

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

|                                                      |   |                         |
|------------------------------------------------------|---|-------------------------|
| In re:                                               | § |                         |
|                                                      | § | Chapter 11              |
|                                                      | § |                         |
| Stoli Group (USA), LLC, <i>et al.</i> , <sup>1</sup> | § | Case No. 24-80146-swe11 |
|                                                      | § |                         |
| Debtors.                                             | § | (Jointly Administered)  |
|                                                      | § |                         |

**FIRST AMENDED DISCLOSURE STATEMENT  
RELATING TO THE FIRST AMENDED JOINT CHAPTER 11 PLAN OF  
REORGANIZATION OF THE DEBTORS AND THE PLAN SPONSOR**

Holland N. O'Neil (TX 14864700)  
Stephen A. Jones (TX 24101270)  
Mary Rofaail (TX 24119467)  
Zachary C. Zahn (TX 24137675)  
**FOLEY & LARDNER LLP**  
2021 McKinney Avenue, Suite 1600  
Dallas, TX 75201  
Telephone: (214) 999-3000  
Facsimile: (214) 999-4667  
[honeil@foley.com](mailto:honeil@foley.com)  
[sajones@foley.com](mailto:sajones@foley.com)  
[mary.rofaail@foley.com](mailto:mary.rofaail@foley.com)  
[zzahn@foley.com](mailto:zzahn@foley.com)

**COUNSEL TO DEBTORS  
AND DEBTORS IN POSSESSION**

Ann Marie Uetz (admitted *pro hac vice*)  
**FOLEY & LARDNER LLP**  
500 Woodward Avenue, Suite 2700  
Detroit, MI 48226-3489  
Telephone: (313) 234-7100  
Facsimile: (313) 234-2800  
[auetz@foley.com](mailto:auetz@foley.com)

Michael J. Small (admitted *pro hac vice*)  
**FOLEY & LARDNER LLP**  
321 North Clark Street, Suite 3000  
Chicago, IL 60654-4762  
Telephone: (312) 832-4500  
Facsimile: (312) 832-4700  
[msmall@foley.com](mailto:msmall@foley.com)

**THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT. THE INFORMATION IN THIS DISCLOSURE STATEMENT IS SUBJECT TO CHANGE. THIS DISCLOSURE STATEMENT IS NOT AN OFFER TO SELL ANY SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY ANY SECURITIES.**

<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal identification number, are Stoli Group (USA), LLC (5602) and Kentucky Owl, LLC (3826).

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 REORGANIZATION OF STOLI GROUP (USA), LLC AND KENTUCKY OWL, LLC (COLLECTIVELY, THE “DEBTORS”) PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE (AS MAY BE AMENDED, MODIFIED, OR SUPPLEMENTED FROM TIME TO TIME, AND INCLUDING ALL EXHIBITS AND SUPPLEMENTS THERETO, THE “PLAN”).<sup>2</sup> A COPY OF THE PLAN TO WHICH THIS DISCLOSURE STATEMENT RELATES IS ATTACHED HERETO AS EXHIBIT A. FOR THE AVOIDANCE OF DOUBT, THE INFORMATION IN THIS DISCLOSURE STATEMENT IS BEING PROVIDED SOLELY FOR THE PURPOSES OF VOTING TO ACCEPT OR REJECT THE PLAN OR OBJECTING TO CONFIRMATION OF THE PLAN. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE USED BY ANY PARTY 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 HEREIN. IN THE EVENT OF ANY INCONSISTENCIES BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE PLAN SHALL GOVERN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF.

HOLDERS OF CLAIMS OR INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. THE DEBTORS URGE EACH HOLDER OF A CLAIM OR INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND THE RESTRUCTURING TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT’S APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT (WHEN AND IF APPROVED) DOES NOT CONSTITUTE THE BANKRUPTCY COURT’S APPROVAL OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN ANTICIPATED EVENTS IN THE DEBTORS’ CHAPTER 11 CASES. 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 OR 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

---

<sup>2</sup> Capitalized terms used but not otherwise defined herein have the meaning ascribed to such terms in the Plan. The summary provided in this Disclosure Statement of any documents attached to this Disclosure Statement, including the Plan, is qualified in its entirety by reference to the Plan and the documents being summarized. In the event of any inconsistencies between the terms of this Disclosure Statement and the Plan, the Plan shall govern.

**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, INCLUDING WITH RESPECT TO ANY FINANCIAL DATA, PROJECTIONS, OR ANALYSES.**

**IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THE DEBTORS' BOOKS AND RECORDS OR THAT WAS OTHERWISE MADE AVAILABLE TO THEM AT THE TIME OF SUCH PREPARATION AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESS. 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' BUSINESS 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 DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE DEBTORS OR ANY OTHER AUTHORIZED PARTY MAY SEEK TO INVESTIGATE, FILE, AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR 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 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 OR INTERESTS 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 OR DISTRIBUTE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN.**

**THE DEBTORS (I) HAVE NOT AUTHORIZED ANYONE TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ABOUT THE DEBTORS OR THE PLAN THAT IS DIFFERENT FROM, OR IN ADDITION TO, THOSE CONTAINED IN THIS DISCLOSURE STATEMENT OR IN ANY OF THE MATERIALS THAT HAS BEEN INCORPORATED INTO THIS DISCLOSURE STATEMENT OR PLAN, AS APPLICABLE, AND (II) DO NOT TAKE RESPONSIBILITY FOR, OR CAN PROVIDE ANY ASSURANCE AS TO THE RELIABILITY OF, ANY OTHER INFORMATION THAT OTHERS MAY GIVE YOU. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE VALUE OF THE DEBTORS' PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.**

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

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO CERTAIN MATERIAL CONDITIONS PRECEDENT DESCRIBED HEREIN AND SET FORTH IN THE PLAN. THERE IS NO ASSURANCE THAT THE PLAN WILL BE CONFIRMED, OR IF CONFIRMED, THAT THE CONDITIONS REQUIRED TO BE SATISFIED FOR THE PLAN TO GO EFFECTIVE WILL BE SATISFIED (OR WAIVED).

YOU ARE ENCOURAGED TO READ THE PLAN AND THIS DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE SUBMITTING YOUR BALLOT TO VOTE ON THE PLAN.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A GUARANTEE BY THE BANKRUPTCY COURT OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE MERITS OF THE PLAN.

THE DEBTORS HAVE SOUGHT TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT; HOWEVER, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR INCORPORATED HEREIN BY REFERENCE HAS NOT BEEN, AND WILL NOT BE, AUDITED OR REVIEWED BY INDEPENDENT AUDITORS UNLESS EXPLICITLY PROVIDED OTHERWISE HEREIN.

ANY DISCUSSION OF FEDERAL, STATE, LOCAL, OR NON-U.S. TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO THE READER OR A HOLDER OF A CLAIM OR INTEREST. READERS AND ALL HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL, AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

#### **SPECIAL NOTICE REGARDING FEDERAL AND STATE SECURITIES LAWS**

NEITHER THIS DISCLOSURE STATEMENT NOR THE PLAN HAS BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY SIMILAR FEDERAL, STATE, LOCAL, OR FOREIGN REGULATORY AUTHORITY. THE PLAN 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 MERITS OF THE PLAN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED PURSUANT TO SECTIONS 1125 AND 1126 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(b). THE BANKRUPTCY COURT HAS NOT YET REVIEWED THIS DISCLOSURE STATEMENT OR THE PLAN. THE SECURITIES TO BE ISSUED ON OR AFTER THE EFFECTIVE DATE WILL

NOT HAVE BEEN THE SUBJECT OF A REGISTRATION STATEMENT FILED WITH THE SEC UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE UNDER ANY STATE SECURITIES LAW (COLLECTIVELY, THE “BLUE SKY LAWS”).

THE DEBTORS EXPECT TO RELY ON SECTION 1145 OF THE BANKRUPTCY CODE OR SECTION 4(A)(2) OF THE SECURITIES ACT AND/OR REGULATION D PROMULGATED THEREUNDER TO EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND BLUE SKY LAWS THE OFFER, ISSUANCE, AND DISTRIBUTION, IF APPLICABLE, OF EQUITY INTERESTS UNDER THE PLAN. NEITHER THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN (THE “SOLICITATION”) NOR THIS DISCLOSURE STATEMENT CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY STATE OR JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED.

THIS DISCLOSURE STATEMENT CONTAINS “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF UNITED STATES SECURITIES LAWS. STATEMENTS CONTAINING WORDS SUCH AS “ANTICIPATE,” “BELIEVE,” “ESTIMATE,” “EXPECT,” “INTEND,” “PLAN,” “PROJECT,” “TARGET,” “MODEL,” “CAN,” “COULD,” “MAY,” “SHOULD,” “WILL,” “WOULD,” OR SIMILAR WORDS OR THE NEGATIVE THEREOF, CONSTITUTE “FORWARD-LOOKING STATEMENTS.” HOWEVER, NOT ALL FORWARD-LOOKING STATEMENTS IN THIS DISCLOSURE STATEMENT MAY CONTAIN ONE OR MORE OF THESE IDENTIFYING TERMS. FORWARD-LOOKING STATEMENTS ARE BASED ON THE DEBTORS’ CURRENT EXPECTATIONS, BELIEFS, ASSUMPTIONS, AND ESTIMATES. THESE STATEMENTS ARE SUBJECT TO SIGNIFICANT RISKS, UNCERTAINTIES, AND ASSUMPTIONS THAT ARE DIFFICULT TO PREDICT AND COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY AND ADVERSELY FROM THOSE EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE DEBTORS OR PERSONS OR ENTITIES ACTING ON THEIR BEHALF ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS DISCLOSURE STATEMENT. THE DEBTORS ARE UNDER NO OBLIGATION TO (AND EXPRESSLY DISCLAIM ANY OBLIGATION TO) UPDATE OR ALTER ANY FORWARD-LOOKING STATEMENTS WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE, UNLESS INSTRUCTED TO DO SO BY THE BANKRUPTCY COURT.

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. THE LIQUIDATION ANALYSIS, FINANCIAL PROJECTIONS, AND OTHER PROJECTIONS AND FORWARD-LOOKING INFORMATION CONTAINED HEREIN AND ATTACHED HERETO ARE ONLY ESTIMATES, AND THE TIMING AND AMOUNT OF ACTUAL DISTRIBUTIONS TO HOLDERS OF ALLOWED CLAIMS, AMONG OTHER THINGS, MAY BE AFFECTED BY MANY FACTORS THAT CANNOT BE PREDICTED. ANY ANALYSES, ESTIMATES, OR RECOVERY PROJECTIONS MAY OR MAY NOT TURN OUT TO BE ACCURATE.

## TABLE OF CONTENTS

|                                                                                                                                                                                                    |           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>ARTICLE I. Introduction.....</b>                                                                                                                                                                | <b>1</b>  |
| <b>ARTICLE II. Executive Summary.....</b>                                                                                                                                                          | <b>2</b>  |
| <b>ARTICLE III. Questions and Answers Regarding this Disclosure Statement and the Plan .....</b>                                                                                                   | <b>4</b>  |
| A. What is chapter 11?.....                                                                                                                                                                        | 4         |
| B. Why are the Debtors sending me this Disclosure Statement?.....                                                                                                                                  | 4         |
| C. Am I entitled to vote on the Plan?.....                                                                                                                                                         | 4         |
| D. What will I receive from the Debtors if the Plan is consummated?.....                                                                                                                           | 5         |
| E. What will I receive from the Debtors if I hold an Allowed Administrative Claim, Professional Fee Claim, or a Priority Tax Claim? .....                                                          | 5         |
| F. Are any regulatory approvals required to consummate the Plan?.....                                                                                                                              | 6         |
| G. What happens to my recovery if the Plan is not confirmed or does not go effective?.....                                                                                                         | 6         |
| H. 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,” “Effective Date,” and “Consummation?” ..... | 6         |
| I. What are the sources of Cash and other consideration required to fund the Plan? .....                                                                                                           | 6         |
| J. Is there potential litigation related to the Plan?.....                                                                                                                                         | 6         |
| K. How will the preservation of the Causes of Action impact my recovery under the Plan?.....                                                                                                       | 7         |
| L. Will there be releases and exculpations granted to parties in interest as part of the Restructuring Transactions? .....                                                                         | 7         |
| M. What is the deadline to vote on the Plan? .....                                                                                                                                                 | 8         |
| N. How do I vote for or against the Plan?.....                                                                                                                                                     | 8         |
| O. Why is the Bankruptcy Court holding a Combined Hearing? .....                                                                                                                                   | 8         |
| P. When is the Combined Hearing set to occur? .....                                                                                                                                                | 9         |
| Q. What is the purpose of the Combined Hearing? .....                                                                                                                                              | 9         |
| R. What is the effect of the Plan on the Debtors’ ongoing business? .....                                                                                                                          | 9         |
| S. What is the effect of Confirmation and Consummation of the Plan? .....                                                                                                                          | 9         |
| T. Will any party have significant influence over the corporate governance and operations of the Reorganized Debtors? .....                                                                        | 10        |
| U. Who do I contact if I have additional questions with respect to this Disclosure Statement or the Plan?.....                                                                                     | 10        |
| V. Do the Debtors recommend voting in favor of the Plan?.....                                                                                                                                      | 10        |
| <b>ARTICLE IV. Background and Events Leading to Chapter 11 Cases.....</b>                                                                                                                          | <b>10</b> |
| A. Overview and Strategic Significance of the Debtors’ Businesses .....                                                                                                                            | 10        |
| B. Organizational History and Development of the Stoli Group.....                                                                                                                                  | 12        |
| C. Establishment and Strategic Functions of the Debtors and Plan Sponsor.....                                                                                                                      | 13        |
| D. Global Supply Chain, Operational Interdependence, and Intercompany Infrastructure .....                                                                                                         | 17        |
| E. Regulatory Compliance and Industry Oversight.....                                                                                                                                               | 18        |
| F. Future Business Outlook.....                                                                                                                                                                    | 18        |
| G. Capital Structure .....                                                                                                                                                                         | 18        |
| H. Events Leading to the Chapter 11 Cases.....                                                                                                                                                     | 20        |
| I. Decision to Commence the Chapter 11 Cases .....                                                                                                                                                 | 22        |
| <b>ARTICLE V. Material Developments and Events in the Chapter 11 Cases .....</b>                                                                                                                   | <b>23</b> |
| A. First Day Motions and Cash Collateral .....                                                                                                                                                     | 23        |
| B. Retention of Professionals .....                                                                                                                                                                | 24        |
| C. Bar Dates.....                                                                                                                                                                                  | 24        |
| D. Resolution of FTE Group Litigation Claims.....                                                                                                                                                  | 24        |

|                                                                                              |                                                                                              |           |
|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-----------|
| E.                                                                                           | Resolution and Settlement of Key Disputes.....                                               | 25        |
| <b>ARTICLE VI. Overview of the Restructuring Transactions Implemented via the Plan .....</b> |                                                                                              | <b>26</b> |
| A.                                                                                           | Overview .....                                                                               | 26        |
| B.                                                                                           | Sources of Funding for the Chapter 11 Plan .....                                             | 27        |
| C.                                                                                           | The Plan Benefits all Stakeholders and Leverages the Debtors’ Strengths .....                | 28        |
| <b>ARTICLE VII. Overview of the Plan.....</b>                                                |                                                                                              | <b>29</b> |
| A.                                                                                           | Administrative and Priority Tax Claims .....                                                 | 30        |
| B.                                                                                           | Classification of Claims and Interests.....                                                  | 32        |
| C.                                                                                           | Means for Implementation of the Plan .....                                                   | 38        |
| D.                                                                                           | Treatment of Executory Contracts and Unexpired Leases.....                                   | 49        |
| E.                                                                                           | Provisions Governing Distributions .....                                                     | 53        |
| F.                                                                                           | Procedures for Resolving Contingent, Unliquidated, and Disputed Claims and Interests.....    | 56        |
| G.                                                                                           | Settlement, Release, Injunction, and Related Provisions .....                                | 59        |
| H.                                                                                           | Conditions Precedent to the Effective Date .....                                             | 64        |
| I.                                                                                           | Substantial Consummation .....                                                               | 65        |
| J.                                                                                           | Effect of Non-Occurrence of Conditions to Consummation.....                                  | 65        |
| K.                                                                                           | Modification, Revocation, or Withdrawal of the Plan .....                                    | 65        |
| <b>ARTICLE VIII. Solicitation, Voting, and Related Matters .....</b>                         |                                                                                              | <b>66</b> |
| A.                                                                                           | Overview .....                                                                               | 66        |
| B.                                                                                           | Holders of Claims Entitled to Vote on the Plan .....                                         | 67        |
| C.                                                                                           | Voting Record Date .....                                                                     | 67        |
| D.                                                                                           | Solicitation Procedures .....                                                                | 68        |
| E.                                                                                           | Voting Procedures.....                                                                       | 68        |
| F.                                                                                           | Voting Tabulation .....                                                                      | 68        |
| G.                                                                                           | Votes Required for Acceptance by a Class .....                                               | 69        |
| H.                                                                                           | Certain Factors to Be Considered Prior to Voting .....                                       | 70        |
| <b>ARTICLE IX. Final Approval of the Disclosure Statement Confirmation of the Plan.....</b>  |                                                                                              | <b>70</b> |
| A.                                                                                           | The Confirmation Hearing.....                                                                | 70        |
| B.                                                                                           | Deadline to Object to Approval of the Disclosure Statement and Confirmation of the Plan..... | 70        |
| C.                                                                                           | Requirements for Approval of the Disclosure Statement.....                                   | 71        |
| D.                                                                                           | Requirements for Confirmation of the Plan .....                                              | 71        |
| E.                                                                                           | Best Interests of Creditors/Liquidation Analysis .....                                       | 72        |
| F.                                                                                           | Feasibility/Financial Projections.....                                                       | 74        |
| G.                                                                                           | Acceptance by Impaired Classes.....                                                          | 77        |
| H.                                                                                           | Confirmation Without Acceptance by All Impaired Classes .....                                | 77        |
| <b>ARTICLE X. Risk Factors.....</b>                                                          |                                                                                              | <b>79</b> |
| A.                                                                                           | Bankruptcy Law Considerations .....                                                          | 79        |
| B.                                                                                           | Continued Risk Upon Confirmation and Recoveries Under the Plan.....                          | 82        |
| C.                                                                                           | Risk Factors Related to the Business Operations of the Debtors and Reorganized Debtors ..... | 86        |
| D.                                                                                           | Miscellaneous Risk Factors and Disclaimers.....                                              | 88        |
| <b>ARTICLE XI. Certain Securities Law Matters .....</b>                                      |                                                                                              | <b>89</b> |
| A.                                                                                           | Introduction.....                                                                            | 89        |
| B.                                                                                           | Applicability of Section 1145 of the Bankruptcy Code .....                                   | 90        |
| C.                                                                                           | Retention and Treatment of Existing Equity Interests .....                                   | 90        |
| D.                                                                                           | Possible Issuances of Securities Under the Plan .....                                        | 91        |

