any other issues that we had with the pleadings filed, those no longer exist. Thank you, Your Honor.

THE COURT: Good. I'm glad you were able to resolve language issues. Then the Court is prepared to read into the record its ruling with respect to the combined hearing. I will give advance notice that it's somewhat lengthy, so make

yourselves comfortable as always, and bear with me and have patience.

I have reviewed the amended plan, the disclosure statement, the confirmation memorandum, the extensive evidentiary record which includes the declarations of Misters Gabel, Meltzer, Laurinaitis, Basch, Banks, Kopa, Lee and Koza, as well as the certified voting record. And I've considered the arguments of counsel, filed objections, including the objections of the United States Trustee.

What I'm going to do is place my findings on record in a comprehensive way. This is a large, complex, and here is probably the understatement of the year, an extremely contentious and hard-fought case which has concluded in a consensual result. And I think it's important to explain why the plan not only satisfies Section 1129, but does so convincingly.

The debtors entered into Chapter 11 to address significant macroeconomic and operational pressures including inflation, supply chain disruptions and demand volatility that materially impacted revenues and liquidity. In response, they engaged in months of negotiations with stakeholders, conducted extensive diligence and strategic review, including the analytical and investigative efforts of a special committee comprised of two independent disinterested directors. The debtors entered into a restructure and support agreement

pre-petition and solicited votes on a prepackaged plan before filing.

The result, as I've indicated, is a fully consensual restructuring which was the product of both pre and post-petition negotiation and extended mediation efforts. The global settlement reached reduces debt where approximately $3.9 billion and extends maturities on approximately $1.9 billion of existing debt.

The plan raises new capital, roughly, in the rough amount of $889 million which includes equity and debt financing. It leaves general unsecured creditors unimpaired, it preserves the enterprise as a going concern, protects roughly 5,000 employees and vendor relationships. It positions the reorganized company for long-term viability and critically it is supported by overwhelmingly creditor acceptance in all voting classes.

This is a case where the Court is being asked to approve the product of a market-tested, credit-supported restructuring that now has the full support of the Unsecured Creditors Committee, the Ad Hoc Secured Lenders, the Cross-Holder Ad Hoc Group, the Excluded Lender Group. The Court appreciates the efforts, as I've indicated yesterday, of all parties and professionals in pursuing a global resolution and the cooperative spirit.

With respect to solicitation and acceptance, the

record demonstrates that the debtors complied fully with the solicitation requirements. The debtors conducted a pre-petition solicitation in compliance with Sections 1125(g) and 1126(b)(1) and (2), distributed solicitation materials, balance and disclosure documents to all voting creditors. The documentation contained extensive disclosure relative to the adequate information necessary to assist creditors in order to vote on the plan.

The debtors published notice in national and international publications, provided opt-out forms and non-voting notices where appropriate. The voting results are compelling with respect to Class 4, 99 percent by amount accepted. With respect to Class 5, 97 percent by amount accepted. That level acceptance is not just sufficient, it is overwhelming.

I find that the solicitation process complied with the Bankruptcy Code and Rules. The debtor acted in good faith under Section 1125(e) and the plan was accepted by impaired classes under Section 1126.

With respect to the 1129(a) requirements, the plan complies with Sections 1122 and 1123. And as reflected in the Gabel declaration and the voting report, the classification scheme separates claims based on legal rights and priority, reflects the debtors' capital structure, is supported by valid business and legal reasons, treatment within class is equal and

the plan provides detailed implementation mechanisms, proper corporate governance provisions, adequate disclosure of directors and officers. I find full compliance with Section 1129(a)(1).

With respect to 1129(a)(2), the debtors complied with Sections 1125 and 1126. All notice and solicitation requirements have been met and there's no evidence of any procedural defect.

With respect to 1129(a)(3), the plan is plainly proposed in good faith. The record reflects months of arm's length negotiations, extensive mediation efforts, including Court supervised mediation, a global settlement among all major constituencies, a restructuring designed to preserve value and maximize recoveries. And as the CRO testified in the declaration, the plan is the culmination of significant efforts to reach a fair and equitable resolution. This satisfies all Section 1129(a)(3) requirements.

