IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	)	Chapter 11
REPUBLIC NATIONAL DISTRIBUTING COMPANY, LLC, *et al.*,[1]	)	Case No. 26-90737 (CML)
Debtors.	)	(Jointly Administered)

DISCLOSURE STATEMENT TO THE JOINT CHAPTER 11 PLAN OF REPUBLIC NATIONAL DISTRIBUTING COMPANY, LLC AND ITS DEBTOR SUBSIDIARIES

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[1] A complete list of each of the Debtors in these Chapter 11 Cases may be obtained on the website of the Debtors' claims and noticing agent at https://omniagentsolutions.com/RNDC. The location of Debtor Republic National Distributing Company, LLC's principal place of business and the Debtors' service address in these Chapter 11 Cases is 4300 Wildwood Parkway, Suite 200, Atlanta, GA 30339.

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THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO CERTAIN HOLDERS OF CLAIMS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE JOINT CHAPTER 11 PLAN OF REPUBLIC NATIONAL DISTRIBUTING COMPANY, LLC AND ITS DEBTOR AFFILIATES (AS MAY BE AMENDED, SUPPLEMENTED, OR MODIFIED FROM TIME TO TIME, THE "PLAN"). NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN, EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE IX HEREIN. IN THE EVENT OF ANY INCONSISTENCIES BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE PLAN SHALL GOVERN.

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THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN ANTICIPATED EVENTS IN THE DEBTORS' CHAPTER 11 CASES, AND CERTAIN DOCUMENTS RELATED TO THE PLAN THAT ARE INCORPORATED BY REFERENCE HEREIN. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS, STATUTORY PROVISIONS, OR EVERY DETAIL OF SUCH ANTICIPATED EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

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THE PLAN AND DISCLOSURE STATEMENT HAVE NEITHER BEEN FILED WITH, NOR APPROVED OR DISAPPROVED BY, THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES COMMISSION OR OTHER SIMILAR REGULATORY BODY, AND NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY BODY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR THE MERITS OF THE PLAN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THE DEBTORS' BOOKS AND RECORDS AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES. WHILE THE DEBTORS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION OF THE DEBTORS AS OF THE DATE HEREOF AND THAT THE ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES AND THEIR FUTURE RESULTS AND OPERATIONS. THE DEBTORS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT CONTAINS "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF UNITED STATES SECURITIES LAWS. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "EXPECT," "ANTICIPATE," "ESTIMATE," OR "CONTINUE," OR THE NEGATIVE THEREOF, OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. YOU ARE CAUTIONED THAT ALL FORWARD- LOOKING STATEMENTS ARE NECESSARILY SPECULATIVE AND THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE REFERRED TO IN SUCH FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS MAY INCLUDE, BUT ARE NOT LIMITED TO, STATEMENTS ABOUT THE DEBTORS':

- **BUSINESS STRATEGY;**
- **FINANCIAL CONDITION, REVENUES, CASH FLOWS, AND EXPENSES;**
- **LEVELS OF INDEBTEDNESS, LIQUIDITY, AND COMPLIANCE WITH DEBT COVENANTS;**
- **FINANCIAL STRATEGY, BUDGET, PROJECTIONS, AND OPERATING RESULTS;**
- **SUCCESSFUL RESULTS FROM THE DEBTORS' OPERATIONS;**
- **GENERAL ECONOMIC AND BUSINESS CONDITIONS;**

- **COUNTERPARTY CREDIT RISK;**
- **THE OUTCOME OF PENDING AND FUTURE LITIGATION;**
- **UNCERTAINTY REGARDING THE DEBTORS' FUTURE OPERATIONS; AND**
- **PLANS, OBJECTIVES, AND EXPECTATIONS.**

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE DEBTORS MAY SEEK TO INVESTIGATE, FILE, AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR PLAN EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THE DEBTORS ARE MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTORS HAVE NO OBLIGATION OR AFFIRMATIVE DUTY TO DO SO, AND EXPRESSLY DISCLAIM ANY DUTY TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE. HOLDERS OF CLAIMS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THIS DISCLOSURE STATEMENT WAS FILED. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION, MODIFICATION, OR AMENDMENT. THE DEBTORS RESERVE THE RIGHT TO FILE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN.

CONFIRMATION AND CONSUMMATION OF THE PLAN ARE SUBJECT TO CERTAIN MATERIAL CONDITIONS PRECEDENT DESCRIBED IN ARTICLE XI OF THE PLAN. THERE IS NO ASSURANCE THAT THE PLAN WILL BE CONFIRMED OR, IF CONFIRMED, THAT SUCH MATERIAL CONDITIONS PRECEDENT WILL BE SATISFIED OR WAIVED. YOU ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT IN ITS ENTIRETY, INCLUDING BUT NOT LIMITED TO THE PLAN AND ARTICLE IX OF THIS DISCLOSURE STATEMENT ENTITLED "RISK FACTORS," BEFORE SUBMITTING YOUR BALLOT TO VOTE TO ACCEPT OR REJECT THE PLAN.

THE DEBTORS HAVE NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

SUMMARIES OF THE PLAN AND STATEMENTS MADE IN THE DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN. THE SUMMARIES OF THE FINANCIAL INFORMATION CONTAINED IN AND THE DOCUMENTS ANNEXED TO THIS DISCLOSURE STATEMENT OR OTHERWISE INCORPORATED HEREIN BY REFERENCE ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO

THOSE DOCUMENTS. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE OF THIS DISCLOSURE STATEMENT, AND THERE IS NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER SUCH DATE. EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR IN ACCORDANCE WITH APPLICABLE LAW, THE DEBTORS ARE UNDER NO DUTY TO UPDATE OR SUPPLEMENT THIS DISCLOSURE STATEMENT.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE PLAN EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS AND INTERESTS (INCLUDING THOSE HOLDERS OF CLAIMS AND INTERESTS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE WIND-DOWN TRANSACTIONS CONTEMPLATED THEREBY.

THIS DISCLOSURE STATEMENT IS SUBJECT TO FURTHER REVISION AND MAY BE AMENDED, SUPPLEMENTED, OR OTHERWISE MODIFIED TO, AMONG OTHER THINGS, TAKE INTO ACCOUNT FURTHER SPECIFICS OF ANY WIND-DOWN TRANSACTION TO BE CONSUMMATED PURSUANT TO THE PLAN, AND TO ACCOMMODATE ADDITIONAL REQUESTS FOR DISCLOSURE.

TABLE OF CONTENTS

Page

I. INTRODUCTION 1

II. PRELIMINARY STATEMENT 1

III. QUESTIONS AND ANSWERS REGARDING THIS DISCLOSURE STATEMENT AND PLAN 5

A. What is chapter 11? 5
B. Why are the Debtors sending me this Disclosure Statement? 5
C. Am I entitled to vote on the Plan? 5
D. What are the Wind-Down Transactions Under the Plan? 6
E. What will I receive from the Debtors if the Plan is consummated? 6
F. What happens to my recovery if the Plan is not confirmed or does not go effective? 9
G. If the Plan provides that I get a distribution, do I get it upon Confirmation or when the Plan goes effective, and what is meant by "Confirmation," "Plan Effective Date," and "Consummation?" 9
H. What will I receive from the Debtors if I hold an Allowed Administrative Claim, Priority Tax Claim, Professional Fee Claim, or a DIP Claim? 9
I. Are any regulatory approvals required to consummate the Plan? 12
J. Is there potential litigation related to Confirmation of the Plan? 12
K. What happens to Claims that are Disputed as of the Plan Effective Date? 12
L. Will there be releases and exculpation granted to parties in interest as part of the Plan? 13
M. Do I have to grant the releases? 19
N. What are the consequences of opting out of the releases provided by the Plan? 20
O. What are the consequences of not opting out of the releases provided by the Plan? 20
P. Does the Plan Preserve Causes of Action? 20
Q. What is the deadline to vote on the Plan? 21
R. How do I vote for or against the Plan? 21
S. Why is the Bankruptcy Court holding a Combined Hearing? 21
T. When is the Combined Hearing set to occur? 21
U. What is the purpose of the Combined Hearing? 22
V. What is the effect of the Plan on the Debtors' ongoing business? 22
W. Who do I contact if I have additional questions with respect to this Disclosure Statement or the Plan? 22
X. Do the Debtors recommend voting in favor of the Plan? 23

IV. THE DEBTORS' PLAN 23

A. Settlement of Claims and Interests 23

B. The Equityholder Settlement 23
C. Litigation Trust 24
D. Wind-Down Transactions 28
E. Distributable Proceeds and Waterfall Recovery 29
F. The Wind-Down Reserve 29
G. Cancellation of Notes, Instruments, Certificates, and Other Documents 30
H. Means for Implementation 30
I. Corporate Action 33
J. D&O Liability Insurance Policies 33
K. Indemnification Obligations 34

V. OTHER KEY ASPECTS OF THE PLAN 34

A. Treatment of Executory Contracts and Unexpired Leases 34
B. Conditions Precedent to Confirmation and Consummation of the Plan 38

VI. THE DEBTORS' CORPORATE HISTORY, STRUCTURE, AND BUSINESS OVERVIEW 40

A. The Debtors' Corporate History 40
B. The Debtors' Business Operations 41
C. Prepetition Capital Structure 42

VII. EVENTS LEADING TO THESE CHAPTER 11 CASES 44

A. Post-COVID-19 Macroeconomic and Industry Headwinds. 44
B. Operational Challenges. 45
C. RNDC's Entry Into, and Exit From, the California Market. 45
D. RNDC's Prepetition Initiatives 46

VIII. EVENTS OF THE CHAPTER 11 CASES 51

A. First Day Relief and Other Case Matters. 51
B. Schedules and Statements 53
C. Interim Approval of DIP Financing 53

IX. RISK FACTORS 54

A. Certain Bankruptcy Law Considerations 54
B. Risks Related to Recoveries Under the Plan 57
C. Risks Related to the Wind-Down Debtors' Businesses 58
D. Other Risk Factors 60

X. SOLICITATION AND VOTING PROCEDURES 62

A. Holders of Claims Entitled to Vote on the Plan 62
B. Voting Record Date 62
C. Voting on the Plan 62

D. Ballots Not Counted....63

XI. CONFIRMATION OF THE PLAN....63

A. Requirements for Confirmation of the Plan....63
B. Best Interests of Creditors....63
C. Feasibility....65
D. Acceptance by Impaired Classes....65
E. Confirmation Without Acceptance by All Impaired Classes....65

XII. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN....66

A. Introduction....66
B. Certain U.S. Federal Income Tax Consequences of the Plan to the Debtors....67
C. Certain U.S. Federal Income Tax Consequences of the Plan to U.S. Holders of Allowed Claims Entitled to Vote....69
D. Certain U.S. Federal Income Tax Consequences of the Plan to Non-U.S. Holders of Allowed Claims....72
E. Information Reporting and Backup Withholding....74
F. FATCA....74

XIII. RECOMMENDATION....75

EXHIBITS

EXHIBIT A Plan

EXHIBIT B Organizational Chart

EXHIBIT C Liquidation Analysis

I. INTRODUCTION

Republic National Distributing Company, LLC ("RNDC") and its debtor affiliates, as debtors and debtors in possession (collectively, the "Debtors" or the "Company"), submit this disclosure statement (this "Disclosure Statement") pursuant to section 1125 of the Bankruptcy Code to Holders of Claims against and Interests in the Debtors in connection with the solicitation of acceptances with respect to the *Joint Chapter 11 Plan of Republic National Distributing Company, LLC and Its Debtor Subsidiaries* [Docket No. 117] (as amended, supplemented, or modified from time to time, the "Plan"), dated August 3, 2026.[2] A copy of the Plan is attached hereto as **Exhibit A** and incorporated herein by reference. The Plan constitutes a separate chapter 11 plan for RNDC and each of its affiliated Debtors. The rules of interpretation set forth in Article I.B of the Plan govern the interpretation of this Disclosure Statement.

ALL HOLDERS OF CLAIMS AND INTERESTS, TO THE EXTENT APPLICABLE, ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

THE DEBTORS BELIEVE THAT THE COMPROMISES CONTEMPLATED UNDER THE PLAN ARE FAIR AND EQUITABLE, MAXIMIZE THE VALUE OF THE DEBTORS' ESTATES, AND PROVIDE THE BEST RECOVERY TO HOLDERS OF CLAIMS. AT THIS TIME, THE DEBTORS BELIEVE THIS IS THE BEST AVAILABLE ALTERNATIVE FOR COMPLETING THE CHAPTER 11 CASES. THE DEBTORS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

II. PRELIMINARY STATEMENT

The Company was founded more than 125 years ago when four family businesses came together to ultimately become the nation's second largest alcoholic beverage distributor. At its height, the Company achieved annual revenue of approximately $12 billion and maintained operations in nearly 40 states, serving as a vital link between approximately 2,000 suppliers and 170,000 customers in the purchase, transport, and sale of approximately 390,000 cases of alcohol per day.

All of this success, however, could not shield RNDC from the immense challenges facing the entire alcohol industry in the aftermath of the COVID-19 pandemic. During the first two years of the pandemic, alcohol consumption spiked and distributors like RNDC raced to meet the unprecedented demand. When bars and restaurants closed, consumers increasingly purchased alcohol at stores and through delivery services for in-home consumption. But, when the pandemic began to subside in late 2022, alcohol sales precipitously declined and distributors were left with significant excess inventory that has yet to normalize. Efforts to close the destocking gap were frustrated by a sustained period of elevated interest rates, inflation, increasing labor costs, and supply chain delays. On top of these obstacles, consumer preferences dramatically shifted—Americans began drinking less, and younger generations began opting for more health-conscious alcohol alternatives. Notably, 2023 marked the first year in nearly three decades that overall alcohol sales volumes declined.

Making matters worse, as the industry landscape shifted, so too did RNDC's relationships with its suppliers. The same headwinds impacting distributors—declining consumption, inventory overhangs, and margin compression—were likewise impacting suppliers who were increasingly focused on their own bottom lines. From late 2022 through 2025, RNDC lost several key suppliers that together accounted for more than $3 billion in annual revenue. These losses placed substantial pressure

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[2] Capitalized terms used but not otherwise defined in this Disclosure Statement shall have the meaning ascribed to such terms in the First Day Declaration, the Plan, or later in this Disclosure Statement, as applicable. The summary of the Plan provided herein is qualified in its entirety by reference to the Plan. In the case of any inconsistency between this Disclosure Statement and the Plan, the Plan will govern.

on the business and reduced the Company's ability to generate positive free cash flow. At the same time, suppliers that did not terminate began extracting more onerous contractual terms. In many instances, maintaining key relationships required the Company to accept materially less favorable arrangements.

RNDC also faced headwinds unique to the California market, which is the largest market for alcohol sales in the United States. Before exiting the market in June 2025, RNDC maintained a significant presence in California, representing nearly 200 wineries and countless other wine and liquor suppliers. RNDC ultimately determined to withdraw from the California market altogether and instead focus on strategically reinvesting in the geographies where it was best positioned to grow. While the California exit saved RNDC from even greater operating losses had it remained in the market, the California exit led to large volume and revenue losses, as well as operational challenges with respect to inventory and national suppliers, directly contributing to the straining financial health of RNDC.

These challenges were exacerbated by the substantial debt burden RNDC had accumulated throughout the years to fund its nationwide expansion. To remain competitive in the growing alcohol industry over the years, the Company relied on debt-financed mergers and acquisitions to expand its footprint and market share. These expansions, including the Company's entry into the California market, added incremental debt to the balance sheet, with the expectation that this expanded distribution network and increased volume would generate sufficient cash flow to service debt over time. This leverage profile was manageable under favorable operating and macroeconomic conditions, but became increasingly difficult to sustain in the aftermath of the COVID-19 pandemic, especially in light of interest rates rising substantially together with consumer preferences dramatically shifting.

In September 2025, as their financial challenges persisted, the Debtors engaged AlixPartners, LLP ("AlixPartners"), as financial advisor, and in October 2025, the Debtors engaged Kirkland & Ellis LLP ("Kirkland"), as legal counsel, and Lazard Frères & Co. LLC ("Lazard," and collectively with Kirkland and AlixPartners, the "Advisors"), as investment banker, to consider value-maximizing paths forward for the Company.

As the Company's financial challenges continued in the fourth quarter of 2025, the Company began considering every available strategic alternative. These included, among other options: (a) a potential sale-leaseback transaction of substantially all of the Company's owned real estate; (b) a refinancing of certain of the Company's funded indebtedness; (c) one or more potential going-concern sales of some or all of the Company's assets and/or equity interests; and (d) any combination thereof. In parallel, the Company began implementing various cost-cutting initiatives, including deferring maintenance at its warehouse facilities and reductions in workforce, as well as liquidity-enhancing measures, including stretching supplier payment terms.

The Company commenced robust outreach to solicit proposals for third-party capital. Notably, the Company's first-lien Credit Agreement includes numerous lender consent rights—including, in many instances, the 100% vote of each of the then-existing 16 first-lien lenders (collectively, the "Lenders"), including over the incurrence of additional indebtedness and other forms of financing. Notwithstanding the Debtors' outreach, none of the third-party proposals received by the Company were actionable because no party was willing to provide financing on a junior basis or in a manner that all of the Lenders would support.

It therefore became clear that a sale of some or all of the Company's markets was the most value-maximizing path forward. In early December 2025, the Company began receiving inbounds for certain markets, including Maryland, Virginia, and Washington D.C. The Company and the Advisors began engaging with parties regarding potential merger or acquisition transactions for those markets while also conducting outreach to buyers for other markets. Between early December 2025 and early January 2026, the Company engaged with 26 such parties, 14 of which signed non-disclosure agreements.

While the Debtors continued their outreach, the Lenders agreed to support the Company with $250 million of incremental financing to facilitate the sale process, solidify the balance sheet, and fund ordinary course operations, among other things.

In January 2026, an established beer distributor—Reyes Holdings, L.L.C. ("Reyes")—indicated interest in seven of the Company's markets. Reyes subsequently provided an expanded offer encompassing 11 states that would generate more than $1 billion in net proceeds. Reyes was committed to closing on an expedited timeline to mitigate growing supplier attrition. In connection with the $250 million bridge financing, the Lenders required RNDC to comply with certain sale milestones and other requirements, including, among others, (a) closing the Reyes transactions by May 31, 2026, (b) repaying outstanding funded debt obligations with the sale proceeds, and (c) continuing to explore potential sales of other markets. The Reyes transactions for 11 of the Company's markets closed on May 29, 2026.

Following the closing of the Reyes Sale Transactions, the Company was once again out of liquidity. With additional sales pending, the Company engaged with the Lenders to secure the liquidity necessary to facilitate additional sales. The Lenders provided additional incremental funding of $74 million, allowing the Debtors to consummate sales for assets in Washington, Oregon, Nebraska, North Dakota, South Dakota, and Arkansas. The Debtors also executed non-binding letters of intent for assets in Alaska, as well as for their "control state" operations in 17 states nationwide. The purchaser for the asset sales in Nebraska, North Dakota, and South Dakota was Quality Brands Distribution, LLC ("Quality Brands"). Both the Reyes and Quality Brands sale transactions resulted in the parties' entry into transition services agreements (the "TSAs") pursuant to which the Company is required to provide various services throughout the transition period.

With liabilities mounting and additional sales substantially negotiated, it became clear that the only path forward to maximize value was the commencement of these Chapter 11 Cases. The Debtors and the Lenders agreed on the terms of a $75 million new money senior secured superpriority revolving debtor-in-possession credit facility (the "DIP Facility") to fund these chapter 11 cases. In addition, the Special Committee reached a settlement with certain Related Parties consistent with the term sheets attached as Exhibit C to the First Day Declaration (collectively, the "Equityholder Settlement").

On July 26, 2026 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. As of the Petition Date, the Debtors had approximately $540.0 million in total funded debt obligations. These obligations consisted of approximately: (a) $66.3 million in aggregate principal amount outstanding under the Debtors' Delayed Draw Term Loan Facility; (b) $158.6 million in aggregate principal amount outstanding under the Debtors' ABL Facility (including the FILO Revolver); (c) $260.4 million in aggregate principal amount outstanding under the Debtors' Second Lien Facility; (d) $7.0 million in aggregate principal amount outstanding under the Debtors' Equipment Loans; and (e) $47.7 million in outstanding Owner Notes.

With access to committed DIP financing, the Debtors commenced these Chapter 11 Cases with the primary goals of (i) facilitating the potential sales of the Debtors' remaining assets (each, a "Going-Concern Sale Transaction"); (ii) effectuating an orderly, value-maximizing wind down of remaining operations; and (iii) seeking approval, through confirmation of the Plan, of the Equityholder Settlement.

Finally, pursuant to Article III.B of the Plan, as described in greater detail herein, Holders of Allowed Claims shall receive the following treatment in full and final satisfaction, settlement, release, and discharge of their Claims and Interests:

- Holders of Allowed Other Secured Claims, to the extent that such Holder was not paid during the Chapter 11 Cases or not an Assumed Liability under the Purchase Agreement, shall receive, at the option of the applicable Debtor or Wind-Down Debtor: (a) payment in

full in Cash; (b) delivery of the collateral securing such claim; (c) reinstatement of such claim; or other treatment rendering such Claim Unimpaired.

- Holders of Allowed Other Priority Claims will receive payment in full in Cash or otherwise receive treatment rendering such Claim Unimpaired.

- Holders of Allowed Prepetition ABL/FILO Claims will receive their Pro Rata share of the Distributable Proceeds pursuant to the Waterfall Recovery.

- Each Allowed Second Lien Claim, including any participation interests therein held by the NBG Released Parties, shall be waived, set off, settled, distributed, contributed, cancelled, or released without any distribution on account of such Claim.

- Each Allowed Owner Note Claim shall be waived, set off, settled, distributed, contributed, cancelled, or released without any distribution on account of such Claim.

- Each Holder of an Allowed Prepetition ABL/FILO Deficiency Claim will receive (a) its Pro Rata share of the Distributable Proceeds pursuant to the Waterfall Recovery and (b) its Pro Rata share of the Litigation Trust Interests.

- Each Holder of an Allowed General Unsecured Claim will receive its Pro Rata share of (a) the Distributable Proceeds pursuant to the Waterfall Recovery, (b) the Litigation Trust Interests, and (c) the GUC Cash Consideration.

- To the extent not assumed pursuant to the terms of the applicable Sale Order, Allowed Intercompany Claims shall be, at the option of the applicable Debtor or Wind-Down Debtor: (a) Reinstated; (b) set off, settled, addressed, distributed, contributed, merged, cancelled, or released without any distribution on account of such Intercompany Claim; or (c) otherwise addressed at the option of the Debtors or the Wind-Down Debtors.

- Allowed Intercompany Interests shall be, at the option of the applicable Debtor or Wind-Down Debtor: (a) Reinstated; (b) set off, settled, addressed, distributed, contributed, merged, cancelled, or released without any distribution on account of such Intercompany Interest; or (c) otherwise addressed at the option of the Debtors or the Wind-Down Debtors.

- Each Allowed Interest in RNDC shall be cancelled, released, and extinguished and will be of no further force or effect, and Holders of Allowed Interests in RNDC shall not receive any distribution, property, or other value under the Plan on account of such Interest in RNDC.

- Each Section 510(b) Claim shall be cancelled, released, discharged, and extinguished without any distribution and will be of no further force or effect, and each Holder of a Section 510(b) Claim shall not receive or retain any distribution, property, or other value on account of its Section 510(b) Claim.

The Plan provides the best available alternative for the Debtors' Estates and creditor recoveries. If the Debtors' businesses were liquidated in a chapter 7 process, there would be limited recoverable value available to creditors and the Debtors' estates. Creditors would receive lower recoveries in chapter 7 because, among other things, the Debtors' Estates necessarily would bear additional costs associated with transitioning to chapter 7, retaining a chapter 7 trustee, counsel, and advisors, and administering a chapter 7 process.

The Debtors strongly believe that the Plan is in the best interests of their Estates and represents the best available alternative to orderly liquidate and wind-down the Debtors' business affairs and capital structure. The Debtors recommend that Holders of Claims vote to accept the Plan.

III. QUESTIONS AND ANSWERS REGARDING THIS DISCLOSURE STATEMENT AND PLAN

A. What is chapter 11?

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for similarly-situated creditors and similarly-situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the date the chapter 11 case is commenced. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

Consummating a chapter 11 plan is the principal objective of a chapter 11 case. A bankruptcy court's confirmation of a chapter 11 plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of the debtor (whether or not such creditor or equity interest holder voted to accept the plan), and any other entity as may be ordered by the bankruptcy court. Subject to certain limited exceptions, the order issued by a bankruptcy court confirming a plan provides for the treatment of the Debtors' liabilities in accordance with the terms of the confirmed plan.

B. Why are the Debtors sending me this Disclosure Statement?

The Debtors are seeking to obtain Bankruptcy Court approval of the Plan. Before soliciting acceptances of the Plan, section 1125 of the Bankruptcy Code requires the Debtors to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the Plan. This Disclosure Statement is being submitted in accordance with these requirements.

C. Am I entitled to vote on the Plan?

Your ability to vote on, and your distribution under, the Plan, if any, depends on what type of Claim or Interest you hold and whether you held that Claim or Interest as of the Voting Record Date. Each category of Holders of Claims or Interests, as set forth in Article III of the Plan and pursuant to section 1122(a) of the Bankruptcy Code, is referred to as a "Class." Each Class's respective voting status is set forth below.

Class	Claims and Interests	Status	Voting Rights
1	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
2	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
3	Prepetition ABL/FILO Claims	Impaired	Entitled to Vote
4	Second Lien Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
5	Owner Notes Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
6	Prepetition ABL/FILO Deficiency Claims	Impaired	Entitled to Vote

7	General Unsecured Claims	Impaired	Entitled to Vote
8	Intercompany Claims	Unimpaired / Impaired	Not Entitled to Vote (Deemed to Accept / Deemed to Reject)
9	Intercompany Interests	Unimpaired / Impaired	Not Entitled to Vote (Deemed to Accept / Deemed to Reject)
10	Interests in RNDC	Impaired	Not Entitled to Vote (Deemed to Reject)
11	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)

D. What are the Wind-Down Transactions Under the Plan?

The Wind-Down Transactions are the transactions described in Article IV of the Plan, including the Sales (if any), and any and all mergers, amalgamations, consolidations, arrangements, continuances, restructurings, transfers, conversions, dispositions, liquidations, dissolutions, or other corporate transactions that the Plan Administrator reasonably determines to be necessary to implement the Wind Down, as described in more detail in Article IV.D of the Plan.