|                                                                             |                                                                 |           |
|-----------------------------------------------------------------------------|-----------------------------------------------------------------|-----------|
| E.                                                                          | Applicability of Section 4(a)(2) and Regulation D .....         | 91        |
| F.                                                                          | Use of Regulation S for Non-U.S. Persons .....                  | 92        |
| G.                                                                          | Restrictions on Resale of Securities .....                      | 92        |
| H.                                                                          | State Securities (“Blue Sky”) Laws .....                        | 92        |
| I.                                                                          | No Public Market for Debtors’ Securities.....                   | 92        |
| J.                                                                          | No Reporting Obligations Under the Exchange Act.....            | 93        |
| K.                                                                          | No Offer or Solicitation .....                                  | 93        |
| L.                                                                          | Conclusion .....                                                | 93        |
| <b>ARTICLE XII. Certain U.S. Federal Tax Consequences of the Plan .....</b> |                                                                 | <b>93</b> |
| A.                                                                          | Introduction and Scope of Discussion.....                       | 93        |
| B.                                                                          | U.S. Federal Income Tax Consequences to the Debtors .....       | 94        |
| C.                                                                          | U.S. Federal Income Tax Consequences to Holders of Claims ..... | 95        |
| D.                                                                          | Tax Treatment of Foreign Creditors and Interest Holders .....   | 96        |
| E.                                                                          | Reporting and Withholding Obligations .....                     | 98        |
| F.                                                                          | Information Reporting.....                                      | 98        |
| G.                                                                          | Importance of Tax Advice .....                                  | 98        |
| <b>ARTICLE XIII. Recommendation of the Debtors.....</b>                     |                                                                 | <b>99</b> |

**EXHIBITS**

**Exhibit A** Debtors' Joint Plan of Reorganization<sup>3</sup>

**Exhibit B** Financial Projections<sup>4</sup>

**Exhibit C** Liquidation Analysis<sup>5</sup>

---

<sup>3</sup> See Docket No. 580.

<sup>4</sup> To be (a) filed by the Debtors on or before the deadline by which the Debtors must file the Plan Supplement and (b) made available at the website maintained by the Claims and Noticing Agent at <https://cases.stretto.com/Stoli/> (free of charge).

<sup>5</sup> To be (a) filed by the Debtors on or before the deadline by which the Debtors must file the Plan Supplement and (b) made available at the website maintained by the Claims and Noticing Agent at <https://cases.stretto.com/Stoli/> (free of charge).

**ARTICLE I.**  
**Introduction**

To implement a comprehensive financial restructuring, on November 27, 2024 (the “**Petition Date**”), Stoli Group (USA), LLC (“**Stoli USA**”) and Kentucky Owl, LLC (“**Kentucky Owl**”), as debtors and debtors in possession (collectively, the “**Debtors**”), each commenced voluntary cases (the “**Chapter 11 Cases**”) under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). The Debtors’ Chapter 11 Cases have been jointly administered for procedural purposes and are pending before the Honorable Scott W. Everett in the United States Bankruptcy Court for the Northern District of Texas (the “**Bankruptcy Court**”).

Prior to the Petition Date, the Debtors engaged Foley & Lardner LLP (“**Foley**”) as their restructuring counsel and Riveron Management Services, LLC (“**Riveron**”) as their financial advisor—with Steven R. Wybo of Riveron being named and designated the Debtors’ Chief Restructuring Officer (“**CRO**”)—to advise and assist the Debtors with their restructuring initiatives and the completion and implementation of the comprehensive restructuring transactions (the “**Restructuring Transactions**”) contemplated in the Plan and explained in this disclosure statement (including all exhibits hereto, the “**Disclosure Statement**”). In consultation with their retained advisors, the Debtors have prepared this Disclosure Statement pursuant to sections 1125 and 1126 of the Bankruptcy Code in connection with the solicitation of acceptances with respect to the *First Amended Joint Chapter 11 Plan of Reorganization of the Debtors and the Plan Sponsor* (as may be amended or modified from time to time and including all exhibits and supplements thereto, the “**Plan**”),<sup>6</sup> which has been proposed by the Debtors in coordination with the Plan Sponsor, S.P.I. Spirits (Cyprus) Limited (“**SPI**” or the “**Plan Sponsor**”). This Disclosure Statement is intended to provide Holders of Claims and Interests with “adequate information” as that term is defined in section 1125(a)(1) of the Bankruptcy Code, to enable them to make an informed judgment about the Plan. Among other things, the Disclosure Statement describes, in detail, the Debtors’ prepetition business operations and corporate structure, the facts and circumstances leading to the Debtors filing of the Chapter 11 Cases, the terms of the Plan and the proposed Restructuring Transactions, the treatment of Claims and Interests under the Plan, and the alternatives to confirmation of the Plan. The Plan constitutes a separate chapter 11 plan for each of the Debtors, unless otherwise provided for in the Plan. A copy of the Plan is attached hereto as **Exhibit A** and incorporated herein by reference.<sup>7</sup>

The Debtors strongly believe that the Plan is in the best interests of the Debtors’ estates, their respective creditors and interest holders, and that the Plan represents the best available alternative at this time and will provide material benefits to the stakeholders in these Chapter 11 Cases. The Plan preserves the value of the Debtors’ business operations as going concerns, ensures full payment to all of the Debtors’ allowed secured and unsecured creditors, and maximizes recovery through an efficient and cost-effective restructuring process. Given the Debtors’ assets and core strengths, the Debtors are confident that they can implement the Restructuring Transactions contemplated by the Plan, which provides for a comprehensive restructuring of the Debtors’ balance sheets and capital structure, while simultaneously ensuring that the Debtors have the best chance possible at long-term viability. For these reasons, the Debtors strongly recommend that holders of Claims entitled to vote to accept or reject the Plan vote to accept the Plan.

---

<sup>6</sup> See Docket No. 580.

<sup>7</sup> Capitalized terms used but not defined in this Disclosure Statement have the meaning ascribed to such terms in the Plan. Additionally, this Disclosure Statement incorporates the rules of interpretation located in Article I.B of the Plan. Any summary provided in this Disclosure Statement of any documents attached to this Disclosure Statement, including the Plan, is qualified in its entirety by reference to the Plan, the exhibits, and other materials referenced in the Plan, the Plan Supplement, and the documents being summarized. In the event of any inconsistencies between the terms of this Disclosure Statement and the Plan, the Plan shall govern.

The Official Committee of Unsecured Creditors (the “**Committee**”) has played a critical and active role in these Chapter 11 Cases, including through its investigation of the Debtors’ prepetition operations, oversight of the restructuring process, and participation in extensive negotiations with the Debtors and the Plan Sponsor. Following the consensual resolution of certain disputed matters and the incorporation of material protections for general unsecured creditors into the Plan, including provisions governing the GUC Ombudsman, security for Holders of General Unsecured Claims via the Kentucky Real Estate, and Plan funding mechanisms, the Committee has decided to support confirmation of the Plan. The Committee believes that the Plan provides for a fair and equitable treatment of unsecured creditors and maximizes value under the circumstances. **ACCORDINGLY, THE COMMITTEE RECOMMENDS THAT HOLDERS OF GENERAL UNSECURED CLAIMS VOTE TO ACCEPT THE PLAN.**

As described below, you are receiving this Disclosure Statement because you are a Holder of a Claim entitled to vote to accept or reject the Plan. **Before voting on the Plan, you are encouraged to read this Disclosure Statement and all documents attached to this Disclosure Statement in their entirety. As reflected in this Disclosure Statement, there are risks, uncertainties, and other important factors that could cause the Debtors’ actual performance or achievements to be materially different from those they may project, and the Debtors undertake no obligation to update any such statement. Certain of these risks, uncertainties, and factors are described in this Disclosure Statement.**

**ARTICLE II.**  
**Executive Summary**

**STOLI**  
**G R O U P**

The Debtors are integral components of the Stoli Group, a vertically integrated global beverage enterprise focused on marketing, importing, and distributing premium and ultra-premium spirits, wines, and non-alcoholic products. Stoli USA, the Stoli Group’s primary United States operating entity, imports and distributes the Stoli Group’s branded products, which are sourced from and produced by the Debtors’ non-debtor affiliates in the Stoli Group, including the Plan Sponsor. Kentucky Owl, in turn, functions as a raw material inventory sourcing and holding entity for the Stoli Group’s Kentucky Owl® and Wiseman® line of bourbons, with product manufacturing and storage outsourced to certain non-debtor affiliates and unaffiliated third-party vendors and service providers. Kentucky Owl owns tens of thousands of barrels of aging bourbon stored at third-party-owned facilities in Kentucky, and once matured, Kentucky Owl’s inventory is blended and bottled by a non-debtor affiliate and sold to Stoli USA for domestic and international distribution. The Debtors operate and sell the Stoli Group’s products across the United States, and in doing so, are required to navigate a complex regulatory landscape related to the importation and distribution of alcohol products.



Overall, the vertically integrated structure of the Stoli Group's business enterprise and the intricate relationships between the entities within the Stoli Group provide the Debtors with critical support for their operations in the United States. The Debtors rely on extensive intercompany agreements with their affiliates in the Stoli Group, including agreements related to intellectual property sub-licenses, exclusive distribution rights, inventory purchase agreements, and shared services arrangements, which in turn, allow the Debtors to import, market, and distribute the Stoli Group's branded products in compliance with applicable federal and state regulations.

The Debtors' Plan builds and relies on the support of their affiliates within the Stoli Group, and an emphasis on the Plan Contribution provided by the Plan Sponsor, SPI. Underscoring the Plan Sponsor's commitment to the Debtors' continued viability and long-term success, the Plan Sponsor has already made a significant Plan Contribution in the form of cash and non-cash support to the Debtors during these Chapter 11 Cases and will continue to provide necessary support in the form of the Plan Contribution upon the Debtors' emergence from chapter 11.

As explained in this Disclosure Statement, the Plan, and methods by which the Debtors will implement the Plan, address the Debtors' financial obligations while preserving their operational capabilities and ability to operate as going concerns through the following key components and Restructuring Transactions: (1) flexibility and options for the Debtors to complete certain strategic asset transfers to satisfy all or portions of their secured debts; (2) full payment of all Allowed secured and unsecured Claims; (3) the Plan Contribution from the Plan Sponsor, which ensure continued supply chain support from SPI; and (4) the funding of distributions to creditors via exit financing and/or cash flow generated by the Debtors' post-emergence operations. The Plan has been structured to maximize optionality and recoveries, mitigate operational disruptions, and facilitate the Debtors' successful emergence from chapter 11 as financially sound, well-positioned market participants.

**THE DEBTORS BELIEVE THAT THE TRANSACTIONS, COMPROMISES, AND SETTLEMENTS CONTEMPLATED BY THE PLAN ARE FAIR AND EQUITABLE, MAXIMIZE THE VALUE OF THE DEBTORS' ESTATES, AND MAXIMIZE RECOVERIES TO HOLDERS OF CLAIMS. FOR THE REASON DESCRIBED IN THIS DISCLOSURE STATEMENT, THE DEBTORS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.**

**ARTICLE III.**  
**Questions and Answers Regarding this Disclosure Statement and the 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 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 plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of the debtor, and any other person or 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 debtor’s 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 and to share such Disclosure Statement with all Holders of Claims whose votes on the Plan are being solicited. 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 the Plan, and your rights, if any, to distribution under the Plan, depend on what type of Claim you hold and whether you held that Claim as of the Voting Record Date. Each category of Holders of Claims or Interests, as set forth in Article V of the Plan pursuant to sections 1122(a) and 1123(a)(1) of the Bankruptcy Code, is referred to as a “Class.” Each category of Holders of Claims and Interests, pursuant to sections 1122(a) and 1123(a)(1) of the Bankruptcy Code, is referred to as a “Class.” Each Class’s respective voting status is set forth in Article V of the Plan and Article VII.B of this Disclosure Statement and is also provided in the chart below.

| <b>Class</b> | <b>Claim or Interest</b>                   | <b>Status</b> | <b>Voting Rights</b>                       |
|--------------|--------------------------------------------|---------------|--------------------------------------------|
| 1            | Other Priority Claims                      | Unimpaired    | Not Entitled to Vote<br>(Deemed to Accept) |
| 2            | Other Secured Claims                       | Unimpaired    | Not Entitled to Vote<br>(Deemed to Accept) |
| 3            | Bardstown Bourbon<br>Company Secured Claim | Impaired      | Entitled to Vote                           |
| 4            | Senior Lender Secured Claim                | Impaired      | Entitled to Vote                           |

| Class | Claim or Interest                   | Status     | Voting Rights                           |
|-------|-------------------------------------|------------|-----------------------------------------|
| 5     | General Unsecured Claims            | Impaired   | Entitled to Vote                        |
| 6     | SPI Post-Petition Subordinated Loan | Impaired   | Entitled to Vote                        |
| 7     | Intercompany Claims                 | Impaired   | Entitled to Vote                        |
| 8     | Interests in Stoli (USA)            | Unimpaired | Not Entitled to Vote (Deemed to Accept) |
| 9     | Interests in KO                     | Unimpaired | Not Entitled to Vote (Deemed to Accept) |

All Claims and Interests are classified in the Classes set forth below in accordance with sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or an Interest, or any portion thereof, is classified in a particular Class only to the extent that any portion of such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of such Claim or Interest qualifies within the description of such other Classes. A Claim or an Interest is also classified in a particular Class for the purpose of receiving distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

All of the potential Classes for the Debtors are set forth herein. Such groupings shall not affect any Debtor's status as a separate legal Entity, change the organizational structure of the Debtors' business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger or consolidation of any legal Entities, or cause the transfer of any assets, and, except as otherwise provided by or permitted under the Plan, the Debtors shall continue to exist as separate legal Entities after the Effective Date.

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

A summary of the anticipated recovery to Holders of Claims or Interests under the Plan is set forth in Article VII.B of this Disclosure Statement. Any estimates of Claims or Interests in this Disclosure Statement may vary from the final amounts allowed by the Bankruptcy Court. As explained further in this Disclosure Document, the Plan anticipates that Holders of Claims will receive distributions sufficient to satisfy all Allowed Claims in full, whether secured or unsecured. Your ability to receive distributions under the Plan depends upon the ability of the Debtors to obtain Confirmation of the Plan, complete the Restructuring Transactions contemplated by the Plan, and meet the conditions necessary to consummate the Plan. Further explanation on this topic can be found in Article IX of this Disclosure Statement.

**THE PROJECTED RECOVERIES SET FORTH HEREIN 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.**

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

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Fee Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of

Claims and Interests set forth in Article II of the Plan. A description of these Claims and their treatment is included in Article II of the Plan and Article VII.A of this Disclosure Statement.