With respect to Section 1129(a)(7), the best interest of creditors, the Kopa declaration establishes, specifically at Paragraphs 9 and 10 through 19, that the plan satisfies the best interests test. The liquidation analysis demonstrates that secured creditors recover substantially more under the plan than in liquidation, that junior creditors receive meaningful recoveries versus negligible or zero recoveries in a Chapter 7, and that general unsecured creditors receive 100

percent under the plan, again, versus near zero in liquidation. The plan provides materially superior recoveries as opposed to liquidation.

With respect to 1129(a)(11), feasibility, again, the Court refers and accepts the representations made in the Gabel and Koza declarations which support a finding as to the plan's feasibility. Specifically, the Court has before it a detailed plan of financial projections, a fully funded capital structure, significant deleveraging, new liquidity and finance commitments, the projections demonstrate the debtors' ability to meet all obligations, operate as a going concern, execute their business plan, and the plan itself was developed over months and tested through extensive due diligence. It's been reviewed by multiple stakeholders and advisors including independent and disinterested directors. I find that the plan is feasible.

With respect to 1129(a)(10), the voting report confirms that at least one impaired class has accepted the plan. Indeed, every voting class has accepted.

With respect to valuation and market testing, the valuation evidence is robust and credible. Evercore determined enterprise value ranging from 2.9 to $3.4 billion using discounted cash flow, comparable companies, and precedential transactions. These are standard accepted methodologies just as important as the market tests. Over 30 potential counter

parties were contacted. Multiple parties entered due diligence obligations. Only one non-binding indication of interest was received. The Court defers to the debtors' business judgment with respect to its determination that that proposal was inferior to the plan. Again, the plan reflects the highest and best value available.

The plan is at its core a comprehensive settlement. It resolves intercreditor disputes, capital structure conflicts, litigation risk and competing restructuring proposals. Under the Martin standard, Third Circuit, in the Third Circuit and Rule 9019, the settlement is fair, reasonable, in the best interests of the estate and, importantly, supported by all major constituencies and the product of extensive mediation and negotiations.

Turning to the U.S. Trustee objections. Let me be clear at the outset what is before me is not a novel or untested structure. The plan reflects a mainstream, heavily litigated, repeatedly approved plan architecture in this district supported by substantial authority and an extensive factual record.

As acknowledged by the U.S. Trustee, I have repeatedly in the past confirmed plans with the same provisions at issue, overruling objections similar to what have been put forward here today. The debtors' memorandum of law in support of the plan and the disclosure statement approval is replete

with citations, descriptive parentheticals, and quotes from previous bench rulings of this Court in Bed Bath & Beyond, Powin, BlockFi, New Rite Aid, Invitae, and the most recent ruling in United Site Services. As such, to save some measure of time, I incorporate herein the argument set forth in the debtors' memorandum, together with specific rulings in these prior cases.

Notwithstanding, allow me to add a little additional flavor. Let me start with a recent admonition coming out of the Third Circuit in an unrelated case, DLJ Mortgage Capital v. Stearns, in which the Third Circuit in the opening sentence says, in litigation and in life alike, you must speak up when it is time to do so.

So now let's turn to the opt-out mechanism and the issues with respect to non-consensual third-party releases. The starting point is Purdue which prohibits non-consensual third-party releases, but expressly does not disturb consensual ones. So the question is not whether third-party releases are permissible, they are. The question, rather, is whether they are consensual.

And the inquiry, as explained recently by the District Court Judge Lee Rosenthal in The Container Store, is governed by federal law, not state contract law because it arises from the Court's authority to confirm a plan and binds party through federal judgment. Now I wanted to be clear about

something. The Court agrees with Judge Rosenthal that Bankruptcy Courts do not and should not simply rubberstamp opt-out releases. Consent can be inferred -- cannot be inferred merely because notice was given and an opt-out box existed. That is not the law. Instead, the Court must engage in a fact-specific determination, looking at whether under the totality of the circumstances, it is appropriate to infer consent.

