Docket #1012 Date Filed: 10/06/2026

UNITED STATES BANKRUPTY COURT
NORTHERN DISTRICT OF NEW YORK

In re:
Vanderbilt Minerals, LLC,

Debtor.

Chapter 11
Case No. 26-60110-5 (WAK)

THE UNITED STATES TRUSTEE'S OBJECTION TO THE DEBTOR'S MOTION FOR ENTRY OF ORDERS (I) APPROVING PROPOSED DISCLOSURE STATEMENT AND THE FORM AND MANNER OF NOTICE OF HEARING THEREOF, (II) ESTABLISHING SOLICIATION AND VOTING PROCEDURES WITH RESPECT TO DEBTOR'S PROPOSED CHAPTER 11 PLAN, (III) SCHEDULING CONFIRMATION HEARING, (IV) ESTABLISHING NOTICE AND OBJECTION PROCEDURES FOR CONFIRMATION OF DEBTOR'S PROPOSED CHAPTER 11 PLAN, AND (V) GRANTING RELATED RELIEF

TO: THE HONORABLE WENDY A. KINSELLA,
CHIEF UNITED STATES BANKRUPTCY JUDGE:

William K. Harrington, the United States Trustee for Region 2 (the "United States Trustee"), by undersigned counsel, respectfully submits his objection (the "Objection") to *Motion for Entry of an Order (I) Approving Proposed Disclosure Statement and the Form and Manner of Notice of Hearing Thereof, (II) Establishing Solicitation and Voting Procedures with Respect to Debtor's Proposed Chapter 11 Plan, (III) Scheduling Confirmation Hearing, (IV) Establishing Notice and Objection Procedures for Confirmation of Debtor's Proposed Chapter 11 Plan, and (V) Granting Related Relief* [ECF. No. 859] (the "Motion") filed by Vanderbilt Minerals, LLC (the "Debtor") together with the Official Committee of Unsecured creditors (the "Committee," and together with the Debtor, the "Plan Proponents") for approval of the Amended Disclosure Statement for the Chapter 11 plan of Reorganization of Vanderbilt Minerals, LLC [ECF

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963] (the "Disclosure Statement") and related relief. In support of his Objection, the United States Trustee respectfully states as follows:

I. Preliminary Statement

The primary purpose of a disclosure statement is to provide "adequate information" that enables creditors to make an informed decision regarding a proposed plan. The Disclosure Statement falls short of this standard because it omits meaningful information and fails to explain or justify the proposed treatment of creditors. Key provisions of the Plan it describes make the Plan unconfirmable. This includes a non-consensual injunction in favor of non-debtor insurers, an overbroad exculpation clause, and an estate release of the Debtor's fiduciaries and professionals for which the Plan Proponents offer little to no legal or factual support. To justify such provisions, the Disclosure Statement must set forth sufficient information—including the applicable legal authority and the Court's jurisdiction to grant such releases, injunctions, and exculpations; the identity of the parties receiving them; the specific consideration provided by each released party; the identity and value of the claims being released; and any justification for releasing conduct that has not yet occurred.

The Plan Proponents amended the Plan and the Disclosure Statement on September 15, 2026. The amendments improve the Plan in one respect that the United States Trustee acknowledges at the outset. The open-ended definition of "Related Parties" is gone, and "Released Parties" now means a closed list of seventeen categories of "Debtor Related Parties." However, the amendments do not cure the remaining defects, and in one respect they add to them. Section 10.6 now provides that if the Global Settlement Order is overturned on appeal, "such outcome will have no effect on the Releases." The Plan thus asks creditors to release, irrevocably and before the

District Court rules, the Independent Manager and certain professionals who negotiated the very settlement that is on appeal.

Although the Disclosure Statement now spans 144 pages, its sheer volume should not be mistaken for adequate disclosure. Despite its length, it offers little of the substantive information creditors need to make an informed judgment under 11 U.S.C. § 1125. At a minimum, the Disclosure Statement omits sufficient information regarding: the substance and impact of the outcome of the Settlement Order Appeal; the claims surrendered and consideration received under the releases; the expected recoveries of talc claimants and the timing of those recoveries; the liquidation analysis; the Trust Distribution Procedures; and the conditions to Plan effectiveness.

Moreover, certain provisions of the Plan make it unconfirmable, including the Insurance Entity Injunction, the exculpation clause, and the estate release, for which there is no adequate legal justification on this record. In addition, the Plan's treatment of Class 4 raises the question whether that class has been impaired for the purpose of securing an accepting class under 11 U.S.C. § 1129(a)(10).

In sum, the Disclosure Statement falls far short of the level of disclosure required under the Bankruptcy Code. In addition, the Plan that it supports is not confirmable. The United States Trustee respectfully submits that the Motion should not be granted, and the Disclosure Statement should not be approved.

II. Background

1. On February 16, 2026 ("Petition Date"), the Debtor filed a voluntary chapter 11 petition for relief under Title 11 of the United States Code (the "Bankruptcy Code") [ECF No. 1].

2. On March 3, 2026, the United States Trustee filed his *Appointment of Committee of Unsecured Creditors* ("Committee") [ECF No. 111].

3. On April 28, 2026, the Court entered an Order 1) Authorizing and Approving the Global Settlement Between the Debtor and R.T. Vanderbilt Holding Co., Inc. and Certain Its Subsidiaries; and 2) Granting Related Relief [ECF No. 493] ("Global Settlement Order").

4. The Global Settlement Order approved a settlement, entered into between the Debtor and R.T. Vanderbilt Holding Co., Inc. ("Holdings") and subsidiaries on February 15, 2026, that conveyed certain assets of non-Debtor entities to the Debtor in exchange for mutual releases, among other relief ("Global Settlement").

5. On May 8, 2026, the Court entered an Order 1) Authorizing and Approving the Sale of Substantially all of Debtor's Assets Free and Clear of all Liens, Claims, Interests, and Encumbrances, 2) Approving Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and 3) Granting Related Relief [ECF No. 576] ("Sale Order"). The sale closed on June 10, 2026. [Disclosure Statement at § 3.2].

6. The Committee and certain individual talc claimants filed notices of appeal from the Global Settlement Order in the United States District Court for the Northern District of New York (Case Nos. 8:26-cv-00986, 8:26-cv-01006, and 8:26-cv-01016). On August 28, 2026, the District Court consolidated those appeals ("Settlement Order Appeal"), which remain pending. The Committee also appealed the Sale Order (Case No. 8:26-cv-01091) ("Sale Order Appeal"). On August 25, 2026, the District Court stayed briefing on the Sale Order Appeal pending decision of the Settlement Order Appeal. The appellees' brief in the Settlement Order Appeal is due October 12, 2026. [Disclosure Statement §§ 5.7(a), (c)].