**F. 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 Effective Date that they be obtained.

**G. 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 become effective, there is no assurance that the Debtors will be able to reorganize their business. It is possible that any alternative plan, if one could be confirmed, may provide Holders of Claims with less than they would have received pursuant to the Plan. The Debtors believe that a liquidation under chapter 7 of the Bankruptcy Code would lead to inferior recoveries for Holders of Claims. For a more detailed description of the consequences of an extended chapter 11 case or a liquidation scenario, see Article IX.E of this Disclosure Statement and the Liquidation Analysis attached hereto as Exhibit C.

**H. 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,” “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 need to be satisfied or waived so that the Plan can go effective. Initial distributions to Holders of Allowed Claims will only be made on the date the Plan becomes effective—the “Effective Date”—or as soon as reasonably practicable thereafter, as specified in the Plan. “Consummation” of the Plan refers to the occurrence of the Effective Date. See Articles VII.H and VII.D of this Disclosure Statement for a discussion of conditions precedent to Consummation of the Plan and the Debtors’ means for implementation of the Plan.

**I. What are the sources of Cash and other consideration required to fund the Plan?**

As described in Article IV.C of the Plan and Article VI.B of this Disclosure Statement, after the Effective Date, the Reorganized Debtors will fund distributions under the Plan from (a) Cash on Hand, (b) Cash from Operations, and (c) the Plan Contribution, all in accordance with the terms of the Plan.

**J. Is there potential litigation related to 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. In the event that 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 allows 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.

**K. How will the preservation of the Causes of Action impact my recovery under the Plan?**

The Plan provides for the retention of all Causes of Action other than those that are expressly waived, relinquished, exculpated, released, compromised, or settled, as described in greater detail in Article IV.K of the Plan. The preservation and retention, or compromise or waiver, of Causes of Action pursuant to the Plan will not reduce recoveries that would otherwise be available to Holders of Allowed Claims under the Plan, nor would alternative treatment of Causes of Action lead to improved recoveries for Holders of Allowed Claims under the Plan.

**L. Will there be releases and exculpations granted to parties in interest as part of the Restructuring Transactions?**

Yes, the Plan contains certain releases, exculpation, and injunctions, as set forth in Article VIII of the Plan and Article VII.G of this Disclosure Statement. At the Combined Hearing, the Debtors will present evidence to demonstrate the basis for and propriety of the release and exculpation provisions, including that the release, exculpation, and injunction provisions in the Plan are necessary and appropriate and meet the requisite legal standard promulgated by the United States Court of Appeals for the Fifth Circuit and the Supreme Court of the United States.

With respect to the Third-Party Releases, the Plan provides two mechanisms for Holders of Claims and Interests to consent to grant such releases. Holders of Claims who are entitled to vote have the option to opt out of the Third-Party Releases. However, Holders of Claims who vote to accept or reject the Plan but do not opt out of the Third-Party Releases in the Plan will be deemed as consenting to the Third-Party Releases contained in Article VIII.E of the Plan. Holders of Claims and Interests who are not entitled to vote on the Plan still have the option to opt-in to the Third-Party Releases by completing an Opt-In Form. **Notwithstanding the foregoing, and for the avoidance of doubt, Holders of Claims or Interests who abstain from voting or submitting an Opt-In Form, as applicable, (i.e., remain silent) will not be deemed to have consented to or bound by the Third-Party Releases.**

Importantly, the Plan includes the following parties in the definition of “Releasing Parties”: “(a) each of the Debtors; (b) the Reorganized Debtors; (c) the Committee and its members, each in their capacities as such; (d) all Holders of Claims that vote to accept or reject the Plan and do not affirmatively elect to “opt out” of being a Releasing Party under the Plan by timely completing and submitting the Opt-Out Form before the Voting Deadline; (e) all Holders of Claims or Interests who are deemed to accept or reject the Plan that affirmatively elect to “opt in” to being a Releasing Party under the Plan by timely completing and submitting the Opt-In Form before the Voting Deadline; and (f) with respect to each of the Debtors, the Reorganized Debtors, and each of the foregoing Entities in clauses (a) through (e), each such Entity and its current and former Affiliates, and such Entities’ and their current and former directors, managers, officers, chief restructuring officer, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, and assigns, subsidiaries, advisors, and sub-advisors with discretionary authority, participants, and each of their respective current and former equity holders, officers, directors, managers, principals, members, management companies, employees, agents, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, in each case, solely in their capacity as such; provided, however, any Holder of a Claim or Interest that (i) fails to submit a Ballot or Opt-In Form, as applicable, before the Voting Deadline or (ii) timely objects to the Third-Party Release through a formal objection Filed on the docket of the Chapter 11 Cases that is not resolved before Confirmation shall not be a Releasing Party. Notwithstanding the foregoing or any provision to the contrary herein, the FTE Group (including any of its successors, and any of its assigns of rights relating to the FTE Group Contingent Claims) shall not be a Releasing Party.”

The Plan includes the following parties in the definition of “**Released Parties**,” “(a) each of the Debtors; (b) the Reorganized Debtors; (c) the Plan Sponsor; (c) the Committee and its members, each in their capacities as such; and (d) with respect to each of the foregoing Entities in clause (a) through clause (c) and in the event of Consummation of the Plan, such Entities’ current and former Affiliates, and such Entities’ and their current and former Affiliates’ current and former directors, managers, officers, chief restructuring officer, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, and assigns, subsidiaries, advisors, and sub-advisors with discretionary authority, participants, and each of their respective current and former equity holders, officers, directors, managers, principals, members, management companies, employees, agents, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, in each case, solely in their capacity as such.”

**M. What is the deadline to vote on the Plan?**

The deadline to submit votes to accept or reject the Plan, and complete and submit the Opt-Out Form or Opt-In Form, as applicable (the “**Voting Deadline**”), is July 17, 2025, at 5:00 p.m. (**prevailing Central Time**).

**N. How do I vote for or against the Plan?**

Detailed instructions regarding how to vote on the Plan are included with the ballot distributed to Holders of Claims entitled to vote on the Plan (the “**Ballot**”). For your vote to be counted, the Ballot containing your vote must be properly completed and executed as directed, and delivered as directed, so that it is actually received by the Debtors’ Claims and Noticing Agent, Stretto, Inc. (“**Stretto**,” or the “**Claims and Noticing Agent**”) on or before the Voting Deadline of **July 17, 2025, at 5:00 p.m. (prevailing Central Time)**.

Certain procedures will be used to collect and tabulate votes on the Plan, as summarized in Article VIII of this Disclosure Statement. Readers should carefully read the voting instructions in Article VIII of this Disclosure Statement.

Under the Debtors’ Plan, all holders of Claims or Interests in Classes 1, 2, 8, and 9 are unimpaired, as they will be paid in full or, if applicable, entitled to retain their collateral or their Claims or Interests, as applicable. As a result, all holders of Claims in Classes 1, 2, 8, and 9 are conclusively deemed to have accepted the Plan. The holders of Claims in Classes 3, 4, 5, 6, and 7 are impaired and are entitled to vote to accept or reject the Plan. Thus, only Holders of Claims in Classes 3, 4, 5, 6, and 7 are entitled to vote on the Plan (each a “**Voting Class**” and collectively, the “**Voting Classes**”).

**O. 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. All parties in interest will be served notice of the time, date, and location of the Combined Hearing once scheduled. Because the Debtors’ Chapter 11 Cases were administratively consolidated, and because the relief provided in the Plan affects each Debtor and Holders of Claims related to each Debtor, respectively, a combined hearing will provide the most efficient, comprehensive, and clear result for all stakeholders. The nature of the relief provided in the Plan also makes a hearing on adequacy of the Disclosure Statement and confirmation of the Plan the most efficient path to confirmation, which will be consistent with and support the recoveries intended under the Plan.

**P. When is the Combined Hearing set to occur?**

The Debtors will request that the Bankruptcy Court schedule the Combined Hearing for **July 21, 2025 at 9:30 a.m. (prevailing Central Time)**. The Combined Hearing may be adjourned from time to time without further notice. The Bankruptcy Court, in its discretion and prior to the Combined Hearing, may put in place additional procedures governing the Combined Hearing. Subject to section 1127 of the Bankruptcy Code, the Plan 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 must be filed and served on the Debtors, and certain other parties, by **July 17, 2025, at 5:00 p.m. (prevailing Central Time)**, in accordance with any forthcoming notice of the Combined Hearing.

**Q. What is the purpose of the Combined Hearing?**

The purpose of the Combined Hearing is to seek final approval of this Disclosure Statement and Confirmation of the Plan. The confirmation of a plan of reorganization by a bankruptcy court binds the debtor, any issuer of securities under a plan of reorganization, any person acquiring property under a plan of reorganization, 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 plan of reorganization discharges a debtor from any debt that arose before the confirmation of such plan of reorganization and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

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

The Debtors are reorganizing under chapter 11 of the Bankruptcy Code. As a result, the occurrence of the Effective Date of the Plan means that the Debtors will not be liquidated or forced to go out of business, although the nature of the business of Kentucky Owl will change, as described herein and in the Plan. Following Confirmation, the Plan will be Consummated on the Effective Date, which is the date on which all conditions to Consummation have been satisfied and the Plan is declared effective by the Debtors (see Article IX of the Plan). On or after the Effective Date, and unless otherwise provided in the Plan, the Reorganized Debtors may operate their business and, except as otherwise provided by the Plan, may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. Additionally, upon the Effective Date, all actions contemplated by the Plan will be deemed authorized and approved.

**S. What is the effect of Confirmation and Consummation of the Plan?**

Following Confirmation, and subject to satisfaction of each condition precedent in Article IX of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation, and discharge provisions set forth in Article VIII of the Plan will become effective. **Accordingly, it is important to read the provisions contained in Article I and Article VIII of the Plan very carefully so that you understand how Confirmation and Consummation of the Plan—which effectuates such release, injunction, exculpation, and discharge provisions—will affect you and any Claim or Interest you may hold with respect to the Debtors so that you may cast your vote accordingly.** These provisions are described in Article VII.G of this Disclosure Statement.

**T. Will any party have significant influence over the corporate governance and operations of the Reorganized Debtors?**

On the Effective Date, existing Interests in the Debtors held by the current Equity Owners shall be reinstated as Interests in the Reorganized Debtors and as consideration for the Plan Contribution pursuant to the terms of the Plan. The current directors or managers of the Debtors (as applicable) and officers of the Debtors shall be reinstated in the same positions with the Reorganized Debtors on the Effective Date.

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

The Debtors' Claims and Noticing Agent, Stretto, by: (a) emailing [TeamStoli@stretto.com](mailto:TeamStoli@stretto.com) (with "Stoli Solicitation Inquiry" in the subject line); or (b) calling the Debtors' restructuring hotline at (855) 494-2896 (U.S./Canada toll free) or (949) 212-9348 (international toll). The Claims and Noticing Agent cannot and will not provide legal advice.

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 Claims and Noticing Agent at the email address above or by downloading the exhibits and documents from the website of the Claims and Noticing Agent at <https://cases.stretto.com/Stoli/> (free of charge) or the Bankruptcy Court's website at <https://ecf.deb.uscourts.gov> (for a fee).

**V. Do the Debtors recommend voting in favor of the Plan?**

Yes. The Debtors believe that the Plan provides for better distributions and results to the Debtors' stakeholders than would otherwise result from any other available alternative. The Debtors believe that the Plan is in the best interest of the Debtors' stakeholders, and that any alternatives (to the extent they exist) would fail to realize or provide the value inherent under the Plan.

**ARTICLE IV.**

**Background and Events Leading to Chapter 11 Cases**

**A. Overview and Strategic Significance of the Debtors' Businesses**

Stoli USA and Kentucky Owl are integral United States based entities within a vast, vertically integrated global beverage enterprise referred to as the "Stoli Group." The Debtors serve as the exclusive United States importation, marketing, and distribution arms of the Stoli Group, which encompasses a network of affiliated companies engaged in the production, brand development, and global distribution of ultra-premium spirits, wines, and non-alcoholic beverages. Operating in more than 176 countries, the Stoli Group's globally recognized brand portfolio includes award-winning vodkas, bourbons, tequilas, mezcals, rums, gins, wines, and non-alcoholic beverages.

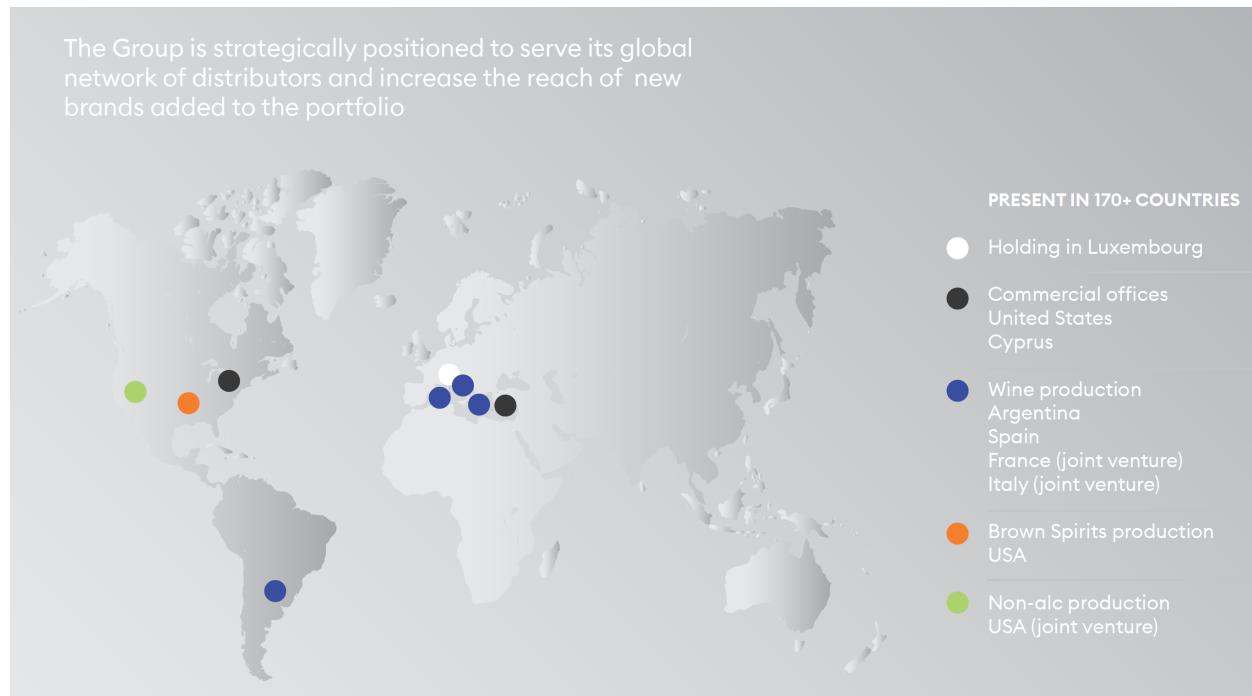


The Stoli Group boasts a rich heritage dating back to the early part of the last century and utilizes wholly-owned and affiliated production facilities located in Argentina, Latvia, Spain, Mexico, the United Kingdom, Italy, and the United States to manufacture and produce the wide variety of products that the Stoli Group offers in the marketplace. The Stoli Group is headquartered in Luxembourg, with its operational and distributional epicenter managed through its wholly owned Cyprus-based affiliate, SPI, which is also the Plan Sponsor in these Chapter 11 Cases and the Debtors' direct or indirect corporate parent.



The Debtors are not self-contained operations. Rather, they are highly specialized components of the broader Stoli Group business model, strategically positioned to serve the United States market and reliant on their affiliated non-debtor entities for manufacturing, production, procurement, intellectual property licensing, global marketing strategies, and critical working capital and liquidity support. Their operations are fundamentally intertwined with the global supply chain, logistics platform, and IP portfolio managed and maintained by SPI and other foreign non-debtor affiliates.

The Debtors' relationship to the larger Stoli Group is structured and governed through formal intercompany agreements, all of which are critical to the Debtors' continued operations and their ability to implement the restructuring contemplated under the Plan. These intercompany agreements are periodically updated, renewed and/or renegotiated by the entities' respective officers and directors, which in some cases are shared between entities. Ultimate decision-making authority resides in the Stoli Group's Global CEO, with certain authority delegated to restructuring professionals of and specifically pertaining to the Debtors in these Cases.



Overall, the Debtors function as key participants within a highly coordinated and globally integrated spirits, wine, and non-alcoholic beverages conglomerate. The Debtors' success depends not only on their individual performance, but also on the continued collaboration, support, and integration with their affiliates within the Stoli Group, particularly SPI, which as described elsewhere in this Disclosure Statement, has further demonstrated its strategic commitment to the Debtors by serving as the Plan Sponsor for the Debtors' Plan. Moreover, the success of SPI depends in large part on the success of the Debtors, who provide significant revenue to the Stoli Group under intercompany distribution and licensing agreements, and assist in maintaining the prestige and profitability of the Stoli Group's brands. Accordingly, the Debtors believe SPI is incentivized and committed to its continuing relationship and support for the Debtors.