E. What will I receive from the Debtors if the Plan is consummated?

The following chart provides a summary of the anticipated recovery to Holders of Claims and Interests under the Plan. Any estimates of Claims and Interests in this Disclosure Statement may vary from the final amounts Allowed by the Bankruptcy Court. Your ability to receive distributions under the Plan depends upon the ability of the Debtors to obtain Confirmation and meet the conditions necessary to consummate the Plan.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND THEREFORE ARE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims**	**Projected Recovery Under the Plan**
1	Other Secured Claims	On or as soon as reasonably practicable after the Plan Effective Date, to the extent that each Holder of an Allowed Other Secured Claim was either not paid during the Chapter 11 Cases or not an Assumed Liability under the Purchase Agreement, except to the extent that such Holder agrees to less favorable treatment, each Holder of an Allowed Other Secured Claim shall receive, at the option of the applicable Debtor or Wind-Down Debtor, in full and final satisfaction, compromise, settlement, and release of and in exchange for its Claim: (i) payment in full in Cash of such Holder's Allowed Other Secured Claim; (ii) the collateral	$[●]	[●]%

		securing such Holder's Allowed Other Secured Claim; (iii) Reinstatement of such Holder's Allowed Other Secured Claim; or (iv) such other treatment rendering such Holder's Allowed Other Secured Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code.		
2	Other Priority Claims	Except to the extent that a Holder of an Allowed Other Priority Claim agrees to less favorable treatment, in exchange for such Allowed Other Priority Claim, on or as soon as reasonably practicable after the later to occur of (i) the Plan Effective Date, and (ii) the date such Claim becomes Allowed (or as otherwise set forth in the Plan), each Holder of an Allowed Other Priority Claim will either be satisfied in full, in Cash, by the Debtors or the Wind-Down Debtors, or otherwise receive treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code, in full and final satisfaction, compromise, settlement, and release of and in exchange for its Claim.	$[●]	[●]%
3	Prepetition ABL/FILO Claims	On or as soon as reasonably practicable after the Plan Effective Date, except to the extent that each Holder of an Allowed Prepetition ABL/FILO Claim agrees to less favorable treatment, each Holder of an Allowed Prepetition ABL/FILO Claim shall receive its Pro Rata share of the Distributable Proceeds pursuant to the Waterfall Recovery.	$[●]	[●]%
4	Second Lien Claims	On the Plan Effective Date, in full and final satisfaction, settlement, release, and discharge of, and in exchange for each Allowed Second Lien Claim, all Allowed Second Lien Claims, including, for the avoidance of doubt, any participation interests therein held by the NBG Released Parties, shall be waived, set off, settled, distributed, contributed, cancelled, or released without any distribution on account of such Allowed Second Lien Claims.	$[●]	[●]%
5	Owner Notes Claims	On the Plan Effective Date, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Owner Notes Claim, all Allowed Owner Notes Claims shall be waived, set off, settled, distributed, contributed, cancelled, or released without any distribution on account of such Allowed Owner Notes Claims.	$[●]	[●]%
6	Prepetition ABL/FILO Deficiency Claims	On or as soon as reasonably practicable after the Plan Effective Date, except to the extent that each Holder of an Allowed Prepetition ABL/FILO Deficiency Claim agrees to less favorable treatment, each Holder of an Allowed Prepetition ABL/FILO Deficiency Claim shall receive (i) its Pro Rata share of the Distributable Proceeds pursuant to the Waterfall Recovery and (ii) its Pro Rata share of the Litigation Trust Interests.	$[●]	[●]%

7	General Unsecured Claims	On or as soon as reasonably practicable after the Plan Effective Date, except to the extent that each Holder of an Allowed General Unsecured Claim agrees to less favorable treatment, each Holder of an Allowed General Unsecured Claim shall receive (i) its Pro Rata share of the Distributable Proceeds pursuant to the Waterfall Recovery, (ii) its Pro Rata share of the Litigation Trust Interests, and (iii) its Pro Rata share of the GUC Cash Consideration.	$[●]	[●]%
8	Intercompany Claims	On or as soon as reasonably practicable after the Plan Effective Date, to the extent not assumed pursuant to the terms of the applicable Sale Order, Allowed Intercompany Claims shall be, at the option of the applicable Debtor or Wind-Down Debtor, in full and final satisfaction, compromise, settlement, and release of and in exchange for its Allowed Intercompany Claim: (i) Reinstated; (ii) set off, settled, addressed, distributed, contributed, merged, cancelled, or released without any distribution on account of such Intercompany Interests; or (iii) otherwise addressed at the option of the Debtors or the Wind-Down Debtors.	$[●]	[●]%
9	Intercompany Interests	On or as soon as reasonably practicable after the Plan Effective Date, Allowed Intercompany Interests shall be, at the option of the applicable Debtor or Wind-Down Debtor, in full and final satisfaction, compromise, settlement, and release of and in exchange for its Allowed Intercompany Interest: (i) Reinstated; (ii) set off, settled, addressed, distributed, contributed, merged, cancelled, or released without any distribution on account of such Intercompany Interests; or (iii) otherwise addressed at the option of the Debtors or the Wind-Down Debtors.	$[●]	[●]%
10	Interests in RNDC	On the Plan Effective Date, in full and final satisfaction, settlement, release, and discharge of the Allowed Interests in RNDC, each Allowed Interest in RNDC shall be cancelled, released, and extinguished and will be of no further force or effect, and Holders of Interests in RNDC shall not receive any distribution, property, or other value under the Plan on account of such Interest in RNDC.	$[●]	[●]%
11	Section 510(b) Claims	On the Plan Effective Date, all Section 510(b) Claims shall be canceled, released, discharged, and extinguished without any distribution and will be of no further force or effect, and each Holder of a Section 510(b) Claim shall not receive or retain any distribution, property, or other value on account of its Section 510(b) Claim.	$[●]	[●]%

F. What happens to my recovery if the Plan is not confirmed or does not go effective?

In the event that the Plan is not confirmed or does not go effective, there is no assurance that the Debtors will be able to implement the Wind-Down Transactions. It is possible that any alternative may provide Holders of Claims or Interests with less than they would have received pursuant to the Plan. For a more detailed description of the consequences of an extended chapter 11 case, or of a liquidation scenario, *see* Article XI of this Disclosure Statement, entitled "*Confirmation of the Plan*."

The Debtors believe that liquidation under chapter 7 of the Bankruptcy Code—a very possible event if the Plan is not confirmed—would result in significantly reduced creditor recoveries as compared to the Plan. As set forth in Article XI.B of this Disclosure Statement, smaller recoveries would result under a chapter 7 liquidation because of, among other things, significant additional administrative expenses associated with the appointment of a chapter 7 trustee and administration of a chapter 7 liquidation, including additional claims that may be entitled to administrative priority.

G. If the Plan provides that I get a distribution, do I get it upon Confirmation or when the Plan goes effective, and what is meant by "Confirmation," "Plan Effective Date," and "Consummation?"

"Confirmation" of the Plan refers to approval of the Plan by the Bankruptcy Court. Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan by the Bankruptcy Court, there are conditions that must be satisfied or waived so that the Plan can "go effective." Distributions to Holders of Allowed Claims can only be made on the date the Plan becomes effective—the "Plan Effective Date"—or as soon as reasonably practicable thereafter, as specified in the Plan. *See* Article V.B of this Disclosure Statement, entitled "*Conditions Precedent to the Plan Effective Date*," for a discussion of the conditions precedent to consummation of the Plan.

"Consummation" refers to "substantial consummation" of the Plan, as defined in section 1101(2) of the Bankruptcy Code, and means: (1) the transfer of all or substantially all of the property proposed by the Plan to be transferred; (2) assumption by the Debtors or by the successors to the Debtors under the Plan of the business or of the management of all or substantially all of the property dealt with by the Plan; and (3) commencement of distributions under the Plan. Note that Holders of certain types of Claims, such as General Unsecured Claims, may not receive any distributions until the Debtors or Wind-Down Debtors have reconciled all such Claims, which could take several months or longer following the Plan Effective Date.

H. What will I receive from the Debtors if I hold an Allowed Administrative Claim, Priority Tax Claim, Professional Fee Claim, or a DIP Claim?

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

1. *Administrative Claims and Priority Tax Claims*

Except as otherwise provided in Article II.A of the Plan. and except with respect to Administrative Claims that are Professional Fee Claims, DIP Claims, or subject to 11 U.S.C. § 503(b)(1)(D), requests for payment of Allowed Administrative Claims must be made by the Administrative Claims Bar Date or in compliance with the Bar Date Order. **Holders of Administrative Claims that are required to, but do not timely request payment on account of Administrative Claims as set forth in the Bar Date Order or by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors or the Wind-Down Debtors, as applicable, or their property, and such Administrative**

Claims shall be deemed satisfied, settled, and released as of the Plan Effective Date. Objections to such requests, if any, must be Filed in compliance with the Bar Date Order.

Except with respect to Administrative Claims that are Professional Fee Claims or DIP Claims, and except to the extent that an Administrative Claim has already been paid during the Chapter 11 Cases or a Holder of an Allowed Administrative Claim and the applicable Debtor(s) or Wind-Down Debtor(s), as applicable, agree to less favorable treatment, each Holder of an Allowed Administrative Claim shall be paid the unpaid portion of its Allowed Administrative Claim from the Wind-Down Reserve on the latest of: (a) the Plan Effective Date if such Administrative Claim is Allowed as of the Plan Effective Date; (b) the date such Administrative Claim is Allowed or as soon as reasonably practicable thereafter; and (c) the date such Allowed Administrative Claim becomes due and payable, or as soon thereafter as is reasonably practicable; *provided* that Allowed Administrative Claims that arise in the ordinary course of the Wind-Down Debtors' businesses that are required for the Wind-Down shall be paid in the ordinary course of business after the Plan Effective Date in accordance with the terms and subject to the conditions of any agreements and/or arrangements governing, instruments evidencing, or other documents relating to such transactions (and no requests for payment of such Administrative Claims must be Filed or served).

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for, each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be treated in accordance with section 1129(a)(9)(C) of the Bankruptcy Code; *provided* that any Allowed Priority Tax Claim that is not an Assumed Liability under any Sale Documents shall be satisfied in full by the Debtors or the Wind-Down Debtors, as applicable, from the Wind-Down Reserve.

Objections to requests for payment of such Administrative Claims, if any, must be Filed with the Bankruptcy Court and served on the Wind-Down Debtors and the requesting Holder no later than the Claims Objection Bar Date for Administrative Claims. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code, the Bankruptcy Rules, and prior Bankruptcy Court orders, the Allowed amounts, if any, of Administrative Claims shall be determined by, and satisfied in accordance with, an order that becomes a Final Order of the Bankruptcy Court.

2. *DIP Claims*

On the Plan Effective Date, except to the extent that a Holder of an Allowed DIP Claim agrees to less favorable treatment, and in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed DIP Claim, each Holder of an Allowed DIP Claim (which shall include interest, fees, and all other amounts due and owing under the DIP Facility) shall receive on account of such Allowed DIP Claim (a) payment in full in Cash or (b) such other terms agreed to by the Holders of DIP Claims. To the extent any DIP Claims are not fully satisfied as of the Plan Effective Date, the DIP Claims shall be Allowed and deemed to be Allowed Administrative Claims in the full amount outstanding under the DIP Credit Agreement, including principal, interest, fees, costs, other charges, and expenses, and shall be satisfied from, or receive, as applicable (i) Cash in the Wind-Down Reserve and, (ii) solely to the extent necessary, (A) the Distributable Proceeds in accordance with the Waterfall Recovery and (B) its Pro Rata share of the Litigation Trust Interests.

Upon the satisfaction of the Allowed DIP Claims in accordance with the terms of the Plan, the Waterfall Recovery, the Final DIP Order, and the Purchase Agreement(s), if any, all Liens and security interests granted to secure such obligations shall be automatically terminated and of no further force and effect without any further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

Pursuant to the DIP Credit Agreement, all distributions pursuant to Article II.B of the Plan shall be made to the DIP Agent for distributions to the DIP Lenders in accordance with the DIP Credit Agreement and DIP Documents unless otherwise agreed upon in writing by the DIP Agent and the Debtors. The DIP Agent shall hold or direct distributions for the benefit of the applicable Holders of DIP Claims. The DIP Agent shall retain all rights as DIP Agent under the DIP Documents in connection with the delivery of the distributions to the DIP Lenders. The DIP Agent shall not have any liability to any person with respect to distributions made or directed to be made by the DIP Agent.

3. *Professional Compensation*

(a) Final Fee Applications and Payment of Professional Fee Claims

All final requests for payment of Professional Fee Claims incurred during the period from the Petition Date through the Confirmation Date shall be Filed no later than 45 days after the Plan Effective Date. The Bankruptcy Court shall determine the Allowed Amounts of such Professional Fee Claims after notice and a hearing in accordance with the procedures established by the Bankruptcy Court, including the Interim Compensation Order. The Wind-Down Debtors shall pay Professional Fee Claims in Cash in the amount the Bankruptcy Court Allows from the Professional Fee Escrow Account promptly after such Professional Fee Claims are Allowed, and which Allowed amount shall not be subject to disallowance, setoff, recoupment, subordination, recharacterization, or reduction of any kind, including pursuant to section 502(d) of the Bankruptcy Code. Notwithstanding anything to the contrary herein, to the extent that funds held in the Professional Fee Escrow Account are insufficient to satisfy the amount of Professional Fee Claims owing to the Professionals, such Professionals shall have an Allowed Administrative Claim for any such deficiency, which shall be satisfied in accordance with Article II.A of the Plan.

(b) Professional Fee Escrow Account

On the Plan Effective Date, the Wind-Down Debtors shall establish and fund the Professional Fee Escrow Account with Cash equal to the Professional Fee Reserve Amount. The Professional Fee Escrow Account shall be maintained in trust solely for the Professionals. Such funds shall not be considered property of the Estates or property of the Plan Administrator. The amount of Professional Fee Claims owing to the Professionals shall be paid in Cash to such Professionals by the Wind-Down Debtors or the Plan Administrator, as applicable, as soon as reasonably practicable after such Professional Fee Claims are Allowed. When all Allowed amounts owing to the Professionals have been paid in full, any amount remaining in the Professional Fee Escrow Account shall promptly be paid to the Wind-Down Debtors or the Plan Administrator, as applicable, for distribution in accordance with the Waterfall Recovery without any further action or order of the Bankruptcy Court.

(c) Professional Fee Reserve Amount

Professionals shall reasonably estimate their unpaid Professional Fee Claims and other unpaid fees and expenses incurred in rendering services to the Debtors before and as of the Plan Effective Date, and shall deliver such estimate to the Debtors no later than five Business Days before the anticipated Plan Effective Date; *provided* that such estimate shall not be deemed to limit the amount of the fees and expenses that are the subject of the Professional's final request for payment of Professional Fee Claims. If a Professional does not provide an estimate, the Debtors or Wind-Down Debtors, as applicable, may estimate the unpaid and unbilled fees and expenses of such Professional.

(d) Post-Confirmation Fees and Expenses

Except as otherwise specifically provided in the Plan, from and after the Confirmation Date, the Debtors shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable and documented legal, professional, or other fees and expenses incurred by the Professionals. Upon the Confirmation Date, any requirement

that Professionals comply with sections 327 through 331, 363, and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Wind-Down Debtors or the Plan Administrator, as applicable, may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

I. Are any regulatory approvals required to consummate the Plan?

At this time, the Debtors are evaluating which, if any, regulatory approvals are required to consummate the Plan. To the extent any such regulatory approvals or other authorizations, consents, rulings, or documents are necessary to implement and effectuate the Plan, however, it is a condition precedent to the Plan Effective Date that they be obtained.

J. Is there potential litigation related to Confirmation of the Plan?

Parties in interest may object to the approval of this Disclosure Statement and may object to Confirmation of the Plan, which objections potentially could give rise to litigation. *See* Article IX.A of this Disclosure Statement, entitled "*Certain Bankruptcy Law Considerations*."

If it becomes necessary to confirm the Plan over the rejection of certain Classes, the Debtors may seek confirmation of the Plan notwithstanding the dissent of such rejecting Classes. The Bankruptcy Court may confirm the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code, which allow the Bankruptcy Court to confirm a plan that has been rejected by an impaired Class if it determines that the Plan satisfies section 1129(b) of the Bankruptcy Code. *See* Article XI of this Disclosure Statement, entitled "*Confirmation of the Plan.*"

K. What happens to Claims that are Disputed as of the Plan Effective Date?

The Debtors, the Wind-Down Debtors, the Plan Administrator, or the Litigation Trustee (solely with respect to the Permitted Litigation Claims), as applicable, shall have the exclusive authority to (a) determine, without the need for notice to or action, order, or approval of the Bankruptcy Court, that a Claim subject to any Proof of Claim that is Filed is Allowed and (b) File, settle, compromise, withdraw, or litigate to judgment any objections to Claims as permitted under the Plan.

After the Plan Effective Date, the Plan Administrator, the Wind-Down Debtors, or the Litigation Trustee (solely with respect to the Permitted Litigation Claims), as applicable, shall have and retain any and all rights and defenses the applicable Debtor had with respect to any Claim immediately before the Plan Effective Date. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases before the Plan Effective Date (including the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code, or the Bankruptcy Court has entered a Final Order, including the Confirmation Order (when it becomes a Final Order), in the Chapter 11 Cases allowing such Claim.

If any portion of a Claim or Interest is a Disputed Claim or Disputed Interest, as applicable, no payment or distribution provided in the Plan shall be made on account of such Claim or Interest unless and until such Disputed Claim or Disputed Interest becomes an Allowed Claim or Interest; *provided* that if the Allowed amount of a Claim or Interest is Disputed, but not the existence or nature of such Claim, such Claim or Interest shall be deemed Allowed in the amount not Disputed and payment or distribution shall be made on account of such undisputed amount.

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the Holder of such Claim the distribution to which such Holder is entitled under the Plan as of the Plan Effective Date, less

any previous distribution (if any) that was made on account of the undisputed portion of such Claim, without any interest, dividends, or accruals to be paid on account of such Claim unless required under applicable bankruptcy Law or as otherwise provided herein.

L. Will there be releases and exculpation granted to parties in interest as part of the Plan?

Yes, Article X of the Plan proposes to release the Released Parties and to exculpate the Exculpated Parties. The Debtors' releases, third-party releases, and exculpation provisions included in the Plan are an integral part of the Debtors' overall restructuring efforts and were an essential element of the negotiations between the Debtors and the DIP Lenders in obtaining their support for the Plan.

The Released Parties and the Exculpated Parties have made substantial and valuable contributions to the Debtors' chapter 11 process through efforts to negotiate and implement the Plan, which will maximize value for the benefit of all parties in interest. Accordingly, each of the Released Parties and the Exculpated Parties warrants the benefit of the release and exculpation provisions.

IMPORTANTLY, THE FOLLOWING PARTIES ARE INCLUDED IN THE DEFINITION OF "RELEASING PARTIES" AND WILL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, INDIVIDUALLY, AND COLLECTIVELY RELEASED AND DISCHARGED ALL CLAIMS AND CAUSES OF ACTION AGAINST THE DEBTORS AND THE RELEASED PARTIES: (1) ALL HOLDERS OF CLAIMS OR INTEREST WHO VOTE TO OR ARE DEEMED TO ACCEPT THE PLAN; (2) ALL HOLDERS OF CLAIMS WHO VOTE TO OR ARE DEEMED TO REJECT THE PLAN; (3) ALL HOLDERS ABSTAIN FROM VOTING ON THE PLAN, *PROVIDED* THAT THE FOREGOING ENTITIES SHALL NOT BE RELEASING PARTIES IF THEY (A) AFFIRMATIVELY ELECT TO OPT OUT OF THE RELEASES CONTAINED IN ARTICLE X OF THE PLAN OR (B) TIMELY OBJECT TO THE RELEASES CONTAINED IN ARTICLE X OF THE PLAN AND SUCH OBJECTION IS NOT RESOLVED BEFORE CONFIRMATION.

1. *Compromise and Settlement of Claims, Interests, and Controversies*

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete settlement, compromise, and release, effective as of the Plan Effective Date, of Claims (including, for the avoidance of doubt, any Equityholder Released Claims), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Plan Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors before the Plan Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Plan Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim based upon such debt or right, is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the Holder of such a Claim or Interest has accepted the Plan. The Confirmation Order shall be a judicial determination of the settlement, compromise, and release of all Claims (other than the Retained Causes of Action and the Permitted Litigation Claims) and Interests subject to the Plan Effective Date occurring. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Plan Effective Date, the Plan Administrator, or

Wind-Down Debtors, as applicable, may compromise and settle any Claims and Causes of Action against other Entities.

2. *Release of Liens*

Except as otherwise expressly provided in the Plan, the Confirmation Order, the DIP Orders, or in any contract, instrument, release, or other agreement or document amended or created pursuant to the Plan, on the Plan Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim or any related Claim that may be asserted against a Non-Debtor Subsidiary, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Plan Effective Date, except for the Other Secured Claims that the Debtors elect to Reinstate in accordance with the Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates or any Non-Debtor Subsidiary shall be fully released and discharged, and all of the right, title, benefit, and interest of any Holder (and the applicable Agents of such Holder) of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert and, as applicable, be reassigned, surrendered, reconveyed, or retransferred to the Wind-Down Debtors and their successors and assigns. Any Holder of such Secured Claim or Claim against a Non-Debtor Subsidiary (and the applicable Agents for such Holder) shall be authorized and directed, at the sole cost and expense of the Wind-Down Debtors, to release any collateral or other property of any Debtor or Non-Debtor Subsidiary (including any Cash Collateral and possessory collateral) held by such Holder (and the applicable Agents for such Holder) and to take such actions as may be reasonably requested by the Wind-Down Debtors to evidence the release of such Liens and/or security interests, including the execution, delivery, and filing or recording of such releases. The presentation or filing of the Confirmation Order to or with any federal, state, provincial, or local agency, records office, or department shall constitute good and sufficient evidence of, but shall not be required to effect, the termination of such Liens, mortgages, deeds of trust, pledges, and other security interests.

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

3. *Releases by the Debtors*[3]

Except as expressly set forth in the Plan to the contrary, pursuant to section 1123(b) of the Bankruptcy Code, effective on the Plan Effective Date, in exchange for good and valuable consideration, the adequacy of which is hereby confirmed, each Released Party is hereby conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged by each and all of the Debtors, the Wind-Down Debtors, and their Estates, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other Entities who may purport to assert any Causes of Action, directly or derivatively, by, through, for, or because of the foregoing Entities, from any and all Claims and Causes of Action, whether known or unknown, including any Avoidance Actions and derivative Claims, asserted or assertable on behalf of any of the Debtors, the Wind-Down Debtors, or their Estates, whether liquidated or unliquidated, fixed, or contingent, matured, or unmatured, known or unknown,

[3] To the extent the Debtor Release covers the topics of the Additional Special Committee Investigation, such releases are subject to, and determined following, the completion of the Additional Special Committee Investigation.

foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or herein-after 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 such Holders or their Estates, Affiliates, heirs, executors, administrators, successors, assigns, and managers would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim against, or Interest in, the Debtors, the Wind-Down Debtors, or their Estates, or any other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Wind-Down Debtors, or their Estates (including the management, ownership, or operation thereof), the purchase, sale, or rescission of any Security of the Debtors, the Wind-Down Debtors, or their Estates, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business, financing, or contractual arrangements between any Debtor and any Released Party, any Securities issued by the Debtors' and the ownership thereof, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Equityholder Settlement, the Equityholder Settlement Term Sheets, the Definitive Documents, the Prepetition DDTL Facility, the Prepetition ABL/FILO Facility, the Prepetition ABL/FILO Deficiency Claims, the Second Lien Facility, the Owner Notes, any Sale, or any transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Equityholder Settlement, the Equityholder Settlement Term Sheets, the Prepetition DDTL Facility, the Prepetition ABL/FILO Facility, the Prepetition ABL/FILO Deficiency Claims, the Second Lien Facility, the Owner Notes, any Sale, or the Plan, the filing of the Chapter 11 Cases, the Definitive Documents, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of Securities pursuant to the Plan, if any, or the distribution of property under the Plan or any other related agreement, or upon any other act, or omission, transaction, agreement, event, or other occurrence taking place on or before the Plan Effective Date. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release any post-Plan Effective Date obligations of any party or Entity under the Plan, the Equityholder Settlement, the Equityholder Settlement Term Sheets, the Confirmation Order, any Sale, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan or any Claim or obligation arising under the Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the Debtor release, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute the Bankruptcy Court's finding that the Debtor release is: (a) in exchange for the good and valuable consideration provided by the Released Parties, including, without limitation, the Released Parties' contributions to facilitating the Wind-Down Transactions and implementing the Plan; (b) a good faith settlement and compromise of the Claims released by the Debtor release; (c) in the best interests of the Debtors and all Holders of Claims and Interests; (d) fair, equitable, and reasonable; (e) given and made after due notice and opportunity for hearing; and (f) a bar to any of the Debtors, Wind-Down Debtors, or their respective Estates asserting any claim or Cause of Action released pursuant to the Debtor release.

Any contrary provision thereof notwithstanding, nothing contained in the Plan, including the foregoing Debtor release, will release, compromise, impair, or in any way affect (i) any Retained Causes of Action or (ii) the Permitted Litigation Claims.

4. *Releases by the Releasing Parties*

Except as expressly set forth in the Plan to the contrary, pursuant to section 1123(b) of the Bankruptcy Code, effective on the Plan Effective Date, in exchange for good and valuable consideration, including the obligations of the Debtors under the Plan, the adequacy of which is hereby confirmed, each Released Party is hereby conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged by each and all of the Releasing Parties (other

than the Debtors and the Wind-Down Debtors), in each case on behalf of themselves and their respective successors, assigns, and representatives and any and all other Entities who may purport to assert any Causes of Action, directly or derivatively, by, through, for, or because of the foregoing Entities, from any and all Claims and Causes of Action, whether known or unknown, including any Avoidance Actions and derivative Claims, asserted or assertable on behalf of any of the Debtors, the Wind-Down Debtors, or their Estates, 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 such Holders or their Estates, Affiliates, heirs, executors, administrators, successors, assigns, and managers would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim against, or Interest in, the Debtors, the Wind-Down Debtors, or their Estates, or any other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Wind-Down Debtors, or their Estates (including the management, ownership, or operation thereof), the purchase, sale, or rescission of any Security of the Debtors, the Wind-Down Debtors, or their Estates, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business, financing, or contractual arrangements between any Debtor and any Released Party, any Securities issued by the Debtors' and the ownership thereof, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Equityholder Settlement, the Equityholder Settlement Term Sheets, the Definitive Documents, the Prepetition DDTL Facility, the Prepetition ABL/FILO Facility, the Prepetition ABL/FILO Deficiency Claims, the Second Lien Facility, the Owner Notes, or any Sale, contract, instrument, release, or other agreement or document created or entered into in connection with the Equityholder Settlement, the Equityholder Settlement Term Sheets, the Prepetition DDTL Facility, the Prepetition ABL/FILO Facility, the Prepetition ABL/FILO Deficiency Claims, the Second Lien Facility, the Owner Notes, any Sale, or the Plan, the filing of the Chapter 11 Cases, the Definitive Documents, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of Securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Plan Effective Date; *provided*, *however*, that notwithstanding anything herein to the contrary, nothing in the Plan shall affect, limit, or release in any way any performance obligations of any party or Entity under the Plan, the Equityholder Settlement, the Equityholder Settlement Term Sheets, or any document, instrument, or agreement (including any other documents, instruments and agreements set forth in the Plan Supplement) executed to implement the Plan and nothing in the Plan shall affect, limit, or release in any way any performance obligations of any party or Entity under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement and those Claims left Unimpaired by Article III of the Plan) executed to implement the Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the third-party release, which includes by reference each of the related provisions and definitions contained in the Plan, and, further, shall constitute the Bankruptcy Court's finding that the third-party release is: (a) consensual; (b) essential to the confirmation of the Plan; (c) given in exchange for the good and valuable consideration provided by the Released Parties, including, without limitation, the Released Parties' contributions to facilitating any Sale or Wind-Down Transaction, as applicable, and implementing the Plan; (d) a good faith settlement and compromise of the Claims released by the third-party release; (e) in the best interests of the Debtors and their respective Estates; (f) fair, equitable, and reasonable; (g) given and made after due notice and opportunity for hearing; and (h) a bar to any of the Releasing Parties asserting any Claim or Cause of Action released pursuant to the third-party release.

Any contrary provision thereof notwithstanding, nothing contained in the Plan, including the foregoing Debtor release, will release, compromise, impair, or in any way affect (i) any Retained Causes of Action or (ii) the Permitted Litigation Claims.

5. *Exculpation*

Notwithstanding anything contained in the Plan to the contrary, to the fullest extent permissible under applicable Law and without limiting the releases contained in Article X of the Plan, effective as of the Plan Effective Date, no Exculpated Party shall have or incur liability for, and each Exculpated Party is released and exculpated from any claim or Cause of Action related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases prior to the Plan Effective Date, including, the formulation, preparation, dissemination, negotiation, or Filing of the Equityholder Settlement, the Equityholder Settlement Term Sheets, the Disclosure Statement, the Plan, or any Wind-Down Transaction, contract, instrument, release or other agreement or document created or entered into in connection with the Equityholder Settlement, the Equityholder Settlement Term Sheets, the Disclosure Statement or the Plan, the Plan Supplement, the Filing of the Chapter 11 Cases, the Wind-Down Transactions, the DIP Facility, the Prepetition DDTL Facility, the Prepetition ABL/FILO Facility, the Prepetition ABL/FILO Deficiency Claims, the Definitive Documents (including the Plan Supplement), or any other agreement, contract, instrument, release, or document (including any legal opinion requested by any Entity regarding any other agreement, transaction, contract, instrument, release, or document contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) relating to any of the foregoing, created or entered into in connection with the Wind-Down Transactions, the Disclosure Statement, the Plan, the Plan Supplement, before or during the Chapter 11 Cases, any preference, fraudulent transfer, or other avoidance Claim arising pursuant to chapter 5 of the Bankruptcy Code or other applicable Law, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of Securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Plan Effective Date.