7. On August 6, 2026, the Debtor filed its Chapter 11 Plan of Liquidation of Vanderbilt Minerals, LLC [ECF No. 857] ("Initial Plan"), Disclosure Statement for Chapter 11

Plan of Liquidation of Vanderbilt Minerals, LLC [ECF No. 858] ("Initial Disclosure Statement"), and the Motion.

8. On September 15, 2026, the Plan Proponents filed the Amended Chapter 11 Plan of Liquidation of Vanderbilt Minerals, LLC [ECF No. 962] ("Plan"), the Disclosure Statement [ECF No. 963], and a Notice of Filing attaching redlines against the Initial Plan and the Initial Disclosure Statement [ECF No. 964]. The Disclosure Statement states that the Debtor and the Committee "have reached an agreement in principle" and that the Committee "supports the filing of the Plan, as amended." Disclosure Statement § 5.14. Waivers of conditions precedent and modifications of the Plan now require the consent of the Committee. [Plan §§ 9.2, 12.3].

9. The Disclosure Statement proposes a Voting Deadline of November 3, 2026, a Plan Objection Deadline of November 10, 2026, and a Confirmation Hearing on December 7, 2026. Disclosure Statement §§ 2.3, 2.8. The Plan Supplement, which will contain the Trust Agreement, the Trust Distribution Procedures, the Schedule of Retained Causes of Action, the list of Settling Insurance Companies, and the identity of the Liquidating Trustee, is due fourteen days before the Voting Deadline. [Plan § 1.1 ("Plan Supplement")].

10. The Disclosure Statement reports that five objections and joinders filed by insurers to the Initial Disclosure Statement remain unresolved [ECF Nos. 913, 916, 918, 951, 957]. [Disclosure Statement § 5.15 & n.16].

III. Select Provisions of the Disclosure Statement and Plan

11. The Disclosure Statement refers to certain terms that are defined in the Plan:

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

"Cause of Action" means any claims, judgments, interests, damages, remedies, causes of action, crossclaims, third party claims, defenses, indemnity claims, reimbursement claims, contribution claims, subrogation claims, rights of recovery, demands, rights, actions, suits, obligations, liabilities, accounts, offsets, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or character

whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, contingent or non-contingent, liquidated or unliquidated, choate or inchoate, secured or unsecured, capable of being asserted, directly or derivatively (including under alter ego theories), matured or unmatured, suspected or unsuspected, in contract, tort, statute, law, common law, equity, or otherwise, whether arising before, on, or after the Petition Date. For the avoidance of doubt, Causes of Action also include: (a) all rights of setoff, counterclaim, or recoupment and claims under contracts or for breaches of duties imposed by law or in equity; (b) the right to object to or otherwise contest Claims or Interests; (c) any claim pursuant to section 362 of the Bankruptcy Code or chapter 5 of the Bankruptcy Code; (d) any claim or defense, including fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code; and (e) any claim under any local, state, federal or foreign law, including any fraudulent transfer or similar claim.

"Debtor Related Parties" means, collectively, (a) Ben Pickering, solely in his capacity as the independent manager of the Board of Managers and sole member of the Independent Special Committee, (b) BRP Advisory LLC, solely in its capacity as a party to the Engagement Letter dated October 9, 2025; (c) Dean Vomero, solely in his capacity as the Debtor's Chief Restructuring Officer, (d) Applied Business Strategy LLC, solely in the capacity it was engaged by the Debtor, (e) Amarilys Franky, solely in her capacity as the Debtor's manager, (f) James Knowlden, solely in his capacity as the Debtor's manager and as an officer of the Debtor, (g) Jeffrey Brohel, solely in his capacity as the Debtor's manager and as an officer of the Debtor, (h) Latham & Watkins LLP, solely in its capacity as the Debtor's counsel, (i) Bond, Schoeneck & King, PLLC, solely in its capacity as the Debtor's counsel, (j) Katten Muchin Rosenman LLP, solely in its capacity as counsel to the Debtor at the sole direction of the Independent Manager and the sole member of the Independent Special Committee, (k) Greenhill & Co., LLC, solely in its capacity as the Debtor's investment banker, (l) Brown Rudnick LLP, solely in its capacity as the Creditors' Committee's counsel, (m) Caplin & Drysdale, Chartered, solely in its capacity as the Creditors' Committee's counsel, (n) Cohen Ziffer Frenchman & McKenna LLP, solely in its capacity as the Creditors' Committee's counsel, (o) Province, LLC, solely in its capacity as the Creditors' Committee's financial advisor, (p) Kurtzman Carson Consultants, LLC d/b/a Verita Global, solely in its capacity as the Debtor's claims, noticing, and solicitation agent, and (q) all Ordinary Course Professionals as of September 15, 2026, solely in their capacity as such. For the avoidance of doubt, Jones Day LLP and Vinson & Elkins LLP shall not be considered Debtor Related Parties for any purpose under the Plan.

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

"Exculpated Parties" means, collectively, solely in their capacities as such: (i) the Debtor; (ii) the Board of Managers and each of its members who served in such capacity on or after the Petition Date, including, for the avoidance of doubt, the Independent Manager; (iii) the Debtor's officers who served in such capacity after the Petition Date; (iv) the Creditors' Committee and each of its members, solely in their capacities as such; (v) the Professional Persons and any ordinary course professional retained by the Debtor or Independent Manager pursuant to an order of the Bankruptcy Court; and (vi) the Professional Persons retained by the Creditors' Committee pursuant to an order of the Bankruptcy Court.

"Insurance Companies" means all Entities that issued, allegedly issued, or that have any actual, potential, demonstrated, or alleged liabilities, duties, or obligations under, or with respect to, any Insurance Policy, and any third party administrator, parent, subsidiary, Affiliate, successor, predecessor, or assign of any of the foregoing, solely in their capacity as such with respect to an Insurance Policy.

"Insurance Entity Injunction" means the injunction described in Section 10.5 of this Plan.

"Insurance Settlement Agreement" means any settlement agreement entered into after the Petition Date, by and among (i) any Insurance Company, on the one hand, and (ii)(a) prior to the Effective Date, the Debtor and with the approval of the Bankruptcy Court or (b) on or after the Effective Date, the Liquidation

Trust, on the other hand, in which an Insurance Policy and/or the Debtor's rights thereunder are released in whole or in part.

"Non-Debtor Affiliate" means an Affiliate of the Debtor.

"Non-Released Parties" means any Persons or Entities other than the Released Parties.

"Non-Settling Insurance Company" means an Insurance Company that has not executed an Insurance Settlement Agreement.

"Plan Injunction" means the injunctions issued pursuant to Section 10.4 of this Plan.