## **B. Organizational History and Development of the Stoli Group**

The Stoli Group was founded in 1997 by entrepreneur Yuri Shefler with the vision of building a vertically integrated global platform for the management of premium and ultra-premium beverage brands. Over the subsequent decades, the Stoli Group grew from a niche vodka distributor into a multinational beverage powerhouse operating across six continents and featuring a multi-category portfolio that includes not only vodka, but also rum, whiskey, tequila, mezcal, gin, wine, and non-alcoholic beverages. The Stoli Group's then flagship product, Stolichnaya® Vodka, helped pioneer the premium vodka category in the United States after being introduced in the early 1970s. Since then, the Stoli Group has continued to expand its offerings through organic brand development, strategic acquisitions, and global marketing campaigns. Today, the Stoli Group owns or controls a robust portfolio of premium and ultra-premium brands, including elit® Vodka, Stoli® Vodka, Bayou® Rum, Cenote® Tequila, Villa One® Tequila, Se Busca® Mezcal, Tulchan® Gin, and Achaval Ferrer® and Arínzano® wines, among others. Each brand is strategically positioned to serve a distinct consumer segment and market geography.

As the Stoli Group matured, its business model evolved toward operational centralization and supply chain integration. The Stoli Group established production and blending facilities in jurisdictions including Latvia, Mexico, Spain, Argentina, Italy, the United Kingdom, and the United States. The Stoli Group also

consolidated its international distribution and sub-licensing functions under SPI, which was established in Cyprus in 1999. SPI was designed to serve as the distribution, intellectual property sub-licensing, and commercial logistics nucleus of the Stoli Group and remains today the contractual and operational fulcrum of the enterprise. SPI performs a wide range of critical services for the Stoli Group and its affiliated entities, including managing brand assets, enforcing marketing standards, coordinating global innovation initiatives, aggregating distributor orders, setting product positioning strategies, and overseeing intercompany planning and logistics. As the exclusive global distributor for most Stoli Group products, SPI owns or controls the sub-licensing rights to various internationally protected trademarks, copyrights, and branding materials, which it sub-licenses to affiliated regional importers and distributors, including the Debtors.

### **C. Establishment and Strategic Functions of the Debtors and Plan Sponsor**

Stoli USA is a limited liability company organized under the laws of the State of Delaware and was formed on or about February 1, 2013. Kentucky Owl is a limited liability company organized under the laws of the State of Delaware and was formed on or about January 18, 2017. Stoli USA and Kentucky Owl maintain offices and operations in New York, New York, and as further explained below, are also managed and overseen by the executive leadership of the Stoli Group. The following chart illustrates the Debtors' organizational structure.

| <b>NAME</b>            | <b>JURISDICTION</b> | <b>TYPE OF EQUITY INTERESTS</b> | <b>PERCENTAGE OF EQUITY INTERESTS</b> | <b>RECORD OWNER</b>             |
|------------------------|---------------------|---------------------------------|---------------------------------------|---------------------------------|
| Stoli Group (USA), LLC | Delaware            | Membership Interests            | 100%                                  | S.P.I. Spirits (Cyprus) Limited |
| Kentucky Owl, LLC      | Delaware            | Membership Interests            | 100%                                  | SPI Worldwide Trade Limited     |

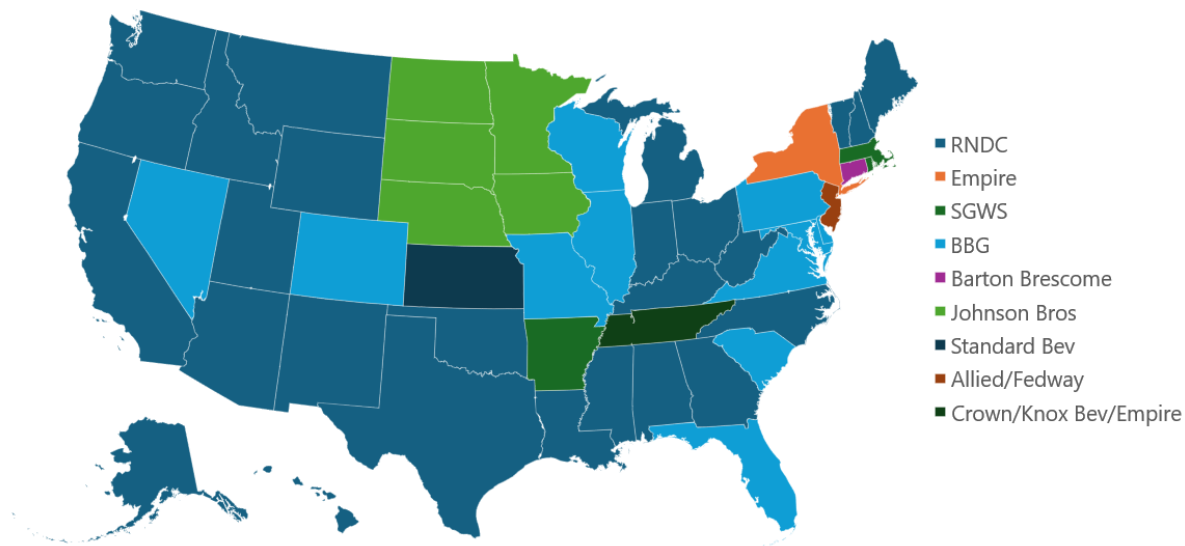
#### **1. Stoli USA**

Stoli USA was formed in 2013 under the laws of the State of Delaware as a wholly owned subsidiary of SPI. Stoli USA was created for the specific purpose of consolidating, professionalizing, and directly managing the importation, sales, and marketing of Stoli Group products in the United States. Prior to its formation, the Stoli Group relied on an independent United States importer, and the formation of Stoli USA allowed the Stoli Group to reclaim direct control over its United States operations and more effectively execute its global brand vision within the regulatory confines of the United States' three-tier distribution system. Stoli USA also holds critical intellectual property licenses from its affiliates in the Stoli Group, which allow it to use valuable brand names and trademarks in its United States operations.

Stoli USA's business involves importing, selling, and marketing finished alcoholic and non-alcoholic products produced by affiliated manufacturers within the Stoli Group, including SPI and other non-debtor entities. Those entities largely serve as the manufacturers and producers of finished products and hold the intellectual property, marketing, and branding rights associated with the products sold and distributed by Stoli USA. Stoli USA's contracts and agreements with its affiliates, including licenses and agreements allowing Stoli USA to utilize trademarks, copyrights, images, and other marketing materials associated with products, provide Stoli USA with the right to sell and distribute finished products in the United States and utilize associated intellectual property, marketing, and branding rights and materials to do so. Through its intercompany agreements with SPI and other affiliates, Stoli USA imports, promotes, sells, and distributes a wide array of beverage products, including but not limited to vodka, tequila, mezcal, gin, whiskey, rum, wine, and non-alcoholic mixers.

Once imported, Stoli USA distributes the Stoli Group’s products to an extensive network of established commercial alcohol distributors across the country under state-specific legal regimes governing the sale and distribution of alcoholic beverages. Stoli USA’s primary sources of revenue are derived from sales to domestic distributors in open and control states under exclusive territory arrangements. Stoli USA’s distribution strategy is state-specific, depending on whether the state is an open state, such as California or Texas, where independent distributors may contract directly with producers, or a control state, such as Ohio or Michigan, where state agencies oversee the sale of alcohol. Products are either sold through direct import arrangements at United States ports of entry or warehoused in bonded facilities in Maryland and New Jersey for subsequent delivery to control states and smaller customers. The majority of Stoli USA’s imported inventory is sold directly to regional distributors operating in open and franchise states, and the remaining portion of the inventory is imported and stored at bonded third-party distribution centers in Maryland and New Jersey, from which deliveries are made to control states through state-authorized distributors.

Stoli USA – Distribution Map



Stoli USA has numerous active distribution agreements with wholesale commercial distribution partners that operate within legally defined territories, and it invests considerable effort and resources to comply with the complex regulatory frameworks enforced by both federal and state agencies. Stoli USA’s distribution contracts with its distributors are highly lucrative, and Stoli USA is currently in the process of negotiating renewals for distribution contracts across various regions of the United States. When those distribution contracts are eventually negotiated and renewed, Stoli USA expects to receive substantial benefits over a 10 year time horizon which includes upfront cash payments from the distributors in exchange for the distributors securing the exclusive right to distribute products within their contractually defined territories, significant marketing investments for each Brand in the portfolio the distributor handles and clear performance goals to drive continued growth of the business with penalties should these goals not be achieved. As further explained herein, Stoli USA plans to use certain amounts of the cash it receives in renewing its distribution contracts with distributors to accelerate distributions to creditors under the Debtors’ Plan.

Stoli USA also functions as the Stoli Group’s marketing and brand stewardship vehicle in the United States, working closely with SPI and the Stoli Group’s global brand managers to execute national campaigns and develop localized marketing initiatives. Stoli USA is also responsible for coordinating

regional marketing initiatives in collaboration with SPI and the Stoli Group's centralized brand team. Stoli USA localizes campaigns and tailors messaging to the United States consumer base and provides market data, sales forecasting, and inventory planning support back to SPI, which manages global procurement and production schedules in coordination with affiliated manufacturers. Stoli USA's market insights, distributor feedback, and consumer data are critical inputs into the Stoli Group's global innovation platform, which supports new product development and market positioning decisions.

## 2. Kentucky Owl

Kentucky Owl was formed in 2017 in connection with the Stoli Group's acquisition and revitalization of the Kentucky Owl® brand, a historic Kentucky bourbon label dating to the 19th century. Kentucky Owl is a wholly owned subsidiary of SPI Worldwide Trade Limited—a limited company formed under the laws of Cyprus and another entity associated with the Stoli Group. Kentucky Owl was established as part of the Stoli Group's desire to enter a new segment of the spirits industry, and an initiative aimed at reviving the Kentucky Owl® brand of rye and bourbon whiskeys. Kentucky Owl produces various batches and iterations of its ultra-premium whiskeys, including "Batch #11," "Batch #12," "Confiscated," and also rolls out limited releases, including "Mardi Gras XO Cask," "St. Patrick's Edition," "Takumi Edition," and "Maighstir Edition." Kentucky Owl's fine whiskeys are included in the vast array of products offered and sold by the Stoli Group in the global marketplace, including Stoli USA in the United States. In 2022, Stoli Group developed and launched a new Brand of Kentucky Bourbon called "The Wiseman™". This brand was aimed at a more affordable and larger volume segment of the bourbon market, and also offered greater optionality for the Stoli Group to grow successfully in this category.



In tandem with Stoli USA's operations, Kentucky Owl functions as a strategic holding company and the custodian of key raw materials used to produce Kentucky Owl and Wiseman branded spirits. Kentucky Owl has no direct employees and does not own or operate any production or storage facilities directly. Kentucky Owl's assets include essential inputs for spirits manufacturing, which are stored and serviced at off-site facilities under secured arrangements with third-party service providers in accordance with Kentucky Owl's desired specifications. Kentucky Owl does not directly engage in production or distribution but serves a critical role in housing assets that Stoli USA sells in finished form. Kentucky Owl holds substantial inventory in the form of aging bourbon and rye whiskey barrels stored in

warehouses in Kentucky. These barrels are allowed to mature for extended periods, consistent with the Stoli Group’s ultra-premium positioning for the brand.

Once aged, the barreled whiskey is transported to Louisiana Spirits LLC—an affiliated entity that has the capability of bottling and packaging—where it is finished, labeled, and prepared for commercial sale. Pursuant to various exclusive rights contracts and agreements with its affiliates, Kentucky Owl then sells its finished goods solely to companies within the Stoli Group, including Stoli USA, which, in turn, distributes and sells Kentucky Owl’s ultra-premium whiskey products across the world. Notably, though, Stoli USA is the largest purchaser and distributor of Kentucky Owl’s finished goods.

As of the filing of this Disclosure Statement, Kentucky Owl has approximately 35,393 barrels of raw materials in the aging stage that can and will eventually be transformed into finished and sellable goods. Kentucky Owl’s barrel inventory is a highly valuable asset that continues to appreciate with age and scarcity. The barrel inventory serves as collateral to the Secured Claims asserted against the Debtors, and as further explained herein and outlined in the Plan, the Plan contemplates the Debtors transferring and otherwise disposing of a significant portion of Kentucky Owl’s barrel inventory as a means to satisfy a substantial portion of the Debtors’ Secured Claims. Thus, the strategic preservation, monetization, and transition of Kentucky Owl’s barrel inventory are key components of the Debtors’ restructuring.

### 3. SPI

SPI was incorporated in Cyprus in 1999 to serve as the Stoli Group’s global commercial and operational headquarters. From its inception, SPI was tasked with overseeing the Stoli Group’s global distributor relationships, managing intercompany product flows, coordinating cross-border logistics and demand planning, and acting as the sub-licensor for the Stoli Group’s extensive intellectual property portfolio. As the entity through which all international orders are placed and fulfilled, SPI aggregates production forecasts and manages the intercompany resale of finished products manufactured by affiliated production companies.

SPI is also involved in sub-licensing the Stoli Group’s most valuable intangible assets, including brand names, bottle designs, label art, promotional materials, and digital assets. These assets are sub-licensed to regional affiliates—including the Debtors—through long-term intercompany agreements that are essential to the Debtors’ ability to operate. SPI exercises final control over branding, marketing positioning, pricing strategy, and packaging design, which ensures consistency across international markets and reinforces global brand equity.



In addition to these operational functions, SPI serves as the sole equity owner for Stoli USA and is an affiliate of the sole equity holder of Kentucky Owl, SPI Worldwide Trade Limited (collectively, with SPI, the “**Equity Owners**”), and has committed extensive resources to support their restructuring. As Plan Sponsor, SPI has committed to providing critical liquidity to fund Plan distributions, reduce inventory-related cash outflows, and enable a successful and value-maximizing emergence from chapter 11. These

contributions reflect SPI's long-term commitment to the United States market and its strategic recognition that the Debtors are essential to the Stoli Group's global footprint.

**D. Global Supply Chain, Operational Interdependence, and Intercompany Infrastructure**

The Debtors' operations are deeply integrated with those of their affiliates in the Stoli Group, and Stoli USA and Kentucky Owl are structurally and functionally dependent on their affiliates. The Debtors' businesses are built upon a foundation of intercompany coordination with SPI and other non-debtor affiliates. These relationships span product sourcing, logistics, demand forecasting, marketing, licensing, IP management, inventory planning, brand positioning, and regulatory compliance. Each element of the Debtors' commercial platform is supported by shared services provided or managed by SPI, which acts as the gateway through which all finished inventory, commercial planning, and brand strategy flow.

The importance of the Stoli Group's vertically integrated supply chain and various forms of support it provides to the Debtors' operations cannot be understated. The strength and efficiency of the Debtors' operations are fundamentally tied to the vertically integrated nature of the enterprise. Among other things, and explained elsewhere herein, the Debtors benefit from licenses with their non-debtor affiliates that permit the use of certain intellectual property and internationally recognized trademarks, which are critical to the Debtors' ability to market and sell their branded products in the United States. These licensing agreements are central to the enterprise's market identity and consumer recognition, enabling Stoli USA to compete effectively within the highly regulated and brand-sensitive alcoholic beverage industry.

The various international entities within the Stoli Group support the Debtors through intercompany product supply, intellectual property licensing, financial backing, and shared services arrangements. All the inventory sold by Stoli USA is produced by its affiliates and then sold to Stoli USA for further distribution in the United States. SPI, the Plan Sponsor, is the most significant of the Debtors' affiliates and the largest supplier of inventory for Stoli USA's distribution and sales efforts. However, other affiliates within the Stoli Group also play important roles in manufacturing and supplying additional products for Stoli USA to offer customers as part of its portfolio. The mutual reliance between the Debtors and their foreign affiliates is further reinforced by SPI agreeing to extended substantial support during the Debtors' Chapter 11 Cases, including by extending the Debtors a significant subordinated post-petition loan and serving as the Plan Sponsor for the Plan, which involves SPI's commitment to reduce inventory and production charges to Stoli USA in order to facilitate liquidity, Plan feasibility, and ensure cash is available for to fulfill distributions to Holders of Claims.

The Debtors' global supply chain depends on cooperation with foreign affiliates for producing, packaging, and delivering finished goods. All companies within the enterprise function in a coordinated manner and rely on intercompany transactions and contractual arrangements to support the business as a whole. These transactions are documented by intercompany agreements and accounted for via internal invoicing and cross-border fund transfers. All financial and operational transactions between the Debtors and their affiliates are recorded as intercompany transactions, with funds paid or credited between entities based on fair market value and customary transfer pricing practices. These internal transactions are documented, tracked, and reconciled to ensure transparency and adherence to applicable legal and regulatory standards. All intercompany transactions are booked at arm's length, with formalized payment arrangements between affiliates. Notably, these intercompany obligations—while significant—are subordinated under the Plan until all external creditor Claims are fully paid.