The Exculpated Parties have, and upon Confirmation shall be deemed to have, participated in good faith and in compliance with the applicable Laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan, and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable Law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan, or such distributions made pursuant to the Plan, including the issuance of Securities hereunder. The exculpation will be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and other applicable Law or rules protecting such Exculpated Parties from liability. The Exculpated Parties and other parties set forth above have, and upon Confirmation of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable Laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable Law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

Any contrary provision thereof notwithstanding, nothing contained in the Plan, including the foregoing exculpation, will release, compromise, impair, or in any way affect (a) any Retained Causes of Action or (b) the Permitted Litigation Claims.

6. *Injunction*

Except as otherwise provided in the Plan or the Confirmation Order, all Entities who have held, hold, or may hold Claims, Interests, Causes of Action, or liabilities that have been (a) released, settled, discharged, satisfied, stayed, or terminated pursuant to the terms of the Plan or (b) are subject to exculpation pursuant to the Plan, are permanently enjoined and precluded, from and after the Plan Effective Date, from taking any of the following actions against, as applicable, the Debtors, Wind-Down Debtors, the Released Parties, or the Exculpated Parties: (i) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims, Interests, Causes of Action or liabilities; (ii) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims, Interests, Causes of Action or liabilities; (iii) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or Estates of such Entities on account of or in connection with or with respect to any such Claims, Interests, Causes of Action or liabilities; (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims, Interests, Causes of Action or liabilities unless such Entity has timely asserted such setoff right in a document filed with the Bankruptcy Court explicitly preserving such setoff, and notwithstanding an indication of a Claim or Interest or otherwise that such Entity asserts, has, or intends to preserve any right of setoff pursuant to applicable Law or otherwise; and (v) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims, Interests, Causes of Action or liabilities discharged, released, exculpated, or settled pursuant to the Plan.

Upon entry of the Confirmation Order, all Holders of Claims and Interests and their respective current and former employees, agents, officers, directors, managers, principals, and direct and indirect affiliates, in their capacities as such, shall be enjoined from taking any action to interfere with the implementation or consummation of the Plan. Each Holder of an Allowed Claim or Allowed Interest, as applicable, by accepting, or being eligible to accept, distributions under such Claim or Interest, as applicable, pursuant to the Plan, shall be deemed to have consented to the injunction provisions set forth in Article X.F of the Plan.

For the avoidance of doubt, and notwithstanding the foregoing, nothing in this section shall release, compromise, impair, exculpate or in any way affect any Retained Causes of Action or Permitted Litigation Claim.

No Person or Entity may commence or pursue a Claim or Cause of Action of any kind against the Exculpated Parties that relates to or is reasonably likely to relate to any act or omission in connection with, relating to, or arising out of, in whole or in part, a Claim or Cause of Action, as applicable, subject to the release and exculpation provisions of Article X of the Plan, without the Bankruptcy Court (A) first determining, after notice and a hearing, that such Claim or Cause of Action represents a colorable Claim not released or subject to exculpation under the Plan and (B) specifically authorizing such Entity to bring such Claim or Cause of Action, as applicable, against any Exculpated Party.

7. *Definitions Related to the Releases*

"*Exculpated Parties*" means, collectively, and in each case in its capacity as such: (a) each of the Debtors; and (b) each of the Disinterested Directors and the Additional Disinterested Director of the Debtors solely in their capacities as such.

"*Related Party*" means, collectively, with respect to any Person or Entity, each of, and in each case in its capacity as such, such Person's or Entity's current and former directors,

managers, officers, committee members, members of any governing body, equityholders (regardless of whether such interests are held directly or indirectly), affiliated investment funds or investment vehicles, managed accounts or funds, predecessors, participants, successors, assigns (whether by operation of Law or otherwise), subsidiaries, current, former, and future associated Entities, Affiliates, partners, limited partners, general partners, principals, members, management companies, fund advisors or managers, fiduciaries, employees, agents, trustees, advisory board members, financial advisors, attorneys (including any other attorneys or professionals retained by any current or former director or manager in his or her capacity as director or manager of an Entity), accountants, investment bankers, consultants, representatives, and other professionals and advisors and any such Person's or Entity's respective heirs, executors, estates, and nominees.

"*Released Party*" means, collectively, and in each case in its capacity as such: (a) each of the Debtors; (b) each of the Wind-Down Debtors; (c) each of the DIP Lenders; (d) each of the Prepetition Lenders; (e) the Prepetition Agent; (f) the Equityholder Released Parties solely with respect to Equityholder Released Claims; (g) each current and former Affiliate of each Entity in clause (a) through the following clause (f); and (h) each Related Party of each Entity in clause (a) through (g) *provided* that, notwithstanding the foregoing, in each case, an Entity shall not be a Released Party if it: (i) elects to opt out of the releases contained in Article X of the Plan; or (ii) timely objects to the releases contained in Article X of the Plan and such objection is not resolved before Confirmation; *provided, further* that, for the avoidance of doubt, and notwithstanding anything to the contrary herein, no Equityholder Released Party shall be a Released Party with respect to any Equityholder Covered Claims.[4]

"*Releasing Parties*" means, collectively, and in each case in its capacity as such: (a) each of the Debtors; (b) each of the Wind-Down Debtors; (c) each of the DIP Lenders; (d) each of the Prepetition Lenders; (e) the Prepetition Agent; (f) the Equityholder Released Parties; (g) all Holders of Claims or Interests that vote to accept the Plan; (h) all Holders of Claims who are deemed to accept the Plan; (i) all Holders of Claims or Interests who abstain from voting on the Plan; (j) all Holders of Claims or Interests who vote to reject the Plan or are deemed to reject the Plan; (k) to the maximum extent permitted by Law, each current and former Affiliate of each Entity in clause (a) through the following clause (l); and (l) to the maximum extent permitted by Law, each Related Party of each Entity in clauses (a) through (k); *provided* that, in each case, an Entity in clauses (g) through (l) shall not be a Releasing Party if it: (i) affirmatively elects to opt out of the releases contained in Article X by checking the box on the applicable ballot or notice of non-voting status indicating that they opt not to grant the releases provided for in the Plan; or (ii) timely objects to the releases contained in Article X of the Plan and such objection is not resolved before Confirmation; *provided, further*, that, notwithstanding anything to the contrary herein, the Equityholder Released Parties shall not be Releasing Parties if the Equityholder Settlement is not approved by the Bankruptcy Court.

M. Do I have to grant the releases?

You can opt out of providing the releases set forth in Article X of the Plan if (a) you are a Holder of Claims or Interests that (i) is eligible to vote on the Plan and is deemed to accept, (ii) is eligible to vote on the Plan and abstains from voting on the Plan, (iii) votes to reject the Plan, or (iv) is deemed to reject the Plan, and (b) you affirmatively opt out of the releases provided by the Plan by checking the applicable box on the applicable ballot or notice of non-voting status indicating that you opt not to grant the releases provided for in the Plan. In addition, a Holder of a Claim or Interest may opt out of the release by filing an objection with the Bankruptcy Court that expressly objects to the inclusion of such Holder as a Releasing Party under the Plan. Any person or entity described in clause

[4] To the extent the Debtor Release covers the topics of the Additional Special Committee Investigation, such releases are subject to, and determined following, the completion of the Additional Special Committee Investigation.

(a) of the first sentence of this paragraph who neither objects to the Plan nor affirmatively opts out of the releases provided by the Plan by checking the box on the applicable ballot or notice of non-voting status indicating that they opt not to grant the releases provided in the Plan will be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged all claims and causes of action against the Released Parties, including the Debtors.

N. What are the consequences of opting out of the releases provided by the Plan?

If a Holder of a Claim or Interest opts out of the Third-Party Releases, such Holder will preserve any direct Causes of Action that it may have against the Released Parties. Additionally, any third party that is a Releasing Party will preserve all Causes of Action against such Holder. By opting out of providing the Third-Party Releases under the Plan, a Holder also foregoes the opportunity to receive the Debtor Release set forth in Article X.C of the Plan.

O. What are the consequences of not opting out of the releases provided by the Plan?

Each Holder of a Claim entitled to opt out of the releases that elects not to exercise such opt out will become both a Releasing Party and a Released Party under the Plan. Accordingly, such Holder will receive, subject to the terms and conditions of Article X.C of the Plan, a conclusive, absolute, unconditional, irrevocable, and permanent release from the Debtors, the Wind-Down Debtors, and their Estates, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other Entities who may purport to assert any Causes of Action, directly or derivatively, by, through, for, or because of the foregoing Entities, of any claims and Causes of Action the Debtors may have against such Holder and will in turn grant each Released Party, subject to the terms and conditions of Article X.D of the Plan, a conclusive, absolute, unconditional, irrevocable, and permanent release of any claims and causes of actions it may have against such Released Party. Any contrary provision in the Plan notwithstanding, nothing contained in the Plan, including the Debtor Release, will release, compromise, impair, or in any way affect (a) any Retained Causes of Action or (b) the Permitted Litigation Claims.

P. Does the Plan preserve Causes of Action?

The Plan provides for the retention of all Causes of Action other than those that are expressly waived, relinquished, exculpated, compromised, or settled.

Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, in accordance with section 1123(b) of the Bankruptcy Code, on the Plan Effective Date, all Causes of Action other than the Permitted Litigation Claims, shall automatically vest in the Wind-Down Debtors, and the Plan Administrator shall have the right and authority to investigate, commence, prosecute, or settle, as appropriate, any and all the Retained Causes of Action, whether arising before or after the Petition Date. For the avoidance of doubt, the Equityholder Released Claims shall not be Retained Causes of Action and shall be released pursuant to the Plan.

No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against them as any indication that the Plan Administrator or the Litigation Trustee, as applicable, will not pursue any and all available Causes of Action against them. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Debtors preserve the Retained Causes of Action and Permitted Litigation Claims notwithstanding the assumption or rejection of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, on the Plan Effective Date, any Causes of Action that a Debtor (or its Estate) may hold against

any Entity shall automatically vest in and become property of the Wind-Down Debtors or the Litigation Trust, as applicable, except as otherwise provided in the Plan. The Wind-Down Debtors, the Plan Administrator, and the Litigation Trustee, as applicable, through their authorized agents or representatives, shall retain and may exclusively enforce any and all Retained Causes of Action and Permitted Litigation Claims, as applicable, vested, transferred, or assigned to such entity. The Debtors, the Plan Administrator, or the Litigation Trustee, as applicable, shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Retained Causes of Action and Permitted Litigation Claims, as applicable, and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court; *provided* that the Debtors, the Wind-Down Debtors, or the Plan Administrator, as applicable, shall consult with the DIP Agent in connection with such Retained Causes of Action until the DIP Obligations have been paid in full in Cash.

Q. What is the deadline to vote on the Plan?

The Voting Deadline is [●], 2026, at 4:00 p.m. (prevailing Central Time).

R. How do I vote for or against the Plan?

Detailed instructions regarding how to vote on the Plan are contained on the ballots distributed to Holders of Claims who are entitled to vote on the Plan. For your vote to be counted, your ballot containing your vote must be properly executed, completed, and delivered in accordance with the instructions provided so that it is **actually received** by Omni Agent Solutions, Inc. ("Omni" or the "Claims and Noticing Agent") **on or before the Voting Deadline. *i.e.* [●], 2026, at 4:00 p.m. (prevailing Central Time)**. To ensure that your electronic ballot is counted, please visit the Claims and Noticing Agent's online voting portal at https://omniagentsolutions.com/RNDC-Ballots (the "E-Ballot Portal"), click on the "Balloting" tab of the Debtors' website, and follow the instructions to submit your ballot. *See* Article X of this Disclosure Statement, entitled "*Solicitation and Voting Procedures*."

IF YOU HAVE ANY QUESTIONS ABOUT THE SOLICITATION OR VOTING PROCESS, PLEASE CONTACT THE CLAIMS AND NOTICING AGENT. ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE OR OTHERWISE NOT IN COMPLIANCE WITH THE VOTING INSTRUCTIONS WILL NOT BE COUNTED EXCEPT AS DETERMINED BY THE DEBTORS.

S. Why is the Bankruptcy Court holding a Combined Hearing?

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on Confirmation of the Plan and recognizes that any party in interest may object to Confirmation of the Plan and final approval of this Disclosure Statement. Shortly after the commencement of the Chapter 11 Cases, the Debtors will request that the Bankruptcy Court schedule the Combined Hearing, at which time the Debtors will seek, among other things, Confirmation of the Plan and final approval of this Disclosure Statement.

T. When is the Combined Hearing set to occur?

The Bankruptcy Court has scheduled the Combined Hearing for [●], 2026 at [●] [●].m. (prevailing Central Time). The Combined Hearing may be adjourned from time to time without further notice. Subject to section 1127 of the Bankruptcy Code, the Plan and this Disclosure Statement may be modified, if necessary, prior to, during, or as a result of the Combined Hearing, without further notice to parties in interest.

Objections to Confirmation of the Plan or final approval of the adequacy of the Disclosure Statement must be filed and served on the Debtors, and certain other parties, by no later than [●], 2026, at 4:00 p.m. (prevailing Central Time) in accordance with the notice of the Combined Hearing that accompanies this Disclosure Statement and the Disclosure Statement Order.

The Debtors will publish the notice of the Combined Hearing, which will contain the deadline for objections to the Plan and the date and time of the Combined Hearing, in the national editions of the [●] to provide notification to those persons who may not receive notice by mail. The Debtors may also publish the notice of the Combined Hearing in such trade or other publications as the Debtors may choose.

U. What is the purpose of the Combined Hearing?

The confirmation of a chapter 11 plan by a bankruptcy court binds the debtors, any issuer of securities under a chapter 11 plan, any person acquiring property under a chapter 11 plan, any creditor or equity interest holder of a debtor, and any other person or entity as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a chapter 11 plan discharges the debtors from any debt that arose before the confirmation of such chapter 11 plan and provides for the treatment of such debt in accordance with the terms of the confirmed chapter 11 plan.

V. What is the effect of the Plan on the Debtors' ongoing business?

The Debtors are liquidating under chapter 11 of the Bankruptcy Code. Following Confirmation, the Plan will be Consummated on the Plan Effective Date, which is the date that is the first Business Day after the Confirmation Date on which (i) no stay of the Confirmation Order is in effect and (ii) all conditions precedent to the occurrence of the Plan Effective Date set forth in Article XI.A and Article XI.B of the Plan have been satisfied or waived. On or after the Plan Effective Date, and unless otherwise provided in the Plan, the Plan Administrator will commence the Wind Down of the Debtors' Estates in accordance with the terms of the Plan. Additionally, upon the Plan Effective Date, all actions contemplated by the Plan will be deemed authorized and approved.

W. Who do I contact if I have additional questions with respect to this Disclosure Statement or the Plan?

If you have any questions regarding this Disclosure Statement or the Plan, please contact the Claims and Noticing Agent:

By regular mail, hand delivery, or overnight mail at:
Republic National Distributing Company, LLC Ballot Processing Center
c/o Omni Agent Solutions, Inc.
5955 De Soto Ave., Suite 100
Woodland Hills, CA 91367

By electronic mail at:
RNDCInquiries@omniagent.com
(please reference "In re: Republic National Distributing Company, LLC - Solicitation Inquiry" in the subject line)

By telephone at:
(888) 966-3819 **(US & Canada Toll Free)**
(818) 581-2982 **(International)**

Copies of the Plan, this Disclosure Statement, and any other publicly filed documents in the Chapter 11 Cases are available upon written request to the Debtors' Claims and Noticing Agent at the address above or by downloading the exhibits and documents from the website of the Debtors' Claims

and Noticing Agent at https://omniagentsolutions.com/RNDC (free of charge) or the Bankruptcy Court's website at www.txsb.uscourts.gov (for a fee).

X. Do the Debtors recommend voting in favor of the Plan?

Yes. The Debtors believe that the Plan provides for a larger distribution to Holders of Claims than would otherwise result from any other available alternative. The Debtors believe that the Plan is in the best interest of all Holders of Claims or Interests, and that any other alternatives (to the extent they exist) fail to realize or recognize the value inherent under the Plan.

IV. THE DEBTORS' PLAN

As discussed in Article II of this Disclosure Statement, the Plan contemplates a wind down of the Debtors' operations. The Debtors and their stakeholders negotiated a value-maximizing transaction to effectuate an orderly Wind Down as set forth in the Plan. As discussed in Article III of the Plan, the Plan contemplates, among other things, distributions to Holders of Allowed Claims in accordance with its terms, followed by the Wind Down of the Wind-Down Debtors.

A. Settlement of Claims and Interests

Pursuant to the Bankruptcy Code and Bankruptcy Rules, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, Causes of Action, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, Causes of Action, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their respective Estates, and Holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Plan Effective Date, the Wind-Down Debtors may compromise and settle Claims against the Debtors and their respective Estates and Causes of Action against other Entities.

B. The Equityholder Settlement

The Plan provides for and implements the Equityholder Settlement. Pursuant to the Equityholder Settlement, the Equityholder Settlement Parties have agreed to the terms of the Plan, including the treatment of Claims and Interests and releases of Claims and Causes of Action set forth in the Plan. The compromises and settlements included in the Equityholder Settlement are necessary and integral to the Plan and the success of these Chapter 11 Cases.

The Plan serves as a motion to approve the Equityholder Settlement pursuant to Bankruptcy Rule 9019. The Bankruptcy Court's entry of the Confirmation Order shall constitute approval of the compromises and settlements provided for in the Equityholder Settlement, and the Bankruptcy Court's findings shall constitute its determination that the compromises and settlements are in the best interests of the Debtors, the Estates, Holders of Claims and Interests, and other parties in interest, and are fair, equitable, and reasonable. The Debtors, the Wind-Down Debtors, the Plan Administrator, or the Litigation Trustee, as applicable, are authorized to take all necessary and appropriate actions to implement the Equityholder Settlement following the Bankruptcy Court's approval thereof.

1. *NBG Settlement Consideration*

Following good-faith, arm's-length negotiations, and in exchange for the releases and other valuable consideration provided for in the Plan, NBG, on behalf of itself and the other NBG Released

Parties, agreed to the NBG Settlement, pursuant to which the NBG Released Parties shall: (a) provide a Cash payment of $10.25 million to the Debtors on the Plan Effective Date, with the agreement that none of the NBG Released Parties shall seek to have any portion of the $10.25 million or the professional fees associated with the negotiation of the NBG Settlement reimbursed from the D&O Liability Insurance Policies or indemnified by any Debtor or Wind-Down Debtor, as applicable; (b) waive any right to recover from any Debtor, directly or indirectly, on account of any amounts related to their Second Lien Facility Claims; (c) waive any right to recover from any Debtor, directly or indirectly, on account of any amounts related to their Deferred Compensation Plan Claims, as applicable; (d) subject to the limitations set forth in the Plan and the Litigation Trust Documents, agree to the formation of the Litigation Trust with respect to the NBG Covered Claims; and (e) waive any right to recover from any Debtor, directly or indirectly, on account of any amounts related to their Owner Notes Claims.

For U.S. federal and applicable state and local income tax purposes, the Debtors and the NBG Released Parties agree to treat the Cash payment of $10.25 million by the NBG Released Parties to the Debtors as first, a contribution of Cash to NBG by the equityholders of NBG that are NBG Released Parties, and second, a capital contribution to RNDC by NBG governed by section 721(a) of the Internal Revenue Code of 1986, as amended (the "IRC"). The Debtors, the NBG Released Parties, and their respective Affiliates shall file all tax returns in accordance with, and not take any tax-related action inconsistent with, the foregoing intended tax treatment, in each case, unless otherwise required by a "determination" within the meaning of section 1313(a) of the IRC.

2. *NDC Settlement Consideration*

Following good-faith, arm's-length negotiations, and in exchange for the releases and other valuable consideration provided for in the Plan, NDC, on behalf of itself and the other NDC Released Parties, agreed to the NDC Settlement, pursuant to which the NDC Released Parties shall: (a) provide a Cash payment of $40 million to the Debtors on the Plan Effective Date, with the agreement that none of the NDC Released Parties shall seek to have any portion of the $40 million or the professional fees associated with the negotiation of the NDC Settlement reimbursed from the D&O Liability Insurance Policies or indemnified by any Debtor or Wind-Down Debtor, as applicable; (b) waive any right to recover from any Debtor, directly or indirectly, on account of any amounts related to their Second Lien Facility Claims; (c) waive any right to recover from any Debtor, directly or indirectly, on account of any amounts related to their Deferred Compensation Plan Claims, as applicable; and (d) subject to the limitations set forth in the Plan and the Litigation Trust Documents, agree to the formation of the Litigation Trust with respect to the NDC Covered Claims.

For U.S. federal and applicable state and local income tax purposes, the Debtors and the NDC Released Parties agree to treat the Cash payment of $40 million by the NDC Released Parties to the Debtors as first, a contribution of Cash to NDC Partners, LLC, made directly or indirectly by the direct and indirect equityholders of NDC Partners, LLC that are NDC Released Parties, and second, a capital contribution to RNDC by NDC Partners, LLC governed by section 721(a) of the IRC. The Debtors, the NDC Released Parties, and their respective Affiliates shall file all tax returns in accordance with, and not take any tax-related action inconsistent with, the foregoing intended tax treatment, in each case, unless otherwise required by a "determination" within the meaning of section 1313(a) of the IRC.

C. Litigation Trust

Notwithstanding anything to the contrary in the Plan, in connection with the Equityholder Settlement, on the Plan Effective Date, the Debtors shall execute the Litigation Trust Agreement and take all necessary steps to establish the Litigation Trust for the benefit of the Litigation Trust Beneficiaries as one or more standalone trusts and/or sub-trusts in accordance with the Plan and the Litigation Trust Documents. Notwithstanding anything to the contrary herein, the Debtors and the Wind-Down Debtors, as applicable, shall irrevocably transfer all of their rights, title, and interest in the Litigation Trust Assets to the Litigation Trust, which, except to the extent the Debtors or the

Wind-Down Debtors determine otherwise to treat all or any portion of the Litigation Trust as a "qualified settlement fund," "disputed ownership fund," "widely held fixed investment trust," and/or otherwise, shall be intended to be a "liquidating trust" as that term is used under section 301.7701-4(d) of the Treasury Regulations, and such treatment as a "liquidating trust" is assumed with respect to the following discussion. For the avoidance of doubt, in the event of any transfer of the Litigation Trust Assets to the Litigation Trust, the provisions set forth herein shall continue to govern all matters associated with the prosecution, settlement, or collection upon any Permitted Litigation Claims transferred to the Litigation Trust. The Litigation Trust shall be established for the primary purpose of liquidating the Litigation Trust Assets, reconciling such Claims as are expressly assigned to the Litigation Trust under the Plan or the Litigation Trust Documents, and distributing the proceeds thereof in accordance with the Plan and the Litigation Trust Documents, with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the purpose of the Litigation Trust and the purposes described in the Plan. Upon transfer of the Litigation Trust Assets to the Litigation Trust, the Debtors and the Wind-Down Debtors, as applicable, will have no reversionary or further interests in, or with respect to, the Litigation Trust Assets.

The (a) establishment, purpose, and administration of the Litigation Trust, (b) appointment, rights, and powers, of the Litigation Trustee, and (c) treatment of the Litigation Trust for federal income tax purposes, among other things, shall be governed by the Litigation Trust Agreement. On and after the Plan Effective Date, the Litigation Trustee shall be authorized, in accordance with the terms of the Plan and the Litigation Trust Agreement, to take such other actions as may be necessary or desirable to make any distributions on account of any Litigation Trust Assets.

1. *Transfer of Permitted Litigation Claims*

In furtherance of the transfer of the Litigation Trust Assets to the Litigation Trust and in accordance with the Litigation Trust Agreement, on the Plan Effective Date, the Debtors and/or the Wind-Down Debtors, as applicable, shall be deemed to have irrevocably vested in, transferred, granted, and assigned to the Litigation Trust, and the Litigation Trust shall receive and accept, any and all of the Permitted Litigation Claims. The foregoing transfer shall be: (a) free and clear of any and all actual or alleged Liens or encumbrances of any nature whatsoever pursuant to section 1141 of the Bankruptcy Code; (b) made to the maximum extent possible under applicable Law; (c) absolute and without requirement of any further action by the Debtors, the Wind-Down Debtors, the Litigation Trustee, the Bankruptcy Court, or any other Person; and (d) governed by, and construed in accordance with the Bankruptcy Code and the other applicable Laws governing such Permitted Litigation Claims.

Notwithstanding the foregoing, the Litigation Trustee shall have the power to assign and/or transfer the Permitted Litigation Claims in accordance with the Litigation Trust Documents, subject to reasonable restrictions so as not to interfere with, increase costs to, or impede the efforts of the Litigation Trust, as further described in the Litigation Trust Documents, to the extent permitted by applicable Law. The Litigation Trustee, through its authorized agents or representatives, shall retain and may exclusively enforce any and all such Permitted Litigation Claims in accordance with the Plan and the Litigation Trust Agreement.

2. *Vesting of the Litigation Trust Assets in the Litigation Trust*

The corpus of the Litigation Trust shall consist of the Litigation Trust Assets. On the Plan Effective Date, the Litigation Trust shall hold and administer the Litigation Trust Assets in accordance with the Plan and the Litigation Trust Documents. From and after the Plan Effective Date, all proceeds of the Litigation Trust Assets shall be paid to the Litigation Trust to be applied in accordance with the Plan, including the treatment of claims set forth in Article III of the Plan, and the Litigation Trust Documents. For the avoidance of doubt, any insurance proceeds paid pursuant to an insurance Claim asserted by or on behalf of the Litigation Trust must be paid into the Litigation Trust.

3. *Institution and Maintenance of Legal and Other Proceedings*

On the Plan Effective Date (and subject to the establishment of the Litigation Trust): (a) the Litigation Trust shall be empowered, and have the sole authority, to initiate, prosecute, defend, and resolve (as applicable) all legal actions and other proceedings related to any asset, liability, or responsibility of the Litigation Trust, including the Permitted Litigation Claims that are transferred to the Litigation Trust by operation of the Plan, subject to the terms and conditions of the Plan and the Litigation Trust Documents; and, (b) subject to applicable Law and contractual rights, the Litigation Trust shall be responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees, and other charges incurred subsequent to the date upon which the Litigation Trust is established arising from, or associated with, any legal action or other proceeding brought pursuant to the foregoing.

4. *Claims Reconciliation*

Solely with respect to the Permitted Litigation Claims, the Litigation Trustee shall have the rights and responsibilities set forth in the Plan and/or the Litigation Trust Documents with respect to reconciliation of Allowed General Unsecured Claims, including the authority to review, object to, settle, compromise, withdraw, or otherwise resolve such Claims, subject to any consultation, consent, or oversight rights set forth in the Plan or the Litigation Trust Documents.

5. *Litigation Trust Distributions*

The Litigation Trust shall make distributions in accordance with the Plan, the Confirmation Order, and the Litigation Trust Documents. Unless otherwise expressly provided for in the Plan or the Litigation Trust Documents, the Litigation Trust Beneficiaries shall share in distributions from the Litigation Trust on account of their Litigation Trust Interests. For the avoidance of doubt, no Holder shall be entitled to receive a distribution on account of any recoveries from Permitted Litigation Claims where such Holder is the defendant in connection with such Permitted Litigation Claims.

6. *Litigation Trust Tax Treatment*

To the extent reasonably practicable, the Debtors intend to treat the Litigation Trust as a "liquidating trust" for U.S. federal income tax purposes pursuant to Treasury Regulation section 301.7701-4(d). If such treatment applies, then for U.S. federal income tax purposes the Litigation Trust Beneficiaries would be treated as the grantors of the Litigation Trust and as the deemed owners of the Litigation Trust Assets. For U.S. federal income tax purposes, the transfer of assets to the Litigation Trust would be deemed to occur as (a) a first-step transfer of the Litigation Trust Assets to the Litigation Trust Beneficiaries and (b) a second-step transfer by such Litigation Trust Beneficiaries to the Litigation Trust.

No request for a ruling from the IRS will be sought on the classification of the Litigation Trust. Accordingly, there can be no assurance that the IRS would not take a contrary position to the classification of the Litigation Trust. If the IRS were to successfully challenge the classification of the Litigation Trust as a grantor trust, the federal income tax consequences to the Litigation Trust and its beneficiaries could vary from those discussed in the Plan (including the potential for an entity-level tax). For example, the IRS could characterize the Litigation Trust as a so-called "complex trust" subject to a separate entity-level tax on its earnings, except to the extent that such earnings are distributed during the taxable year.