The one key precedent pointed out by Judge Rosenthal is the Supreme Court's decision in Phillips Petroleum v. Shutts. And that case explains that the question is how stringent the requirement for consent must be, not whether consent must always be express. And as Shutts makes clear, a party may be bound by failing to opt out where there is adequate notice and where there are safeguards that protect the absent parties' interests.

Supreme Court recognized that in many cases requiring affirmative opt-in consent would be impractical and even self-defeating, particularly where claims are small and diffuse. And, importantly, Shutts teaches that a claimant may sit back and allow the litigation to run its course, content in knowing that there are safeguards provided for his protection.

This brings me to what I think is the most important point in The Container Store analysis. Bankruptcy is not a simple bilateral contractual setting. It is a collective

proceeding with built-in protections including notice and disclosure requirements, creditor or voting rights, committee representation acting as fiduciaries for creditor constituencies, oversight by the U.S. Trustee, and ultimately judicial review and applicable confirmation standards.

These all ensure that creditors are not passive, they are represented, informed and able to participate. And because of these protections, Bankruptcy Courts may, in appropriate circumstances, find that creditors consent through silence when they are given a meaningful opportunity to act.

Now the determination of consent is not binary. It is based on a multi-factor, case-specific analysis and Courts look to such factors as whether the notice was clear and prominent, whether the opt-out mechanism was simple and accessible, whether the opt-out right was separate from plan voting, whether the releases were consistently disclosed throughout the case, and whether the case was well publicized and understood by creditors, whether creditors actually used the opt-out mechanism, whether there was substantial support for the plan, and whether creditors had incentives to participate, and whether the overall treatment is fair and necessary to restructuring, and, finally, whether the parties actually opted out and exercised such rights. And I emphasize no single factor is dispositive. This is a totality of the circumstances inquiry.

Applying the framework here, the notice was clear, conspicuous and repeated across multiple documents, including the disclosure statement, balloting, opt-out forms, and the combined hearing notice. Notice of the opt-out procedure was published in The New York Times and the Financial Times. The consequences of not opting out were explicitly stated.

Parties were given a meaningful and accessible opportunity to opt out over 30 days, in fact, to review and consider opt-out rights. The opt-out right was separately presented and not buried. The releases were disclosed and discussed throughout the case. There was overwhelming support for the plan and, in fact, 623 parties actually opted out.

I also note, consistent with the restatement principles discussed in The Container Store, that silence can indeed constitute acceptance where the party is given reason to understand that silence will operate as assent. The surrounding circumstances justify that inference. That is exactly what we have here. This is not passive inaction. It is informed inaction in a structured process.

So taking all of this together, the governing federal law, the procedural safeguards of the bankruptcy system and the specific facts of this case, I find that the third-party releases and the opt-out mechanism are consensual, permissible and, therefore, the U.S. Trustee objection on this point is overruled.

With respect to the objection regarding debtor releases that are found in Article 8(c), the Court finds they are properly tailored to comply with the law in this circuit. Based upon unrebutted testimony found in Paragraphs 40 through 46 of the Gabel declaration, the Court finds that the debtors and release parties as stakeholders and critical participants in the plan process share the common goal of seeing the plan succeed and having the debtors' business reorganized, that the release parties made substantial contributions to the debtors by expending significant time and resources negotiating the plan and then giving up material economic interests to ensure the success of these Chapter 11 cases, that absent the debtor release which was an essential term to negotiating the RSA and the plan, the debtors would not have been able to build the extraordinary level of consensus with respect to the plan, that holders of Class 4 and Class 5 claims overwhelmingly voted to accept the plan, including the debtor release, and that the plan provides for meaningful recoveries by substantially all classes affected by the debtor release.

Moreover, based upon the analysis and investigation undertaken by the disinterested directors, as outlined in the Meltzer declaration and the Meltzer supplemental declaration, any recoveries on release claims are highly speculative, uncertain and would be time-consuming and costly to pursue. Accordingly, the objection with respect to the debtor releases

is overruled.