## **E. Regulatory Compliance and Industry Oversight**

The Debtors operate in an industry that is among the most stringently regulated in the United States. The production, importation, transportation, storage, marketing, and sale of alcoholic beverages are subject to comprehensive oversight by multiple federal and state agencies. Each phase of the Debtors' business—from obtaining import permits to renewing distribution licenses to marketing product variants—is governed by detailed legal and regulatory obligations. The Debtors' ability to distribute products across various jurisdictions depends on, among other things, the Debtors maintaining active import and distribution licenses, many of which are tied to Stoli USA's individual distributor relationships. Stoli USA must comply with the United States' three-tier system, under which producers and importers may only sell to licensed distributors and may not engage in direct-to-retail or consumer sales. Stoli USA must also maintain good standing under all relevant state licensing regimes, many of which require continuous reporting, payment of fees, and adherence to recordkeeping and audit obligations.

Regulatory compliance is a substantial operational cost to the Debtors and a critical factor in their ongoing viability. Accordingly, the Debtors have developed robust compliance frameworks, often working in conjunction with SPI's legal and regulatory teams, to ensure adherence to applicable federal and state requirements. Compliance costs constitute a material portion of operating expenses but are necessary investments to preserve the Debtors' licenses, regulatory standing, and commercial reputation. The Debtors' sophisticated internal controls and compliance protocols ensure their continued adherence to all applicable legal and regulatory obligations and will ensure that they continue to do so upon emergence from chapter 11.

## **F. Future Business Outlook**

The Debtors' ability to reorganize and successfully emerge from chapter 11 is premised on the continuation of their integrated business model and the ongoing support of SPI and the broader Stoli Group. As detailed elsewhere in this Disclosure Statement, the Debtors intend to rely on the Restructuring Transactions contemplated under the Plan and various infusions of cashflow to fund distributions under the Plan and provide liquidity for post-emergence operations. The Plan is designed to ensure that the Debtors retain their strategic place within the Stoli Group enterprise, maintain access to premium brands and supply chains, and emerge as viable, well-capitalized entities prepared to navigate a competitive postpetition market environment. Upon exiting chapter 11, the Debtors will continue to function as importers and distributors of Stoli Group products in the United States, supported by a streamlined capital structure, improved liquidity, and the full operational and strategic backing of SPI and the broader Stoli Group. The Plan positions the Debtors for long-term commercial success while preserving the brand equity, distributor relationships, and consumer goodwill that have been cultivated over the past decade.

## **G. Capital Structure**

Collectively, the Debtors' principal assets consist of cash, accounts receivable, inventory, equipment, intellectual property rights, various rights under contracts and agreements, and certain other fixed and non-fixed assets. The Debtors' prepetition debt structure primarily consisted of (i) amounts owed under certain Prepetition Loan Documents (defined below) and (ii) unsecured debt consisting of, among other things, amounts owed to vendors and trade creditors. Additionally, details regarding the Debtors' assets and liabilities are described in the Debtors' Schedules of Assets and Liabilities (collectively, the "**Schedules**"), which can be found on the docket in the Chapter 11 Cases.<sup>8</sup> The Schedules can be accessed and downloaded (free of charge) by accessing the website maintained by the Claims and Noticing Agent at <https://cases.stretto.com/Stoli/>.

---

<sup>8</sup> See Case No. 24-80146 at Docket No. 116; Case No. 24-80147, at Docket No. 11.

**(a) Secured Debt for Revolver Commitment**

Prior to the Petition Date, each of the Debtors entered into various Prepetition Loan Documents (defined below) via which the Debtors' secured lender, Fifth Third Bank, National Association (the "**Senior Lender**"), provided the Debtors with separate senior secured revolving credit facilities that the Debtors used to fund their operations in accordance with certain Prepetition Loan Documents.

Via that certain Credit Agreement, dated October 28, 2022, by and between Stoli USA and the Senior Lender (the "**Stoli Credit Agreement**," and, together with related loan documents, agreements, or instruments executed in connection with the Stoli Credit Agreement, and as amended, restated, modified, or supplemented, the "**Stoli Loan Documents**"), the Senior Lender provided Stoli USA with a revolving credit facility in an aggregate amount of \$50,000,000 (the "**Stoli Revolver**"). Subsequently, pursuant to that certain Amended and Restated Credit Agreement, dated as of February 3, 2023, by and between Kentucky Owl and the Senior Lender (the "**KO Credit Agreement**," and, together with related loan documents, agreements, or instruments executed in connection with the KO Credit Agreement, and as amended, restated, modified, or supplemented, the "**KO Loan Documents**," and collectively with the Stoli Loan Documents, the "**Prepetition Loan Documents**"), the Senior Lender provided Kentucky Owl with revolving credit facility in an aggregate amount of \$40,000,000 (the "**KO Revolver**," collectively with the Stoli Revolver, the "**Revolver Commitment**").

The amounts owed under the Prepetition Loan Documents are secured by a first-priority lien on substantially all of the Debtors' assets, respectively. The Debtors' collective obligations under the Prepetition Loan Documents are further secured via cross-collateralization pursuant to (a) that certain Joinder Agreement dated February 15, 2023, by and between Stoli USA and the Senior Lender (the "**Stoli Joinder**") and (b) that certain Joinder Agreement dated February 15, 2023, by and between Kentucky Owl and the Senior Lender (the "**KO Joinder**," and collectively with the Stoli Joinder, the "**Joinder Agreements**").

Based on the amounts drawn by the Debtors via the Revolver Commitment, as of the Petition Date, each of the Debtors were liable to the Senior Lender in the outstanding principal amount of \$77,928,417.43, plus all interest (including any interest that has accrued at the default rate), fees, costs, and charges accrued or accruing prior to, on, or after the Petition Date in accordance with the Prepetition Loan Documents (collectively, the "**Prepetition Indebtedness**"), comprised of (i) \$40,587,976.71 of principal advanced by the Senior Lender under the Stoli Revolver and (ii) \$37,340,440.72 of principal advanced by the Senior Lender under the KO Revolver.

**(b) Secured Debt of Bardstown Bourbon Company**

The Bardstown Bourbon Company, LLC ("**Bardstown**") is a secured creditor of Kentucky Owl. Bardstown's secured Claim is based on amounts owed for certain services Bardstown provided to Kentucky Owl, including housing and storing Kentucky Owl's barrel inventory at facilities located in Kentucky. Under agreements with Kentucky Owl and pursuant to Kentucky law, Bardstown holds certain liens and possessory rights with regard to Kentucky Owl's barrel assets stored at the property controlled by Bardstown. Bardstown and the Senior Lender are parties to a certain bailment agreement via which Bardstown agreed to subordinate its secured Claims to those of the Senior Lender with respect to the KO Revolver, which agreement affected the Senior Lender's and Bardstown's respective rights with regard to the assets of Kentucky Owl.

Bardstown disputes that the Senior Lender's liens with respect to the Stoli Revolver are senior to Bardstown's liens on Kentucky Owl's barrel assets that are in Bardstown's possession. Bardstown's rights to, among other things, challenge the validity of the purported cross-collateralization of the

Revolvers via the Joinder Agreements (for which no consideration was given to Kentucky Owl), assert that Bardstown's Liens are senior to the liens under the Stoli Revolver, seek to enforce the equitable doctrine of marshaling or any other remedy or assert any counterclaim or defense, and seek adequate protection for any diminution in value in the value of the barrel assets in Bardstown's possession, are expressly reserved by the Cash Collateral Orders. [See Docket Nos. 118, 291, 339, 388, 411]. As of the date hereof, Bardstown's challenge period has been consensually extended to June 30, 2025, without prejudice to Bardstown's ability to obtain additional extensions of the challenge period under the cash collateral orders. [See Docket Nos. 118, 291, 339, 388, 411]. Bardstown believes that it is owed not less than \$6,808,240.04 on a prepetition basis on account of goods and/or services, including, but not limited to, the manufacture, supply, and storage, of distilled spirits, provided to Kentucky Owl prior to the Petition Date in connection with that certain Supply and Aging Services Agreement by and among Bardstown and Kentucky Owl, dated as of July 22, 2021 (including all amendments, exhibits, supplements, or addendums thereto). Bardstown has provided backup documentation to the Debtors to support its prepetition claim. Bardstown and the Debtors will continue to work in good faith to review and reconcile Bardstown's asserted prepetition claim amount and Bardstown's scheduled prepetition claim amount listed on the Schedules of Kentucky Owl [Docket No. 11] (the "**KO Schedules**"), with the goal of the Debtors and Bardstown consensually stipulating to the allowance of Bardstown's prepetition claim amount prior to the Voting Deadline. Following the reconciliation process, to the extent that the Debtors believe that the amount of Bardstown's prepetition claim as listed in the KO Schedules is incorrect, the Debtors will consensually amend the KO Schedules with respect to Bardstown's prepetition claim to reflect the agreed claim amount.

**(c) Subordinated Unsecured Debt**

Kentucky Owl is also a borrower under that certain Loan Agreement, dated November 29, 2017, by and between Kentucky Owl and SPI Worldwide Trade Limited, as successor to SPI Group S.a.r.l. (the "**Subordinate Lender**"), as from time to time amended, supplemented, restated, or otherwise modified (the "**Subordinate Loan Documents**"), providing for a delayed draw term loan of up to \$25,000,000 (the "**Subordinate Loan**"). The Subordinate Loan is unsecured, bears interest at a rate of 3% per annum, and all amounts borrowed under the Subordinate Loan mature on December 31, 2027. As of the Petition Date, Kentucky Owl owes \$6,151,299.00 under the Subordinate Loan Documents.

Kentucky Owl, the Senior Lender, and the Subordinate Lender entered into that certain Amended and Restated Subordination Agreement on February 3, 2024 (the "**Subordination Agreement**"), thereby subordinating the Subordinate Loan to the amounts owed by Kentucky Owl under the KO Loan Documents.

**(d) General Unsecured Debt**

As noted above, the Debtors' unsecured debt primarily consists of amounts owed to various creditors who have goods and services in support of the Debtors' operations, including trade creditors, vendors, shippers, and contract counterparties.

**H. Events Leading to the Chapter 11 Cases**

Despite the Debtors' long history of being leaders in selling and marketing of alcohol brands in the United States and globally, the Debtors faced significant balance sheet and liquidity challenges caused by a range of factors. Indeed, as explained below, in the recent years leading to the Petition Date, numerous atypical events put a great strain on the Debtors' financial condition, including (1) the effects and outcome from a rebrand the Debtors implemented in the wake of the Russia-Ukraine war and an ongoing dispute with the FTE Group (defined below), (2) a decline and softening of demand for alcohol and spirits

products post-COVID and especially beginning in 2023 and continuing into 2024, (3) increased cost and inflation stemming from the overall global economy, (4) a severe operational disruption caused by a data breach and ransomware attack in August 2024 (including issues with compliance by the Debtors with the reporting requirements of the Senior Lender), and (5) disputes with the Senior Lender, which not only caused liquidity issues, but caused the Debtors to shift their time, energy, and focus on placating the Senior Lender in lieu of focusing exclusively on right-sizing and improving their operations.

### 1. **Effects of the Russia-Ukraine War and Cyber Attack**

Following the implementation of an executive order of Russian President Vladimir Putin, issued in March 2000, shortly after his coming to power, prescribing to “reinstate and protect the state’s rights” in vodka trademarks privatized in the 1990s, the Stoli Group has been successfully defending its rights to the Stolichnaya and Moskovskaya vodka trademarks against the Russian Federation for more than twenty-three (23) years in courts across the world and spanning multiple jurisdictions, including the United States. In the wake of the Russian Federation’s litigation campaign, the Stoli Group has been forced to spend millions of dollars to defend its rights to use certain lawfully acquired trademarks and related intellectual property.

In connection with that ongoing litigation and his criticism of the Putin regime, the founder and beneficial owner of the Stoli Group, Mr. Yuri Shefler, has been the subject of personal persecution by the Putin regime. Mr. Shefler was forced to leave Russia in 2002 and has been unable to return since then due to fabricated criminal charges (all of which were eventually dropped). In the 2010s, Russia made extradition requests to the United Kingdom and Switzerland concerning Mr. Shefler, both of which were rejected as unjustified and politically motivated. Mr. Shefler was subsequently granted asylum by Switzerland and nationality by the United Kingdom government.

After Russia commenced its war against Ukraine in 2022, the Stoli Group announced a rebrand of its then primary vodka line, “Stolichnaya,” new the new name of “Stoli,” and in rebranding, made clear that the decision was a direct response to Russia’s invasion of Ukraine, and the Stoli Group’s desire to distance itself from association with the regime. The Stoli Group also announced its support and financial commitment to certain non-profit organizations providing humanitarian aid to Ukraine.

In July 2024, in relation to the ongoing war between Russia and Ukraine and the Stoli Group’s outspoken support of Ukraine, Mr. Shefler and the two main holding companies of the Stoli Group, Stoli Group Holding S.à r.l. and Amber Beverage Group Holding S.à r.l., were designated “extremists” by the Tambov District Court of the Tambov Oblast of Russia due to their providing humanitarian aid and engaging in marketing activities in support of refugees from Ukraine. In connection with those court proceedings in Russia, two of the Stoli Group’s distilleries, which were the last assets of the Stoli Group remaining in Russia upon the start of the Russia-Ukraine war (valued at approximately \$100 million), were confiscated by the Russian government.

Shortly thereafter, in August 2024, the Stoli Group’s IT infrastructure suffered severe disruption in the wake of a data breach and ransomware attack (the “**Cyber Attack**”). The Cyber Attack caused and continues to cause substantial operational issues throughout all companies within the Stoli Group, including the Debtors, and was a contributing factor to the commencement of these Chapter 11 Cases. Specifically, the Cyber Attack resulted in the Stoli Group’s enterprise resource planning (“**ERP**” or “**SAP**”) system being disabled and most of the Stoli Group’s internal processes (including accounting functions) being forced into a manual entry mode. Due to the affected servers being located in the EU (Latvia), foreign authorities investigated the Cyber Attack. Upon such investigation, the authorities determined that the Cyber Attack was effectuated solely for malicious purposes and to cause operational damage to the Stoli Group, as the Stoli Group’s data was only encrypted but not stolen. The criminal case

in Latvia is ongoing. Not only did the Cyber Attack cause issues with the Debtors' day-to-day operations, but it also led to issues with the Senior Lender in connection with the Debtors' ability to timely provide the Senior Lender with data and reporting as required under the Prepetition Loan Documents.

## 2. Disputes with the Senior Lender

Beginning on July 17, 2024, and subsequently on August 7, 2024, September 26, 2024, and October 21, 2024, the Senior Lender served each of the Debtors with notices of default and reservation of rights letters, alleging and asserting ongoing defaults under the Stoli Loan Documents and KO Loan Documents, respectively (collectively, the **"Notices of Default"**). Following the Senior Lender's serving the Debtors with the Notices of Default, the Debtors and the Senior Lender engaged in extensive negotiations and discussions, both directly and through counsel.

Additionally, on October 29, 2024, the Senior Lender sent a total of ten (10) letters (the **"KO Vendor Letters"**) to various trade vendors, suppliers, and storage providers utilized by Kentucky Owl (collectively, the **"KO Vendors"**), among other things, (a) informing the KO Vendors, that Kentucky Owl was in default under the KO Loan Documents and that the Senior Lender did not consent to any of Kentucky Owl's inventory currently held by the KO Vendors being sold, removed, transported, or otherwise disposed of by Kentucky Owl or anyone else without the Senior Lender's prior written consent; and (b) demanding that the KO Vendors not acknowledge, facilitate, or undertake any further sales, removal, transportation or other disposition of any Kentucky Owl inventory being held by the KO Vendors without the Senior Lender's prior written consent. The Senior Lender's service of the KO Vendor Letters was extremely disruptive and put a significant strain on the Debtors' operations and effectively accelerated the necessity of the Debtors' commencing the Chapter 11 Cases.

Thereafter, on November 13, 2024, the Senior Lender served each of the Debtors with notices of default, acceleration, demand for repayment, and reservation of rights letters, alleging and asserting additional ongoing defaults and demanding repayment of all amounts owed by each of the Debtors, respectively, under the Stoli Loan Documents and KO Loan Documents (collectively, the **"Acceleration Notices"**).

Leading up to the Petition Date, the Debtors continued to engage in negotiations and discussions with the Senior Lender, both directly and through counsel. In November 2024, the Debtors (1) retained Riveron as the Debtors' restructuring and financial advisor and (2) appointed Steven Wybo as their CRO. The Debtors continued their negotiations and discussions with the Senior Lender following Riveron's engagement and the CRO's appointment. However, the Debtors and the Senior Lender were unable to reach a mutually agreeable resolution that would allow the Debtors to sustain their operations and provide them with sufficient time to secure financing from an alternative lender. Thus, the commencement of the Chapter 11 Cases became imminent as the deterioration of the relationship with the Senior Lender closed off the Debtors' ability to access funds via the Revolver Commitment, thus putting the Debtors into an operational freefall.