As soon as possible after the transfer of the Litigation Trust Assets to the Litigation Trust, the Litigation Trustee shall make a good faith valuation of the Litigation Trust Assets. This valuation will be made available from time to time, as relevant for tax reporting purposes. Each of the Debtors, the Litigation Trustee, and the Litigation Trust Beneficiaries shall take consistent positions with respect to the valuation of the Litigation Trust Assets, and such valuations shall be utilized for all U.S. federal

income tax purposes. The Litigation Trust shall, in no event, be dissolved later than five years from the creation of such Litigation Trust unless the Bankruptcy Court, upon motion within the six-month period prior to the fifth anniversary (or within the six-month period prior to the end of an extension period), determines that a fixed period extension (not to exceed five years with a private letter ruling from the IRS or an opinion of counsel satisfactory to the Litigation Trustee that any further extension

Allocations of taxable income and loss of the Litigation Trust among the Litigation Trust Beneficiaries shall be determined by reference to the Litigation Trust Beneficiaries' economic entitlements in respect of the Litigation Trust, as will be further described in the organizational documents of the Litigation Trust.

Assuming that the tax treatment above applies, the Litigation Trust will file annual information tax returns with the IRS as a grantor trust pursuant to section 1.671-4(a) of the Treasury Regulations that will include information concerning certain items relating to the holding or disposition (or deemed disposition) of the Litigation Trust Assets (*e.g.*, income, gain, loss, deduction and credit). Each Litigation Trust Beneficiary holding a Litigation Trust beneficial interest will receive a copy of the information returns and must report on its federal income tax return its share of all such items. The information provided by the Litigation Trust will pertain to Litigation Trust Beneficiaries who receive their Litigation Trust beneficial interests in connection with the Plan.

7. *Disputed Ownership Fund, Qualified Settlement Fund, or Widely Held Fixed Investment Trust Treatment*

Notwithstanding the foregoing, to the extent the Debtors or the Wind-Down Debtors, as applicable, determine in their reasonable discretion to treat all or any portion of the Litigation Trust as a "disputed ownership fund" under section 1.468B-9 of the Treasury Regulations or a "qualified settlement fund" under section 1.468B-1 of the Treasury Regulations, any appropriate elections with respect thereto shall be made, and such treatment will also be applied to the extent possible for state and local tax purposes. Under such treatment, a separate federal income tax return may be filed with the IRS for any such account. Any taxes (including with respect to interest, if any, earned in the account) imposed on such account shall be paid out of the assets of the respective account (and reductions shall be made to amounts disbursed from the account to account for the need to pay such taxes).

8. *Litigation Trustee*

The Litigation Trust shall be administered by the Litigation Trustee. The powers, rights, and responsibilities of the Litigation Trustee shall be specified in the Litigation Trust Agreement and shall include, without limitation, the power to: (a) hire and compensate professionals and advisors selected by the Litigation Trustee in consultation with the Litigation Trust Advisory Board; (b) investigate, prosecute, and settle Permitted Litigation Claims, subject to any applicable consent rights described herein; and (c) make distributions on account of the Litigation Trust Assets to Litigation Trust Beneficiaries, in each case in accordance with the Plan, the Confirmation Order, and the Litigation Trust Agreement. The compensation of the Litigation Trustee shall be governed by the Litigation Trust Agreement.

The Litigation Trustee shall report to and be overseen by a four-member oversight committee (the "Litigation Trust Advisory Board"). Each member of the Litigation Trust Advisory Board shall have a fiduciary obligation to the beneficiaries of the Litigation Trust. The Litigation Trust Advisory Board shall initially consist of (a) two members selected by the DIP Agent, (b) one member selected by the Special Committee, and (c) one member selected by the Creditors' Committee.

Subject to the terms of the Plan and the Litigation Trust Agreement, subject to the unanimous vote of the Litigation Trust Advisory Board, the Litigation Trustee shall have the right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment, any such Permitted Litigation Claims, or to decline to do any of the

foregoing, without the consent, or approval, of any third party or any further notice to, or action, order, or approval, of the Bankruptcy Court; *provided, however*, that with respect to any Permitted Litigation Claims that constitute Equityholder Covered Claims against any Equityholder Released Party, (a) any recovery by any party, including the Litigation Trustee, the Litigation Trust, or the beneficiaries thereof, on account of such Permitted Litigation Claims, including, in each case, by way of settlement or judgment, shall be satisfied solely by and to the extent of the proceeds of the D&O Liability Insurance Policies, after payment from such D&O Liability Insurance Policies of any and all covered costs and expenses incurred by any of the Equityholder Released Parties in connection with the defense of the Permitted Litigation Claims, (b) the Litigation Trustee, the Litigation Trust, the beneficiaries thereof, or any other party seeking to execute, garnish, or otherwise attempt to collect on any settlement of, or judgement in, such Permitted Claims shall do so solely upon available D&O Liability Insurance Policy coverage, and (c) neither the Litigation Trustee, the Litigation Trust, the beneficiaries thereof, nor any other party shall (i) record any judgment against any Equityholder Released Party or (ii) otherwise attempt to collect, directly or indirectly, from the individual, personal, marital, or joint interests or assets of any Equityholder Released Party (be it held through corporation, limited liability company, trust, or otherwise), other than the proceeds of any D&O Liability Insurance Policies.

Solely to the extent necessary and in furtherance of the duties of the Litigation Trustee in accordance with the Litigation Trust Agreement, following the Plan Effective Date, the Litigation Trustee shall be deemed to be a judicial substitute for the Wind-Down Debtors or Plan Administrator, as applicable, as the party in interest in the Chapter 11 Cases, consistent with section 1123(b)(3)(B) of the Bankruptcy Code. The Litigation Trustee shall not be liable for any action it takes or omits to take that it believes in good faith to be authorized or within its rights or powers, including upon advice of counsel, unless it is ultimately and finally determined by a court of competent jurisdiction that such action or inaction was the result of fraud, gross negligence, or willful misconduct; *provided* that, notwithstanding the foregoing, the Litigation Trustee shall owe a fiduciary duty of care and loyalty to all beneficiaries of the Litigation Trust (but, for the avoidance of doubt, the Litigation Trustee shall not owe a fiduciary duty to the Debtors or the Wind-Down Debtors).

The Litigation Trustee may be removed by the Bankruptcy Court upon application by any party in interest for cause shown. In the event of the resignation or removal, liquidation, dissolution, death, or incapacity of the Litigation Trustee, the Litigation Trust Advisory Board shall designate another Person to become the Litigation Trustee and thereupon the successor Litigation Trustee, without any further act, shall become fully vested with all of the rights, powers, duties and obligations of its predecessor.

D. Wind-Down Transactions

On the Plan Effective Date, or as soon as reasonably practicable thereafter, the Wind-Down Debtors shall take all actions as may be necessary or appropriate to effectuate the Wind-Down Transactions, including as set forth in the Wind-Down Transactions Memorandum, including, without limitation: (a) the execution and delivery of any appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution, or liquidation containing terms that are consistent with the terms of the Plan, and that satisfy the requirements of applicable Law and any other terms to which the applicable Entities may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (c) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, or dissolution pursuant to applicable state Law; (d) such other transactions that are required to effectuate the Wind-Down Transactions; (e) all transactions necessary to provide for the purchase of some or all of the assets of, or Interests in, any of the Debtors, which purchase may be structured as a taxable transaction for United States federal income tax purposes; and (f) all other actions that the applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable Law. The Confirmation Order shall, and shall be deemed to, pursuant to sections 363 and 1123 of the Bankruptcy

Code, authorize, among other things, all actions as may be necessary or appropriate to effect any transaction described in, contemplated by, or necessary to effectuate the Plan.

The Confirmation Order shall and shall be deemed to, pursuant to sections 1123 and 363 of the Bankruptcy Code, authorize, among other things, all actions as may be necessary or appropriate to effectuate any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan.

The Confirmation Order shall authorize the Debtors, the Wind-Down Debtors, and the Plan Administrator, as applicable, to undertake the Wind-Down Transactions contemplated by the Definitive Documents, including pursuant to sections 363, 365, 1123(a)(5)(B), and 1123(a)(5)(D) of the Bankruptcy Code.

E. Distributable Proceeds and Waterfall Recovery

On or after the Plan Effective Date, the Debtors, the Wind-Down Debtors, or the Plan Administrator, as applicable, shall make distributions on account of Allowed Claims in accordance with Article III.B of the Plan using the Distributable Proceeds, which shall be paid to Holders of Allowed Claims until paid in full from time to time in the following priority (in each case on a Pro Rata basis): (a) *first*, on account of any unpaid DIP Claims (in Cash, unless Holders of Allowed DIP Claims agree to alternative treatment), if any; (b) *second*, on account of Allowed Administrative Claims and Priority Tax Claims (other than DIP Claims and Professional Fee Claims), if any; (c) *third*, on account of Allowed Other Secured Claims (solely to the extent that such proceeds are on account of collateral for such Allowed Other Secured Claims), if any; (d) *fourth*, on account of Allowed Other Priority Claims, if any; (e) *fifth*, on account of Allowed Prepetition ABL/FILO Claims, if any; and (f) *sixth*, on account of Allowed Prepetition ABL/FILO Deficiency Claims and Allowed General Unsecured Claims, if any (collectively, the "Waterfall Recovery").

F. The Wind-Down Reserve

On and after the Plan Effective Date, the Plan Administrator shall administer the Wind-Down Reserve.

All funds in the Wind-Down Reserve constitute property of the Estate, and are free and clear of all liens, claims, or encumbrances; *provided* that, until the DIP Claims have been paid in full, in Cash, unless otherwise agreed to by the DIP Lenders in accordance with the DIP Orders and the DIP Credit Agreement, the DIP Agent shall continue to maintain perfected, first-priority liens and security interests in the property in the Wind-Down Reserve, in accordance with the DIP Orders. The Wind-Down Reserve shall be used to pay Holders of all Allowed Administrative Claims (other than Professional Fee Claims), Allowed Other Priority Tax Claims, Allowed Other Secured Claims, Allowed Other Priority Claims their respective Pro Rata share of the Wind-Down Reserve, to the extent that such Administrative Claims (other than Professional Fee Claims), Priority Tax Claims, Other Secured Claims, and Other Priority Claims have not been paid in full on or before the Plan Effective Date. If all or any portion of an Administrative Claim (other than Professional Fee Claim), Priority Tax Claim, Other Secured Claim, or Other Priority Claim shall become a Disallowed Claim, then the amounts on deposit in the Wind-Down Reserve attributable to such surplus or such Disallowed Claim, including the interest that has accrued on said amount while on deposit in the Wind-Down Reserve, shall remain in the Wind-Down Reserve to the extent that the Plan Administrator determines necessary to ensure that the Cash remaining in the Wind-Down Reserve is sufficient to ensure that all Allowed Administrative Claims (other than Professional Fee Claims), Allowed Priority Tax Claims, Allowed Other Secured Claims, and Allowed Other Priority Claims will be paid in accordance with the Plan, and

shall otherwise promptly be transferred to the General Account to be distributed in accordance with the Plan without any further action or order of the Bankruptcy Court.

The Wind-Down Reserve shall also be used by the Plan Administrator to satisfy the expenses of the Wind-Down Debtors, and the Plan Administrator as set forth in the Plan and the Wind-Down Budget; *provided* that all costs and expenses associated with the winding up of the Wind-Down Debtors and the storage of records and documents shall constitute expenses of the Wind-Down Debtors and shall be paid from the Wind-Down Reserve to the extent set forth in the Wind-Down Budget. In no event shall the Plan Administrator be required or permitted to use its personal funds or assets for such purposes. Any amounts remaining in the Wind-Down Reserve after payment of all expenses of the Wind-Down Debtors and the Plan Administrator, and all Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Other Secured Claims, and Allowed Other Priority Claims (or any amount in excess of that reasonably needed to be reserved for any Disputed Claims) shall promptly be transferred to the General Account and shall be distributed according to the Waterfall Recovery without any further action or order of the Bankruptcy Court.

Any contrary provision of the Plan notwithstanding, Allowed Administrative Claims (other than Professional Fee Claims), Allowed Priority Tax Claims, Allowed Other Secured Claims, and Allowed Other Priority Claims shall be paid exclusively from the (a) Wind-Down Reserve, and, (b) solely to the extent necessary, the Distributable Proceeds pursuant to the Waterfall Recovery.

G. Cancellation of Notes, Instruments, Certificates, and Other Documents

On the later of the Plan Effective Date and the date on which distributions are made pursuant to the Plan (if not made on the Plan Effective Date), except for the purpose of evidencing a right to and allowing Holders of Claims and Interests to receive a distribution under the Plan or to the extent otherwise specifically provided for in the Plan, the Confirmation Order, the Definitive Documents, or any agreement, instrument, or other document entered into in connection with or pursuant to the Plan or the Wind-Down Transactions, all notes, bonds, indentures, certificates, Securities, shares, purchase rights, options, warrants, collateral agreements, subordination agreements, intercreditor agreements, or other instruments or documents directly or indirectly evidencing, creating, or relating to any indebtedness or obligations of, or ownership interest in, the Debtors, giving rise to any Claims against or Interests in the Debtors or to any rights or obligations relating to any Claims against or Interests in the Debtors shall be deemed cancelled without any need for a Holder to take further action with respect thereto, and the duties and obligations of the Debtors or the Wind-Down Debtors, as applicable, any non-Debtor Affiliates shall be deemed satisfied in full, cancelled, released, discharged, and of no force or effect.

H. Means for Implementation

The Wind-Down Transactions will be consummated either through (a) Sales (if any) and (b) a Wind-Down pursuant to the Plan.

1. *Sources of Consideration for Plan Distributions*

The Plan Administrator or the Litigation Trustee, as applicable, will fund distributions under the Plan from (a) the Wind-Down Reserve and (b) Distributable Proceeds in accordance with the Waterfall Recovery; *provided*, *however*, that Allowed Professional Fee Claims shall be paid from the Professional Fee Escrow Account in the first instance.

2. *Vesting of Assets in the Wind-Down Debtors*

Except as otherwise provided in the Plan, or any agreement, instrument, or other document incorporated herein or therein, on the Plan Effective Date, all property of the Estates other than the Litigation Trust Assets shall vest in the Wind-Down Debtors for the purpose of liquidating the Estates,

free and clear of all Liens, Claims, charges, or other encumbrances, *provided* that, until the DIP Claims have been paid in full, in Cash, unless otherwise agreed to by the DIP Lenders in accordance with the DIP Orders and the DIP Credit Agreement, the DIP Agent shall continue to maintain perfected, first-priority liens and security interests in the property of the Wind-Down Debtors, in accordance with the DIP Orders. On and after the Plan Effective Date, the Debtors and the Wind-Down Debtors may (at the direction of the Plan Administrator) use, acquire, or dispose of property, and compromise or settle any Claims, Interests, or Causes of Action, other than the Permitted Litigation Claims, without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules; *provided, however*, that to the extent that any property disposed of pursuant to the Plan constitutes Inventory, such disposition shall be conducted in compliance with all applicable state and local Laws, rules, and regulations governing the disposal or transfer of such Inventory.

3. *Wind-Down Debtors*

On and after the Plan Effective Date, if applicable, the Wind-Down Debtors shall continue in existence for purposes of (a) winding down the Debtors' business and affairs as expeditiously as reasonably possible, (b) resolving Disputed Claims, (c) making distributions on account of Allowed Claims as provided hereunder, (d) establishing and, to the extent not already funded, funding the Distribution Reserve Accounts, (e) enforcing and prosecuting claims, interests, rights, and privileges under all Causes of Action other than the Permitted Litigation Claims in an efficacious manner and only to the extent the benefits of such enforcement or prosecution are reasonably believed to outweigh the costs associated therewith, (f) filing appropriate tax returns, (g) complying with its continuing obligations under any Purchase Agreements, if any, (h) liquidating all assets of the Wind-Down Debtors, and (i) otherwise administering the Plan in an efficacious manner consistent with the Plan. The Wind-Down Debtors shall be deemed to be substituted as the party-in-lieu of the Debtors in all matters, including (A) motions, contested matters, and adversary proceedings pending in the Bankruptcy Court and (B) all matters pending in any courts, tribunals, forums, or administrative proceedings outside of the Bankruptcy Court, in each case without the need or requirement for the Plan Administrator to file motions or substitutions of parties or counsel in each such matter.

4. *Plan Administrator*

As set forth below, the Plan Administrator shall act for the Wind-Down Debtors in the same fiduciary capacity as applicable to a president and chief executive officer (and all certificates of formation, membership agreements, and related documents are deemed amended by the Plan to permit and authorize the same) and retain and have all the rights, powers, and duties necessary to carry out his or her responsibilities under the Plan in accordance with the Wind-Down and as otherwise provided in the Confirmation Order. On the Plan Effective Date, the authority, power, and incumbency of the persons acting as managers, directors, and officers of the Wind-Down Debtors shall be deemed to have resigned, and the Plan Administrator shall be appointed as the sole officer of the Wind-Down Debtors, and shall succeed to the rights, powers, duties and privileges of the Wind-Down Debtors' officers. The Plan Administrator will replace all officers of each Debtor. Subject to the terms of the Plan, among other duties normal and customary of a director and officer responsible for winding down the affairs of a business, the Plan Administrator shall have the right and duty to investigate, prosecute, and compromise any and all of the Debtors' and Wind-Down Debtors' Claims and Causes of Action other than the Permitted Litigation Claims.

From and after the Plan Effective Date, the Plan Administrator shall be the sole representative of, and shall act for, the Wind-Down Debtors as further described in Article VII of the Plan. The Plan Administrator shall have the authority to sell, liquidate, or otherwise dispose of any and all of the Wind-Down Debtors' assets without any additional notice to or approval from the Bankruptcy Court; *provided, however*, to the extent the assets constitute Inventory, such disposition shall be conducted in compliance with all applicable state and local Laws, rules, and regulations governing the disposal or transfer of such Inventory.

5. *Board of the Debtors*

As of the Plan Effective Date, the existing board of directors or managers, as applicable, of the Debtors shall be dissolved without any further action required on the part of the Debtors or the Debtors' officers, directors, managers, shareholders, or members, and any remaining officers, directors, managers, or managing members of any Debtor shall be deemed to have resigned without any further action required on the part of any such Debtor, the equity holders of the Debtors, the officers, directors, or managers, as applicable, of the Debtors, or the members of any Debtor. Subject in all respects to the terms of the Plan, the Debtors shall be dissolved as soon as practicable on or after the Plan Effective Date, but in no event later than the closing of the Chapter 11 Cases.

As of the Plan Effective Date, the Plan Administrator shall act as the sole officer of the Debtors with respect to its affairs. Subject in all respects to the terms of the Plan, the Plan Administrator shall have the power and authority to take any action necessary to wind down and dissolve any of the Debtors, and shall: (a) file a certificate of dissolution for any of the Debtors, together with all other necessary corporate and company documents, to effect the dissolution of any of the Debtors under the applicable Laws of each applicable Debtor's state of formation; and (b) complete and file all final or otherwise required federal, state, and local tax returns and shall pay taxes required to be paid for any of the Debtors, and pursuant to section 505(b) of the Bankruptcy Code, request an expedited determination of any unpaid tax liability of any of the Debtors or their Estates for any tax incurred during the administration of such Debtor's Chapter 11 Case, as determined under applicable tax Laws; and (c) represent the interests of the Debtors or the Estates before any taxing authority in all tax matters, including any action, suit, proceeding, or audit.

The filing by the Plan Administrator of any of the Debtors' certificate of dissolution shall be authorized and approved in all respects without further action under applicable Law, regulation, order, or rule, including any action by the stockholders, members, board of directors, or board of managers of RNDC or any of its affiliates.

6. *Release of Liens*

Except as otherwise provided herein, including in connection with the DIP Obligations, or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Plan Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Plan Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Debtors' Estates shall be fully released, settled, and compromised, and the holder of such mortgages, deeds of trust, Liens, pledges, or other security interest against any property of the Debtors' Estates shall be authorized to take such actions as may be reasonably requested by the Debtors to evidence such releases.

7. *Preservation of Causes of Action*

Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, in accordance with section 1123(b) of the Bankruptcy Code, on the Plan Effective Date, all Causes of Action other than the Permitted Litigation Claims, shall automatically vest in the Wind-Down Debtors, and the Plan Administrator shall have the right and authority to investigate, commence, prosecute, or settle, as appropriate, any and all the Retained Causes of Action, whether arising before or after the Petition Date. For the avoidance of doubt, the Equityholder Released Claims shall not be Retained Causes of Action and shall be released pursuant to the Plan.

No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against them as any indication that the Plan Administrator or the Litigation Trustee, as applicable, will not pursue any and all available Causes of

Action against them. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Debtors preserve the Retained Causes of Action and Permitted Litigation Claims notwithstanding the assumption or rejection of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, on the Plan Effective Date, any Causes of Action that a Debtor (or its Estate) may hold against any Entity shall automatically vest in and become property of the Wind-Down Debtors or the Litigation Trust, as applicable, except as otherwise provided in the Plan. The Wind-Down Debtors, the Plan Administrator, and the Litigation Trustee, as applicable, through their authorized agents or representatives, shall retain and may exclusively enforce any and all Retained Causes of Action and Permitted Litigation Claims, as applicable, vested, transferred, or assigned to such entity. The Debtors, the Plan Administrator, or the Litigation Trustee, as applicable, shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Retained Causes of Action and Permitted Litigation Claims, as applicable, and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court; *provided* that the Debtors, the Wind-Down Debtors, or the Plan Administrator, as applicable, shall consult with the DIP Agent in connection with such Retained Causes of Action until the DIP Obligations have been paid in full, in Cash.

I. Corporate Action

Upon the Plan Effective Date, all actions contemplated under the Plan and the Definitive Documents, regardless of whether taken before, on, or after the Plan Effective Date, shall be deemed authorized and approved, and, to the extent taken prior to the Plan Effective Date, ratified without any requirement for further action by Holders of Claims or Interests, the Debtors, the Plan Administrator, or any other Entity or Person in all respects. All matters provided for in the Plan, the Definitive Documents, or deemed necessary or desirable by the Debtors before, on, or after the Plan Effective Date involving the corporate structure of the Debtors or the Wind-Down Debtors, as applicable, and any corporate action required by the Debtors or the Wind-Down Debtors in connection with the Plan or corporate structure of the Debtors or Wind-Down Debtors shall be deemed to have occurred and shall be in effect on the Plan Effective Date, without any requirement of further action by the security holders, directors, managers, or officers of the Debtors or the Wind-Down Debtors. Before, on, or after the Plan Effective Date, the appropriate directors, managers, officers, governing bodies, or other similarly authorized Persons of the Debtors or the Wind-Down Debtors, as applicable, shall be authorized to issue, execute, file (including File), record and/ deliver any agreements and documents, securities, and instruments contemplated under the Plan (or necessary, appropriate, or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Wind-Down Debtors. The authorizations and approvals contemplated by Article IV.J of the Plan shall be effective notwithstanding any requirements under non-bankruptcy Law.

J. D&O Liability Insurance Policies

Notwithstanding anything in the Plan to the contrary, after the Plan Effective Date, the Wind-Down Debtors, the Plan Administrator, or the Litigation Trustee, as applicable, shall not terminate or otherwise reduce the coverage under any of the D&O Liability Insurance Policies in effect on or after the Petition Date, with respect to conduct or events occurring prior to the Plan Effective Date, and all directors, officers, managers, and members of the Debtors who served in such capacity at any time prior to the Plan Effective Date shall be entitled to the full benefits of any such D&O Liability Insurance Policy for the full term of such D&O Liability Insurance Policy, to the extent set forth therein and in accordance with and subject in all respects to the terms and conditions of such D&O Liability Insurance Policy, which shall not be altered, regardless of whether such directors, officers, managers, and members remain in such positions after the Plan Effective Date.

Notwithstanding anything in the Plan to the contrary, on the Plan Effective Date, to the extent the D&O Liability Insurance Policies are executory, any and all D&O Liability Insurance Policies shall be deemed assumed by the Wind-Down Debtors pursuant to sections 105 and 365 of the Bankruptcy Code, and vest in the Litigation Trust, and nothing shall alter, modify, amend, expand, or otherwise affect any coverage for defense and indemnity under any applicable D&O Liability Insurance Policy available to any individuals and/or entities under such D&O Liability Insurance Policy in accordance with and subject in all respects to the terms and conditions of such D&O Liability Insurance Policy, which shall not be altered. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Wind-Down Debtors' foregoing assumption of the D&O Liability Insurance Policies.

To the extent the Debtors are not the first named insured under any D&O Liability Insurance Policy, and notwithstanding entry of the Confirmation Order or the occurrence of the Plan Effective Date, (a) nothing herein shall constitute a rejection of such D&O Liability Insurance Policy, (b) such D&O Liability Insurance Policy shall remain in full force and effect, and (c) any and all rights of the Debtors or the Wind-Down Debtors, as applicable, under the D&O Liability Insurance Policies shall remain in full force and effect. For the avoidance of doubt, the dissolution of the Debtors, if any, shall not impact the rights of the Litigation Trust to assert Claims against the Equityholder Released Parties solely with respect to the Equityholder Covered Claims or to recover the proceeds of the D&O Liability Insurance Policies with respect thereto.

K. Indemnification Obligations

On and as of the Plan Effective Date, each Indemnification Obligation (other than those that may exist in the D&O Liability Insurance Policies and, if applicable, those assumed by any Purchaser in any Sale(s) pursuant to the terms of the applicable Sale Order) shall be rejected by the Debtors as of the Plan Effective Date, pursuant to sections 365 and 1123 of the Bankruptcy Code or otherwise; *provided that*, notwithstanding anything in the Plan to the contrary, the Litigation Trustee's obligation to fund such Indemnification Obligations shall be limited to the extent of coverage available under the D&O Liability Insurance Policies in accordance with the terms and conditions thereof. Accordingly, the Litigation Trust Assets and any proceeds therefrom (other than, for the avoidance of doubt, any D&O Liability Insurance Policies) will not be used to fund such Indemnification Obligations of the Debtors or the Litigation Trust, as applicable.

Notwithstanding anything in the Plan to the contrary, no Persons or Entities that are not Released Parties shall be entitled to benefit from such Indemnification Obligations; *provided, however,* that, notwithstanding anything herein to the contrary, the Equityholder Released Parties shall have no right to seek or recover indemnification from any current or former director, officer, manager, member, or employee of the Debtors with respect to (a) any obligations arising under, or in connection with, the Equityholder Settlement, including any NBG Settlement Consideration or NDC Settlement Consideration payable thereunder, or (b) any obligations arising under, or in connection with, the Permitted Litigation Claims transferred to the Litigation Trust. For the avoidance of doubt, any obligation to satisfy any Indemnification Obligation asserted by any Equityholder Settlement Released Party shall be limited to the extent of coverage under the D&O Liability Insurance Policies, in accordance with the terms and conditions thereof.

V. OTHER KEY ASPECTS OF THE PLAN

A. Treatment of Executory Contracts and Unexpired Leases

1. *Assumption and Rejection of Executory Contracts and Unexpired Leases*

On the Plan Effective Date, except as otherwise provided herein, each Executory Contract and Unexpired Lease not previously rejected, assumed, assumed and assigned, or included in a Rejection Notice shall be deemed automatically rejected pursuant to sections 365 and 1123 of the Bankruptcy Code, unless such Executory Contract or Unexpired Lease: (i) is specifically described in the Plan as

to be assumed in connection with Confirmation of the Plan, is identified on a Cure Notice, is identified on the Schedule of Assumed Executory Contracts and Unexpired Leases, or was assumed as part of a Sale; (ii) is subject to a pending motion to assume such Unexpired Lease or Executory Contract as of the Confirmation Date; (iii) is to be assumed by the Debtors or assumed by the Debtors and assigned to another third party, as applicable, in connection with any Sale that is the subject of a pending motion as of the Confirmation Date; (iv) is a contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan; or (v) is a D&O Liability Insurance Policy.

For the avoidance of doubt and notwithstanding anything to the contrary herein, the Debtors shall make all assumption and rejection determinations for their Executory Contracts and Unexpired Leases either through the Filing of a motion or identification in the Plan Supplement, in each case prior to the applicable deadlines set forth in sections 365(d)(2) and 365(d)(4) of the Bankruptcy Code, and as further set forth in the 365(d)(4) extension order entered at Docket No. [●] (the "365(d)(4) Extension Order"). To the extent any provision of the Bankruptcy Code or the Bankruptcy Rules requires the Debtors to assume or reject an Executory Contract or Unexpired Lease by a deadline, including section 365(d) of the Bankruptcy Code, such requirement shall be satisfied if the Debtors make an election, either through the Filing of a motion or identification in the Plan Supplement or similar schedule in connection with the Sale Order, to assume or reject such Executory Contract or Unexpired Lease prior to the applicable deadline, regardless of whether or not the Bankruptcy Court has actually ruled on such proposed assumption or rejection prior to such deadline.