"Released Parties" means the Debtor Related Parties.

"Releases" means the releases provided for in Section 10.6 of this Plan, including its subsections.

"Retained Causes of Action" means, collectively, all Causes of Action retained by the Liquidating Debtor and the Liquidation Trust, including any such Causes of Action of the Debtor and the Estate existing immediately prior to the Effective Date; provided, however, that the Debtor, the Liquidating Debtor, or the Liquidation Trust shall not retain (whether on their own behalf or on behalf of the Estate) any Causes of Action (i) against any Released Party that is released pursuant to Section 10.6 of this Plan, or (ii) transferred to the Buyer pursuant to the Sale Order and the Asset Purchase Agreement . . . . Retained Causes of Action shall also include any Causes of Action that are restored to the Debtor or the Estate if the Global Settlement Order is overturned or vacated.

"Settling Insurance Company" means an Insurance Company that has executed an Insurance Settlement Agreement.

12. The Initial Plan defined "Released Parties" as "(i) the Debtor and (ii) the Debtor's Related Parties," and defined "Related Parties" to include a Person's or Entity's "predecessors, successors and assigns, parents, subsidiaries, Affiliates, managed accounts or funds, and all of their respective current and former officers, managers, directors, principals, shareholders . . . members, partners, employees, agents, trustees, advisory board members, financial advisors, attorneys, accountants, actuaries, investment bankers, consultants, representatives, management companies, fund advisors and other professionals, and such persons' respective heirs, executors, estates, servants, and nominees." The Plan deletes the definition of "Related Parties" and substitutes the enumerated definition of "Debtor Related Parties" as set forth above. The amended definition of "Professional Person" likewise provides that "Jones Day LLP and Vinson & Elkins LLP shall not be considered Professional Persons under the Plan," so those two firms are neither Released Parties nor Exculpated Parties. [Plan § 1.1].

13. The Disclosure Statement describes certain key provisions in the Plan relating to releases, injunctions, and exculpation. Sections 10.4, 10.5, 10.7, and 10.8 are unchanged from the Initial Plan. Section 10.6 was amended, in part, by adding the two paragraphs that appear at its end:

10.4 Plan Injunction.

(i) Except as otherwise provided in this Plan (including, without limitation, Section 5.5 of this Plan) or in the Confirmation Order, as of the entry of the Confirmation Order but subject to the occurrence of the Effective Date, to the maximum extent permitted under applicable law, all holders of Claims or Interests (whether proof of such Claims or Interests has been filed or not and whether or not such holders vote in favor of, against or abstain from voting on this Plan or are presumed to have accepted or deemed to have rejected this Plan) and other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, and Affiliates, in their capacities as such, are (subject to the provisions of this Section) forever barred, estopped, and permanently enjoined after the entry of the Confirmation Order from, in relation to any Claim, Interest, or Cause of Action that will be or is treated, extinguished, exculpated, or released by this Plan or otherwise will be or is subject to this Plan: (a) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative, or other forum) against or affecting, directly or indirectly, the Debtor, the Liquidating Debtor, the Estate, the Liquidation Trust, or the Liquidating Trustee, as applicable, or the property of any of the foregoing . . . ; (b) enforcing, levying, attaching (including any prejudgment attachment), collecting, or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree, or order against the Debtor, the Liquidating Debtor, the Estate, the Liquidation Trust, or the Liquidating Trustee . . . ; (c) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against any of the Debtor, the Liquidating Debtor, the Estate, the Liquidation Trust, the Liquidating Trustee . . . ; (d) asserting any right of setoff, directly or indirectly, against any obligation due from the Debtor, the Liquidating Debtor, the Estate, the Liquidation Trust, or the Liquidating Trustee . . . ; and (e) acting or proceeding in any manner, in any place whatsoever, that does not conform to, does not comply with, or is inconsistent with the provisions of this Plan; provided, however, that nothing contained herein shall preclude such parties who have held, hold, or may hold Claims against or Interests in the Debtor or the Estate from exercising their rights, or obtaining benefits, pursuant to, and consistent with, the terms of this Plan and the Plan Documents.

(ii) All Persons and other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, and Affiliates, in their capacities as such, holding Claims, Liens, Interests, charges, encumbrances, or other interests of any kind or nature whatsoever, including rights or Claims based on any successor or transferee liability, against the Debtor, the Liquidating Debtor, the Liquidation Trust, or the Assets transferred thereto (whether legal or equitable, secured or unsecured, matured or unmatured, contingent, or noncontingent, known or unknown), arising under or out of, in connection with, or in any way relating to the Debtor, the Liquidating Debtor, the Estate's Assets, the operation of the Estate's Assets prior to the Effective Date, or the Trust Formation Transactions, shall be forever barred, estopped, and permanently enjoined from taking any actions to interfere with the implementation or consummation of this Plan in relation to any Claim extinguished or released pursuant to this Plan.

10.5 Insurance Entity Injunction

(i) Purpose. To facilitate the Insurance Rights Transfer, protect the Liquidation Trust, and preserve its Insurance Rights, pursuant to the equitable jurisdiction and power of the Bankruptcy Court, the Bankruptcy Court shall issue the injunction set forth in this Section 10.5 of this Plan; provided, however, that the Insurance Entity Injunction is not issued for the benefit of any Insurance Company, and no Insurance Company is a third-party beneficiary of the Insurance Entity Injunction, except as otherwise specifically provided in any CIP Agreement or Insurance Settlement Agreement.

(ii) Terms Regarding Claims Against Insurance Companies. All Persons that have held or asserted, that hold or assert, or that may in the future hold or assert any Claim, demand, or Cause of Action against any Insurance Company based upon, attributable to, arising out of, or in any way connected with or on account of any Insurance Policy, whether in the United States of America or anywhere else in the world, whether sounding in tort, contract, warranty, or any other theory of law, equity, or admiralty, shall be stayed, restrained, and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering, or receiving payment, satisfaction, or recovery with respect to any such Claim, demand, or Cause of Action including: (a) commencing, conducting, or continuing, in any manner, directly or indirectly, any suit, action, or other proceeding of any kind (including a judicial, arbitration, administrative, or other proceeding) in any forum with respect to any such Claim, demand, or Cause of Action against any Insurance Company, or against the property of any Insurance Company . . . ; (b) enforcing, levying, attaching, collecting, or otherwise recovering, by any means or in any manner, whether directly or indirectly, any judgment, award, decree, or other order against any Insurance Company . . . ; (c) creating, perfecting, or enforcing in any manner, directly or indirectly, any encumbrance against any Insurance Company . . . ; and (d) except as otherwise specifically provided in this Plan, asserting or accomplishing any setoff, right of subrogation, indemnity, contribution, or recoupment of any kind, directly or indirectly, against any obligation of any Insurance Company . . . ; provided, however, that (x) the injunction set forth in this Section 10.5(ii) of this Plan shall not impair in any way any actions brought by the Liquidation Trust against any Non-Settling Insurance Company and (y) the Liquidation Trust shall have the sole and exclusive authority at any time to terminate, or reduce, or limit the scope of the injunction set forth in this Section 10.5 of this Plan with respect to any Non-Settling Insurance Company upon express written notice to such Non-Settling Insurance Company.