## I. Decision to Commence the Chapter 11 Cases

In the months leading up to the Petition Date, the Debtors' leadership and management teams acted diligently and aggressively and did everything possible to address the Debtors' collective operational and liquidity challenges. However, despite management's efforts to address operational issues and implement cost savings initiatives, the Debtors' financial situation continued to worsen, and the Debtors were severely delinquent on their obligations with numerous key vendors and trade creditors. The Debtors' liquidity challenges were further exacerbated by the erosion of their relationship with the Senior Lender and its refusal to allow the Debtors to make any further draws or extend any additional funds under the Revolver Commitment required for making production payments in order to continue the supply of

products to the United States market or indeed make salary payments to the Debtors' employees. Additionally, Kentucky Owl's barrel inventory, while valuable, required substantial ongoing storage and maintenance expenses. The growing volume of aging barrels stored with Bardstown under secured arrangements added financial strain without producing immediate cash flow. And as cash flows tightened, the Debtors struggled to pay trade creditors in a timely manner, honor intercompany obligations, and fund operational expenses. SPI provided critical support during this period, but ultimately could not bridge the gap without a comprehensive reorganization.

With the Debtors facing numerous challenges simultaneously, on November 27, 2024, the Debtors made the decision to file these Chapter 11 Cases in order to maximize value for the benefit of all creditors. Prior to filing the Chapter 11 Cases, the Debtors engaged in good faith negotiations with key constituents, including the Senior Lender, distributor partners, various vendors and suppliers, and SPI. While these discussions were productive, the Debtors concluded that formal court proceedings were necessary to restructure secured obligations through the mechanisms afforded by chapter 11, rationalize and defer unsecured liabilities, preserve going concern value, and implement the Restructuring Transaction contemplated by the Debtors' Plan.

The Debtors' goal in commencing the Chapter 11 Cases was to provide the Debtors with the best opportunity to preserve the business as a going concern through value preservation efforts, including, without limitation, making any necessary changes to the Debtors' business plan. In that vein, the Debtors commenced the Chapter 11 Cases to obtain a breathing spell and the runway for a chapter 11 plan process that would allow the Debtors to restructure their balance sheets and emerge from bankruptcy as leaner, stronger entities.

## **ARTICLE V.**

### **Material Developments and Events in the Chapter 11 Cases**

The Debtors commenced these Chapter 11 Cases by filing voluntary chapter 11 petitions on November 27, 2024. The Chapter 11 Cases are pending before the Honorable Scott W. Everett in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division. The United States Trustee formed the Official Committee of Unsecured Creditors on December 23, 2024 (the "**Committee**").<sup>9</sup>

#### **A. First Day Motions and Cash Collateral**

The Debtors filed a number of motions on and after the Petition Date. A complete list of such first-day matters can be found on the website managed by Stretto, the Debtor's Claims and Noticing Agent. See <https://cases.stretto.com/Stoli/>. Such relief included motions to pay wages and benefits for employees, maintain cash management systems, and similar typical relief.

In addition to these motions, over the course of the Chapter 11 Cases, the Debtors have also filed numerous motions and obtained entry of several cash collateral orders, which, among other things, authorized the Debtors to (i) use alleged cash collateral of the Senior Lender, (ii) grant adequate protection to the Senior Lender with respect to any postpetition diminution in the value of the potential interests in certain prepetition collateral, (iii) provide replacement liens to the Senior Lender to the extent they are determined to have valid prepetition liens, and (iv) other forms of adequate protection.<sup>10</sup>

---

<sup>9</sup> See Docket No. 93.

<sup>10</sup> See Docket Nos. 10, 38, 124, 188, 247, 273, 291, 339, 364, 388.

## **B. Retention of Professionals**

During these Chapter 11 Cases, the Bankruptcy Court authorized the Debtors' retention of Foley, as bankruptcy counsel; Riveron to provide financial advisory services to the Debtors; Brown Rudnick LLP and Kane Russell Coleman Logan PC, as counsel to the Committee; and M3 Advisory Partners, LP, as financial advisor to the Committee.<sup>11</sup>

## **C. Bar Dates**

The general Claims Bar Date for all creditors, other than Governmental Units, to file proofs of claim against the Debtors was February 25, 2025. The Governmental Bar Date for Governmental Units is May 28, 2025. Any references in the Plan or Disclosure Statement to any Claims or Equity Interests shall not constitute an admission of the existence, nature, extent, or enforceability thereof. Notices of the Bar Dates were served on all known creditors and interested parties.<sup>12</sup> Under the circumstances, the Debtors believe they have complied with applicable due process requirements for providing notice to all known creditors in these Chapter 11 Cases.

Pursuant to Articles I.A and II.A of the Plan, the Administrative Claims Bar Date for Holders of Administrative Claims is the first Business Day that is thirty (30) days following the Effective Date of the Plan, except as specifically set forth in the Plan or a Final Order of the Court. As set forth in Article I.A of the Plan, Administrative Claim means a Claim for costs or expenses of administration of the Chapter 11 Cases pursuant to sections 364(c)(1), 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred on or after the Petition Date until and including the Effective Date of preserving the Estates and operating the Debtors' businesses; (b) any superpriority Claim granted pursuant to the Cash Collateral Order; (c) all Statutory Fees; and (d) all Allowed Professional Fee Claims.

## **D. Resolution of FTE Group Litigation Claims**

As explained elsewhere herein and addressed in the Plan, prior to the Petition Date, Federal Treasury Enterprise Sojuzplodoimport ("FTE") and OAO Moscow Distillery Cristall ("**Cristall**," and together with FTE, the "**FTE Group**") sued the Stoli USA and along with other members of the Stoli Group in United States District Court for the Southern District of New York, asserting various claims related to the FTE Group claiming ownership over certain trademarks and intellectual property utilized by the Stoli Group, including Stoli USA, in branding and distributing products across the globe. The litigation spans over two decades and has made multiple trips to the United States Court of Appeals for the Second Circuit. In the Chapter 11 Cases, the Debtors and the FTE Group reached a resolution, approved by the Bankruptcy Court via that certain *Stipulation and Agreed Order (I) Granting Limited Relief from Automatic Stay to Continue the S.D.N.Y. Litigation; and (II) Granting Related Relief* (the "**FTE Group Agreed Order**")<sup>13</sup> to allow any present or future Claims that the FTE Group may hold against Stoli USA to ride through the Chapter 11 Cases and be unaffected by and not otherwise dealt with via the Plan or any Confirmation Order entered by the Bankruptcy Court in connection with the Plan. The Debtors believe that the resolution with the FTE Group—which involved lifting the automatic stay imposed by section 362(d) of the Bankruptcy Code to allow the New York litigation to proceed—was a substantial benefit to the estates because it prevented and avoided costly and duplicative litigation in the Bankruptcy Court and ensured that the Debtors' Chapter 11 Cases could proceed without the distraction of dealing

---

<sup>11</sup> See Docket Nos. 95, 107, 208, 210, 218, 219, 220, 283, 284, 285.

<sup>12</sup> See Docket Nos. 56, 92, 215, 222.

<sup>13</sup> See Docket No. 387.

with the FTE Group's potential Claims against the estates. Additional details and information regarding the FTE Group Agreed Order and the facts and circumstances related to the Claims that the FTE Group may hold can be found in the *Agreed Motion for Entry of an Order (I) Granting Limited Relief from Automatic Stay to Continue Certain Litigation and (II) Granting Related Relief* filed on the docket in the Chapter 11 Cases.<sup>14</sup>

#### **E. Resolution and Settlement of Key Disputes**

Since the commencement of these Chapter 11 Cases, the Debtors have encountered and successfully navigated a number of significant and complex challenges. Chief among these were contested disputes with both the Committee and the Senior Lender. These disputes arose from concerns regarding, among other matters, the Debtors' prepetition corporate governance and oversight, intercompany transactions, insider relationships, the use and adequacy of cash collateral, the terms of the Debtors' initial proposed reorganization plan, and the role and influence of the Debtors' foreign affiliate and Plan Sponsor.

In connection with these disputes, both the Committee and the Senior Lender filed and prosecuted a range of motions and pleadings seeking significant and, at times, case-dispositive relief. These included requests for the appointment of a chapter 11 trustee, the termination of the Debtors' exclusive periods to propose and solicit a chapter 11 plan, broad and expedited discovery, and objections to the Debtors' use of cash collateral. Hearings on these matters were set for multiple dates and were expected to be contested and time-intensive.

Despite the adversarial posture and volume of litigation, the Debtors, through the sustained efforts of their management, advisors, and legal counsel, engaged in extensive, good-faith, and arm's-length negotiations with both the Committee and the Senior Lender. These negotiations ultimately resulted in a series of settlements and consensual resolutions, many of which are now embedded in the Plan.<sup>15</sup> Among other material outcomes, these agreements: (1) provided for the withdrawal of the motions to appoint a chapter 11 trustee upon the appointment of a Court-approved Collateral Manager to oversee the potential monetization of certain assets of Kentucky Owl; (2) authorized the Debtors' continued use of cash collateral on amended terms, subject to agreed-upon budgets and supplemental stipulations; (3) established fiduciary oversight of the Kentucky Real Estate through a designated GUC Ombudsman who will be appointed via the Plan with the consent of the Committee, Debtors, and Plan Sponsor; (4) included provisions for meaningful creditor oversight and participation while preserving the Debtors' ability to confirm and implement a value-maximizing reorganization Plan; (5) deferred or resolved pending contested hearings and reduced the scope of litigation, thereby conserving estate resources; and (6) resolved concerns regarding the adequacy of this Disclosure Statement and confirmation of the Plan.

The resolution of these critical disputes has played a central role in enabling the Debtors to advance toward confirmation of their Plan. The compromises represent hard-fought, heavily negotiated resolutions among parties with divergent interests. By achieving consensual outcomes with their principal stakeholders, the Debtors have not only mitigated litigation risk and expense but have also built a substantial amount of support around the Plan. These achievements underscore the Debtors' commitment to maximizing value for all creditors and effectuating a prompt and orderly emergence from chapter 11.

---

<sup>14</sup> See Docket No. 338.

<sup>15</sup> See Docket Nos. 543, 554.

## **ARTICLE VI.**

### **Overview of the Restructuring Transactions Implemented via the Plan**

#### **A. Overview**

The Debtors' Plan contemplates a comprehensive restructuring of the Debtors' secured and unsecured obligations and positions them for sustainable long-term growth following their emergence from chapter 11. The Plan is designed to enable the Debtors to emerge from chapter 11 with strengthened balance sheets and sufficient liquidity to support post-emergence operations, with all Allowed Claims of creditors being paid in full, including secured, unsecured, priority, and administrative Claims. In addition, the Plan offers a flexible and multi-pronged framework in the treatment of Claims and contemplates a combination of asset transfers, installment payments, cash flow from the Debtors' operations, a potential Exit Facility, and a Plan Contribution by the Plan Sponsor, which will be used to satisfy all Allowed Claims.

##### **1. Senior Lender's Secured Claim**

To satisfy the Secured Claim held by the Senior Lender, the Plan provides a toggle mechanism that gives the Debtors two paths to satisfy a substantial portion of the Senior Lender's Secured Claim. The first component contemplates Kentucky Owl transferring substantially all of its barrel assets and Stoli USA transferring a smaller portion of its inventory assets either (a) to a special purpose vehicle formed to liquidate the assets as a credit toward the Secured Claim based on the fair market value of the assets transferred; or (b) directly to the Senior Lender, in satisfaction of a portion of its Secured Claim, based on the fair market value of the assets transferred, and in accordance with section 1129(b)(2)(A)(iii) of the Bankruptcy Code. Following credits being applied to the Senior Lender's Secured Claim based on the value of the assets transferred, the remaining balance, if any, of the Senior Lender's Secured Claim will be repaid by the Debtors in equal monthly installments, with interest at the Plan Interest Rate, from the Effective Date of the Plan through December 31, 2027. The Debtors will retain all of their assets not transferred to the Senior Lender and may prepay any outstanding balance owed to the Senior Lender on account of its Secured Claim without incurring penalties or being required to satisfy make-whole requirements.

##### **2. Bardstown's Secured Claim**

Similar to the toggle option to satisfy the Senior Lender's Secured Claim, the Plan allows the Debtors to satisfy the Secured Claim held by Bardstown by either (a) transferring a portion of Kentucky Owl's barrel assets directly to Bardstown, in satisfaction of its Secured Claim, based on the fair market value of the assets transferred, and in accordance with section 1129(b)(2)(A)(iii); or (b) paying Bardstown's Secured Claim over time in equal monthly installments, with interest at the Plan Interest Rate, from the Effective Date of the Plan through December 31, 2027, with credit applied to Bardstown's Secured Claim based on the value of any assets transferred to Bardstown by Kentucky Owl. The Debtors may prepay any outstanding balance owed to Bardstown on account of its Secured Claim without incurring penalties or being required to satisfy make-whole requirements.

##### **3. General Unsecured Claims**

The Plan provides for payment in full of all Allowed General Unsecured Claims, which primarily consist of amounts owed to trade vendors and service providers. These Claims will be satisfied through equal monthly installments, paid from the Plan's Effective Date through December 31, 2026, with interest at the Plan Interest Rate, however, at the Debtors' option, based on liquidity and available cash, the Debtors may accelerate payments. To secure the Debtors' obligations to General Unsecured Creditors, the Plan also provides for the recording of a first-priority Deed of Trust in favor of the GUC Ombudsman against

certain Kentucky Real Estate. In accordance with Article IV.D of the Plan, a GUC Ombudsman shall be appointed by the Committee, with the reasonable consent of the Debtors and the Plan Sponsor, to serve as a fiduciary for and on behalf of the Holders of General Unsecured Claims. The GUC Ombudsman shall be vested with the authority to oversee certain post-Effective Date activities, including distributions to Holders of Allowed General Unsecured Claims, potential asset monetization related to the Kentucky Real Estate, and enforcement of Plan obligations related to General Unsecured Claims. The Plan further provides for the establishment of reserve accounts, including the GUC Ombudsman Reserve Account and the GUC Escrow Account, to ensure that funds are available to compensate the Ombudsman and fund recoveries for General Unsecured Creditors.

#### **4. Intercompany Claims**

The Plan offers the Debtors discretion in resolving the Intercompany Claims held by their affiliates within the Stoli Group, including SPI. The Plan provides that the Intercompany Claims may, at the Debtors' option, be: (a) reinstated; (b) adjusted, converted, set off, settled, or contributed; or (c) discharged, canceled, and released. The Debtors will make no distributions on account of Intercompany Claims unless and until all other Plan obligations owed to secured and unsecured creditors are fully satisfied.

#### **5. Interests in the Debtors**

In light of all Holders of Allowed Claims being paid in full and based on the Plan Contribution described below and elsewhere herein, the Plan reinstates and allows the Plan Sponsor to keep its Equity Interests in the Debtors.

### **B. Sources of Funding for the Chapter 11 Plan**

As further explained below and in the Plan, Distributions under the Plan will be funded through the Debtors' existing Cash, Cash generated from the Debtors' operations, and the Plan Contribution from the Plan Sponsor. Additionally, the Debtors are actively seeking financing through an Exit Facility, which will provide the Debtors with additional Cash to fund distributions.

#### **1. Cash Flow from Operations**

As part of its efforts to effectuate and fulfill the Plan, Stoli USA is currently pursuing and negotiating long-term exclusive distribution agreements with its core distributor partners. In exchange for entering into these stable, value-enhancing agreements, Stoli USA expects to receive substantial upfront Cash payments. These payments will be used to pay down creditor Allowed Claims of the Debtors' creditors and support the Debtors' post-emergence working capital needs. Stoli USA's distributor relationships are key assets and sources of revenue and provide long-term visibility and financial stability.

#### **2. Exit Financing**

The Plan contemplates that, before the Effective Date, the Debtors may obtain new chapter 11 exit financing via an Exit Facility to refinance their existing obligations owed to the Senior Lender under the Revolver Commitment. This Exit Facility, which is expected to be on favorable terms, will allow the Debtors to facilitate a comprehensive paydown of Allowed Claims held by all creditors and ensure the Debtors have sufficient liquidity to continue operating without disruption post-emergence.

### 3. **Plan Contribution from Plan Sponsor**

The Plan also contemplates and accounts for meaningful Cash infusions from the Plan Sponsor. The Plan Contribution is two-pronged. *First*, during the Chapter 11 Cases, the Plan Sponsor provided an approximately \$1 million subordinated unsecured loan to address certain shortfalls and liquidity issues and help fund the Debtors' operating expenses (the "**Sponsor Loan**"), as well as \$3 million that has been provided to date in the form of reduced production payments to SPI for product received by the Debtors. The Plan Sponsor has agreed to waive the right to assert an administrative expense claim for the unpaid post-petition production payments owed by Stoli USA to SPI, and waive the right to receive distribution on account of the Sponsor Loan. *Second*, the Plan Sponsor has agreed to significantly reduce the amounts Stoli USA must pay for inventory post-emergence, effectively allowing Stoli USA to conserve cash and apply such savings to creditor distributions. Despite lowering the amounts payable by Stoli USA, the Plan Sponsor will continue providing Stoli USA with sellable inventory in the form of sellable products, and the amount of the discount and payment reductions given by the Plan Sponsor will be adjusted to ensure the Debtors have sufficient Cash to meet all distribution requirements under the Plan. In other words, the new capital realized by the Debtors via the Plan Contribution will be used to directly reduce and satisfy the Allowed Claims held by the Debtors' creditors. In exchange for providing the Plan Contribution, the Equity Owners, including the Plan Sponsor, will retain their Equity Interests in the Reorganized Debtors, providing a strong alignment of incentives between ownership and the Debtors' long-term performance.