Entry of the Confirmation Order by the Bankruptcy Court shall constitute an order approving the assumptions, assignments, and rejections, including the assumption of the Executory Contracts or Unexpired Leases as provided in the Plan Supplement, pursuant to sections 365(a) and 1123 of the Bankruptcy Code; *provided* that neither the Plan nor the Confirmation Order is intended to or shall be construed as limiting the Debtors' authority under any Sale Order to assume and assign Executory Contracts and Unexpired Lease to any Purchaser pursuant to any Sale Documents. Any motions to assume Executory Contracts or Unexpired Leases pending on the Plan Effective Date shall be subject to approval by the Bankruptcy Court on or after the Plan Effective Date by a Final Order but may be withdrawn, settled, or otherwise prosecuted by the Wind-Down Debtors or Plan Administrator, as applicable. Each Executory Contract and Unexpired Lease assumed pursuant to Article V.A of the Plan, or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revest in and be fully enforceable by the Wind-Down Debtors in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal Law.

Notwithstanding anything to the contrary in the Plan or any Sale Documents, the Debtors, the Wind-Down Debtors, and the Plan Administrator, as applicable, reserve the right to alter, amend, modify, or supplement the Schedule of Assumed Executory Contracts and Unexpired Leases Schedule identified in Article V of the Plan and in the Plan Supplement. The Debtors or the Wind-Down Debtors, as applicable, shall provide notice of any amendments to the Schedule of Assumed Executory Contracts and Unexpired Leases to the parties to the Executory Contracts or Unexpired Leases affected thereby. For the avoidance of doubt, Article V of the Plan relates to Executory Contracts or Unexpired Leases other than such agreements assumed, assumed and assigned, or rejected in accordance with the terms of any Sale Order.

2. *Claims Based on Rejection of Executory Contracts or Unexpired Leases*

Unless otherwise provided by the Plan or a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Bankruptcy Court within 30 days after the later of (i) the date of service of notice of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection, (ii) the Plan Effective Date of such rejection, or (iii) the Plan Effective Date. The notice of the Plan Supplement shall also be deemed appropriate notice of rejection when served on applicable parties. **Any Claims arising from the rejection of an**

Executory Contract or Unexpired Lease that are not Filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors or the Wind-Down Debtors, their Estates, or their property without the need for any objection by the Wind-Down Debtors or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Proof of Claim to the contrary. Unless otherwise provided for herein, all Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims and shall be treated in accordance with Article III of the Plan or such other treatment as agreed to by the Wind-Down Debtors and the Holder of such Claim.

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

Any Cure Obligations under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by performance or payment of the Cure Obligation in Cash on or after the Plan Effective Date, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (a) the Cure Obligation, (b) the ability of the Wind-Down Debtors or any assignee, as applicable, to provide "adequate assurance of future performance" (with the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (c) any other matter pertaining to assumption, the Cure Obligations shall be made following the entry of a Final Order resolving the dispute and approving the assumption.

At least seven days before the Combined Hearing, the Debtors shall distribute, or cause to be distributed, Cure Notices to the applicable third-parties and their counsel (if known). Any objection by a counterparty to an Executory Contract or Unexpired Lease to the proposed assumption, assumption and assignment, or related Cure amount must be Filed by the Cure/Assumption Objection Deadline. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption, assumption and assignment, or Cure Notice will be deemed to have assented to such assumption or assumption and assignment and Cure amount. To the extent that the Debtors seek to assume and assign an Unexpired Lease pursuant to the Plan, the Debtors will identify the assignee in the applicable Cure Notice and/or Schedule of Assumed Executory Contracts and Unexpired Leases and provide Adequate Assurance Information, which Adequate Assurance Information will be provided with the Cure Notice.

Assumption or assumption and assignment of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise, and the satisfaction of the Cure Obligations, shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the date that the Debtors assume or assume and assign such Executory Contract or Unexpired Lease. Any Proofs of Claim Filed with respect to an Executory Contract or Unexpired Lease that has been assumed or assumed and assigned shall be barred from asserting such claims against the Debtors and precluded from voting on any plans of reorganization filed in these Chapter 11 Cases and/or receiving distributions from the Debtors on account of such claims in these Chapter 11 Cases. The Debtors or the Wind-Down Debtors, as applicable, shall be authorized to update the Claims Register to remove any claims Filed with respect to an Executory Contract or Unexpired Lease that has been assumed or assumed and assigned; *provided* that the Debtors will provide notice to such Claimant at the address or email address on the Proof of Claim, to the extent such information is provided, informing such Claimant that its Claim will be removed from the Claims Register. For the avoidance of doubt, with respect to any asserted non-monetary Cure Obligations, such Cure obligations may be cured (or resolved) by the assignee and the applicable counterparty in the ordinary course of business following the assumption and all parties reserve all rights with respect to any such asserted Cure obligations.

4. *Insurance Policies*

Each of the Debtors' Insurance Policies, including, for the avoidance of doubt, the D&O Liability Insurance Policies, and any agreements, documents, or instruments relating thereto, are treated as Executory Contracts under the Plan. Unless otherwise provided in the Plan, on the Plan Effective Date, (i) the Debtors shall be deemed to have assumed all Insurance Policies and any agreements, documents, and instruments relating to coverage of all insured Claims and (ii) such Insurance Policies and any agreements, documents, or instruments relating thereto shall vest in the Wind-Down Debtors; *provided, however,* that the D&O Liability Insurance Policies and any agreements, documents, or instruments relating thereto shall vest in the Litigation Trust. For the avoidance of doubt, Article V.D of the Plan does not apply to Insurance Policies or any agreements, documents, or instruments relating thereto that were transferred to any Purchaser in the Sales, if any.

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

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

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

6. *Reservation of Rights*

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Schedule of Assumed Executory Contracts and Unexpired Leases, nor anything contained in the Plan or Plan Supplement, or any other exhibit, schedule, or annex, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or the Wind-Down Debtors, as applicable, shall have 30 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease under the Plan or Sale Order, as applicable.

7. *Nonoccurrence of Plan Effective Date*

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

8. *Contracts and Leases Entered Into After the Petition Date*

Contracts and leases entered into in the ordinary course of business after the Petition Date by any Debtor, including any Executory Contracts and/or Unexpired Leases assumed by such Debtor, will be performed by the applicable Debtor or Wind-Down Debtor in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) that have not been rejected under the Plan will survive and remain unaffected by entry of the Confirmation Order, except as provided therein.

B. Conditions Precedent to Confirmation and Consummation of the Plan

1. *Conditions Precedent to the Plan Effective Date*

It shall be a condition to Consummation of the Plan that the following conditions shall have been satisfied (or waived pursuant to the provisions of Article XI.B of the Plan):

(a) the Bankruptcy Court shall have entered the Confirmation Order, which shall be in full force and effect and shall not have been reversed, stayed, modified, dismissed, vacated, or reconsidered;

(b) there shall not have been instituted or threatened or be pending any action, proceeding, application, claim, counterclaim or investigation (whether formal or informal) (or there shall not have been any material adverse development to any action, application, claim, counterclaim or proceeding currently instituted, threatened or pending) before or by any court, governmental, regulatory or administrative agency or instrumentality, domestic or foreign, or by any other person, domestic or foreign, in connection with the Wind-Down Transactions that, in the reasonable judgment of the Debtors, would prohibit, prevent, or restrict consummation of the Wind-Down Transactions;

(c) an order, statute, rule, regulation, executive order, stay, decree, judgment or injunction shall not have been enacted, entered, issued, promulgated, enforced or deemed applicable by any court or governmental, regulatory or administrative agency or instrumentality, domestic or foreign, that, in the reasonable judgment of the Debtors, would prohibit, prevent, or restrict consummation of the Wind-Down Transactions;

(d) to the extent the Debtors consummate the Sales, (i) the Bankruptcy Court shall have entered a Sale Order approving each such Sale, which Sale Order shall be in full force and effect and shall not have been stayed, reversed, modified, or amended, and (ii) each Sale contemplated therein shall have been consummated, or shall be capable of being consummated by the Plan Administrator following the Plan Effective Date, in accordance with the terms of the applicable Sale Order and the Sale Documents related thereto;

(e) the Debtors shall have obtained all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan and each of the other transactions contemplated by the Wind-Down Transactions, including, for the avoidance of doubt, the Sales (if any);

(f) the final version of the schedules, documents, and exhibits contained in the Plan Supplement, and all other schedules, documents, supplements and exhibits to the Plan, shall have been executed or Filed, as applicable, in form and substance consistent in all respects with the Plan, and shall not have been modified in a manner inconsistent therewith;

(g) all conditions precedent to the effectiveness of the Litigation Trust Agreement have been satisfied or duly waived by the party whose consent is required thereunder, and the Litigation Trust Agreement shall be in full force and effect;

(h) the conditions to effectiveness of the NBG Settlement, as set forth in the Plan, shall have been satisfied or waived in accordance with the terms of the NBG Settlement, including, for the avoidance of doubt, that the NBG Settlement (including the

releases contained in the Plan with respect thereto) has been approved upon entry of the Confirmation Order;

(i) the conditions to effectiveness of the NDC Settlement, as set forth in the Plan, shall have been satisfied or waived in accordance with the terms of the NDC Settlement, including, for the avoidance of doubt, that the NDC Settlement (including the releases contained in the Plan with respect thereto) has been approved upon entry of the Confirmation Order;

(j) the Final DIP Order shall be in full force and effect;

(k) the Definitive Documents shall have been executed or deemed executed and delivered by each party thereto, and any conditions precedent related thereto shall have been satisfied or waived by the applicable party or parties;

(l) the Professional Fee Escrow Account shall have been established and funded with Cash in accordance with Article II.C.2 of the Plan;

(m) the Debtors shall have implemented the Wind-Down Transactions in a manner consistent in all material respects with the Plan;

(n) to the extent invoiced, all reasonable and documented fees and expenses of the Debtors' professionals (solely if payment of such fees and expenses have been authorized by the Bankruptcy Court, including under the Final DIP Order) related to the implementation of the Wind-Down Transactions and not previously paid by the Debtors shall have been paid; and

(o) the Wind-Down Reserve shall have been fully funded in Cash.

2. *Waiver of Conditions*

The Debtors may waive any of the conditions to the Plan Effective Date set forth in Article XI.A of the Plan at any time, without any notice to any other parties in interest and without any further notice to or action, order, or approval of the Bankruptcy Court, and without any formal action other than proceeding to confirm and consummate the Plan; *provided, however*, that the conditions set forth in Article XI.A.8 and Article XI.A.9 of the Plan may not be waived without the prior written consent of NBG or NDC, as applicable.

3. *Substantial Consummation*

"Substantial Consummation" of the Plan, as defined in section 1101(2) of the Bankruptcy Code, shall be deemed to occur on the Plan Effective Date.

4. *Effect of Nonoccurrence of Conditions to the Plan Effective Date*

If the Plan Effective Date does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Debtors, any Holders of a Claim or Interest, or any other Entity; or (c) constitute an admission, acknowledgment, offer, or undertaking by the Debtors, any Holders, or any other Entity in any respect.

VI. THE DEBTORS' CORPORATE HISTORY, STRUCTURE, AND BUSINESS OVERVIEW

A. The Debtors' Corporate History

RNDC was a family-founded company started more than 125 years ago—namely, four family-owned institutions came together to ultimately become the nation's second largest alcohol beverage distributor.

In 1898 Newman Goldring, an immigrant from Eastern Europe, founded N. Goldring Corporation ("NGC"). Based in Pensacola, Florida, NGC became the first licensed beer distributor in Florida, growing over the next several decades. In 1919, however, it seemed his burgeoning business would come to an early end as Prohibition ceased operations. But the impact of Prohibition proved only temporary; following its repeal in 1933, Goldring reopened with the help of his son in 1939.

In 1942, Al Davis and Chris Carlos formed a new jointly-owned alcohol distribution company known as National Distributing Company, Inc. ("NDC, Inc.").

Around the same time, Edward Block went on to form his own alcohol distribution company, Block Distributing Company ("BDC").

Over the next few decades, the Goldring, Block, Carlos, and Davis families actively developed and cultivated their respective businesses, building personal relationships with suppliers and customers. These relationships—first established by the founders and later carried forward by their children—are critical to the success of a distributor, which serves as a middleman between suppliers of alcohol (distilleries, wineries, breweries, etc.) and the ultimate customers (bars, restaurants, retail stores, etc.). This hands-on, relationship-driven approach became a defining characteristic of each company's culture and allowed all three to expand in both size and geography. By the early 1990s, NGC had operations in approximately ten states, NDC, Inc. had operations in approximately eight states, and BDC had expanded throughout much of Texas.

Each of NGC, BDC, and NDC, Inc. applied this same relationship-driven philosophy to their employees, or "associates" as they are called—a term that reflected the founders' view that employees are partners in building the business, not merely hired labor. The impact of this culture was (and is) undeniable: associates remained with the companies for decades. The ability to retain and grow this talent over time was a testament to the supportive corporate culture the founding families cultivated within each of their companies.

In 1997, the Block and Goldring families—who had developed a strong friendship over the years—formally combined their businesses to create Republic Beverage Company ("RBC"). A decade later, amid broader industry consolidation, RBC and NDC, Inc. merged nearly all of their businesses to create RNDC.

Following the merger, RNDC grew steadily for a number of years through a series of strategic acquisitions and partnerships with established suppliers. At its height, RNDC achieved annual revenue of approximately $12 billion and maintained operations in nearly 40 states, serving as a vital link between approximately 2,000 suppliers and 170,000 customers in the purchase, transport, and sale of approximately 390,000 cases of alcohol per day. RNDC remained under the stewardship of the Block, Goldring, Davis, and Carlos families, with several descendants of the original founders working for the Company and serving on its board. This growth was made possible by the personal relationships developed with suppliers and customers alike and a workforce built over generations. RNDC formerly employed more than 10,000 people, many of whom began their careers at NGC, BDC, or NDC, Inc. years or decades before the 2007 merger.

B. The Debtors' Business Operations

RNDC has historically served as a distribution partner to over 2,000 suppliers and more than 170,000 customers. RNDC's success has been built on more than its ability to simply fill and deliver orders. The Company instead has focused on differentiating itself by offering comprehensive support from regulatory compliance to route-to-market strategy for suppliers and customers at all stages.

1. *The Three-Tier System of Alcohol Distribution.*

Beverage alcohol distributors like RNDC fill an essential role in what is known as the "three-tier system." This is a regulatory framework that followed Prohibition.[5] The system divides the alcohol industry into three distinct tiers: (a) ***suppliers***—*i.e.*, distilleries, wineries, and breweries that manufacture or import alcohol; (b) ***distributors***—the "middleman" of the supply chain who purchases product from suppliers and transports and sells product to those who sell or serve alcohol; and (c) ***customers***—*i.e.*, bars, restaurants, and retail stores that purchase products from distributors and sell for consumption. Each tier must be licensed by a state and/or local regulatory body to operate within a specific state, and each state has its own regulatory scheme to which distributors must adhere.

Within this framework, states are generally organized into three different categories: (a) ***open states***, where private distributors like RNDC can freely purchase alcohol at wholesale prices and distribute it at a markup; (b) ***control states***, where state government agencies oversee and handle the distribution and sale of alcohol; and (c) ***franchise states***, where distributors are protected by franchise laws that prevent unfair termination of distribution agreements.[6] Due to the state-by-state regulatory environment, RNDC was historically either the dominant distributor—or the only distributor—capable of serving suppliers at scale in many states.

2. *Supplier Partnerships.*

RNDC has historically supported thousands of suppliers by offering a full suite of capabilities, including transportation, warehousing and storage, supply chain logistics, marketing and brand management, sales forecasting and analytics, and regulatory compliance. The Company primarily operates under distribution rights agreements with suppliers that grant RNDC the right to distribute certain of that supplier's products in a specific region. RNDC typically agrees to purchase a certain volume of products from the suppliers for a set period of time—generally anywhere from three to ten years. It was often the case that these connections turned into decades long relationships. Some suppliers do not have formal agreements with the Company and instead will designate RNDC as their "distributor of record." RNDC then becomes the sole authorized middleman between the supplier and the customer for the applicable brand.

3. *Warehouse Facilities and Distribution Network.*

RNDC has historically maintained an expansive supply chain fulfillment network with facilities in most major states. RNDC's warehouses operate around the clock and utilize automated systems to maximize efficiency and locate products, package them together, and load them onto delivery trucks. This enables the Company to offer 24-hour turnaround on deliveries. The Company also strategically plans its delivery routes to maximize efficiency, utilizing artificial intelligence to optimize route

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[5] When the United States passed the 21st Amendment repealing Prohibition, states were given the power to regulate alcohol distribution within their borders. As a result, most states implemented a version of the three-tier system, although specific regulations vary from state to state.

[6] In addition, in some states, different types of beverages are regulated differently. For instance, in Oregon, the state is a "control" state with respect to spirits and an "open" state with respect to wine and beer.

planning and timely deliveries. At its height, the Company utilized a fleet of approximately 1,800 vehicles, delivering more than 390,000 cases of alcohol products daily.

4. *Customer Sales.*

The Company's customers have consisted of both "on-premise" customers—establishments that are licensed to sell alcohol for consumption at the same location where the product was received (*e.g.*, restaurants, bars, and hotels)—and "off premise" customers—various retail locations that are licensed to sell alcohol (*e.g.*, grocery stores, convenience stores, and liquor stores). Within each of these categories, RNDC has historically served a diverse customer base, from mom-and-pop liquor stores to top national retail chains including Walmart, Costco, and Kroger. Off-premise customers historically accounted for a vast majority of RNDC's total sales, most of which was the result of partnerships with well-known national retail chains.

5. *eRNDC.*

In 2019, RNDC launched a collaborative business to business eCommerce platform ("eRNDC") to connect customers, sales teams, and suppliers online. The eRNDC platform allowed customers to browse over 11,500 brands, place orders, communicate with sales representatives, track delivery updates, and pay their bills online. eRNDC complements the Company's wholesale business by acting as a marketing vehicle and additional channel to place orders. RNDC agreed to support the eRNDC platform until it is migrated to the eCommerce platform operated by Reyes per the terms of the Reyes Sale Transactions.

C. Prepetition Capital Structure

As of the Petition Date, the Debtors had approximately $225 million in aggregate principal and accrued interest outstanding under the Credit Facilities. This reflects a substantial paydown of over $1.1 billion through the prepetition Going-Concern Sale Transactions, including over $1 billion from the Reyes Sale Transactions. The following table sets forth the Company's prepetition capital structure:

Prepetition Capital Structure (as of July 2026)			
Secured Funded Debt			
Debt Instrument	***Maturity***	***Principal and Interest Outstanding*** *($ millions)*	
Delayed Draw Term Loan Facility	November 1, 2026	$66.3	
ABL Facility (incl. FILO Revolver)	November 1, 2026	$158.6	
2L Facility	January 31, 2028	$260.4	
Equipment Loans	Various	$7.0	
		Total Secured Funded Debt Outstanding	$492.4
Unsecured Funded Debt			
Facility	***Maturity***	***Principal and Interest Outstanding*** *($ millions)*	
Owner Notes	On Demand	$47.7	
		Total Unsecured Funded Debt Outstanding	$47.7
		Total Funded Debt Outstanding	**$540.0 million**

1. *Credit Facilities*

The Debtors are party to that certain Third Amended and Restated Credit Agreement, dated as of November 1, 2022 (as amended, restated, supplemented, waived, or otherwise modified from time to time, the "Credit Agreement"). Wells Fargo Bank, National Association (the "Agent") serves as administrative agent. The Credit Agreement includes: (a) a delayed draw term loan facility at SOFR *plus* 6% per annum (the "Delayed Draw Term Loan Facility"); (b) a revolving facility at SOFR *plus* 6% per annum (the "ABL Facility"); and (c) a first in last out revolving loan at a rate equal to SOFR *plus*

6% per annum (the "FILO Revolver Facility," and together with the Delayed Draw Term Loan Facility and the ABL Facility, the "Credit Facilities").

The Credit Facilities mature on November 1, 2026, and are secured by a first priority lien on substantially all of the Debtors' assets, including commercial litigation claims, subject to certain limitations and exclusions. In the fall of 2025, approximately $1.5 billion in unpaid principal was outstanding under the Credit Facilities. Approximately $225 million in unpaid principal and accrued interest was outstanding under the Credit Facilities as of the Petition Date, of which approximately $150 million was outstanding on account of the ABL Facility, approximately $9 million was outstanding on account of the FILO Revolver Facility, and approximately $66 million was outstanding on account of the Delayed Draw Term Loan Facility. The Debtors and the Lenders have entered into 13 amendments to the Credit Agreement since late November 2025.[7]

2. *Second Lien Facility*

The Debtors are party to the Subordinated Credit Agreement, dated as of December 19, 2024 (as amended, restated, supplemented, waived, or otherwise modified from time to time, the "Subordinated Credit Agreement," and such facility thereunder, the "Second Lien Facility"), by and among RNDC and certain of its subsidiaries as borrowers, and NDC, Inc., as subordinated creditor. The Second Lien Facility is $235 million in aggregate principal, which consists of $192.5 million from NDC, Inc. and $42.5 million contributed through participation agreements entered into by certain NBG members (*i.e.*, Barbara Dreeben, Allison Zeller, Joshua Zeller, Marc Sachs, Grant Sechler, Lisa Sechler, Corey Block, and Stephanie Block). Interest under the Second Lien Facility is accruing at 14% per annum, paid in kind. The Second Lien Facility is subordinate and junior in right of payment to the Credit Facilities.

The obligations under the Subordinated Credit Agreement mature on January 31, 2028, and are secured by a second lien security interest on certain inventory, distribution rights, and real estate property in New Mexico. Approximately $260 million in unpaid principal and accrued interest was outstanding under the Second Lien Facility as of the Petition Date.

3. *Equipment Loans*

Certain Debtors are party to various equipment loans (collectively, the "Equipment Loans"), as borrower or lessee of certain equipment, with various banks and financing counterparties. The equipment incudes certain forklifts, trucks, racking, and other miscellaneous warehousing equipment used to transport and organize inventory. Approximately $7 million in unpaid principal and accrued interest was outstanding under the Equipment Loans as of the Petition Date.

4. *Owner Notes*

On August 1, 2019,[8] RNDC formally issued 12 subordinated promissory notes to certain members of the Block family (collectively, the "Owner Notes"). The Owner Notes are an aggregate principal amount of $61 million, with interest accruing at the prime rate *minus* 1% per annum. The Owner Notes are subordinate and junior in right of payment to the Credit Facilities and all other indebtedness of the Company.

The obligations under the Owner Notes are payable on demand, subject to the terms of the Credit Agreement. Since at least January 1, 2020, interest on the Owner Notes has not been paid in

[7] A description of these amendments is attached to the First Day Declaration as Exhibit D.

[8] In addition, the Debtors have recorded various liabilities related to owner notes since 2007.

cash and has instead been added to the principal. Approximately $48 million in unpaid principal and accrued interest was outstanding under the Owner Notes as of the Petition Date.

5. *Equity Ownership of Republic National Distributing Company, LLC*

The outstanding equity interests of Debtor RNDC are indirectly owned by the Carlos, Davis, and Block families via two intermediate entities: (a) non-Debtor affiliate NDC Partners, LLC, which owns 66.67%, and (b) non-Debtor affiliate New BG Distribution Partners, LLC ("New BG Partners"), which owns 33.33%. Members of the Carlos and Davis families own the equity interests of non-Debtor affiliate NDC Partners, LLC ("NDC Partners"), which is an affiliate of NDC, Inc.; members of the Block family own the equity interests of non-Debtor affiliate New BG Partners.

New BG Partners and NDC Partners are each investment holding entities through which members of the Block (New BG Partners) and Davis and Carlos (NDC Partners) families hold their indirect ownership interests in RNDC. Pursuant to the governing documents of New BG Partners and NDC Partners, each member of New BG Partners and NDC Partners possesses certain governance rights, including the right to designate representatives to serve on the board of managers of RNDC (the "Board") – two from New BG Partners and four from NDC Partners. However, New BG Partners and NDC Partners and their members were solely equity holders of RNDC through their indirect ownership interests. Operational decisions were made by the RNDC management team, subject to oversight by the Board in accordance with RNDC's governance structure.

Since 2007, NDC, Inc. has operated as a distinct legal entity from RNDC and services the Georgia and New Mexico markets, although NDC, Inc. and RNDC have historically cooperated with respect to various inventory and supplier issues. Historically, the Debtors have also provided accounting, treasury, information technology, and general back-office and support services to NDC, Inc. RNDC and NDC, Inc. have agreed to go-forward terms for the continued provision of these services and additional transition services and technology transfer services during the course of this case as set forth in the term sheet attached to the First Day Declaration as Exhibit E. NDC, Inc. has agreed to pay $1.6 million per month in cash for these post-petition support and additional transition services and technology transfer services, which AlixPartners calculated as the fair value for RNDC's provision of these services to NDC, Inc.

VII. EVENTS LEADING TO THESE CHAPTER 11 CASES

A. Post-COVID-19 Macroeconomic and Industry Headwinds.

Before the COVID-19 pandemic, the alcohol industry experienced a prolonged period of steady growth. As government shutdowns forced the closure of restaurants and bars in April 2020, Americans were confined to their homes and increasingly turned to retail stores to purchase alcohol for in-home consumption. Retail and online sales channels saw a corresponding boom, resulting in an approximate 35% increase in retail alcohol sales during the spring of 2020. Distributors like RNDC raced to meet this incredible surge in demand by stockpiling unprecedented levels of inventory. Given that retail customers have historically generated the vast majority of RNDC's revenue and, because RNDC was one of the only distributors with an eCommerce sales channel, RNDC was able to fully capitalize on this historic demand.

As the effects of the pandemic began to wane in late 2022, so too did the demand for off-premise alcohol consumption. RNDC and other distributors, which had aggressively accumulated significant product during the pandemic, were left holding excess inventory as demand returned to pre-pandemic levels. The Company's efforts to close the destocking gap were frustrated by other macroeconomic factors, including a sustained period of high interest rates and persistent inflation on the heels of the pandemic. Making matters worse, the long-lasting disruption to supply chains instigated increased labor and other elevated costs, thereby increasing expenses and further reducing margins.

But the biggest surprise was the drastic, almost overnight shift in consumer preferences—not only were Americans drinking less in their homes, many stopped drinking altogether. When consumers *do* opt to drink alcohol, many have increasingly started to prefer high-quality, high-end wine and spirits brands. Although the trend toward more premium, high-value beverages has allowed distributors like RNDC to realize higher per-unit sales in some instances, it has also contributed to the decline in total sales across the industry because fewer total units are being purchased.

The combination of these macroeconomic and industry headwinds continued to compound. Inventory levels have yet to stabilize to pre-pandemic levels. Persistent inflation and high interest rates posed industry-wide challenges and materially increased RNDC's cash interest expense (all floating rates tied to USD SOFR). This has hugely destabilized and put severe pressure on RNDC's margins, cashflows, and liquidity.

B. Operational Challenges.

The sudden drop-off in demand following the pandemic quickly resulted in a mismatch between RNDC's obligations under its supplier distribution agreements and the economic realities of softening demand. During the COVID-19-driven demand, RNDC realized significantly improved unit economics and increased margins, negotiating favorable contractual volume and pricing commitments. Without the same level of demand, however, these commitments proved unfavorable, directly impairing RNDC's margins. Simply put, the Company had become obligated to purchase more inventory from suppliers at unfavorable economic terms than it could sell to its customers in the face of a drastic shift in consumer preferences. As the middleman of the three-tier distribution network, RNDC's inventory stockpile was entirely inconsistent with demand.

On top of these pressures, between late 2022 and 2025, RNDC lost several key suppliers that collectively generated more than $3 billion of RNDC's annual revenues. While RNDC worked diligently to establish new supplier partnerships and expand business with existing suppliers, securing approximately ten new or expanded supplier relationships since 2023, the broader macroeconomic factors and industry dynamics became insurmountable.