With respect to the objection relative to the settlement authority under 1123(b)(3) and Rule 9019, the U.S. Trustee argues that the plan cannot be confirmed because it characterized itself in part as a global settlement and that Section 1123(b)(3) does not authorize settlement of claims against the debtors. I disagree and I do so for several reasons.

Section 1123(b)(3)(A) expressly permits a plan to provide for settlement or adjustments of any claims or interests belonging to the debtor or the estate. But that provision does not exist in isolation. It must be read together with 1123(b)(6) which allows a plan to include any other appropriate provision not inconsistent with the applicable provisions of this title.

Courts in the Third Circuit have consistently interpreted these provisions together, not narrowly, and have concluded that Section 1123(b)(3) does not prohibit, in fact, permits plan-based settlements that resolve the broader constellation of claims affecting the estate, including claims asserted against the debtor. Indeed, as the debtors correctly point out, Courts in this circuit have construed 1123(b)(3)(A) to apply to settlements of claims against the estate, not just claims belonging to it. The UST cites no controlling authority to the contrary.

Even putting Section 1123 aside, the governing standard is familiar. A plan-based settlement must satisfy the same standards as a standalone compromise under Rule 9019, must be fair, reasonable and in the best interests of the estate. And, here, the record's overwhelming. This plan resolves complex, intercreditor disputes, eliminates litigation risk, reflects months of arm's length negotiations and Court supervised mediation efforts, and is supported by virtually every major constituency.

The standards for approval under 1123 and Rule 9019 are functionally the same and the debtors have established a record that the settlement embodied in the plan is fair and equitable and in the best interests of stakeholders. That is exactly what I find here.

The U.S. Trustee has not identified any binding authority that expressly prohibits a plan from embodying a global settlement of claims against the debtor. In contrast, the debtors have provided authority and this Court's own experience confirms that such provisions are common, necessary, proper and, thus, the objection is overruled.

With respect to the gatekeeping function, the U.S. Trustee also challenges the plan's gatekeeping provision, arguing that it is overbroad, unauthorized and an improper extension of the Court's equitable powers. Again, I disagree. The gatekeeping function is not novel. It is fundamental.

The starting point is that Bankruptcy Courts routinely act as gatekeepers. That is not controversial. In fact, the debtors' confirmation brief identifies several well established examples such in the Madoff matter and Motors Liquidation. Gatekeeping is simply an extension of that same function similar to where Courts in standing disputes are asked to assess whether claims are colorable before allowing the litigation to proceed.

The provision reflects practical reality, not expansion of power. I think it's important to be candid about what happens in practice. As I noted in prior cases, and as reflected in the record here, when these disputes arise, they most often come back to the Bankruptcy Court anyway to determine whether a claim violates plan injunctions or the discharge. The gatekeeping provision does not create jurisdiction. It channels disputes to the forum that will inevitably decide them. It is, in effect, a procedural mechanism, not a substantive expansion of rights.

The provision is narrowly tailored and protective. The provision serves legitimate and important purposes. It protects estate fiduciaries and release parties. It prevents duplicative or collateral litigation. It ensures consistent interpretation of a plan and it avoids the waste of resources on claims that are barred. And, importantly, it benefits not only the release parties, but also potential claimants by

preventing them from expending resources on claims that lack viability. That is a practical real world benefit.

There is also a jurisdictional reality here. As Courts in this district have recognized, the Bankruptcy Court, with close hands-on understanding of a plan and confirmation order, is the appropriate forum to interpret and enforce those provisions. That is particularly true in cases like this where the plan is complex. The releases are integral and the record is extensive.

The provision does not impose a new burden, that the record reflects even absent the gatekeeping provision, a party asserting a post-confirmation claim must obtain a judicial determination that the claim is not barred by the plan. All the provision does is specify where and how that determination is made. It does not eliminate claims, expand releases or alter substantive rights.