### 4. **Kentucky Real Estate and GUC Ombudsman**

As part of the consideration for certain classes of Claims—including General Unsecured Claims—the Plan contemplates a pledge of the Kentucky Real Estate, which is comprised of certain real property located in Bardstown, Kentucky held by a non-Debtor affiliate. The GUC Ombudsman (described further below) will hold a lien, and in escrow, rights to seize the Kentucky Real Estate and/or its corporate owner and liquidate the property in the event the Debtors or other defined Plan Obligors default on their obligations under the Plan. The proceeds of such disposition would be utilized in whole or in part to satisfy General Unsecured Claims in accordance with the treatment described in the Plan. To determine the Appraised value to be ascribed to the Kentucky Real Estate, the Plan provides for a tiered valuation process involving appraisal(s) commissioned by the Debtors and/or the Committee. In the event of any valuation dispute, the Bankruptcy Court shall be the final arbiter. This valuation outcome may materially impact the amount of distributable value available to affected creditor classes.

Additionally, the GUC Ombudsman will exercise oversight responsibilities related to, among other things, distributions to General Unsecured Creditors under the Plan and disposition strategy and reconciliation of any proceeds earmarked for distribution to GUC Claimants. The Plan requires that the GUC Ombudsman receive documentation of the collateral pledges and funding for initial distributions on GUC Claims, and other necessary documentation and assurances as a condition of the Effective Date.

### C. **The Plan Benefits all Stakeholders and Leverages the Debtors' Strengths**

The proposed Restructuring Transactions embodied in and supported via the Plan are the product of thoughtful analysis, robust stakeholder engagement, and a commitment to long-term value creation. Each element of the Plan is carefully structured to maximize value for stakeholders while providing the Debtors with flexibility to address evolving circumstances. Through its multi-pronged and flexible approach, the Plan ensures that all viable paths to creditor recovery and organizational renewal are preserved. The Plan offers a pragmatic, flexible, and comprehensive solution to the Debtors' capital structure challenges, while positioning the enterprise for sustainable success in the highly competitive spirits and beverage market. Moreover, the Plan strikes a balance between creditor recoveries and the preservation of the

Debtors' underlying business operations and value. It encourages broad stakeholder support, fosters business continuity, and facilitates the Debtors' return to financial health.

The Plan incorporates specific protections to ensure transparency and accountability in the implementation of the Restructuring Transactions, particularly in connection with the treatment of General Unsecured Claims. Recognizing the significant involvement of the Plan Sponsor in the negotiation and formulation of the Plan, and the potential for overlapping interests between the Plan Sponsor and other entities within the Stoli Group enterprise, the Plan provides for the appointment of a fiduciary representative, referred to as the GUC Ombudsman, whose role is to advocate for the rights and interests of General Unsecured Creditors.

The GUC Ombudsman has been empowered to monitor and oversee key post-confirmation events affecting GUC Claimants, including but not limited to: (i) the administration of distributions to GUC Claimants; (ii) compliance by the Reorganized Debtors and Plan Sponsor with Plan provisions concerning the Kentucky Real Estate; (iii) disputes concerning the Appraised Value or disposition of the Kentucky Real Estate; and (iv) the Reorganized Debtors' performance of obligations under the Plan as they relate to GUC recoveries. The Debtors believe that the GUC Ombudsman's independent oversight role will provide an important check on Plan implementation and serve to safeguard creditor interests throughout the post-confirmation phase.

Overall, the Debtors believe that the Plan represents a well-structured and creditor-favorable reorganization strategy that ensures full satisfaction of all Claims while preserving the value of the Debtors' business and their role in the Stoli Group's broader, vertically integrated global enterprise. Through the Plan's flexible payment structures, meaningful Plan Contribution by the Plan Sponsor, and strategic asset optimization, the Debtors will be well-positioned to emerge from these Chapter 11 Cases with a strengthened capital structure, restored stakeholder confidence, and a foundation for long-term profitability.

## **ARTICLE VII.**

### **Overview of the Plan**

**THIS SECTION OF THE DISCLOSURE STATEMENT IS INTENDED ONLY TO PROVIDE A SUMMARY OF THE KEY TERMS, STRUCTURE, CLASSIFICATION, TREATMENT, AND IMPLEMENTATION OF THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE ENTIRE PLAN AND EXHIBITS TO THE PLAN. ALTHOUGH THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN DOCUMENTS REFERRED TO THEREIN, THIS DISCLOSURE STATEMENT DOES NOT PURPORT TO BE A PRECISE OR COMPLETE STATEMENT OF ALL RELATED TERMS AND PROVISIONS, AND SHOULD NOT BE RELIED ON FOR A COMPREHENSIVE DISCUSSION OF THE PLAN. INSTEAD, REFERENCE IS MADE TO THE PLAN AND ALL SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS. THE PLAN ITSELF (INCLUDING ATTACHMENTS) AND THE PLAN SUPPLEMENT WILL CONTROL THE TREATMENT OF HOLDERS OF CLAIMS AND INTERESTS UNDER THE PLAN. TO THE EXTENT THERE ARE ANY INCONSISTENCIES BETWEEN THIS SECTION VII AND THE PLAN (INCLUDING ANY ATTACHMENTS TO THE PLAN) AND THE PLAN SUPPLEMENT, THE PLAN AND PLAN SUPPLEMENT, AS APPLICABLE, SHALL GOVERN.**

**A. Administrative and Priority Tax Claims**

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

**1. Administrative Claims**

Except with respect to Professional Fee Claims (which shall be treated as set forth in Article II.B below), unless otherwise agreed to by a Holder of an Allowed Administrative Claim and the Debtors or the Reorganized Debtors, as applicable, each Holder of an Allowed Administrative Claim and Claims for Statutory Fees (as provided in Article II.D below) shall receive in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim in accordance with the following: (1) if an Administrative Claim is Allowed as of the Effective Date, on the Effective Date (or, if not then due, when such Allowed Administrative Claim is due or as soon as reasonably practicable thereafter); (2) if such Administrative Claim is not Allowed as of the Effective Date, no later than ten (10) days after the date on which an order Allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter; (3) if such Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim without any further action by the Holders of such Allowed Administrative Claim; or (4) at such time and upon such terms as set forth in a Final Order of the Bankruptcy Court.

Except as otherwise provided by a Final Order entered by the Bankruptcy Court or as provided by this Article II of the Plan, unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Debtors no later than the Administrative Claims Bar Date pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims that do not File and serve such a request by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors or their Estates, and such Administrative Claims shall be deemed compromised, settled, and released as of the Effective Date. Objections to such requests must be Filed and served on the requesting party by the Administrative Claims Objection Deadline.

**2. Professional Fee Claims**

**(a) Final Professional Fee Applications**

All final requests for allowance and payment of Professional Fee Claims (which shall include an estimate of any fees and expenses for compiling and Filing such Professional's final request for payment) must be Filed with the Bankruptcy Court no later than the first Business Day that is sixty (60) days after the Effective Date unless otherwise ordered by the Bankruptcy Court. Any objections to Professional Fee Claims shall be Filed and served no later than thirty-five (35) days after the filing of final requests for allowance and payment of Professional Fee Claims. At or before any hearing in respect of a Professional's final fee application, such Professional shall disclose the actual amount of any fees and expenses incurred for compiling and Filing its final fee application.

Except as otherwise provided in the Plan, Professionals may be paid in accordance with the Interim Compensation Order and any other applicable orders of the Bankruptcy Court.

For the avoidance of doubt, notwithstanding anything in the Plan or the Confirmation Order to the contrary, Professionals shall not be entitled to reimbursement for fees and expenses in connection with any objection to their fees, without a further order of the Bankruptcy Court.

**(b) Professional Fee Claims Estimate**

Professionals shall estimate in good faith their unpaid Professional Fee Claims and other unpaid fees and expenses incurred in rendering services compensable by the Debtors' Estates before and as of the Effective Date (including an estimate of any fees and expenses for compiling and Filing such Professional's final request for payment) and shall deliver such reasonable, good-faith estimate to the Debtors no later than ten (10) Business Days before the 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 Filed Professional Fee Claims. If a Professional does not provide an estimate, the Debtors shall estimate in good faith the unpaid and unbilled fees and expenses of such Professional.

**(c) Professional Fee Reserve**

As soon as reasonably practicable after the Confirmation Date and no later than the Effective Date, the Debtors shall, in coordination with the Committee and/or GUC Ombudsman as applicable, establish and fund the Professional Fee Reserve with Cash based on its evaluation of the Professional Fee Claims Estimates, and no Liens, Claims, or interests of any kind shall encumber the Professional Fee Reserve in any way. The Professional Fee Reserve (including funds held in the Professional Fee Reserve) (i) shall not be and shall not be deemed property of the Debtors or the Reorganized Debtors and (ii) shall be held in trust for the Professionals and for no other Person or Entity until all Professional Fee Claims have been irrevocably paid in full; provided that funds remaining in the Professional Fee Reserve after all Allowed Professional Fee Claims have been irrevocably paid in full shall revert to the Reorganized Debtors. Allowed Professional Fee Claims shall be paid in Cash to such Professionals from funds held in the Professional Fee Reserve when such Claims are Allowed by an order of the Bankruptcy Court; provided that the Debtors' obligations with respect to Professional Fee Claims shall not be limited nor deemed to be limited in any way to the balance of funds held in the Professional Fee Reserve.

If the amount of funds in the Professional Fee Reserve is insufficient to fund payment in full of all Allowed Professional Fee Claims and any other Allowed amounts owed to Professionals, the deficiency shall be promptly funded to the applicable Professional by the Reorganized Debtors without any further notice to, action, order, or approval of the Bankruptcy Court or by any other Entity.

**(d) Post-Effective Date Fees and Expenses**

Except as otherwise specifically provided in the Plan, from and after the Effective Date, the Reorganized Debtors shall be authorized to, in the ordinary course of business and without any further notice or application to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable, actual, and documented legal, professional, or other fees and expenses incurred after the Effective Date that may be related to implementation of the Plan, Consummation, or the Restructuring Transactions incurred on or after the Effective Date by the Debtor's professionals and to the extent set forth in the Plan, Plan Supplement, and any other applicable agreement or document created pursuant to the Plan. Upon the Effective Date, the Reorganized Debtors may employ any professional (including any Professional employed by the Debtors during the Chapter 11 Case) in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

### 3. **Priority Tax Claims**

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, 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 the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

### 4. **Statutory Fees**

All fees due and payable pursuant to section 1930(a) of the Judicial Code before the Effective Date shall be paid by the Debtors in full in Cash on the Effective Date. All monthly reports due before the Effective Date shall be Filed by the Debtors on the Effective Date. On and after the Effective Date, the Reorganized Debtors shall pay any and all such fees in full in Cash when due and payable, and shall File with the Bankruptcy Court the final monthly report (for the month in which the Effective Date occurs) and quarterly reports in a form reasonably acceptable to the U.S. Trustee until the case is converted, dismissed, or closed, whichever occurs first. The U.S. Trustee shall not be required to File any Administrative Claim in the Chapter 11 Case and shall not be treated as providing any release under the Plan in connection therewith.

## **B. Classification of Claims and Interests**

This Plan constitutes a separate Plan proposed by each Debtor. Except for the Claims addressed in Article II of the Plan, all Claims and Interests are classified in the Classes set forth below in accordance with section 1122 of the Bankruptcy Code. A Claim or an Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or an Interest is also classified in a particular Class for the purpose of receiving distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

The classification of Claims and Interests against each Debtor (as applicable) pursuant to the Plan is as set forth below. The Plan shall apply as a separate Plan for each of the Debtors, and the classification of Claims and Interests set forth herein shall apply separately to each of the Debtors, each as applicable. All of the potential Classes for the Debtors are set forth herein. Such groupings shall not affect any Debtor's status as a separate legal Entity, change the organizational structure of the Debtors' business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger or consolidation of any legal Entities, or cause the transfer of any assets, and all Debtors, as Reorganized Debtors hereunder, shall continue to exist as separate legal Entities after the Effective Date. Voting tabulations for recording acceptances or rejections of the Plan shall be conducted on a Debtor-by-Debtor basis as set forth above.

| <b>Class</b> | <b>Claim or Interest</b>                   | <b>Status</b> | <b>Voting Rights</b>                       |
|--------------|--------------------------------------------|---------------|--------------------------------------------|
| 1            | Other Priority Claims                      | Unimpaired    | Not Entitled to Vote<br>(Deemed to Accept) |
| 2            | Other Secured Claims                       | Unimpaired    | Not Entitled to Vote<br>(Deemed to Accept) |
| 3            | Bardstown Bourbon Company<br>Secured Claim | Impaired      | Entitled to Vote                           |

| Class | Claim or Interest                   | Status     | Voting Rights                              |
|-------|-------------------------------------|------------|--------------------------------------------|
| 4     | Senior Lender Secured Claim         | Impaired   | Entitled to Vote                           |
| 5     | General Unsecured Claims            | Impaired   | Entitled to Vote                           |
| 6     | SPI Post-Petition Subordinated Loan | Impaired   | Entitled to Vote                           |
| 7     | Intercompany Claims                 | Impaired   | Entitled to Vote                           |
| 8     | Interests in Stoli (USA)            | Unimpaired | Not Entitled to Vote<br>(Deemed to Accept) |
| 9     | Interests in KO                     | Unimpaired | Not Entitled to Vote<br>(Deemed to Accept) |

To the extent a Class contains Allowed Claims or Allowed Interests with respect to any Debtor, the classification of Allowed Claims and Allowed Interests is specified below.

#### **Class 1 — Other Priority Claims**

- a. *Classification:* Class 1 consists of any Other Priority Claims.
- b. *Treatment:* On the Effective Date, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for, each Allowed Other Priority Claim, each Holder thereof shall receive, at the option of the applicable Debtor(s), either:
  - (i) payment in full in Cash of the unpaid portion of its Allowed Other Priority Claim; or
  - (ii) such other treatment as may be agreed to by such Holder and the Debtors.
- c. *Voting:* Class 1 is **Unimpaired** under the Plan. Holders of Allowed Other Priority Claims are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. Holders of Allowed Other Priority Claims are not entitled to vote to accept or reject the Plan.

#### **Class 2 — Other Secured Claims**

- a. *Classification:* Class 2 consists of any Other Secured Claims.
- b. *Treatment:* In full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for, its Allowed Other Secured Claim, except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, each Holder thereof shall receive, at the option of the applicable Debtor(s), either:

- (i) Cash equal to the full Allowed amount of its Other Secured Claim on the later of (x) the Effective Date, (y) the date that is ten (10) Business Days after the date on which such Other Secured Claim becomes an Allowed Other Secured Claim, or as soon as reasonably practicable thereafter, and (z) the date payment on account of such Other Secured Claim is due;
  - (ii) Reinstatement of such Holder's Allowed Other Secured Claim;
  - (iii) the return or abandonment of the collateral securing such Allowed Other Secured Claim to such Holder; or
  - (iv) such other treatment as may be agreed to by such Holder and the Debtors.
- c. *Voting:* Class 2 is **Unimpaired** under the Plan. Holders of Allowed Other Secured Claims are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. Holders of Allowed Other Secured Claims are not entitled to vote to accept or reject the Plan.

**Class 3 — Bardstown Bourbon Company Secured Claim**

- a. *Classification:* Class 3 consists of the Allowed Claims of Bardstown Bourbon Company Secured Claim
- b. *Treatment:* In full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for, its Bardstown Bourbon Company Claim, except to the extent that a Holder of a Bardstown Bourbon Company Claim agrees to a less favorable treatment, each Holder thereof shall receive, **at the option of the applicable Debtor(s):**
  - (i) An allocation of KO barrels from the KO Barrel Listing; and/or
  - (ii) Payment in full of the remaining amount of the Allowed Claims in Class 3 in equal monthly installments amortized from the Effective Date to December 31, 2026, plus interest at the Plan Interest Rate from the Effective Date.
- c. *Voting:* Class 3 is **Impaired** under the Plan and entitled to vote to accept or reject the Plan.