C. RNDC's Entry Into, and Exit From, the California Market.

1. *RNDC's Entry into the California Market and Disputes with YHI.*

As the largest alcohol market in the United States, California had long been a target for RNDC. Following entry into a joint venture with YMC in Arizona, RNDC approached YMC and its indirect owner, YHI—which maintained a significant presence in California and other west coast states—in late 2016 to explore a transaction in the California market. YMC was founded in 1888 as a family-owned retail store in downtown Los Angeles. YMC grew into a leading broker and distributor of fine wines and spirits. Ultimately, the parties were unable to agree on terms.

The original discussions with YHI proved unsuccessful, so RNDC explored other avenues to expand their nationwide footprint. In 2017, RNDC engaged in merger discussions with Breakthru Beverage Group ("Breakthru")—another major beverage alcohol distributor. Following a costly two-year review by the Federal Trade Commission, RNDC and Breakthru terminated discussions in 2019.

RNDC re-engaged with YMC in 2019 after the Breakthru deal was terminated. RNDC expressed a preference to purchase the entirety of YMC. But YHI wanted to retain an ownership stake with the hope that RNDC's ownership and involvement would help revive YMC, which itself had been struggling.

Recognizing the critical role the California market could play in its continued expansion, RNDC ultimately agreed to acquire 50% of YMC from YHI for $297 million. After approximately six months of negotiations, the transaction closed in August 2019.

Consistent with RNDC's desire to acquire the other 50% of YMC, RNDC, and YHI entered into a new operating agreement granting (a) YHI an option to sell the remaining 50% to RNDC (the "Put Option") or (b) RNDC an option to acquire the remaining options.

RNDC and YHI operated as a joint venture for several years. In early 2022, after two years of strong performance during the pandemic, YHI exercised the Put Option on August 5, 2022. A significant dispute over the calculation of the put price arose between RNDC and YHI. RNDC and YHI ultimately agreed—as part of a negotiated resolution— to a final put price of approximately $422 million, which RNDC paid on November 1, 2022.

At the same time as these negotiations, Sazerac, a supplier with a desirable portfolio of brands, including Buffalo Trace, Pappy Van Winkle, Southern Comfort, and Blanton's, terminated YMC's distribution rights in Washington. Sazerac was required to pay a termination fee. This led to another dispute between RNDC and YHI, with YHI claiming that it was owed a portion of the termination fee as a true-up payment. After the parties were unable to resolve that dispute, YHI commenced arbitration. Ultimately, this dispute was resolved in June 2024, with RNDC agreeing to pay YHI $7.5 million.

2. *RNDC's Exit from the California Market.*

Despite RNDC's long-standing desire to enter California, operating in the nation's largest alcohol market presented its own unique challenges. With the extreme competition in the state, labor and occupancy costs almost triple the national average, and heavily discounted customer orders due to certain state regulations, RNDC faced significant margin pressure and diminished cash generation year after year.

On top of these pressures, in early 2025, several of RNDC's key suppliers began moving to RNDC's competitors. In particular—Tito's, Brown-Forman, and Gallo's High Noon—switched to Reyes, putting further pressure on RNDC's California operations. In June 2025, RNDC announced that it would withdraw from the California market by September 2, 2025. This led to the loss of additional suppliers, including Gallo and Proximo.

While the California exit was expected to significantly increase profitability through reduced losses and simplify go-forward operational management over the long-term, the exit reduced its collateral base and has contributed to a large volume and revenue loss in the short-term.

D. RNDC's Prepetition Initiatives

1. *Retention of Advisors.*

In the face of significant liquidity concerns, the Company retained AlixPartners. The Company subsequently retained Kirkland, Lazard, and Joele Frank, Wilkinson Brimmer Katcher. The Company also retained Porter Hedges, as co-counsel and conflicts counsel. And after soliciting proposals from three qualified claims and noticing firms, the Debtors retained Omni Agent Solutions, Inc.

2. *Enhanced Corporate Governance.*

As part of the Company's evaluation of strategic transactions to maximize value for stakeholders, the Advisors conducted a review of the existing corporate governance in late 2025. This led to the appointment of two experienced and disinterested directors—Scott D. Vogel and Charles T. Piper—to the Board of RNDC on November 11, 2025. In addition, the Board of RNDC delegated to the Special Committee certain rights, authority, and powers in connection with any matters in which a

conflict of interest exists or is reasonably likely to exist between the Company, on the one hand, and Related Parties, on the other. In connection with the twelfth amendment to the Credit Agreement, John T. Young, Jr. was appointed as an additional Disinterested Manager to the Board and a member of the Special Committee on December 21, 2025.

And, on June 25, 2026, each of the Debtors appointed Ms. Jill Frizzley to their boards as a fourth Disinterested Manager and the sole member of the Additional Special Committee. Ms. Frizzley has authority to review and investigate any decisions made and/or transactions entered into by the Company, including the Reyes Sale Transactions, and approved by the Special Committee and the Board, since its creation.

(a) Special Committee Investigation.

With the assistance of Kirkland and AlixPartners, the Special Committee has conducted an investigation into potential claims and causes of action the Company may hold against Related Parties, including the Company's current and former officers, directors, and equityholders, as well as potential estate causes of action against other parties (the "Initial Investigation"). The Special Committee focused on a number of categories of transactions and issues, including the below.

Insider Debt Payments. The Debtors currently owe approximately $260 million on the Second Lien Facility with NDC, one of the Debtors' indirect equityholders, and approximately $48 million on the Owner Notes. The Special Committee investigated the circumstances surrounding the incurrence of the Second Lien Facility and the Owner Notes, the consideration received by the Debtors in exchange for issuing the Second Lien Facility and the Owner Notes, the interest rates on the Second Lien Facility and the Owner Notes, any changes to the terms of the Second Lien Facility and the Owner Notes, and the timing and amount of any payments made on the Second Lien Facility and the Owner Notes.

Tax Distributions. The parent-level Debtor, RNDC, is a partnership for U.S. federal income tax purposes. As a result, many (but not all) of the income tax liabilities attributable to income recognized by RNDC are borne by RNDC's direct and indirect equityholders, *i.e.*, as a general matter, those equityholders report (and pay taxes on) income recognized by RNDC on their own tax returns—in other words, RNDC is a "flow-through" entity.

Since 2018, RNDC has made more than $700 million in tax distributions to its direct equityholders, New BG Partners and NDC Partners, in proportion to their ownership of RNDC. New BG Partners and NDC Partners then, in turn, made proportionate distributions to their own equityholders.[9]

To calculate the amount of a tax distribution, RNDC used a two-step process. First, RNDC estimated its annual taxable income by taking the prior year's taxable income and adding 10%. Second, RNDC applied a 50% assumed tax rate to the estimated taxable income to determine the total annual tax distribution amount. Because certain of RNDC's direct and indirect equityholders were required to make quarterly estimated tax payments to the Internal Revenue Service, RNDC paid quarterly estimated tax distributions to its equityholders based on this calculation. At the end of each year, RNDC compared its estimated taxable income to its actual taxable income. If actual taxable income exceeded the initial estimate, RNDC made additional "true-up" distributions to cover the shortfall.

[9] Because New BG Partners did not maintain its own bank accounts, RNDC would distribute tax distributions directly to the equityholders of New BG Partners.

Since 2018, RNDC has made tax distributions in the following annual amounts:

Year	RNDC Taxable Income	NDC Partners Tax Distributions	New BG Tax Distributions	Total Tax Distributions
2018	$150,968,389	$47,252,356	$30,462,997	$77,715,353
2019	$194,745,418	$59,481,236	$40,518,764	$100,000,000
2020	$312,113,452	$62,943,741	$43,376,906	$106,320,647
2021	$343,925,886	$103,708,951	$68,651,049	$172,360,000
2022	$197,813,638	$119,334,690	$73,175,310	$192,510,000
2023	Negative	$43,721,937	$25,619,363	$69,341,300
Total		**$436,442,911**	**$281,804,389**	**$718,247,300**

In 2023, RNDC made tax distributions to NDC Partners and New BG in January and April. RNDC did not, however, make any additional tax distributions in 2023 after projections showed that RNDC's taxable income would be negative for the year. In April and September 2024, certain of RNDC's direct and indirect equityholders paid to the Company amounts approximately equivalent to the tax distributions that had been made in 2023.

The Special Committee investigated the process surrounding these tax distributions, including how they were calculated and paid, and to what extent any tax distributions were later reconciled against actual tax obligations and/or returned to RNDC.

Provision of Services to NDC, Inc. As part of the 2007 merger between NDC, Inc. and Republic Beverage Company, RNDC and NDC, Inc. entered into a services agreement dated May 1, 2007 (the "Services Agreement"). Under the Services Agreement, RNDC provided NDC, Inc. with back-office support functions, including finance and accounting, information technology, employee benefits and training, general management, sales, operations, and human resources. The initial annual fee for the services covered by the Services Agreement was $5.5 million. Although the agreement was not formally extended, NDC, Inc. has continued to pay RNDC $5.5 million annually for these services—a price that has not been adjusted since execution of the Services Agreement. The Special Committee investigated the circumstances surrounding the Services Agreement, RNDC's continued provision of such services to NDC, Inc., and any compensation received by RNDC in exchange for providing services to NDC, Inc., including whether $5.5 million represents fair market value for the services RNDC provides.

New Mexico Property. Also in connection with the 2007 merger, RNDC and NDC, Inc. entered into a lease agreement dated May 1, 2007 for property located at 5920 Office Boulevard, Albuquerque, New Mexico 87109 (the "New Mexico Property"). Under the lease for the New Mexico Property, NDC paid $125,000 per month in rent ($1.5 million annually) to RNDC. The lease was extended in 2017, 2022, and 2024 with no rent increase. In September 2025, RNDC sold the New Mexico Property to NDC, Inc. for $23 million. The Special Committee investigated the circumstances surrounding the transactions involving the New Mexico Property, including whether the $125,000 monthly lease rate and $23 million sale price were fair market values.

Payments to Insiders. Because the Debtors are a family-owned and -operated business, many members of the Debtors' equityholder families are former or current Debtor officers, directors, and employees who received various payments, including salaries, bonuses, and expense reimbursements. The Special Committee investigated the amounts and timing of these payments made to members of the Debtors' equityholder families, including the nature of the payments made by the Debtors and the services the Debtors received in exchange.

Financial Condition. Because the Debtors' financial condition and solvency materially affect the assessment of potential estate causes of action, the Special Committee's advisors assessed the

Debtors' financial condition over the course of recent years to identify any potential periods of time in which the Debtors were insolvent.

Young's Holdings Transactions. The Debtors entered California and other west coast markets through a series of transactions involving YHI. These transactions involved the Debtors paying hundreds of millions of dollars to YHI. The Special Committee investigated the nature and circumstances of all payments related to YHI, which totaled more than $700 million between 2019 and 2024.

In connection with the Initial Investigation, the Special Committee requested broad categories of documents from the Debtors' management, as well as from the Debtors' direct and indirect equityholders, who are separately represented by Katten Muchin Rosenman LLP (for New BG Partners-associated entities and individuals) and Seward & Kissel LLP (for NDC Partners-associated entities and individuals). The Special Committee collected over 600,000 documents from the Debtors alone.

(b) Additional Special Committee Investigation.

Since the Special Committee was appointed in November 2025, the Debtors have engaged in certain asset sales and other transactions in an effort to maximize the value of their estates. These efforts resulted in several sales, including the Reyes Sale Transactions. The proceeds of these sales were used to pay down existing indebtedness. To ensure a robust investigation of any and all potential causes of action while avoiding any potential conflicts, the Debtors appointed Jill Frizzley as the sole member of the Additional Special Committee, which is empowered to review and investigate potential claims or causes of action arising out of actions taken by the Debtors since the original Special Committee was appointed (the "Additional Special Committee Investigation"). Ms. Frizzley has retained Porter Hedges to serve as counsel in connection with the Additional Special Committee Investigation.

3. ***RNDC's Pursuit of All Reasonable Alternatives.***

The Debtors exhausted all alternatives before electing to commence these Chapter 11 Cases. In addition to identifying and implementing cost rationalization measures, including reducing headcount and consolidating core operations, the Company worked closely with the Advisors to develop a long-term business plan and explore various strategic and financial alternatives with both existing members of the Company's capital structure and potential third-party investors. More specifically, the Company and its Advisors (a) progressed the ongoing sale-leaseback negotiations, (b) launched a third-party financing process to solicit proposals around a potential refinancing of certain of the Company's funded debt facilities, and (c) launched a sale process to explore a potential sale of all or any part of the business.

(a) Sale-Leaseback.

On May 14, 2025, the Board approved the engagement of Eastdil Secured LLC to explore a potential sale-leaseback transaction of substantially all of the Company's owned real estate. While these efforts had the potential to generate liquidity, any asset sale required the consent of the Lenders. Ultimately, no sale-leaseback transaction was viable.

(b) Third-Party Financing.

Beginning on November 3, 2025, Lazard engaged over 15 prospective third-party capital providers to evaluate a potential refinancing of certain of the Company's funded debt facilities. Many of the prospective financing parties executed non-disclosure agreements and received access to a confidential information memorandum and other related diligence materials. As a result of these efforts, the Company received seven non-binding financing proposals, which contemplated new term loans and/or refinancing the Company's securitization facility.

In December, 2025, Lazard approached 11 third-party capital providers, who were already engaged as part of the Debtors' ongoing financing process, and one additional new party who executed a non-disclosure agreement and received diligence materials. Lazard received one non-binding DIP financing proposal from the Prepetition Lenders and four proposals from third parties between late December 2025 and early January 2026.

The Lenders were unwilling to agree to third-party financing on either a *pari passu* or priming basis. The third parties, in turn, were unwilling to provide financing on a junior basis.

(c) Going-Concern Sale Process.

Beginning in December 2025, Lazard discussed the potential purchase of some or all of the Company's assets with over 50 potential acquirers via inbound and outbound engagement, including a mix of financial and strategic counterparties. Over 25 parties executed non-disclosure agreements and received diligence materials. Over 20 third parties submitted non-binding indications of interest to acquire RNDC's operations in a particular state or across multiple states, demonstrating positive market interest in go-forward operations.

After extensive engagement with various interested parties, on January 13, 2026, the Company announced publicly that Reyes submitted a proposal for the purchase of the Company's Florida, Hawaii, Illinois, Maryland, South Carolina, Virginia, and Washington, D.C. geographies.[10] Reyes' offer eventually expanded to 11 states in total, including Arizona, Colorado, Louisiana, Oklahoma, and Texas. Critically, Reyes was committed to closing quickly to mitigate supplier attrition.

In parallel with these efforts, the Debtors engaged in negotiations with the Lenders, resulting in (i) an extension of the maturity date of the Company's then-outstanding securitization facility from December 1, 2025 to January 9, 2026, which allowed that facility to be refinanced under the Bank Facility Credit Agreement, and (ii) the entry into several amendments with respect to the Bank Facility Credit Agreement. The amendments provided the Company with covenant relief and an additional $50 million in liquidity, in addition to the Lenders' agreement to provide $250 million in incremental funding to bridge to the closing of the Reyes Sale Transactions and explore the sale of additional territories. In connection with the Reyes Sale Transactions, the Reyes TSA requires that the Debtors provide services through the Transition Period, and, in exchange for providing the transition services, Reyes agreed to pay RNDC $11 million per month through September 30, 2026, and, unless terminated earlier by Reyes, $11 million for October 2026 and $12 million for each of November and December 2026.

In addition to closing the Reyes Sale Transactions, prior to the Petition Date, the Debtors consummated prepetition going-concern sale transactions with respect to: (i) the Company's wine-searcher.com entity and business on April 30, 2026; (ii) the Company's equity interests in a joint-venture partnership for the Idaho market on May 8, 2026; and (iii) sales of assets in Washington, Oregon, Nebraska, North Dakota, South Dakota, and Arkansas. The Debtors have also executed non-binding letters of intent in the Alabama, Alaska, Iowa, Maine, Mississippi, Montana, New Hampshire, North Carolina, Ohio, Pennsylvania, Utah, Vermont, West Virginia, and Wyoming markets, as well as for their "control state" businesses in Michigan, Idaho, Oregon, and Virginia.

In connection with the asset sales in Nebraska, North Dakota, and South Dakota, the Quality Brands TSA requires that the Debtors provide services and receive payment ahead of the filing of these cases—$1.2 million for the month of July and a fixed monthly fee of $113,000 per month through September 30, 2026.

[10] Reyes did not acquire the Company's "control state" business in Virginia. Illinois was later removed from the proposal.

4. *Entry into the DIP Facility*

In anticipation of the Debtors' Chapter 11 Cases, and given the Debtors' limited cash on hand, Lazard solicited third-party DIP financing proposals in the two months prior to the Debtors' commencing these Chapter 11 Cases. Lazard contacted six third parties (who were part of Lazard's original outreach) to determine willingness to fund these Chapter 11 Cases. Despite the Debtors' and Lazard's best efforts, no third party provided an actionable debtor-in-possession financing proposal due to, among other things, the Debtors' limited unencumbered assets, the lack of interest in funding a potential wind-down, and uncertainty around the Debtors' remaining asset sales.

The Debtors likewise engaged with the Lenders over the last several months to secure funds necessary to administer these Chapter 11 Cases. As a result of the Debtors' negotiations with the Lenders, the Debtors secured a $250 million DIP Facility, comprised of (a) $75 million of new money revolving loans, of which $50 million will be made available on an interim basis, (b) upon entry of the interim order, a "roll-up" of the delayed draw term loans extended under the fourteenth amendment to the Credit Agreement, totaling approximately $66.3 million; and, (c) upon entry of the final order, a "roll-up" of approximately $108.7 million of the revolving loans under the Credit Agreement.

The DIP Credit Agreement establishes the following milestones in relation to the Petition Date, which may be extended by up to five business days by the DIP Agent in its discretion:

- Filing a Plan and Disclosure Statement within five business days;
- Execution of binding purchase agreements with respect to a majority of the remaining Going-Concern Sale Transactions within 30 days;
- Entry of a final order approving the DIP Facility within 35 days;
- Confirmation of the Plan and approval of asset sales within 70 days; and
- The Plan Effective Date within 75 days.

VIII. EVENTS OF THE CHAPTER 11 CASES

A. First Day Relief and Other Case Matters.

On the Petition Date, after each Debtor filed its voluntary petition for relief under chapter 11 of the Bankruptcy Code (collectively, the "Petitions"), the Debtors filed various motions (collectively, the "First Day Motions") designed to facilitate the administration of the Chapter 11 Cases and minimize disruption to the Debtors' operations, by, among other things, easing the strain on the Debtors' relationships with employees, vendors, and customers following the commencement of the Chapter 11 Cases. A brief description of each of the First Day Motions and the evidence in support thereof is set forth in the *Declaration of John R. Castellano, Chief Restructuring Officer of Republic National Distributing Company, LLC and its Debtors Affiliates, in Support of the Debtors' Chapter 11 Petitions and First Day Motions* [Docket No. 18] (the "First Day Declaration"), filed on the Petition Date.

At a hearing on July 27, 2026 (the "First Day Hearing"), the Bankruptcy Court granted certain of the relief requested in the First Day Motions on an interim and final basis, as applicable. Following the First Day Hearing, the Bankruptcy Court granted the following First Day Motions, as specified below:[11]

[11] The First Day Motions, and all orders for relief entered in the Chapter 11 Cases, can be viewed free of charge on the website of the Debtors' Claims and Noticing Agent at https://omniagentsolutions.com/RNDC.

- **Joint Administration Motion**: The Bankruptcy Court entered an order [Docket No. 22] approving the *Debtors' Emergency Motion for Entry of an Order (I) Directing Joint Administration of the Debtors' Chapter 11 Cases and (II) Granting Related Relief* [Docket No. 2] on a final basis.

- **Omni Retention Application**: The Bankruptcy Court entered an order [Docket No. 26] approving the *Debtors' Emergency* Ex Parte *Application for Entry of an Order Authorizing the Employment and Retention of Omni Agent Solutions, Inc. as Claims, Noticing, and Solicitation Agent* [Docket No. 4] on a final basis.

- **Cash Management Motion**: The Bankruptcy Court entered an order [Docket No. 39] approving the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate the Cash Management System, (B) Maintain Existing Bank Accounts, Business Forms, and Books and Records, and (C) Continue Intercompany Transactions, (II) Granting Administrative Expense Status to Certain Postpetition Intercompany Transactions, and (III) Granting Related Relief* [Docket No. 16] on an interim basis.

- **TSA Services Motion**: The Bankruptcy Court entered an order [Docket No. 40] approving the *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to Continue to Provide All TSA Services and Honor All Obligations Related Thereto and (II) Granting Related Relief* [Docket No. 12] on a final basis.

- **Utilities Motion**: The Bankruptcy Court entered an order [Docket No. 41] approving the *Debtors' Emergency Motion for Entry of an Order (I) Approving the Debtors' Proposed Adequate Assurance of Payment for Future Utility Services, (II) Prohibiting Utility Providers from Altering, Refusing, or Discontinuing Services, (III) Approving the Debtors' Proposed Procedures for Resolving Adequate Assurance Requests, and (IV) Granting Related Relief* [Docket No. 9] on a final basis.

- **SOFAs and Schedules Extension Motion**: The Bankruptcy Court entered an order [Docket No. 42] approving the *Debtors' Emergency Motion for Entry of an Order (I) Extending the Time to File (A) Schedules and Statements and (B) Rule 2015.3 Financial Reports, (II) Modifying the Requirements of Bankruptcy Local Rule 2015-3, and (III) Granting Related Relief* [Docket No. 11] on a final basis (the "SOFAs and Schedules Extension Order").

- **Critical Vendor Motion**: The Bankruptcy Court entered an order [Docket No. 43] approving the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Certain Prepetition Claims of Critical Vendors, 503(b)(9) Claimants, Lien Claimants, and Foreign Vendors and (B) Honor Their Obligations Under the Supplier Agreements in the Ordinary Course of Business, (II) Confirming Administrative Expense Priority of Outstanding Orders, and (III) Granting Related Relief* [Docket No. 15] on an interim basis.

- **Customer Programs Motion**: The Bankruptcy Court entered an order [Docket No. 44] approving the *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Maintain and Administer Their Existing Supplier and Customer Programs and Honor Certain Prepetition Obligations Related Thereto and (II) Granting Related Relief* [Docket No. 8] on a final basis.

- **Creditor Matrix Motion**: The Bankruptcy Court entered an order [Docket No. 45] approving the *Debtors' Emergency Motion for Entry of an Order*

(I) Authorizing the Debtors to (A) File a Consolidated Creditor Matrix, (B) Redact or Withhold Certain Confidential Information of Customers, and (C) Redact Certain Personally Identifiable Information of Natural Persons, (II) Approving the Form and Manner of Notifying Creditors of the Commencement of the Chapter 11 Cases and Other Information, and (III) Granting Related Relief [Docket No. 10] on a final basis.

- **Insurance Motion**: The Bankruptcy Court entered an order [Docket No. 46] approving the *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Maintain Insurance Coverage, Surety Bond Program, and Letters of Credit Entered into Prepetition and Satisfy Prepetition Obligations Related Thereto, (B) Continue to Pay Certain Claims Processing Fees, and (C) Renew, Amend, Supplement, Extend, Purchase, Cancel, and Enter into New Insurance Policies, Letters of Credit, and Surety Bonds, and (II) Granting Related Relief* [Docket No. 5] on a final basis.

- **Taxes Motion**: The Bankruptcy Court entered an order [Docket No. 47] approving the *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Pay Certain Taxes and Fees and (B) Undertake Certain Tax Planning Activities, and (II) Granting Related Relief* [Docket No. 6] on a final basis.

- **NOL Motion**: The Bankruptcy Court entered an order [Docket No. 48] approving the *Debtors' Motion for Entry of an Order (I) Approving Notification and Hearing Procedures for Certain Transfers of and Declarations of Worthlessness with Respect to Common Stock, (II) Directing that Any Such Transfer or Declaration of Worthlessness in Violations of Such Procedures Be Null and Void Ab Initio, and (III) Granting Related Relief* [Docket No. 7] on a final basis.

- **Wages Motion**: The Bankruptcy Court entered an order [Docket No. 52] approving the *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefit Programs, and (II) Granting Related Relief* [Docket No. 14] on a final basis.

B. Schedules and Statements

Pursuant to the relief granted in the SOFAs and Schedules Extension Order, the Debtors intend to file their schedules of assets and liabilities and statements of financial affairs pursuant to section 521 of the Bankruptcy Code on or before September 23, 2026.

C. Interim Approval of DIP Financing

To fund the Debtors' chapter 11 cases and facilitate the Wind-Down, the Debtors and the DIP Lenders entered into a $250 million senior secured superpriority revolving debtors-in-possession credit facility comprised of (i) $75 million of new money revolving loans, of which $50 million was made available upon entry of the Interim DIP Order, (ii) upon entry of the Interim DIP Order, a "roll-up" of all of the outstanding Fourteenth Amendment Priority Delayed Draw Term Loans under the Prepetition Credit Agreement, totaling approximately $66.3 million, into term loans under the DIP Facility, and, (iii) subject to approval of the DIP Motion on a final basis, a "roll-up" of $108,686,827.95 of the Revolving Loans under the Prepetition Credit Agreement into term loans under the DIP Facility.

On July 28, 2026, the Bankruptcy Court entered an order [Docket No. 60] (the "Interim DIP Order") approving, on an interim basis, the relief requested in the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (III) Authorizing the*

Use of Cash Collateral, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief [Docket No. 19] (the "DIP Motion").[12]

IX. RISK FACTORS

Holders of Claims should read and consider carefully the risk factors set forth below before voting to accept or reject the Plan. Although there are many risk factors discussed below, these factors should not be regarded as constituting the only risks present in connection with the Debtors' businesses or the Plan and its implementation.

A. Certain Bankruptcy Law Considerations

The occurrence or non-occurrence of any or all of the following contingencies, and any others, could affect distributions available to Holders of Allowed Claims under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of Holders of Claims in such Impaired Classes.

1. The Debtors Will Consider All Available Restructuring Alternatives if the Plan Is Not Implemented, and Such Alternatives May Result in Lower Recoveries for Holders Against the Debtors

The Debtors will consider all restructuring alternatives available, which may include the filing of an alternative chapter 11 plan or any other transaction that would maximize the value of the Debtors' Estates. Any alternative restructuring proposal may be on terms less favorable to Holders of Claims against the Debtors than the terms of the Plan as described in the Disclosure Statement. Any material delay in Confirmation of the Plan, or the Chapter 11 Cases, or the threat of rejection of the Plan by the Bankruptcy Court, would add substantial expense and uncertainty to the process.

The uncertainty surrounding a prolonged restructuring would also have other adverse effects on the Debtors. For example, it would adversely affect:

- the Debtors' ability to retain key employees, including those who may be critical to the transactions contemplated under the Plan, including the Wind Down;
- the Debtors' liquidity;
- how the Debtors' business is viewed by regulators, lenders, investors, customers, dealers, and other business partners; and
- the Debtors' assets.

2. Parties in Interest 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 equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests each encompassing Claims or Interests, as applicable,

[12] Capitalized terms used and not otherwise defined in this Article VIII.D shall have the meanings ascribed to them in the DIP Motion.

that are substantially similar to the other Claims or Interests, as applicable, in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

3. The Conditions Precedent to the Plan Effective Date of the Plan May Not Occur

As more fully set forth in Article XI of the Plan, the Plan Effective Date is subject to a number of conditions precedent. If such conditions precedent are not met or waived, the Plan Effective Date will not take place.

4. The Debtors May Fail to Satisfy Vote Requirements

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to pursue another strategy to wind down the Estates. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan.

5. The Debtors May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the Bankruptcy Court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting Holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such Holders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the balloting procedures, and voting results are appropriate, the Bankruptcy Court could still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation are not met. If a chapter 11 plan is not confirmed by the Bankruptcy Court, it is unclear whether the Debtors will be able to reorganize their business and what, if anything, Holders of Allowed Claims against them would ultimately receive on account of such Allowed Claims.

Confirmation of the Plan is also subject to certain conditions as described in Article XI of the Plan. If the Plan is not confirmed, it is unclear what distributions, if any, Holders of Allowed Claims will receive on account of such Allowed Claims.

The Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in less favorable treatment of any non-accepting Class, as well as any Class junior to such non-accepting Class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property with a lesser value than currently provided in the Plan or no distribution whatsoever under the Plan.