(iii) Reservations. Notwithstanding anything to the contrary above, this Insurance Entity Injunction shall not enjoin: (a) the rights of any Person to the treatment or other rights accorded them under this Plan, as applicable, including the rights of holders of Talc Claims to assert such Claims, as applicable, in accordance with the Trust Distribution Procedures; (b) the rights of any Person to assert any Claim, debt, obligation, Cause of Action, or liability for payment of VLT Operating Expenses; (c) the rights of the Liquidation Trust to prosecute any action based on or arising from the Insurance Policies or the CIP Agreements . . . ; (d) the rights of the Liquidation Trust to assert any Claim . . . against an Insurance Company based on or arising from the Insurance Policies or the CIP Agreements, except to the extent otherwise released; (e) the rights of any Insurance Company (1) to assert any Claim, debt, obligation, Cause of Action, or liability for payment against any Non-Settling Insurance Company, (2) to assert any Claim for reinsurance . . . ; or (3) to enforce its rights, if any, of subrogation . . . against any Person that is not a Released Party or the Liquidation Trust. (f) the rights of any Insurance Company, in accordance with Section 10.5(iv) of this Plan, to assert any Claim for contribution, subrogation, indemnification or other similar Cause of Action against the Liquidation Trust for a Settling Insurance Company's alleged share or equitable share of the defense and/or indemnity obligation for any Talc Claim or for any Cause of Action released in any Insurance Settlement Agreement.

(iv) Judgment Reduction for Insurer Contribution Claims Against Settling Insurers. If a Non-Settling Insurance Company obtains a judicial determination or arbitration award in any insurance action, that it would have been entitled to recover a sum certain on its right, Claim, or Cause of Action against a Settling Insurance Company for contribution, subrogation, equitable subrogation, indemnification, allocation, reimbursement, or offset relating to one or more Claims assumed by the Liquidation Trust, or agrees to such entitlement to such sum certain, upon such determination or award in the insurance action, the Liquidation Trust shall satisfy such right of recovery from the Settling Insurance Company by reducing or limiting any Claim, Cause of Action, or judgment it has against the Non-Settling Insurance Company for recovery on any such assumed Claim . . . .

10.6 Releases.

As of the Effective Date, except for the right to enforce this Plan or any right or obligation arising under the Plan Documents, for good and valuable consideration, the adequacy of which is hereby confirmed, including the services of the Released Parties before and during the Chapter 11 Case to facilitate the liquidation of the Debtor and the implementation of the Trust Formation Transactions, and except as otherwise explicitly provided in this Plan or in the Confirmation Order, on and after the Effective Date, the Released Parties shall be deemed conclusively, absolutely, unconditionally, irrevocably, and forever released, to the maximum extent permitted by law, as such law may be extended subsequent to the Effective Date, by the Debtor, the Liquidating Debtor, the Estate and any Person seeking to exercise the rights of the Estate, and any successors to the Debtor or any Estate representative appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code, from any and all Claims or Causes of Action (including any Causes of Action arising under chapter 5 of the Bankruptcy Code), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or hereinafter arising, whether in law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common law, or any other applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, that the Debtor, the Liquidating Debtor, or the Estate would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the Estate, the conduct of the Debtor's business, the Chapter 11 Case, the purchase, sale, or rescission of the purchase or sale of any security of the Debtor, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in this Plan, the business or contractual arrangements between the Debtor and any Released Party (including the exercise of any common law or contractual rights of setoff or recoupment by any Released Party at any time on or prior to the Effective Date), the Sale, the Asset Purchase Agreement, the Global Settlement, the Trust Formation Transactions, the VLT Documents, the restructuring of any Claim or Interest before or during the Chapter 11 Case, the Disclosure Statement, this Plan, and related agreements, instruments, and other documents, and the negotiation, formulation, preparation or implementation thereof, the solicitation of votes with respect to this Plan, or any other act or omission; provided, however, that the Debtor does not release, and the Liquidation Trust shall retain, Claims or Causes of Action arising out of, or related to, any act or omission of a Released Party that is determined in a Final Order by a court of competent jurisdiction to constitute gross negligence, willful misconduct or fraud. The Debtor, the Liquidating Debtor, the Liquidation Trust, and any other entities formed pursuant to this Plan shall be bound, to the same extent the Debtor and the Estate are bound, by the releases set forth in this Section 10.6 of this Plan.

The release of any Released Party for any Claim or Causes of Action under Section 10.6 of this Plan shall not affect the liability of any Non-Released Party for any such Claim or Causes of Action on any theory of law or equity. Nothing in this Plan, the Plan Documents, the Confirmation Order, any finding of fact and/or conclusion of law with respect to the Confirmation of this Plan, or any order or opinion

entered on appeal from the Confirmation Order, shall constitute any adjudication, judgment, trial, hearing on the merits, finding, conclusion, or other determination establishing that any Non-Released Parties shall not be deemed to be liable (or continue to be liable) for their respective liabilities by reason of any theory of law or equity.

For the avoidance of doubt, if the Global Settlement Order is overturned on appeal, such outcome will have no effect on the Releases set forth in this Section 10.6 of the Plan. For the further avoidance of doubt, nothing in the Plan, including this Section 10.6, shall release, or be interpreted as releasing, any Claims or Causes of Action released under the Global Settlement Order or the Global Settlement. [emphasis added]

10.7 Exculpation.

Notwithstanding anything herein to the contrary, and to the maximum extent permitted by applicable law, no Exculpated Party shall have or incur, and each Exculpated Party is hereby exculpated from, any Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, remedy, loss, and liability for any act or omission taken on or after the Petition Date and prior to or on the Effective Date relating to, in any way, or arising out of: the Chapter 11 Case; the negotiation, formulation, preparation, dissemination, implementation, administration, confirmation, consummation, and pursuit of the Disclosure Statement (including any information provided, or statements made, in the Disclosure Statement or omitted therefrom), the Trust Formation Transactions, the VLT Documents, this Plan (including the Plan Supplement), and the solicitation of votes for, and confirmation of, this Plan; the funding or consummation of this Plan (including the Plan Supplement); the occurrence of the Effective Date; the Sale, the Asset Purchase Agreement, and negotiations regarding or concerning any of the foregoing; the Global Settlement; the administration of this Plan and the property to be distributed under this Plan; the wind-down of the Debtor or the Liquidating Debtor, as applicable; the offer, issuance, and distribution of any securities under or in connection with the Plan; and the transactions in furtherance of any of the foregoing. This exculpation shall be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable law or rules protecting such Exculpated Parties from liability. Notwithstanding the foregoing, this Section 10.7 of this Plan shall not exculpate any Exculpated Party with respect to any act or omission of such Exculpated Party that is determined in a Final Order by a court of competent jurisdiction to constitute gross negligence, willful misconduct or fraud.