This Court and others in this district have repeatedly approved similar provisions. In BlockFi, I stated plainly that such provisions reflect practical reality, that they are appropriate and that I had no issue with the scope of the provisions or the provisions of the gatekeeping function. Nothing in the record here justifies a different result. As with respect to Sections 105 and 1142, it is clear the Court's ability exists under these sections to enforce its orders, interpret its confirmation order, and prevent actions that

undermine the plan.

Now the Court views the gatekeeping provision as fitting comfortably within this framework. The only change I would ask is to have clarity that in undertaking the gatekeeping function, the Court is not addressing the colorability of the underlying substantive claims. And I want to make that clear.

The Court is simply reviewing and determining whether the plain -- the causes of action being pursued, the claims that are being pursued, contravene the discharge or release provisions of the plan. The analysis as to the colorability and substantive merits of the underlying claims remains for the forum that will be entertaining such claims in litigation. For all of these reasons, the Court overrules the objections to the gatekeeping function as set forth.

Finally, the Court rules that the waiver of Rule 3020(e) stay is appropriate. The Court is cognizant that the restructuring support agreement requires that the debtors emerge from Chapter 11 within 90 days of the petition date which would be April 29th, 2026. Extending the debtors' time in Chapter 11 will result in administrative, additional administrative and professional costs, as well as a potential disruption to the debtors' customer and vendor relationships.

The plan has the support of all voting classes and nearly unanimous support from all of its stakeholders as

evidenced by the plan settlement. Accordingly, the U.S. Trustee's objection with respect to the waiver of Rule 3020(e) is overruled.

Stepping back, the record demonstrates a fully negotiated consensus, restructuring, a market-tested outcome, a plan that maximizes value, a plan that complies with all the provisions of 1129(a) and where appropriate 1129(b), and the plan has received the overwhelming support and approval of the creditor body. For all of these reasons, the disclosure statement is approved. The plan satisfies 1129 and the U.S. Trustee's objections were overruled. The plan will be confirmed.

Thank you for bearing with me. Let me turn to debtors' counsel, Ms. Bentley. Is there any clarification, or I'll turn to any party and counsel, are there any clarifications you seek from the Court?

MS. BENTLEY: No, Your Honor. I just wanted to extend thanks, again, to you and your chambers. Really appreciate the time and the flexibility. As you noted, this has been a tough one and we're just very happy to be here today.

I will submit a revised proposed form of order addressing the comments that Mr. Sponder noted at the outset, but I think we are clear based on your ruling.

THE COURT: All right. I assume, having read the

filed stipulation that the adversary proceeding initiated by BTG Pactual, the various motions that are on such as the designation motion and the motion to intervene, the motion to disband the Committee, all of these can be withdrawn without prejudice pending the plan going effective. And I understand parties will take the necessary steps with respect to any pending appellate matters, is that correct?

MS. BENTLEY: That's correct, Your Honor.

THE COURT: All right. Does anyone else wish to be heard with respect to any issues?

(No audible response)

THE COURT: Silence is good. I think I made that clear in my opinion. So with that, I thank you all again. And have a pleasant weekend. Take care.

I will assume, Ms. Bentley, you will be submitting a new amended version, modified version of the confirmation order?

MS. BENTLEY: Correct, Your Honor, shortly after this hearing.

THE COURT: If you would add language that simply incorporates by reference the oral bench ruling into the confirmation order, I know it has its own explicit findings of facts and conclusions of law. Let's have it also incorporate my bench ruling.

MS. BENTLEY: Thank you, very much, Your Honor. Will

do.

THE COURT: All right. Take care, folks. Have a good weekend.

UNIDENTIFIED ATTORNEYS: Thank you, Your Honor.

UNIDENTIFIED ATTORNEY: Yes, Judge.

UNIDENTIFIED ATTORNEY: Thank you, Judge.

(Proceedings concluded at 9:31 a.m.)

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C E R T I F I C A T I O N

I, KELLI R. PHILBURN, court-approved transcriber, hereby certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter, and to the best of my ability.

/s/ Kelli R. Philburn

KELLI R. PHILBURN

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