6. The Debtors May Seek Confirmation of the Plan Without the Support of All Voting Creditors

In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class (as defined under section 1124 of the Bankruptcy Code) has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the Bankruptcy Court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired class(es). The Debtors believe that the Plan satisfies these requirements, and the Debtors may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation or Consummation of the Plan may result in, among other things, increased expenses relating to professional compensation.

7. The Debtors May Exhaust their Cash Collateral or Postpetition Financing

If the Chapter 11 Cases take longer than expected to conclude, the Debtors may exhaust their available cash collateral and postpetition financing. There is no assurance that the Debtors will be able to obtain an extension of the right to obtain further postpetition financing and/or use cash collateral, in which case, the liquidity necessary for the orderly functioning of the Debtors' businesses may be impaired materially.

8. The Chapter 11 Cases May Be Converted to Cases Under Chapter 7 of the Bankruptcy Code

If the Bankruptcy Court finds that it would be in the best interest of creditors and/or the debtor in a chapter 11 case, the Bankruptcy Court may convert a chapter 11 bankruptcy case to a case under chapter 7 of the Bankruptcy Code. In such event, a chapter 7 trustee would be appointed or elected to liquidate the debtor's assets for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in significantly smaller distributions being made to creditors than those provided for in a chapter 11 plan because of (a) the likelihood that the assets would have to be sold or otherwise disposed of in a disorderly fashion over a short period of time rather than reorganizing or selling in a controlled manner affecting the ability to maximize the value of the Debtors' assets, (b) additional administrative expenses involved in the appointment of a chapter 7 trustee, and (c) additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation, and including Claims resulting from the rejection of Unexpired Leases and other Executory Contracts in connection with cessation of operations.

9. The Chapter 11 Cases Could Result in a "Structured Dismissal"

If the Confirmation or Consummation of the Plan does not occur, (a) the Plan shall be null and void in all respects other than as set forth in the Plan, (b) the Plan shall be deemed a motion seeking dismissal of these Chapter 11 Cases in accordance with the applicable provisions and priority scheme of the Bankruptcy Code, and (c) nothing contained in the Plan or this Disclosure Statement shall: (1) constitute a waiver or release of any Claims by the Debtors, any Holders, or any other Entity; (2) prejudice in any manner the rights of the Debtors, any Holders, or any other Entity; or (3) constitute an admission, acknowledgment, offer, or undertaking by the Debtors, any Holders, or any other Entity in any respect.

10. The Debtors May Object to the Amount or Classification of a Claim

Except as otherwise provided in the Plan, the Debtors reserve the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement

cannot be relied upon by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

11. Risk of Non-Occurrence of the Plan Effective Date

Although the Debtors believe that the Plan Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether the Plan Effective Date will, in fact, occur.

12. Contingencies May Affect Votes of Impaired Classes to Accept or Reject the Plan

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims or recharacterized as equity contributions. The occurrence of any and all such contingencies may affect distributions available to Holders of Allowed Claims under the Plan, but may not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require the Debtors to resolicit votes of revote by the Impaired Classes.

The estimated Claims and creditor recoveries set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary from the estimated Claims contained in this Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time, the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the percentage recoveries to Holders of Allowed Claims under the Plan.

13. Releases, Injunctions, and Exculpations Provisions May Not Be Approved

Article X of the Plan provides for certain releases, injunctions, and exculpations, including a release of liens and third-party releases that may otherwise be asserted against the Debtors, Wind-Down Debtors, or Released Parties, as applicable. The releases, injunctions, and exculpations provided in the Plan are subject to objection by parties in interest and may not be approved. If the releases are not approved, certain Released Parties may withdraw their support for the Plan.

The releases provided to the Released Parties and the exculpation provided to the Exculpated Parties is necessary to the success of the Debtors' Chapter 11 Cases because the Released Parties and Exculpated Parties have made significant contributions to the Debtors' reorganizational efforts and have agreed to make further contributions, but only if they receive the full benefit of the Plan's release and exculpation provisions. The Plan's release and exculpation provisions are an inextricable component of the Plan and the significant deleveraging and financial benefits that they embody.

14. Governmental Approvals May Not Be Granted

Consummation of the Wind Down may depend on obtaining approvals of certain Governmental Units. Failure by any Governmental Unit to grant an approval could prevent or impose limitations or restrictions on Confirmation and Consummation of the Plan.

B. Risks Related to Recoveries Under the Plan

1. The Debtors Cannot Guarantee Recoveries or the Timing of Such Recoveries

Although the Debtors have made commercially reasonable efforts to estimate Allowed Claims and Allowed Interests, it is possible that the actual amount of such Allowed Claims and Allowed

Interests is materially different than the Debtors' estimates. The Debtors may, in the future, reject certain Executory Contracts and Unexpired Leases, which may result in additional rejection damages claims not accounted for in this estimate. Furthermore, the Debtors may object to certain Proofs of Claim, and any such objections could ultimately cause the total amount of Claims to change.

The resulting proceeds of the Sale Transaction may be materially lower than projections. Creditor recoveries could be materially reduced or eliminated in this instance. In addition, the timing of actual distributions to Holders of Allowed Claims and Allowed Interests may be affected by many factors that cannot be predicted. Therefore, the Debtors cannot guarantee the timing or amount of any recovery on an Allowed Claim or an Allowed Interest.

2. The Wind Down May Take Longer and Cost More Than Estimated, Which May Decrease Creditor Recoveries

The Wind Down presents risks for all stakeholders. The Wind Down is estimated to take approximately [●] months to complete. However, this is merely an estimate and it is possible that it could take longer. In the event the Wind Down takes longer to be completed, the associated costs, such as professional fees, will also be higher than estimated. Accordingly, estimated recoveries pursuant to the Wind Down could also be lower than estimated.

3. The Total Amount of Allowed Unsecured Claims May Be Higher than Anticipated by the Debtors

With respect to Holders of Allowed General Unsecured Claims, the Claims filed against the Debtors' Estates may be materially higher than the Debtors have estimated.

4. The Total Amount of Allowed Administrative and Priority Claims May Be Higher than Anticipated by the Debtors

The amount of Cash the Debtors ultimately receive prior to and following the Plan Effective Date may be lower than anticipated. Additionally Allowed Administrative Claims and Allowed Priority Claims may be higher than anticipated. Accordingly, there is a risk that the Debtors will not be able to pay in full in cash all Administrative Claims and Priority Claims on the Plan Effective Date as is required to confirm a chapter 11 plan.

C. Risks Related to the Wind-Down Debtors' Businesses

1. The Debtors May Not Be Able to Generate Sufficient Cash to Service All of Their Indebtedness

The Debtors' ability to make scheduled payments depends on the Debtors' financial condition and operating performance, which are subject to prevailing economic, industry, and competitive conditions and to certain financial, business, legislative, regulatory, and other factors beyond the Debtors' control. The Debtors may be unable to maintain a level of cash flow from operating activities sufficient to permit the Debtors to pay the principal, premium, if any, and interest on their indebtedness.

2. The Debtors Will Be Subject to the Risks and Uncertainties Associated with the Chapter 11 Cases

For the duration of the Chapter 11 Cases, the Debtors' ability to maximize the value of their assets, will be subject to the risks and uncertainties associated with bankruptcy. These risks include the following: (a) the ability to develop, confirm, and consummate the wind-down transactions specified in the Plan or an alternative transaction; (b) the ability to obtain Bankruptcy Court approval with respect to motions filed in the Chapter 11 Cases from time to time; (c) the ability to maintain relationships with suppliers, service providers, customers, employees, vendors, and other third parties; (d) the ability to

maintain contracts that are critical to the Debtors' operations; (e) the ability of third parties to seek and obtain Bankruptcy Court approval to terminate contracts and other agreements with the Debtors; (f) the ability of third parties to seek and obtain Bankruptcy Court approval to terminate or shorten the exclusivity period for the Debtors to propose and confirm a chapter 11 plan, to appoint a chapter 11 trustee, or to convert the Chapter 11 Cases to chapter 7 proceedings; and (g) the actions and decisions of the Debtors' creditors and other third parties who have interests in the Chapter 11 Cases that may be inconsistent with the Debtors' plans.

These risks and uncertainties could affect the Debtors' businesses and operations in various ways. For example, negative events associated with the Chapter 11 Cases could adversely affect the Debtors' relationships with suppliers, service providers, customers, employees, and other third parties, which in turn could adversely affect the Debtors' operations and financial condition. Also, the Debtors will need the prior approval of the Bankruptcy Court for transactions outside the ordinary course of business, which may limit the Debtors' ability to respond timely to certain events or take advantage of certain opportunities. Because of the risks and uncertainties associated with the Chapter 11 Cases, the Debtors cannot accurately predict or quantify the ultimate impact of events that occur during the Chapter 11 Cases that may be inconsistent with the Debtors' plans.

3. The Wind-Down Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases

The Debtors are currently subject to or interested in certain legal proceedings, which may adversely affect the Debtors. In the future, the Wind-Down Debtors may become party to litigation. In general, litigation can be expensive and time-consuming to bring or defend against. Such litigation could result in settlements or judgments that could significantly affect the Wind-Down Debtors' financial results. It is also possible that certain parties will commence litigation with respect to the treatment of their Claims under the Plan. It is not possible to predict the potential litigation that the Wind-Down Debtors may become party to, nor the final resolution of such litigation. The impact of any such litigation on the Wind-Down Debtors' businesses and financial stability, however, could be material.

4. The Loss of Key Personnel Could Adversely Affect the Debtors' Operations

The Debtors' operations are dependent on a relatively small group of key management personnel, including the Debtors' executive officers. The Debtors' recent liquidity issues and the Chapter 11 Cases have created distractions and uncertainty for key management personnel and employees. As a result, the Debtors may experience increased levels of employee attrition. The Debtors may be unable to find acceptable replacements with comparable skills and experience, and the loss of such key management personnel could adversely affect the Debtors' ability to operate their businesses. In addition, a loss of key personnel or material erosion of employee morale could have a material adverse effect on the Debtors' ability to meet customer and counterparty expectations, thereby adversely affecting the Debtors' businesses and the results of operations.

5. Results of Wind-Down Sales May Not Meet Projections

The Wind-Down sales may fail to meet projections due to the uncertainty of consumer demand and various macroeconomic conditions. Decreased demand for distribution services and alcoholic beverages during the Wind Down would negatively impact the ability of the Debtors to sell their inventory and other assets and complete the Wind Down.

6. Regulatory Compliance Could Affect the Wind-Down

The Wind-Down Transactions contemplated under the Plan may face regulatory challenges given certain restrictions on and requirements for the sale and distribution of alcohol. The production, importation, transportation, storage, marketing, and sale of alcoholic beverages is subject to

comprehensive oversight and licensing and permitting by multiple federal, state, and local agencies. Any failure to comply with federal, state, or local laws or regulations may result in penalties, suspension, or revocation of licenses, or operational shutdowns. Regulatory compliance costs may also increase post-emergence due to heightened scrutiny or legislative or regulatory changes. The Wind-Down Debtors may face challenges or otherwise be unable to sell their inventory given that both the Wind-Down Debtors and potential purchasers must comply with complex licensing, permitting, and other compliance requirements that vary by jurisdiction, often requiring separate, or the transfer of, federal, state, and local licenses, permits, registration, or other regulatory filings, along with ongoing renewals and reporting obligations. Inability to sell inventory would negatively impact the ability of the Debtors to complete the Wind Down.

D. Other Risk Factors

1. The Financial Information Contained in this Disclosure Statement Has Not Been Audited

In preparing this Disclosure Statement, the Debtors and their advisors relied on financial data derived from their books and records that was available at the time of such preparation. Although the Debtors have used their reasonable business judgment to ensure the accuracy of the financial information, and any conclusions or estimates drawn from such financial information, provided in this Disclosure Statement, and while the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to warrant that the financial information contained herein, or any such conclusions or estimates drawn therefrom, is without inaccuracies.

2. Information Contained in this Disclosure Statement Is for Soliciting Votes on the Plan

The information contained in this Disclosure Statement is for the purposes of soliciting acceptances of the Plan and may not be relied upon for any other purpose.

3. This Disclosure Statement Was Not Reviewed or Approved by the SEC

This Disclosure Statement was not filed with the SEC or any similar federal, state, local, or foreign regulatory authority. This Disclosure Statement has not been approved or disapproved by the SEC or any state securities commission, and neither the SEC nor any state securities commission has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibit or the statements contained in this Disclosure Statement.

4. No Legal or Tax Advice Is Provided to You by this Disclosure Statement

This Disclosure Statement does not constitute legal advice to you. The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each Holder of a Claim or an Interest should consult his or her own legal counsel, accountant, or other applicable advisor with regard to any legal, tax, and other matters concerning his or her Claim or Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

5. No Admissions Made

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by any entity (including, without limitation, the Debtors) nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, Holders of Allowed Claims or Allowed Interests, or any other parties in interest.

6. Failure to Identify Litigation Claims or Projected Objections

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement. The Debtors or their successors may seek to investigate, File, and prosecute Claims and Interests and may object to Claims or Interests after the Confirmation or Plan Effective Date irrespective of whether this Disclosure Statement identifies such Claims or Interests or objections to such Claims or Interests.

7. No Waiver of Right to Object to Claim or Interest

The vote by a Holder of a Claim or Interest for or against the Plan does not constitute a waiver or release of any Claims, Causes of Action, or rights of the Debtors (or any entity, as the case may be) to object to that Holder's Claim or Interest, regardless of whether any claims or causes of action of the Debtors or their respective Estates are specifically or generally identified in this Disclosure Statement.

8. Information Was Provided by the Debtors and Was Relied Upon by the Debtors' Advisors

The Debtors' advisors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although the Debtors' advisors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not independently verified the information contained in this Disclosure Statement.

9. Potential Exists for Inaccuracies, and the Debtors Have No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtors as of the date of this Disclosure Statement, unless otherwise specified in this Disclosure Statement, and the delivery of this Disclosure Statement after the date of this Disclosure Statement does not imply that there has not been a change in the information set forth in this Disclosure Statement since that date. While the Debtors have used their reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

10. No Representations Outside this Disclosure Statement Are Authorized

No representations concerning or relating to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement, should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to the counsel to the Debtors and the U.S. Trustee.

11. This Disclosure Statement May Contain Forward-Looking Statements

This Disclosure Statement may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All forward-looking statements are necessarily speculative, and are based on assumptions that are believed to be reasonable but are subject to certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward-looking statements. The information contained herein is an estimate only, based upon information currently available to the Debtors. Any forward-looking statement speaks only as of the date on which such statement is made, and the Debtors do not undertake any obligation to correct or update any forward-looking statement, except as required by applicable law.

X. SOLICITATION AND VOTING PROCEDURES

This Disclosure Statement is being distributed to the Holders of Claims in those Classes that are entitled to vote to accept or reject the Plan. The procedures and instructions for voting and related deadlines are set forth in the exhibits annexed to the Disclosure Statement Order.

THE DISCUSSION OF THE SOLICITATION AND VOTING PROCESS SET FORTH IN THIS DISCLOSURE STATEMENT IS ONLY A SUMMARY.

PLEASE REFER TO THE DISCLOSURE STATEMENT ORDER FOR A MORE COMPREHENSIVE DESCRIPTION OF THE SOLICITATION AND VOTING PROCESS.

A. Holders of Claims Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all Holders of Claims and Interests against a Debtor are entitled to vote on a chapter 11 plan. The table in Article III.C of this Disclosure Statement provides a summary of the status and voting rights of each Class (and, therefore, of each Holder within such Class absent an objection to the Holder's Claim or Interest) under the Plan.

As shown in the table, the Debtors are soliciting votes to accept or reject the Plan only from Holders of Claims in Classes 3, 6, and 7 (collectively, the "Voting Classes"). The Holders of Claims in the Voting Classes are Impaired under the Plan and may, in certain circumstances, receive a distribution under the Plan. Accordingly, Holders of Claims in the Voting Classes have the right to vote to accept or reject the Plan.

The Debtors are ***not*** soliciting votes from Holders of Claims and Interests in Classes 1, 2, 4, 5, 8, 9, 10, or 11. Additionally, the Disclosure Statement Order provides that certain Holders of Claims in the Voting Classes, such as those Holders whose Claims have been disallowed or are subject to a pending objection, are not entitled to vote to accept or reject the Plan.

B. Voting Record Date

The Voting Record Date is [●]. The Voting Record Date (as defined in the Disclosure Statement Order) is the date on which it will be determined which Holders of Claims in the Voting Classes are entitled to vote to accept or reject the Plan and whether Claims have been properly assigned or transferred under Bankruptcy Rule 3001(e) such that an assignee or transferee, as applicable, can vote to accept or reject the Plan as the Holder of a Claim.

C. Voting on the Plan

The Voting Deadline is [●], 2026, at 4:00 p.m. (prevailing Central Time). In order to be counted as votes to accept or reject the Plan, all ballots must be properly executed, completed, and delivered in accordance with the instructions on your ballot so that the ballots are **actually received** by the Debtors' Claims and Noticing Agent on or before the Voting Deadline:

DELIVERY OF BALLOTS

To submit your ballot[13] via the Claims and Noticing Agent's online portal, please visit https://omniagentsolutions.com/RNDC-Ballots. Click on the "Balloting" tab of the Debtors' website and follow the instructions to submit your ballot. Hard copy ballots will not be accepted, and electronic ballots will not be accepted by facsimile or electronic means (other than the online portal) for all Claims other than the Class [●].

D. Ballots Not Counted

No ballot will be counted toward Confirmation if, among other things: (1) it is illegible or contains insufficient information to permit the identification of the holder; (2) it is submitted by a Person or Entity that does not hold a Claim in a Class that is entitled to vote on the Plan; (3) it is unsigned; (4) it is not marked to accept or reject the Plan or marked both to accept and reject the Plan; and/or (5) it is submitted by a party not entitled to cast a vote with respect to the Plan. **Please refer to the Disclosure Statement Order for additional requirements with respect to voting to accept or reject the Plan.**

IF YOU HAVE ANY QUESTIONS ABOUT THE SOLICITATION OR VOTING PROCESS, PLEASE CONTACT THE CLAIMS AND NOTICING AGENT AT

888-966-3819 (US & Canada Toll Free)
818-581-2982 (International)

ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE OR OTHERWISE NOT IN COMPLIANCE WITH THE SOLICITATION ORDER WILL NOT BE COUNTED.

XI. CONFIRMATION OF THE PLAN

A. Requirements for Confirmation of the Plan

Among the requirements for Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code are: (1) the Plan is accepted by all Impaired Classes of Claims, or if rejected by an Impaired Class, the Plan "does not discriminate unfairly" and is "fair and equitable" as to the rejecting Impaired Class; (2) the Plan is feasible; and (3) the Plan is in the "best interests" of Holders of Claims and Interests.

At the Combined Hearing, the Bankruptcy Court will determine whether the Plan satisfies all of 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; (B) the Debtors have complied, or will have complied, with all of the necessary requirements of chapter 11; and (C) the Plan has been proposed in good faith.

B. Best Interests of Creditors

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each impaired class, that each holder of a claim or an equity interest in such impaired class either (1) has

[13] Beneficial Holders of Claims must follow the instructions provided to them by their Nominees on how to submit their ballots.

accepted the plan or (2) will receive or retain under the plan property of a value that is not less than the amount that the non-accepting holder would receive or retain if the debtors liquidated under chapter 7.

The Debtors believe that the Plan will satisfy the best interests test because, among other things, the recoveries expected to be available to Holders of Allowed Claims under the Plan will be greater than the recoveries expected to be available in a chapter 7 liquidation, as discussed more fully below.

In a typical chapter 7 case, a trustee is elected or appointed to liquidate a debtor's assets and to make distributions to creditors in accordance with the priorities established in the Bankruptcy Code. Generally, secured creditors are paid first from the proceeds of sales of their collateral. If any assets remain in the bankruptcy estate after satisfaction of secured creditors' claims from their collateral, administrative expenses are next to be paid. After accounting for administrative expenses, unsecured creditors (including any secured creditor deficiency claims) are paid from the sale proceeds of any unencumbered assets and any remaining sale proceeds of encumbered assets in excess of any secured claims, according to their respective priorities. Unsecured creditors with the same priority share in proportion to the amount of their allowed claims in relationship to the total amount of allowed claims held by all unsecured creditors with the same priority. Finally, interest holders receive the balance that remains, if any, after all creditors are paid.

The Plan effects a Wind Down of the Debtors' remaining assets not otherwise transferred the Litigation Trust. Although a chapter 7 liquidation would achieve the same goal, the Debtors believe that the Plan provides a greater recovery to Holders of Claims than a chapter 7 liquidation would. Liquidating the Debtors' Estates under the Plan likely provides Holders of Claims with a larger, more timely recovery, primarily due to expected materially lower realized sale proceeds in chapter 7.

A chapter 7 liquidation beginning on what would have been the Plan Effective Date would provide less recovery for creditors than the Plan. The delay of the chapter 7 trustee becoming familiar with the assets could easily cause bids already obtained to be lost, and the chapter 7 trustee will not have the technical expertise and knowledge of the Debtors' businesses that the Debtors had when they proposed to sell their assets and commence the Wind Down. Moreover, the distributable proceeds under a chapter 7 liquidation will be lower because of the chapter 7 trustee's fees and expenses.

Sale proceeds in chapter 7 would likely be significantly lower particularly in light of the time delay associated with the chapter 7 trustee's learning curve for these assets. In addition to the expected material reduction in sale proceeds, recoveries would be further reduced (in comparison with the Plan) due to the expenses that would be incurred in a chapter 7 liquidation, including added expenses for wind down costs and costs incurred by the chapter 7 trustee and any retained professionals in familiarizing themselves with the Debtors' assets, and these specific Chapter 11 Cases, in order to complete the administration of the Estates. *See, e.g.*, 11 U.S.C. § 326(a) (providing for compensation of a chapter 7 trustee up to three percent of the value of the assets); 11 U.S.C. 503(b)(2) (providing administrative expense status for compensation and expenses of a chapter 7 trustee and such trustee's professionals).

The Debtors' Estates would continue to be obligated to pay all unpaid expenses incurred by the Debtors during the Chapter 11 Cases (such as compensation for Professionals), which may constitute Allowed Claims in any chapter 11 case. Moreover, the conversion to chapter 7 would also require entry of a new bar date for filing claims that would be more than 90 days following conversion of the case to chapter 7. See Fed. R. Bankr. P. 1019(2); 3002(c). Thus, the amount of Claims ultimately filed and Allowed against the Debtors could materially increase, thereby further reducing creditor recoveries versus those available under the Plan.

In light of the foregoing, the Debtors submit that a chapter 7 liquidation would result in materially reduced sale proceeds, increased expenses, delayed distributions, and the prospect of additional claims that were not asserted in the Chapter 11 Cases. Accordingly, the Debtors believe that the Plan provides an opportunity to bring the highest return for creditors.

C. Feasibility

The Bankruptcy Code requires that a chapter 11 plan provide for payment in full of all administrative and priority claims unless holders of such claim consent to other treatment. Each Holder of an Allowed Other Priority Claim will receive payment in full in Cash or other treatment rendering such claim Unimpaired, unless such Holder agrees to less favorable treatment. The Debtors therefore believe that the Plan is feasible.

D. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, except as described in the following section, that each class of claims or equity interests 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 a class is not required.[14]

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 in a dollar amount and more than one-half in a number of Allowed claims in that class, counting only those claims that have *actually* voted to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number actually cast their ballots in favor of acceptance.

E. 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; *provided*, *however*, the plan has been accepted by at least one (1) impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, the plan will be confirmed, at the plan Proponent's request, in a procedure commonly known as a "cramdown" so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

If any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the "cramdown" provision of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or 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 or any Plan Supplement document, including the right to amend or modify the Plan or any Plan Supplement document to satisfy the requirements of section 1129(b) of the Bankruptcy Code.

1. No Unfair Discrimination

The "unfair discrimination" test applies to classes of claims or interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that 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

[14] A class of claims is "impaired" within the meaning of section 1124 of the Bankruptcy Code unless the plan (a) leaves unaltered the legal, equitable and contractual rights to which the claim or equity interest entitles the holder of such claim or equity 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 equity interest entitles the holder of such claim or equity interest.

discriminates unfairly. A plan could treat two (2) classes of unsecured creditors differently without unfairly discriminating against either class.

2. Fair and Equitable Test

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

The Debtors submit that if the Debtors "cramdown" the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured so that it does not "discriminate unfairly" and satisfies the "fair and equitable" requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. The Debtors believe that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan.

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

A. Introduction

The following discussion is a summary of certain U.S. federal income tax consequences of the consummation of the Plan to the Debtors and to certain Holders. The following summary does not address the U.S. federal income tax consequences to Holders not entitled to vote to accept or reject the Plan. This summary is based on the IRC, the U.S. Treasury Regulations promulgated thereunder (the "Treasury Regulations"), judicial authorities, published administrative positions of the U.S. Internal Revenue Service (the "IRS"), and other applicable authorities (collectively, "Applicable Tax Law"), all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations, possibly with retroactive effect. Changes in these rules or new interpretations of the rules with retroactive effect could significantly affect the U.S. federal income tax consequences described herein. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained and the Debtors have not requested, and do not intend to seek, a ruling or determination from the IRS as to any of the tax consequences of the Plan discussed below. The discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein.

This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to certain Holders in light of their individual circumstances. This discussion also does not address tax issues with respect to such Holders that are subject to special treatment under the U.S. federal income tax laws (including, for example, accrual-method U.S. Holders (as defined below) that prepare an "applicable financial statement" (as defined in Section 451 of the IRC), banks, mutual funds, governmental authorities or agencies, pass-through entities, beneficial owners of pass-through entities, subchapter S corporations, dealers and traders in securities, insurance companies, financial institutions, tax-exempt organizations, controlled foreign corporations, passive foreign investment companies, Persons whose functional currency is not the U.S. dollar, U.S. expatriates, broker-dealers, small business investment companies, Persons who are related to the Debtors within the meaning of the IRC, Persons liable for alternative minimum tax, Persons using a mark-to-market method of accounting, Persons who are themselves in bankruptcy, real estate investment companies and regulated investment companies and those holding, or who will hold, consideration received pursuant to the Plan as part of a hedge, straddle, conversion, or other integrated transaction). No aspect of state, local, non-income, or non-U.S. taxation is addressed. Furthermore, this summary assumes that a Holder holds only Claims or

Interests in a single Class and holds such Claims or Interests only as "capital assets" (within the meaning of section 1221 of the IRC). This summary also assumes that the Holder has not taken a bad debt deduction with respect to a Claim (or any portion thereof) in the current or any prior year and such Claim did not become completely or partially worthless in a prior taxable year, and that various debt and other arrangements to which the Debtors are or will be a party will be respected for U.S. federal income tax purposes in accordance with their form, and, to the extent relevant, that the Claims constitute interests in the Debtors "solely as a creditor" for purposes of section 897 of the IRC. This summary does not discuss differences in tax consequences to Holders that act or receive consideration in a capacity other than any other Holder of a Claim or Interest of the same Class or Classes, and the tax consequences for such Holders may differ materially from that described below. The U.S. federal income tax consequences of the implementation of the Plan to the Debtors and Holders of Claims against and Interests in the Debtors described below also may vary depending on the nature of any transactions the Debtors engage in with respect to the Wind-Down. This summary does not address the U.S. federal income tax consequences to Holders (a) whose Claims are Unimpaired or otherwise entitled to payment in full under the Plan, or (b) that are deemed to reject the Plan.

For purposes of this discussion, a "U.S. Holder" is a Holder of a Claim or Interest that for U.S. federal income tax purposes is: (a) an individual who is a citizen or resident of the United States; (b) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (c) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (d) a trust (i) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons (within the meaning of section 7701(a)(30) of the IRC) has authority to control all substantial decisions of the trust or (ii) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person (within the meaning of section 7701(a)(30) of the IRC). For purposes of this discussion, a "Non-U.S. Holder" is any Holder that is neither a U.S. Holder nor a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes) is a Holder, the tax treatment of a partner (or other beneficial owner) generally will depend upon the status of the partner (or other beneficial owner) and the activities of the partner (or other beneficial owner) and the entity. Partnerships (or other pass-through entities) and partners (or other beneficial owners) of partnerships (or other pass-through entities) that are Holders are urged to consult their own respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER. ALL HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE U.S. FEDERAL, STATE, LOCAL, AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

B. Certain U.S. Federal Income Tax Consequences of the Plan to the Debtors.

1. *RNDC is treated as a partnership for U.S. federal income tax purposes*

Accordingly, the U.S. federal income tax consequences of the Wind-Down Transactions will generally be borne by RNDC's equityholders rather than RNDC and the other Debtors. Notwithstanding the foregoing, certain of RNDC's Debtor subsidiaries are entities taxable as corporations for U.S. federal income tax purposes (collectively, the "Corporate Subsidiaries"), and, where applicable, the consequences of the Wind-Down Transactions to the Corporate Subsidiaries are specified below.