10.8 Injunction Related to Releases and Exculpation.

No Person may commence or pursue a Cause of Action of any kind against the Exculpated Parties or the Released Parties that will be or is extinguished, exculpated, or released by this Plan or otherwise will be or is subject to this Plan.

ARGUMENT

I. The Disclosure Statement Should Not be Approved Because it Lacks Adequate Information

A. The Disclosure Statement Fails to Provide Basic Financial Information Necessary for an Informed Vote

14. Volume cannot substitute for disclosure. Despite its considerable length and the volume of information presented, the Disclosure Statement lacks meaningful substance and fails to provide creditors with the information necessary to make an informed judgment of the Plan. More troubling, the Disclosure Statement remains structured in a way that obscures material provisions of the Plan, such as the releases and other related protections, that the Plan Proponents elsewhere minimize or represent are not being sought.

15. At the outset, the Disclosure Statement still does not provide talc claimants with a meaningful estimate of what they can expect to recover under the Plan. The amount of distributable cash is stated at $11.0 million, and available insurance limits are stated at $445 million. [Disclosure Statement § 9.1(f)]. The amendments filled in most of the placeholders in the Treatment Table: Class 3 General Unsecured Claims are now estimated to recover 25% to 30% on claims of $3.6 million to $4.0 million and Class 4 General Convenience Claims are estimated to recover 90% to 100% on claims of up to $80,000. For Class 5 Talc Claims, however, both the estimated recovery and the estimated claims remain "Unknown." [Disclosure Statement §1.4]

16. The Plan Proponents state that the Insurance Rights and Retained Causes of Action are difficult to value; but uncertainty does not eliminate the need for disclosure. The Plan Proponents have stated the available limits and the cash on hand. They should state a range, the assumptions behind it, the timing they expect, and what the Liquidation Trust expects to pay in its first distribution and from what source.

17. The problem is compounded by the lack of a completed liquidation analysis. Exhibit B, which is identified as the Liquidation Analysis, still states that it is "[TO COME]." The Disclosure Statement nonetheless relies on the Liquidation Analysis to support the contention that

the Plan satisfies the best interests test. [Disclosure Statement §§ 9.1(m), 11.2]. A creditor cannot test that contention against a blank page.

18. The amendments also deleted, without explanation, the condition that the TC Recovery Fund be funded on the Effective Date. Plan § 9.1(viii) now reads "[reserved]." The Disclosure Statement does not mention the deletion, does not state what the TC Recovery Fund will hold on the Effective Date.

B. Critical Plan Terms and Release Provisions Are Obscured Rather Than Explained

19. Notwithstanding the amendments, the Disclosure Statement still fails to independently define the key terms of the Plan which establish the releases. The Plan now identifies the Released Parties by name. The Disclosure Statement does not. It continues to use the defined term "Released Parties" and directs the reader to the Plan. [Disclosure Statement § 6.9(h)]. Creditors remain forced to trace a chain of cross-referenced and interdependent definitions scattered throughout hundreds of pages of the Disclosure Statement and Plan. The list of Released Parties belongs in the Disclosure Statement itself, with a plain statement of each party's role and the period of service covered.

20. The result is not just a drafting deficiency. The structure effectively buries material release, injunction, and exculpation terms under superfluous layers of legal terms and definitions, making their existence and scope difficult for creditors to discern, while simultaneously permitting the Plan Proponents to characterize the Plan as providing protections far narrower than the Plan intends to provide.

21. Bankruptcy Judge Michelle M. Harner recently addressed this issue in the *Roman Catholic Archbishop of Baltimore* case (Bankr. D. Md. Aug. 4, 2026, No. 23-16969). In denying approval of two competing disclosure statements, Judge Harner noted that section 1125(a)(1)

requires a "straightforward disclosure of key events affecting the debtor – both pre- and postpetition – and, most importantly, their terms, mechanics and consequences of the proposed plan" and observed that "more does not mean better; more does not equal adequate disclosure." Indeed, an overabundance of information without substance can undermine the very purpose of section 1125 by leaving creditors "confused, uninformed, and overwhelmed." Finally, the Court emphasized that creditors should not need "lawyers or translators" to understand a disclosure statement or the plan it purports to explain.

C. The Disclosure Statement Fails to Disclose the Substance and Impact of the Settlement Order Appeal

22. Similarly, while the Disclosure Statement refers to the Settlement Order Appeal, the disclosure remains largely one of form rather than substance. The amendments added procedural history: the consolidation of the appeals on August 28, 2026, the October 12, 2026 deadline for the appellees' brief, and the stay of briefing in the Sale Order Appeal. [Disclosure Statement § 5.7]. The Disclosure Statement still provides little meaningful information concerning the substance of the appeal or the issues before the District Court.

23. Most importantly, it fails to explain what the District Court is actually being asked to decide and the resulting impact of the decision on recoveries to creditors. This omission is material. Creditors cannot meaningfully evaluate the Disclosure Statement's stated risk factors without understanding the issues underlying the Global Settlement and the appeal. The sole risk factor on the subject states that an adverse ruling "could affect the finality of the Global Settlement Order and, in turn, the timing of distributions." [Disclosure Statement § 9.1(e)]. That sentence describes a scheduling risk. The appeal challenges the settlement of estate claims against the Debtor's parent and affiliates. Should the Settlement Order Appeal be successful, the Global

Settlement could be unwound and the assets of the estate would change. Creditors should be informed of both the upside and downside of the outcome of the appeal.

24. Moreover, the Plan still does not make finality of the Global Settlement Order a condition to Plan effectiveness. The Plan Proponents responded to this concern with new Section 12.15, which states that nothing in the Plan or the Confirmation Order shall moot the appeals or "support efforts to moot" them, a proviso to Section 10.14 to the same effect, and a grant of post-Effective Date standing to the Committee in Section 12.14. The United States Trustee acknowledges those provisions. But they do not cure the defect. A plan term binds the parties to the plan; it does not bind the District Court, and it does not bind a non-party appellee such as Holdings, which may argue equitable mootness as a result of plan confirmation. Consummation of the Plan before the appeal is decided creates a substantial risk that consummation could later be invoked as a basis for equitable mootness. Such a result could materially impair, if not extinguish, creditors' ability to obtain any effective relief on appeal. The Disclosure Statement should say so in plain language, should explain that Section 12.15 is the Plan Proponents' answer to that argument, and should disclose that no court has ruled on whether it works.

25. The Disclosure Statement should also explain the Committee's dual role. The Committee is the appellant seeking to unwind the Global Settlement. It is now a proponent of a Plan that releases the Independent Manager and professionals who negotiated that settlement, with a clause stating that reversal on appeal "will have no effect on the Releases."

D. The Disclosure Statement Fails to Describe the Claims Being Released or the Consideration Provided

26. The Disclosure Statement should likewise not be approved because it fails to provide adequate information concerning the claims and causes of action that would be released under the Plan, their potential or estimated value, or the consideration, if any, being provided in

exchange for same. The nature, scope, and value of claims that the estate is being asked to surrender, and what creditors receive in return, are material to an informed analysis of the Plan and must be disclosed in plain language. The only consideration recited in Section 10.6 is "the services of the Released Parties before and during the Chapter 11 Case." Every professional on the list has been or will be paid for those services from the estate. Every manager and officer has been compensated. Without knowing the value of what the estate is giving up, creditors are unable to rationally compare and consider the proposed distribution offered under the Plan.

27. The problem is more acute after the amendments. As noted above, the new sentence in Section 10.6 that reversal of the Global Settlement Order "will have no effect on the Releases" appears once, at page 107 of the Disclosure Statement, inside a block of Plan text, and nothing in the Disclosure Statement explains it. The Plan's own definition of Retained Causes of Action now anticipates claims "restored to the Debtor or the Estate if the Global Settlement Order is overturned or vacated." The Disclosure Statement should state it in the executive summary and in the risk factors.

28. The amended Section 5.7 of the Plan also limits the Liquidation Trust's ability to investigate the Released Parties. The Trust must make "best efforts" to seek discovery from third parties before any Released Party and must bear the cost of any discovery it takes from a Released Party. The Trust may not waive privilege over communications with Latham & Watkins, Katten, or Bond, Schoeneck & King without each firm's written consent. [Plan § 5.7(iv)-(v)]. Those terms protect parties who are already released. The Disclosure Statement should say so and explain why the Trust's beneficiaries should bear that cost.

E. Material Information is Missing or Deferred to Undisclosed Plan Supplement Documents

29. Other critical information necessary for creditors to make an informed judgment regarding the Plan is either missing from the Disclosure Statement or contained in documents not yet filed. Material information concerning distributions is deferred to a Plan Supplement that is not due until fourteen days before the Voting Deadline, on or about October 20, 2026. [Plan § 1.1]. Creditors will have two weeks to review its contents before being required to vote on the Plan.

30. Among the documents to be included in the Plan Supplement are the "VLT Documents," a term that is not independently explained in the Disclosure Statement and is defined only by reference to the Plan. Those documents include, among other things, the Trust Agreement and Trust Distribution Procedures. These are not ancillary documents. They contain information fundamental to a creditor's ability to understand how their claim will be evaluated, allowed, categorized, and ultimately paid. In particular, the Disclosure Statement itself should provide a separate, plain English, brief summary of how Talc Claims will be evaluated and receive payment.

31. Section 1125 requires that adequate information is provided to creditors before they are asked to accept or reject a plan. For Talc Claimants, knowing that they will receive distributions from a trust does not meaningfully or sufficiently describe their treatment if the guidelines under which those distributions are determined are not disclosed in clear language. This is particularly important because the Plan gives authority to the Liquidating Trustee to determine such things as eligibility, amount, and allowance, subject to the rights and procedures under the Trust Distribution Procedures. The appropriate time for claimants to raise questions about those procedures is before votes are solicited, so those terms need to be made crystal clear.

F. The Disclosure Statement Fails to Explain the Scope and Impact of the Insurance Entity Injunction

32. Finally, nothing was added to explain the Insurance Entity Injunction. Section 9.1(xiv)(b) requires the Court to find that the terms of the Insurance Entity Injunction, "including any provisions barring actions against third parties, are set out in conspicuous language in this Plan and in the Disclosure Statement." The Disclosure Statement reproduces Section 10.5 and adds no narrative. It does not tell a talc claimant that, after the Effective Date, the claimant may not sue any insurer on any claim connected to a policy, that only the Liquidation Trust may lift that bar, and that the Trust may lift it only as to a Non-Settling Insurance Company. It does not identify the Settling Insurance Companies, the CIP Agreements, or the terms of any Insurance Settlement Agreement. The finding required by Section 9.1(xiv)(b) cannot be made on this record.

II. The Disclosure Statement Should Not be Approved Because the Plan is Unconfirmable

A. The Plan Contains Impermissible Estate Releases

33. Although confirmation objections are ordinarily addressed at confirmation, a court need not approve solicitation of a plan containing defects that make confirmation impossible. Indeed, approval of a disclosure statement is not appropriate where, as here, the plan it describes contains provisions that are patently unconfirmable. Requiring creditors to review voluminous solicitation materials and cast votes on a plan that cannot be confirmed in its present form serves no legitimate purpose.

34. As Judge Bucki noted in *In re Tonawanda Coke Corp.*, 662 B.R. 220, 222 (Bankr. W.D.N.Y. 2024), a bankruptcy court may address the issue of plan confirmation where it is obvious at the disclosure statement stage that a later confirmation hearing would be futile because the plan described by the disclosure statement is patently unconfirmable.

35. Here, among other things, the Plan contains broad release, exculpation, and injunction provisions, including an Insurance Entity Injunction that enjoins claims against non-debtor insurers and channels them to the Liquidation Trust, and an estate release that surrenders every claim the estate holds against the Debtor's fiduciaries and professionals, including claims arising from the Global Settlement now on appeal.

36. The breadth of the release provision is particularly problematic because the Plan affords protections beyond those previously granted in connection with the Global Settlement (and the very subject of which is an issue currently on appeal). Section 10.6 is a release given by the Debtor, the Liquidating Debtor, and the Estate. It surrenders every claim the estate holds against seventeen categories of insiders and professionals, known or unknown, "existing or hereinafter arising," subject only to a carve-out for gross negligence, willful misconduct, or fraud that has already been established by Final Order.