The Plan is being structured as one or more (if any) taxable sales of the assets and/or equity interests of any Debtor or subsidiary thereof together with the wind down, dissolution, and liquidation of the Debtors' Estates after the Plan Effective Date. With respect to such a sale, the Debtor that is treated as the seller for U.S. federal income tax purposes will recognize gain or loss in an amount equal to the difference between the value of the consideration received (including, for this purpose and where applicable, assumption of liabilities) and such Debtor's tax basis in the sold assets. RNDC's items of gain or loss in connection with any such taxable dispositions should be allocated to RNDC's equityholders. With respect to such a sale where a Corporate Subsidiary is the seller, gains, if any, may be offset by available tax attributes. Any of the Corporate Subsidiaries' tax attributes that are not utilized to offset such gains (if any) will not survive the implementation of the Plan. Accordingly, the rules regarding section 382 of the IRC and cancellation of debt income ("COD Income") are generally inapplicable and not discussed herein, in each case, with respect to the Corporate Subsidiaries.

The cancellation of Claims against RNDC should give rise to COD Income, which COD Income generally should be allocated to RNDC's equityholders. When an entity that is a flow-through entity (such as RNDC) realizes COD Income, any special exceptions to taking into account COD Income in bankruptcy (as described below) are applied at the partner-level rather than at the entity-level. It is possible that any such taxable sale or COD Income could give rise to a state or local (including nonresident withholding) tax liability of the Debtors.

While the Debtors continue to study the issue, it is not yet possible to determine whether the Wind-Down Transactions are in the aggregate expected to result in a cash tax liability of the Debtors (including with respect to a Corporate Subsidiary).

2. *Cancellation of Debt and Reduction of Tax Attributes*

In general, absent an exception, a taxpayer will realize and recognize COD Income upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the fair market value of any consideration given in satisfaction of such indebtedness at the time of the exchange. A taxpayer will not, however, be required to include COD Income in gross income if the taxpayer is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that proceeding (the "Bankruptcy Exception") or to the extent that the taxpayer is insolvent, as determined for tax purposes, immediately prior to the transaction (the "Insolvency Exception"). Instead, as a consequence of such exclusion, a taxpayer-debtor must reduce its tax attributes by the amount of COD Income that it excluded from gross income pursuant to section 108 of the IRC. In general, tax attributes will be reduced in the following order: (i) net operating losses ("NOLs") and NOL carryforwards; (ii) general business credit carryovers; (iii) minimum tax credit carryovers; (iv) capital loss carryovers; (v) tax basis in assets (but not below the amount of liabilities to which the debtor remains subject immediately after the discharge); (vi) passive activity loss and credit carryovers; and (vii) foreign tax credits carryovers. Disallowed business interest deductions under Section 163(j) of the IRC are not subject to reduction under these rules.

As noted above, in connection with the Wind-Down Transactions, the Debtors expect to realize COD Income. The exact amount of any COD Income that will be realized by the Debtors will not be determinable until the consummation of the Plan. When an entity that is a flow-through entity (such as RNDC) realizes COD Income, its partners are treated as receiving their allocable share of such COD Income and the Bankruptcy Exception and Insolvency Exception (and related attribute reduction) are applied at the partner level rather than at the entity level.

C. Certain U.S. Federal Income Tax Consequences of the Plan to U.S. Holders of Allowed Claims Entitled to Vote.

The following discussion assumes that the Debtors will undertake the Wind-Down as contemplated by the Plan. U.S. Holders are urged to consult their own tax advisors regarding the tax consequences of the Wind-Down.

1. *Consequences to Class 3 Holders of Prepetition ABL/FILO Claims*

Except to the extent that a Holder of an Allowed Prepetition ABL/FILO Claim agrees to less favorable treatment, each Holder of Prepetition ABL/FILO Claims shall be entitled to their Pro Rata share of the Distributable Proceeds pursuant to the Waterfall Recovery (*i.e.*, cash).

As a general matter, any Class 6 Claims that constitute deficiency claims with respect to Class 3 Claims are not separately cognizable claims for U.S. federal income tax purposes, and any recovery received on account of such Class 6 Claims will be treated as having been received in such Holder's capacity as a Holder of a Class 3 Claim. As described below, except to the extent that a Holder of an Allowed Prepetition ABL/FILO Deficiency Claim agrees to less favorable treatment, each Holder of a Prepetition ABL/FILO Deficiency Claim shall be entitled to their Pro Rata share of the Distributable Proceeds pursuant to the Waterfall Recovery (*i.e.*, cash) and the Litigation Trust Interests.

Such Holder should recognize gain or loss equal to the difference between (a) the amount of cash and the fair market value of the Litigation Trust Interests received (subject to the discussion set forth in "Accrued Interest," below) and (b) such Holder's adjusted tax basis in its Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder, the nature of the Claim in such Holder's hands, whether the Claim was purchased at a discount, and whether and to what extent the Holder previously has claimed a bad debt deduction with respect to its Claim. If recognized gain is capital gain, it generally would be long-term capital gain if the Holder held its Claim for more than one year at the time of the exchange. The deductibility of capital losses is subject to certain limitations as discussed below.

2. *Consequences to Class 6 Holders of Prepetition ABL/FILO Deficiency Claims*

Except to the extent that a Holder of an Allowed Prepetition ABL/FILO Deficiency Claim agrees to less favorable treatment, each Holder of Prepetition ABL/FILO Deficiency Claims shall be entitled to their Pro Rata share of the Distributable Proceeds pursuant to the Waterfall Recovery (*i.e.*, cash) and the Litigation Trust Interests.

As noted above, any Class 6 Claims that constitute deficiency claims with respect to Class 3 Claims are not separately cognizable claims for U.S. federal income tax purposes, and any recovery received on account of such Class 6 Claims will be treated as having been received in such Holder's capacity as a Holder of a Class 3 Claim.

3. *Consequences to Class 7 Holders of General Unsecured Claims*

Except to the extent that a Holder of an Allowed General Unsecured Claim agrees to less favorable treatment, each Holder of General Unsecured Claims shall be entitled to their Pro Rata share of the Distributable Proceeds pursuant to the Waterfall Recovery (*i.e.*, cash), Litigation Trust Interests, and GUC Cash Consideration (*i.e.*, cash). The consequences to a Class 7 Holder should be the same as the consequences to a Class 3 Holder.

(a) Litigation Trust Treatment

Although not free from doubt, other than with respect to any assets that are subject to potential disputed claims of ownership or uncertain distributions, the Litigation Trust is intended to be classified

as a "liquidating trust" under section 301.7701-4(d) of the Treasury Regulations and qualify as a "grantor trust" within the meaning of sections 671 through 679 of the IRC to the Holders of Prepetition ABL/FILO Claims and General Unsecured Claims. The IRS, in Revenue Procedure 94-45, 1994-2 C.B. 684, set forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a chapter 11 plan. Other than with respect to any assets that are subject to potential disputed claims of ownership or uncertain distributions, it is intended that the Litigation Trust will be structured with the intention of generally complying with such general criteria. The Debtors intend to take the position that this treatment applies to the extent reasonably practicable. In such case, any beneficiaries of the Litigation Trust would be treated as grantors and deemed owners thereof and, for all U.S. federal income tax purposes, any beneficiaries would be treated as if they had received a distribution of an undivided interest in the assets of the Litigation Trust and then contributed such undivided interest to the Litigation Trust. If this treatment applies, the person or persons responsible for administering the Litigation Trust shall, in an expeditious but orderly manner, make timely distributions to beneficiaries of the Litigation Trust pursuant to the Plan and not unduly prolong its duration. The Litigation Trust would not be deemed a successor in interest of the Debtors for any purpose other than as specifically set forth in the Plan or in the governing documents for the Litigation Trust.

Other than with respect to any assets of the Litigation Trust that are subject to potential disputed claims of ownership or uncertain distributions, the treatment of the deemed transfer of assets to applicable Holders of Prepetition ABL/FILO Claims, and General Unsecured Claims prior to the contribution of such assets to the Litigation Trust should generally be consistent with the treatment described above with respect to the receipt of the applicable assets directly.

Other than with respect to any assets of the Litigation Trust that are subject to potential disputed claims of ownership or uncertain distributions, no entity-level tax should be imposed on the Litigation Trust with respect to earnings generated by the assets held by it. Each beneficiary must report on its federal income tax return its allocable share of income, gain, loss, deduction and credit, if any, recognized or incurred by the Litigation Trust, even if no distributions are made. Allocations of taxable income with respect to the Litigation Trust shall be determined by reference to the manner in which an amount of cash equal to such taxable income would be distributed (without regard to any restriction on distributions described in the Plan) if, immediately before such deemed distribution, the Litigation Trust had distributed all of its other assets (valued for this purpose at their tax book value) to the beneficiaries, taking into account all prior and concurrent distributions from the Litigation Trust. Similarly, taxable losses of the Litigation Trust will be allocated by reference to the manner in which an economic loss would be borne in connection with a hypothetical deemed distribution of the remaining assets. The tax book value of the assets for this purpose shall equal their respective fair market values on the Plan Effective Date or, if later, the date such assets were acquired, adjusted in either case in accordance with the tax accounting principles prescribed by the applicable provisions of the IRC, Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements.

The character of items of income, gain, loss, deduction and credit to any Holder of a beneficial interest in the Litigation Trust, and the ability of such Holder to benefit from any deductions or losses, may depend on the particular circumstances or status of the Holder. Taxable income or loss allocated to a beneficiary should be treated as income or loss with respect to the interest of such beneficiary in the Litigation Trust and not as income or loss with respect to such beneficiary's applicable Prepetition ABL/FILO Claims or General Unsecured Claims. In the event any tax is imposed on the Litigation Trust, the person or persons responsible for administering the Litigation Trust shall be responsible for payment, solely out of the assets of the Litigation Trust, of any such taxes imposed on the Litigation Trust.

The person or persons responsible for administering the Litigation Trust shall be liable to prepare and provide to, or file with, the appropriate taxing authorities and other required parties such notices, tax returns and other filings, including all federal, state and local tax returns as may be required under the Bankruptcy Code, the Plan or by other applicable law, including, if required under applicable law, notices required to report interest or dividend income. The person or persons responsible for

administering the Litigation Trust will file tax returns pursuant to section 1.671-4(a) of the Treasury Regulations on the basis that the Litigation Trust is a "liquidating trust" within the meaning of section 301.7701-4(d) of the Treasury Regulations and related Treasury Regulations. As soon as reasonably practicable after the close of each calendar year, the person or persons responsible for administering the Litigation Trust will send each affected beneficiary a statement setting forth such beneficiary's respective share of income, gain, deduction, loss and credit for the year, and will instruct the Holder to report all such items on its tax return for such year and to pay any tax due with respect thereto.

(b) Disputed Ownership Fund Treatment

With respect to any of the assets of the Litigation Trust that are subject to potential disputed claims of ownership or uncertain distributions, or to the extent "liquidating trust" treatment is otherwise unavailable, the Debtors anticipate that such assets will be subject to disputed ownership fund treatment under Section 1.468B-9 of the Treasury Regulations, that any appropriate elections with respect thereto shall be made, and that such treatment will also be applied to the extent possible for state and local tax purposes. Under such treatment, a separate federal income tax return shall be filed with the IRS for any such account, and such account will be subject to tax annually on a separate entity basis on any net income earned with respect to the assets in such account (including any gain recognized upon the disposition of such assets). Any taxes (including with respect to interest, if any, earned in the account) imposed on such account shall be paid out of the assets of the respective account (and reductions shall be made to amounts disbursed from the account to account for the need to pay such taxes). To the extent property is not distributed to U.S. Holders of applicable Claims on the Plan Effective Date but, instead, is transferred to any such account, although not free from doubt, U.S. Holders should not recognize any gain or loss with respect to such property on the date that the property is so transferred. Instead, gain or loss should be recognized when and to the extent property is actually distributed to such U.S. Holders.

4. *Accrued Interest*

To the extent that any amount received by a U.S. Holder of a Claim under the Plan is attributable to accrued interest or original issue discount ("OID") during its holding period on the debt instruments constituting the surrendered Claim, the receipt of such amount should be taxable to the U.S. Holder as ordinary interest income (to the extent not already taken into income by the U.S. Holder). Conversely, a U.S. Holder of a Claim may be able to recognize a deductible loss to the extent that any accrued interest on the debt instruments constituting such Claim was previously included in the U.S. Holder's gross income but was not paid in full by the Debtors. Such loss may be ordinary, but the tax law is unclear on this point.

If the fair market value of the consideration received by a U.S. Holder is not sufficient to fully satisfy all principal and interest on Claims, the extent to which such consideration will be attributable to accrued interest is unclear. Under the Plan, the aggregate consideration to be distributed to Holders of Claims in each Class will be allocated first to the principal amount of such Claims, with any excess allocated to unpaid interest that accrued on these Claims, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan of reorganization is binding for U.S. federal income tax purposes, and certain case law generally indicates that a final payment on a distressed debt instrument that is insufficient to repay outstanding principal and interest will be allocated to principal, rather than interest. Certain Treasury Regulations treat payments as allocated first to any accrued but untaxed interest. The IRS could take the position that the consideration received by the U.S. Holder should be allocated in some way other than as provided in the Plan. U.S. Holders of Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

5. *Market Discount*

In the case of a U.S. Holder that acquired its Claim with market discount, any gain recognized on the sale or exchange of such Claim generally will be treated as ordinary income to the extent of the market discount treated as accruing during such U.S. Holder's holding period for such Claim. Any such market discount is generally the excess of (a) (i) the "revised issue price" of such Claim if the Claim is issued with OID or (ii) the stated redemption price at maturity of such Claim if the Claim is not issued with OID over (b) such U.S. Holder's initial tax basis in such Claim upon acquisition, if such excess equals or exceeds a statutory de minimis amount. Such market discount is generally treated as accruing during such U.S. Holder's holding period for such Claim on a straight-line basis or, at the election of such U.S. Holder, on a constant yield basis, unless such U.S. Holder has previously elected to include such market discount in income as it accrues. For this purpose, the "revised issue price" of a Claim generally equals its issue price, increased by the amount of OID that has accrued over the term of the Claim. U.S. Holders who acquired their Claims other than at original issuance should consult their own tax advisors regarding the possible application of the market discount rules to the Wind-Down.

6. *Limitation on Use of Capital Losses*

A U.S. Holder who recognizes capital losses will be subject to limits on their use of capital losses. For a non-corporate U.S. Holder, capital losses may be used to offset any capital gains (without regard to holding periods) plus ordinary income to the extent of the lesser of (a) $3,000 ($1,500 for married individuals filing separate returns) or (b) the excess of the capital losses over the capital gains. A non-corporate U.S. Holder may carry over unused capital losses and apply them to capital gains and a portion of their ordinary income for an unlimited number of years. For corporate U.S. Holders, losses from the sale or exchange of capital assets may only be used to offset capital gains. A corporate U.S. Holder who has more capital losses than can be used in a tax year may be allowed to carry over the excess capital losses for use in succeeding tax years. Corporate U.S. Holders may only carry over unused capital losses for the five years following the capital loss year, but are allowed to carry back unused capital losses to the three years preceding the capital loss year.

7. *Medicare Tax*

Certain U.S. Holders that are individuals, estates, or trusts are required to pay an additional 3.8 percent tax on, among other things, interest, dividends and gains from the sale or other disposition of capital assets. U.S. Holders that are individuals, estates, or trusts should consult their own tax advisors regarding the effect, if any, of this tax provision on their ownership and disposition of any consideration to be received under the Plan.

D. Certain U.S. Federal Income Tax Consequences of the Plan to Non-U.S. Holders of Allowed Claims.

The following discussion assumes that the Debtors will undertake the Wind-Down currently contemplated by the Plan and includes only certain U.S. federal income tax consequences of the Plan to Non-U.S. Holders. This discussion does not include any non-U.S. tax considerations. The rules governing the U.S. federal income tax consequences to Non-U.S. Holders are complex. Each Non-U.S. Holder is urged to consult its own tax advisor regarding the U.S. federal, state, local, non-U.S., and non-income tax consequences of the consummation of the Plan and the Wind-Down to such Non-U.S. Holder.

Non-U.S. Holders are urged to consult their own tax advisors regarding the consequences of owning interests in the Litigation Trust based upon their particular circumstances and sensitivities to, among other things, ECI (as defined herein).

1. *Gain Recognition*

Subject to the discussion of backup withholding and FATCA (as defined below) gain, if any, recognized by a Non-U.S. Holder on the exchange of its Claim generally will not be subject to U.S. federal income taxation unless (a) the Non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year in which the Wind-Down Transactions occur and certain other conditions are met or (b) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and, if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States). If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain realized on the exchange if such gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States in the same manner as a U.S. Holder (except that the Medicare tax would generally not apply). In order to claim an exemption from withholding tax, such Non-U.S. Holder will be required to provide a properly executed IRS Form W-8ECI (or such successor form as the IRS designates). In addition, if such a Non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30 percent (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

2. *U.S. Federal Income Tax Consequences to Non-U.S. Holders of Payments of Interest (Including OID and Interest Attributable to Accrued but Untaxed Interest) Under the Plan*

Subject to the discussion of backup withholding and FATCA (as defined below), interest income (which, for purposes of this discussion of Non-U.S. Holders, includes OID and accrued but untaxed interest under the Plan) of a Non-U.S. Holder that is not effectively connected with a U.S. trade or business carried on by the Non-U.S. Holder will qualify for the so-called "portfolio interest exemption" and, therefore, will not be subject to U.S. federal income tax or withholding, provided that:

- the Non-U.S. Holder does not own, actually or constructively, 10 percent or more of the capital or profits interest in the Debtor obligor on a Claim within the meaning of Section 871(h)(3) of the IRC and Treasury Regulations thereunder;
- the Non-U.S. Holder is not a controlled foreign corporation related to the issuer, actually or constructively through the ownership rules under Section 864(d)(4) of the IRC;
- the Non-U.S. Holder is not a bank that is receiving the interest on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and
- the beneficial owner gives the issuer or the issuer's paying agent or other withholding agent an appropriate IRS Form W-8 (or suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed establishing its status as a non-U.S. person.

If all of these conditions are not met, interest paid to a Non-U.S. Holder pursuant to the Plan that is not effectively connected with a U.S. trade or business carried on by the Non-U.S. Holder will generally be subject to U.S. federal income tax and withholding at a 30 percent rate, unless an applicable income tax treaty reduces or eliminates such withholding and the Non-U.S. Holder claims the benefit of that treaty by providing an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed.

If interest paid to a Non-U.S. Holder pursuant to the Plan is effectively connected with a trade or business in the United States ("ECI") carried on by the Non-U.S. Holder, the Non-U.S. Holder will be required to pay U.S. federal income tax on that interest on a net income basis generally in the same manner as a U.S. Holder (and the 30 percent withholding tax described above will not apply, provided the appropriate statement (generally a properly executed IRS Form W-8ECI or suitable substitute or successor form or such other form as the IRS may prescribe) is provided to the issuer or the issuer's paying agent or other withholding agent) unless an applicable income tax treaty provides otherwise. If a Non-U.S. Holder is eligible for the benefits of any income tax treaty between the United States and its country of residence, any interest income that is ECI will be subject to U.S. federal income tax in the manner specified by the treaty if the Non-U.S. Holder claims the benefit of the treaty by providing an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed. In addition, a corporate Non-U.S. Holder may, under certain circumstances, be subject to an additional "branch profits tax" at a 30 percent rate, or, if applicable, a lower treaty rate, on its effectively connected earnings and profits attributable to such interest (subject to adjustments).

The certifications described above must be provided to the applicable withholding agent prior to the payment of interest and, as applicable, must be updated periodically. Non-U.S. Holders that do not timely provide the applicable withholding agent with the required certification, but that qualify for a reduced rate under an applicable income tax treaty, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

E. Information Reporting and Backup Withholding.

The Debtors and Litigation Trust (if applicable), and applicable withholding agents will withhold all amounts required by law to be withheld from payments of interest and dividends, whether in connection with distributions under the Plan or in connection with payments made on account of consideration received pursuant to the Plan, and will comply with all applicable information reporting requirements. The IRS may make the information returns reporting such interest and dividends and withholding available to the tax authorities in the country in which a Non-U.S. Holder is resident. In general, information reporting requirements may apply to distributions or payments under the Plan. Additionally, under the backup withholding rules, a Holder may be subject to backup withholding (currently at a rate of 24 percent) with respect to distributions or payments made pursuant to the Plan unless that Holder: (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact or (b) timely provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the Holder is not subject to backup withholding (generally in the form of a properly executed IRS Form W-9 for a U.S. Holder, and, for a Non-U.S. Holder, in the form of a properly executed applicable IRS Form W-8 (or otherwise establishes such Non-U.S. Holder's eligibility for an exemption)). Backup withholding is not an additional tax but is, instead, an advance payment that may be refunded to the extent it results in an overpayment of tax; provided that the required information is timely provided to the IRS. In addition, from an information reporting perspective, Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders subject to the Plan are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holders' tax returns.

F. FATCA.

Under legislation commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding at a rate of 30 percent on the receipt of "withholdable payments." For this purpose, "withholdable

payments" are generally U.S. source payments of fixed or determinable, annual or periodical income, and, subject to the paragraph immediately below, also include gross proceeds from the sale of any property of a type which can produce U.S. source interest or dividends. FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal withholding. FATCA withholding rules that would have applied to payments of gross proceeds from the sale or other disposition of property of a type that can produce U.S. source interest or dividends were previously scheduled to take effect on January 1, 2019. However, such withholding has effectively been suspended under proposed Treasury Regulations that may be relied on until final regulations become effective. Nonetheless, there can be no assurance that a similar rule will not go into effect in the future. Each Non-U.S. Holder should consult its own tax advisor regarding the possible impact of FATCA withholding rules on such Non-U.S. Holder.

BOTH U.S. HOLDERS AND NON-U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE IMPACT OF THESE RULES ON SUCH HOLDERS' EXCHANGE OF ANY OF ITS CLAIMS PURSUANT TO THE PLAN.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS ARE URGED TO 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 NON-U.S. TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

XIII. RECOMMENDATION

In the opinion of the Debtors, the Plan is preferable to all other available alternatives and provides for a larger distribution to the Debtors' creditors than would otherwise result in any other scenario. Accordingly, the Debtors recommend that Holders of Claims entitled to vote on the Plan vote to accept the Plan and support Confirmation of the Plan.

Respectfully submitted, as of the date first set forth above,

REPUBLIC NATIONAL DISTRIBUTING COMPANY, LLC
(on behalf of itself and all other Debtors)

Dated: August 3, 2026

/s/ *John R. Castellano*
John R. Castellano
Chief Restructuring Officer
Republic National Distributing Company, LLC and its Debtor Affiliates

Prepared by:

Houston, Texas
Dated: August 3, 2026

/s/ John F. Higgins

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Proposed Co-Counsel for the Debtors and Debtors in Possession

Exhibit A

Plan

[Filed at Docket No. 117]

Exhibit B

Organization Chart

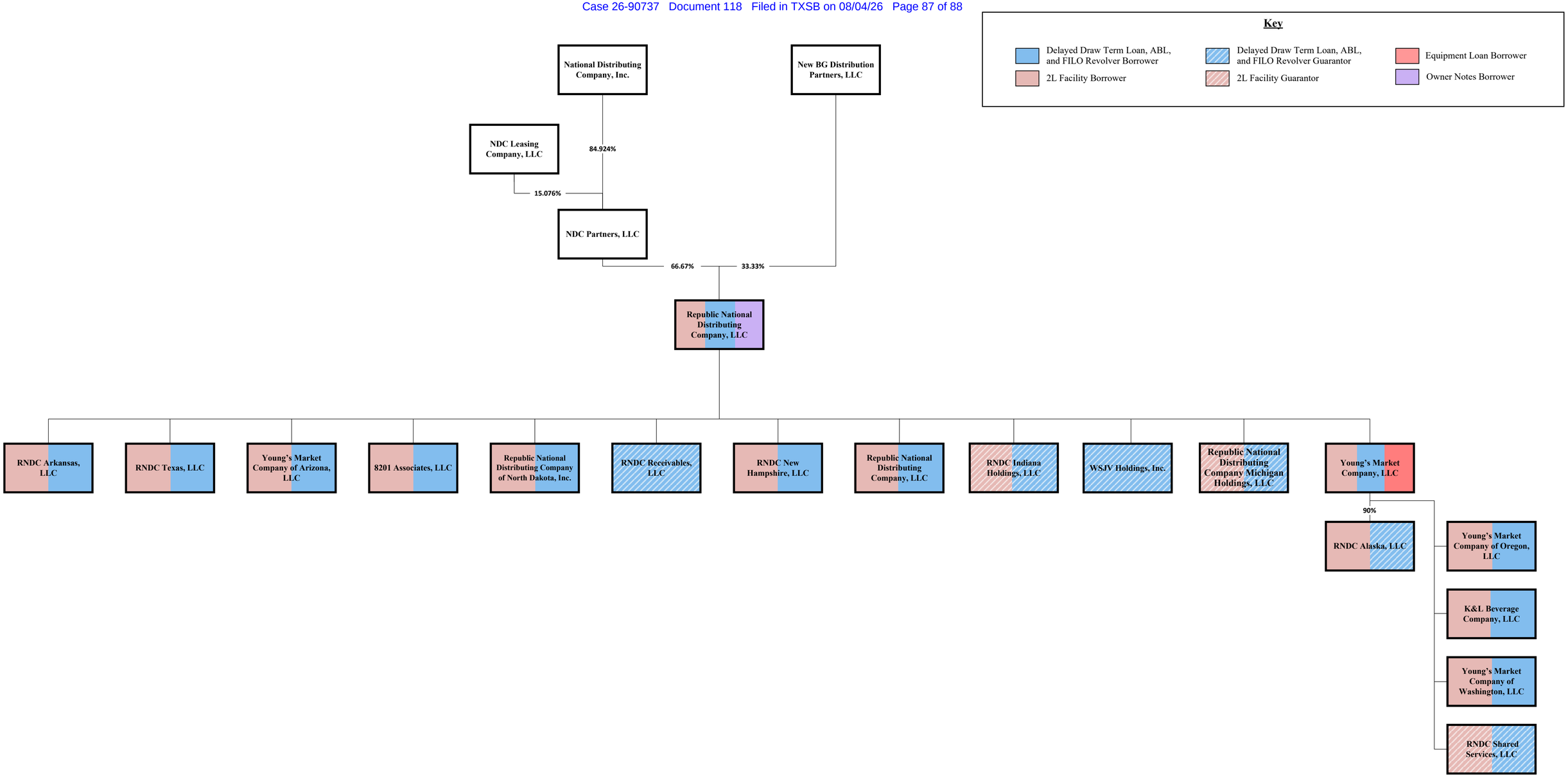

Key
Delayed Draw Term Loan, ABL, and FILO Revolver Borrower
Delayed Draw Term Loan, ABL, and FILO Revolver Guarantor
Equipment Loan Borrower
2L Facility Borrower
2L Facility Guarantor
Owner Notes Borrower
National Distributing Company, Inc.
New BG Distribution Partners, LLC
NDC Leasing Company, LLC
84.924%
15.076%
NDC Partners, LLC
66.67%
33.33%
Republic National Distributing Company, LLC
RNDC Arkansas, LLC
RNDC Texas, LLC
Young's Market Company of Arizona, LLC
8201 Associates, LLC
Republic National Distributing Company of North Dakota, Inc.
RNDC Receivables, LLC
RNDC New Hampshire, LLC
Republic National Distributing Company, LLC
RNDC Indiana Holdings, LLC
WSJV Holdings, Inc.
Republic National Distributing Company Michigan Holdings, LLC
Young's Market Company, LLC
90%
RNDC Alaska, LLC
Young's Market Company of Oregon, LLC
K&L Beverage Company, LLC
Young's Market Company of Washington, LLC
RNDC Shared Services, LLC

Exhibit C

Liquidation Analysis

[To Come]