37. A plan may provide for "the settlement or adjustment of any claim or interest belonging to the debtor or to the estate." 11 U.S.C. § 1123(b)(3)(A). A release of estate claims is a settlement of estate property. It must be shown to be fair, equitable, and in the best interests of the estate under the factors set out in *Motorola, Inc. v. Official Committee of Unsecured Creditors (In re Iridium Operating LLC)*, 478 F.3d 452, 462 (2d Cir. 2007): the probability of success in the litigation, the difficulty of collection, the complexity, expense, and delay of litigation, the paramount interests of creditors, the competence and experience of counsel, the arm's-length nature of the bargain, and the extent of support from parties in interest. The Plan Proponents have not attempted that showing. They have not identified a single claim being released. They have not stated a value what any Released Party is giving up in exchange.

38. The problem is acute for the Independent Manager and his counsel. The Global Settlement was an integral transaction to this case and ultimately to the Plan. It formed the construction of the proposed restructuring and was pursued under the direction of the Debtor's Independent Manager, Ben Pickering, with Katten as his counsel. The Committee appealed the order approving it. The Plan now releases Mr. Pickering, BRP Advisory, and Katten from every estate claim arising from the Global Settlement and states that reversal on appeal "will have no effect on the Releases." If the District Court holds that the Global Settlement should not have been approved, the estate will have already surrendered any claim against the fiduciary and counsel who approved it.

39. Plan Section 10.8 compounds the problem. It provides that "[n]o Person may commence or pursue a Cause of Action of any kind against the Exculpated Parties or the Released Parties that will be or is extinguished, exculpated, or released by this Plan or otherwise will be or is subject to this Plan." The final clause has no fixed meaning. Read broadly, it bars a creditor's direct claim against a Released Party whenever that claim is "subject to" the Plan. The Supreme Court held in *Harrington v. Purdue Pharma L.P.*, 603 U.S. 204, 227 (2024), that there is nothing in the Bankruptcy Code that authorizes a plan to extinguish claims held by one non-debtor against another non-debtor without consent. The new paragraph in Section 10.6 addressing "Non-Released Parties" does not address this. It preserves claims against parties who are not released but says nothing about creditors' direct claims against parties who are. Section 10.8 should be amended to enjoin only the pursuit of Claims and Causes of Action released under Section 10.6 or exculpated under Section 10.7, and that it does not bar any Person from pursuing its own direct claim against any Released Party or Exculpated Party.

40. Therefore, approval of the Disclosure Statement should be denied unless it is materially revised to identify plainly and conspicuously the beneficiaries of the releases; explain the relationship of those parties to the Debtor; identify the claims that will be released and their value; state the consideration provided for such releases; and explain whether and to what extent the releases exceed those previously approved in connection with the Global Settlement, and what happens to them if the Global Settlement Order is reversed.

B. The Insurance Entity Injunction Imposes Unauthorized Non-Debtor Relief

41. The Disclosure Statement should not be approved because it fails to adequately explain the scope, effect and statutory basis for the proposed Insurance Entity Injunction. The amendments did not change a word of Section 10.5. Moreover, in its current form, the Insurance Entity Injunction operates as a nonconsensual third-party injunction to the extent it bars creditors from pursuing claims they own against non-Debtor insurers, which is not permissible under the Bankruptcy Code. If the effect of the Insurance Entity Injunction prevents a Talc Claimant from pursuing its own claim against a non-Debtor insurer, without the claimant's consent, the fact that the provision is characterized as an injunction rather than a "release" does not eliminate the substantive problem.

42. Indeed, the Plan itself underscores the fact that what the Plan Proponents seek is extraordinary, requiring that the Confirmation Order include findings that the Insurance Entity Injunction is conspicuous, essential to the Plan, and appropriately tailored. [Plan § 9.1(xiv)(b), (c)]. Yet neither the Disclosure Statement nor Plan contain the factual and legal bases necessary to support those proposed findings. The only source of authority cited is "the equitable jurisdiction and power of the Bankruptcy Court." [Plan § 10.5(i)]. Bankruptcy Code Section 105(a) does not supply authority that the Code withholds. See *Harrington v. Purdue Pharma L.P.*, 603 U.S. at 224

(2024). Without specifically identifying the universe of claims and the claimants affected by it, how can anyone determine the scope of what is being approved.

43. The terms of the Plan limit the rights of claimants to pursue their individual claims against a non-Debtor insurer, but the Disclosure Statement's proposed voting and balloting procedures fail to provide **any** mechanism for a claimant to consent to such treatment. Moreover, a vote to accept treatment of a Talc Claim against the *Debtor* does not constitute their consent to surrender an independent cause of action against an insurer. And conversely, a claimant who rejects the Plan, abstains from voting, or fails to return a ballot likewise cannot simply be deemed to have consented to the loss of their right to a direct claim against a non-Debtor.

44. It cannot be overstated that full and adequate disclosure is essential to understanding the true scope of what the Insurance Entity Injunction provides. The Disclosure Statement provides that the injunction is not intended to benefit insurance carriers except as provided in "CIP Agreements" or Insurance Settlement Agreements. However, the Disclosure Statement does not disclose the protection each carrier will receive or the consideration paid for that protection. As discussed above, the scope of a creditor's rights cannot depend on agreements and cross-referenced terms that a creditor must interpret on its own.

45. Indeed, the amendments make the injunction broader than the Disclosure Statement suggests. The Plan permits the Liquidation Trust to extend the injunction after confirmation with no notice and no order. "Insurance Settlement Agreement" includes any agreement in which a policy is released, entered into "on or after the Effective Date" by the Liquidation Trust. Plan § 1.1. Court approval is stated as a requirement only for agreements entered before the Effective Date. Section 10.5(i) then makes every Insurance Settlement Agreement an exception to the rule that no insurer benefits from the injunction, and the proviso in Section 10.5(ii) gives the Trust

authority to lift the injunction only as to a Non-Settling Insurance Company. Section 9.1(xiv)(f) adds a confirmation finding that policies sold to Settling Insurance Companies pass "free and clear" of the rights of "any additional insured or any other person or Entity in such Insurance Policies." The result is that any insurer can purchase, after confirmation, a permanent bar against every claimant's claim under its policies, and no claimant will be heard. A confirmation order cannot pre-approve nonconsensual releases to be granted later by contract.

46. Again, in the *Archbishop of Baltimore* case, the Court found inadequate disclosure concerning insurance assets and creditors' rights against those assets, specifically emphasizing the need to explain how the third-party protections operated. Without similar disclosure here, and consent of creditors, both the Disclosure Statement and Plan in their current form cannot be approved or solicited to creditors.

47. Most importantly, the injunction provisions described above go beyond what is permissible under the Supreme Court's holding that bankruptcy courts cannot involuntarily alter relationships between non-debtors by imposing nonconsensual releases of, or injunctions barring, claims between them. *Harrington v. Purdue Pharma L.P.*, 603 U.S. at 209 & 227 (2024). The Court, though, did not prohibit chapter 11 plans from memorializing consensual third-party releases, and it did not "express a view on what qualifies as a consensual release." *Id.* at 226.

48. A consensual third-party release is a separate agreement between non-debtors governed by nonbankruptcy law. As the Supreme Court recognized in *Purdue*, a release is a type of settlement agreement. *Purdue*, 603 U.S. at 223 (explaining that what the Sacklers sought was not "a traditional release" because "'settlements are, by definition, consensual'"). A bankruptcy court can *acknowledge* the parties' agreement to a third-party release, but the authority for a consensual release is the agreement itself, not the Bankruptcy Code. If a claim has been

extinguished by virtue of the agreement of the non-debtor parties, then the court is not using the forcible authority of the Bankruptcy Code or the bankruptcy court to extinguish a property right.

49. Here, there is no release agreement between the talc claimants and the insurers. The Plan Proponents instead seek to use the power of this Court to impose an injunction in favor of non-Debtor insurers, and to permit the Liquidation Trust to extend that injunction by private agreement after confirmation, without affirmative and voluntary expression of consent of claimants. Simply put, there is no legal authority to do this, and therefore, the Plan contains terms which make it unconfirmable, and therefore, the Disclosure Statement cannot be approved.

C. The Plan's Exculpation Provision is Overbroad and Unlawful

50. The Plan also purports to exculpate a broad group of parties from liability, including the D&Os, for conduct relating to the Chapter 11 case, the Disclosure Statement, the Plan Supplement, and the Global Settlement. Section 10.7 and the definition of "Exculpated Parties" are unchanged from the Initial Plan.

51. The Global Settlement was an integral transaction to this case and ultimately to the Plan. It formed the construction of the proposed restructuring and was pursued under the direction of the Debtor's Independent Manager. The Independent Manager is an Exculpated Party for "the Global Settlement" and "negotiations regarding or concerning" it, and he is Released Party under Section 10.6 for the same conduct. The Plan protects the same conduct twice, and neither the Plan nor the Disclosure Statement offers a reason. As discussed above, the circumstances giving rise to the Plan raise questions whether the Plan satisfies 11 U.S.C. § 1129(a)(3).

52. Moreover, the Plan's exculpation provisions cannot be reconciled with the recent decision in *In re Voyager Digital Holdings, Inc.*, 2026 WL 2241168 (S.D.N.Y. August 4, 2026). In her decision, Chief District Judge Swain struck down the exculpation provisions in the debtors'

confirmed chapter 11 plan. Judge Swain analyzed the authority for the debtors' plan's exculpation provision and concluded that "[n]othing in the Bankruptcy Code or the doctrine of quasi-judicial immunity empowered the Bankruptcy Code to approve the Exculpation Provision." *Id.* at *17.

53. The holding is relevant here. Section 10.7 of the Plan does more than preserve whatever protections otherwise exist under applicable law. Instead, it provides that the Exculpated Parties "shall [not] have or incur" any liability for claims arising from a multitude of conduct, and that the exculpation is "in addition to, and not in limitation of, all other releases, indemnities, exculpations." Indeed, the Plan seeks to extend protection even to information omitted from the Disclosure Statement that the Court is now being asked to approve. Creditors should not be required to vote on a Plan containing exculpation provisions that, under the relevant *Voyager* principles, the Court lacks authority to approve. Solicitation would be a waste of estate resources.

54. If any exculpation survives, it should be limited to estate fiduciaries acting in that capacity, to conduct in the Chapter 11 Case between the Petition Date and the Effective Date, and to a standard that tracks the law of this Circuit for the liability of estate fiduciaries. It should not reach the Global Settlement, which was negotiated before the Petition Date and is on appeal, and it should not reach omissions from the Disclosure Statement.

D. The Plan's Classification and Impairment Structure Violates Section 1129(a)(10)

55. The Plan's classification and impairment structure is an additional flaw for confirmation, and therefore, the Disclosure Statement cannot be approved. The Plan creates three impaired Voting Classes: Class 3 General Unsecured Claims, Class 4 General Convenience Claims, and Class 5 Talc Claims.

56. The practical effect of the structure is to isolate the Talc Claimants (the largest and most influential creditor body on the case) from the other unsecured creditors whose acceptance might independently satisfy section 1129(a)(10), rendering their vote meaningless.

57. Particularly problematic is the treatment of Class 4, the General Convenience Claims. Under the Disclosure Statement, Class 3 creditors can elect to have their claim treated as a Class 4 General Convenience Claim. If the claim exceeds the $5,000 threshold, the creditor can elect to have its claim reduced to that threshold in return for a definitive and expedited recovery. The amendments changed the recovery for Class 4 from "[60]%" to "90 to 100%," paid in cash on the Effective Date from a fund of $80,000. [Plan §§ 1.1, 4.4; Disclosure Statement § 1.4] Impairment chosen *solely* to manufacture §1129(a)(10) acceptance is per se bad faith

58. The Plan's own range shows that the impairment is a choice. At 100%, Class 4 would be unimpaired under section 1124 and would not vote. At 90%, it is impaired and does. The only function of the discount is to create a class that can accept the Plan if Class 3 or Class 5 rejects it. Indeed, the Disclosure Statement expressly states the Plan Proponents' intention to seek cramdown if any class rejects or is deemed to reject. Disclosure Statement § 9.1(c). A plan cannot offer favorable treatment through a specially created impaired class on the condition or expectation that the creditors will vote to accept the plan. Impairment created to secure an accepting class is not impairment within the meaning of section 1124 and is evidence that the plan is not proposed in good faith. *See In re Windsor on the River Assocs., Ltd.*, 7 F.3d 127, 133 (8th Cir. 1993).

59. Before solicitation is authorized, the Plan Proponents should be required to explain why Class 4 is impaired, why its recovery is stated as a range rather than a number, and whether they intend to rely on Class 4 to satisfy section 1129(a)(10). The Plan should either pay Class 4 in full and treat it as unimpaired or state a business reason for the discount.

60. In sum, the Disclosure Statement should not be approved in its present form. The deficiencies are not isolated drafting issues capable of being cured through editing. They go to the substance of the Plan, the rights creditors are being asked to surrender, and the integrity of the process itself.

III. Reservation of Rights

61. The Plan Supplement, the Liquidation Analysis, and the Plan Proponents' response to the insurer objections have not been filed. The United States Trustee reserves the right to supplement this objection when they are, to object to confirmation on any ground, and to be heard on the form of any order approving the Disclosure Statement and the solicitation procedures.

IV. Conclusion

WHEREFORE, the United States Trustee respectfully requests that the Court deny the Motion, decline to approve the Disclosure Statement in its present form, and grant such other and further relief as is just.

Dated: October 6, 2026
Syracuse, New York

Respectfully submitted,

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