**Class 4 — Senior Lender Secured Claim**

- a. *Classification:* Class 4 consists of the Allowed Claims of Fifth Third Bank.
- b. *Treatment:* In full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for, its Senior Lender Secured Claim, except to the extent that a Holder of a Senior Lender Secured Claim agrees to a less favorable treatment, each Holder thereof shall receive:
  - (i) Transfer and Disposition of Certain Collateral

With respect to the KO Barrels listed on Exhibit D to the Plan, which serve as collateral to the Senior Lender Secured Claim, and with respect to the Transferred Finished Goods Inventory listed on Exhibit E to the Plan, which also serve as collateral to the Senior Lender Secured Claim (collectively, the “**Allocated Collateral**”), **at the option of the applicable Debtor(s)**:

Option 1: *Collateral Return Option*—on the Effective Date, the Debtors shall surrender the Allocated Collateral to the Senior Lender in exchange for credit against the Senior Lender Secured Claim in an amount as set forth in Exhibits D and E, respectively; or

Option 2: *SPV Operating Agreement Option*—on the Effective Date in exchange for credit against the Senior Lender Secured Claim, the Debtors and the Senior Lender will enter into the SPV Operating Agreement, attached as Exhibit A to the Plan, which terms will control the disposition of the Allocated Collateral and will establish the terms of the credit to be applied against the outstanding balance of the Senior Lender Secured Claim.

(ii) Term-Out of Remaining Secured Indebtedness

The remaining balance, if any, of the Senior Lender Secured Claim, after the credits applied in (i) above, shall be repaid in equal monthly payments amortized from the Effective Date until December 31, 2027, plus interest at the Plan Interest Rate. The Reorganized Debtors shall retain all collateral not otherwise disposed of in (i) above. The Holder of the Senior Lender Secured Claim shall retain a first priority lien and security interest in the relevant collateral. The Reorganized Debtors shall be entitled, in their sole discretion, to make advance or prepayments of the amounts due under this provision without penalty or make whole requirements. On payment in full of the balance of the Senior Lender Secured Claim, the Holder of the Senior Lender Secured Claim shall immediately release and waive, and shall be deemed to have released and waived, any Liens or security interest in or on any Collateral securing the Senior Lender Secured Claim.

- c. *Voting*: Class 4 is **Impaired** under the Plan and entitled to vote to accept or reject the Plan.

**Class 5 — General Unsecured Claims**

- a. *Classification*: Class 5 consists of the Allowed Claims of General Unsecured Creditors.
- b. *Treatment*: In full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for, its General Unsecured Claim, except to the extent that a Holder of a General Unsecured Claim agrees to a less favorable treatment, each Holder thereof shall receive payment in full of their Allowed Class 5 Claims in equal monthly installments over an eighteen (18) month period commencing on the first Payment Date under the Plan, with interest at the Plan

Interest Rate. The Reorganized Debtors shall be entitled, in their sole discretion, to make advance or prepayments of the amounts due under this provision without penalty or make whole requirements, which payments may arise from debt refinancing or pre-payments under distribution agreements; provided, however, that any such prepayments are disclosed to and coordinated with the GUC Ombudsman.

- c. *Voting:* Class 5 is **Impaired** under the Plan and entitled to vote to accept or reject the Plan.

#### **Class 6 – SPI Post-Petition Subordinated Loans**

- a. *Classification:* Class 6 consists of claims of SPI Post-Petition Subordinated Loans.
- b. *Treatment:* The SPI Post-Petition Subordinated Loans shall, at the option of the Debtors or Reorganized Debtors, either be (i) reinstated; (ii) adjusted, converted to equity, set off, settled, contributed; or (iii) discharged, canceled and released; provided, however, no distributions of any kind shall be made by the Debtors on account of the SPI Post-Petition Subordinated Loans unless and until all other payment obligations under the Plan to all other Classes of Creditors have been satisfied in full.
- c. *Voting:* Class 6 is **Impaired** under the Plan and entitled to vote to accept or reject the Plan.

#### **Class 7 — Intercompany Claims**

- a. *Classification:* Class 7 consists of the Intercompany Claims.
- b. *Treatment:* Each of the Intercompany Claims shall, at the option of the Reorganized Debtors, either be (i) reinstated; (ii) adjusted, converted to equity, set off, settled, contributed; or (iii) discharged, canceled and released; provided, however, no distributions of any kind shall be made by the Debtors on account of the Intercompany Claims unless and until all other payment obligations under the Plan to all other Classes of Creditors have been satisfied in full.
- c. *Voting:* Class 7 is **Impaired** under the Plan and entitled to vote to accept or reject the Plan.

#### **Class 8 — Interests in Stoli (USA)**

- a. *Classification:* Class 8 consists of the Equity Interests in Stoli (USA).
- b. *Treatment:* On the Effective Date, the Interests in Stoli (USA) shall continue in full force and effect.
- c. *Voting:* Class 8 is **Unimpaired**. Holders of Interests in Stoli (USA) are not entitled to vote to accept or reject the Plan

**Class 9 — Interests in KO**

- a. *Classification:* Class 9 consists of the Equity Interests in KO.
- b. *Treatment:* On the Effective Date, the Interests in KO shall continue in full force and effect.
- c. *Voting:* Class 9 in **Unimpaired**. Holders of Interests in KO are not entitled to vote to accept or reject the Plan

**2. Elimination of Vacant Classes**

Any Class of Claims or Interests that does not have a Holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

**3. Voting Classes; Presumed Acceptance by Non-Voting Classes**

If a Class contains Claims or Interests eligible to vote and no Holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the Debtors shall request the Bankruptcy Court to deem the Plan accepted by the Holders of such Claims or Interests in such Class.

**4. Subordinated Claims**

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Reorganized Debtors reserve the right to reclassify any Allowed Claim or Allowed Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

**5. Controversy Concerning Impairment**

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

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

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by one or more of the Classes entitled to vote pursuant to Article III.B of the Plan. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests. The Debtors reserve the right to modify the Plan in accordance with Article X of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a Class of Claims to render such Class of Claims Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules or to withdraw the Plan as to such Debtor.

**C. Means for Implementation of the Plan**

**1. No Substantive Consolidation**

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

**2. Restructuring Transactions**

On and after the Confirmation Date, the Debtors or Reorganized Debtors, as applicable, may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan that are consistent with and pursuant to the terms and conditions of the Plan, which transactions may include, as applicable: (a) the execution and delivery of appropriate agreements or other documents of merger, amalgamation, consolidation, restructuring, reorganization, conversion, disposition, transfer, arrangement, continuance, dissolution, sale, purchase, or liquidation containing terms that are consistent with the terms of the Plan; (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 to which the applicable parties agree; (c) the filing of appropriate certificates or articles of incorporation, reincorporation, formation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution or other certificates or documentation for other transactions as described in clause (a), pursuant to applicable state law; (d) the execution and delivery of any certificates or articles of incorporation, bylaws, or such other applicable formation documents (if any) of each Reorganized Debtor; (e) the execution and delivery of the Exit Facility Documents (including all actions to be taken, undertakings to be made, and obligations to be incurred and fees and expenses to be paid by the Debtors and/or the Reorganized Debtors, as applicable); (f) the execution and delivery of the Exit Facility Documents (including all actions to be taken, undertakings to be made, and obligations to be incurred and fees and expenses to be paid by the Debtors and/or the Reorganized Debtors, as applicable); and (g) 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 in connection with the Restructuring Transactions.

**3. Sources of Consideration for Plan Distributions**

The Debtors shall fund distributions under the Plan, as applicable, with: (1) Cash on hand; (2) Cash from the Debtors' and the Reorganized Debtors' business operations; (3) the Plan Contribution; and (4) the Exit Facility, if applicable. Each distribution and issuance referred to in Article VI of the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments or other documents evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

**(a) Cash on Hand**

Except as otherwise set forth in the Plan, including with respect to the Plan Contribution, the Debtors or Reorganized Debtors, as applicable, shall use Cash on hand to fund distributions to certain Holders of Claims, as set forth in Article III of the Plan.

**(b) Cash from Operations**

Except as otherwise set forth in the Plan, including with respect to the Plan Contribution, the Debtors or Reorganized Debtors, as applicable, shall use Cash from business operations to fund distributions to certain Holders of Claims, as set forth in Article III of the Plan.

**(c) Plan Contribution**

On the Effective Date, the Plan Contribution shall be deemed provided to the Debtors by the Plan Sponsor and used for the exclusive purpose of funding the sources and uses of the Debtors, in connection with the substantial consummation of the Plan as provided in Article IX.B of the Plan. In consideration for the Plan Contribution, and in full satisfaction of the SPI Post-Petition Subordinated Loan, the Plan Sponsor shall retain its Equity Interests.

**(d) GUC Escrow Account**

On the Effective Date, the Reorganized Debtors shall fund the GUC Escrow Account in accordance with the Plan.

**(e) GUC Ombudsman KY Account**

On the Effective Date, the Debtors shall fund the GUC Ombudsman KY Account in accordance with the Plan.

**4. GUC Ombudsman**

**(a) Appointment and Designation**

On the Effective Date, the Committee shall appoint the GUC Ombudsman. If the GUC Ombudsman has been selected by such time, the identity and qualifications of the GUC Ombudsman shall be disclosed in the Plan Supplement; *provided, however*, the Committee shall file a notice on the docket in the Chapter 11 Cases disclosing the identity and qualifications of the GUC Ombudsman if such information has not already been disclosed via the Plan Supplement. For the avoidance of doubt, the GUC Ombudsman shall not be a professional or an expert currently or previously retained by the Debtors, the Committee, or the Plan Sponsor.

Until the GUC Claims are paid in full, the Reorganized Debtors shall be obligated to pay the GUC Ombudsman the GUC Ombudsman Quarterly Fee in the amount of \$25,000 for the first year after the Effective Date, with the GUC Ombudsman Quarterly Fee being reduced to \$10,000 thereafter. The GUC Ombudsman Quarterly Fee shall be due on the first calendar day of each quarter, or if such date is a weekend or New York bank holiday, the immediate succeeding Business Day.

Notwithstanding any provision hereof to the contrary, upon the occurrence of a GUC Obligation Breach, whether or not cured, or in the course of performing its duties under Articles IV.D.2 or IV.D.9 of the Plan, the GUC Ombudsman shall be entitled to all reasonable and necessary costs and expenses in performing his or her duties under the Amended Plan, including without limitation all costs of noticing any default or enforcing the Amended Plan, which compensation shall be paid by the Reorganized Debtors, security or guaranties granted hereunder, or otherwise; provided, however, the reasonable and necessary costs associated with the Kentucky Real Estate following the exercise of remedies herein, if applicable, shall be paid in accordance with the applicable provisions set forth in the Plan. In the event the Reorganized Debtors fail to timely pay such fees and the GUC Ombudsman recovers such costs through

the exercise of remedies hereunder, the GUC Ombudsman shall retain the right to recover such costs and fees directly from the Reorganized Debtors if, as a consequence, GUC Claims are not repaid in full upon the exercise of such remedies.

**(b) Duties and Powers**

The regular duties of the GUC Ombudsman shall include the following: (a) review and advance approval, which shall not be unreasonably withheld, of the Debtors' resolution of objections to and allowance of GUC Claims; *further, provided*, for the avoidance of doubt, that neither the Reorganized Debtors shall undertake to or otherwise consent to the reclassification of non-Class 5 Claims to a Class 5 GUC Claim (including but not limited to any Claim asserted as a Priority Claim, Administrative Claim, or Secured Claim or defined as an Excluded Claim); (b) disbursement of the Professional Fee Reserve provided in the Plan upon final approval of the Professional Fee Claims; (c) review and advance approval, which shall not be unreasonably withheld, of the Reorganized Debtors' payments to be made to GUC Claimants in accordance with the Plan; (d) maintenance of and distributions from the GUC Ombudsman KY Account and GUC Escrow Account; and (e) enforcement of the provisions of the Plan related to the GUC Claimants, including to seek relief under Bankruptcy Code § 1142 as to the Reorganized Debtors and any affiliates thereof, including without limitation the Plan Sponsor and the KY RE Entity, for which standing is automatically granted.

The GUC Ombudsman, except as specifically provided for in the Plan, shall not interfere with or have the authority to interfere with businesses following Consummation of the Plan.

Expenses paid to the GUC Ombudsman, whether from the GUC Ombudsman Reserve Account, from the proceeds of the Kentucky Real Estate or otherwise, shall not be deemed distributions to GUC Claimants and shall not reduce recoveries on GUC Claims by GUC Claimants.

The Reorganized Debtors shall, at their own expense, cooperate in good faith with the GUC Ombudsman in connection with the reconciliation, objection, and settlement of GUC Claims. The KY RE Entity and its affiliates shall, at their own expense, cooperate in good faith with the GUC Ombudsman in connection with responding to inquiries relating to the maintenance, costs, and operations of the Kentucky Real Estate and KY RE Entity. Without limiting the foregoing, the Reorganized Debtors shall provide the GUC Ombudsman and its advisors with reasonable access, during normal business hours and upon reasonable advance notice, to the books, records, personnel, and systems of the Reorganized Debtors (including email or other electronic communications, as necessary) relevant to the nature, basis, or validity of any asserted General Unsecured Claim. The GUC Ombudsman shall be entitled to request and receive copies of such documents, information, or other materials as are reasonably necessary to perform its duties, and the Reorganized Debtors shall (and affiliates of the Reorganized Debtors shall cause the Reorganized Debtors to) promptly respond to all such requests in a commercially reasonable manner. For the avoidance of doubt, the affiliates of the Reorganized Debtors, inclusive of all members of the "Stoli Group," shall ensure that the GUC Ombudsman receives the cooperation and information required for the GUC Ombudsman to discharge its duties provided hereunder.

The GUC Ombudsman shall ensure, with the cooperation of the Reorganized Debtors, that claims reconciliation shall be advanced by the Reorganized Debtors as soon as reasonably practicable and that there is no unreasonable delay in the final resolution of claims reconciliation. In the event the Reorganized Debtors do not conclude the claims reconciliation process within 180 days of the Effective Date (i.e., all GUC Claims either Allowed, Disallowed, or withdrawn with prejudice), subject to the Bankruptcy Court's availability to rule on pending claims objections, the GUC Ombudsman shall be entitled to seek an order of the Bankruptcy Court under section 1142 of the Bankruptcy Code (at the

Reorganized Debtors' expense in accordance with Article IV.D.1 the Plan) to bring claims reconciliation quickly to conclusion.

Within thirty (30) calendar days of the Reorganized Debtors making final distributions to GUC Claimants and upon the completion of the GUC Ombudsman's duties, the GUC Ombudsman shall file a final report on the docket in the Chapter 11 Cases, with such final report (i) documenting and disclosing any reasonable and necessary costs, charges, or expenses sought to be charged by the GUC Ombudsman against the GUC Escrow Account and/or GUC Ombudsman KY Account and (ii) the total amount to be refunded by the GUC Ombudsman to the Reorganized Debtors from the Escrow Account and/or GUC Ombudsman KY Account.

**(c) Establishment and Funding of GUC Escrow Account**

On the Effective Date, the Debtors shall fund the GUC Escrow Account in the Initial Escrow Amount, calculated as an amount equal to ten percent (10%) of the aggregate amount of all GUC Claims (whether Allowed or not) as of the Effective Date; *provided, however*, (i) the Reorganized Debtors funding obligation as to the Initial Escrow Amount shall not exceed \$1,000,000.00 unless GUC Claims exceed \$10 million and the Committee agrees to waive or modify the GUC Claims Cap Condition; and (ii) the Committee shall establish the GUC Escrow Account by no later than ten (10) calendar days following the Confirmation Date. For the avoidance of doubt, no interest, at the Plan Interest Rate or otherwise, shall be included in the calculation of the Initial Escrow Amount.

Thereafter, beginning on the first Funding Date and continuing on each Funding Date thereafter, the Reorganized Debtors shall deposit into the GUC Escrow Account a Monthly Installment in an amount equal to (i) the monthly payment necessary to fully amortize the remaining aggregate GUC Claims over an eighteen (18) month term from the Effective Date, with interest accruing on the full balance at the Plan Interest Rate per annum from the Effective Date, plus (ii) one-third (1/3) of any cash payment received by the Reorganized Debtors from any third-party non-affiliate distributor after the Effective Date that constitutes an advance payment in connection with a distribution contract renewal or new agreement.

Any funds deposited into the GUC Escrow Account shall not be property of the Reorganized Debtors and shall be held in trust by the GUC Ombudsman for the benefit of GUC Claimants.

**(d) Distribution of Initial Escrow Amount**

As a condition to the Effective Date, the Reorganized Debtors shall deliver to the Committee the Initial Payment Schedule. The Committee shall review and approve the proposed Initial Payment Schedule (which approval shall not be unreasonably withheld) prior to the Effective Date. On the first Business Day after the Effective Date, the GUC Ombudsman shall transfer to the Reorganized Debtors, solely in their capacity as the disbursing agent for the GUC Ombudsman and in trust for the GUC Claims, the aggregate amount required to fund the distributions to such claimants. Any portion of the Initial Escrow Amount attributable to GUC Claims that are not yet Allowed shall remain in the Escrow Account pending further allowance or resolution. The Reorganized Debtors shall make such distributions to Holders of Allowed GUC Claims within one Business Day thereafter.

**(e) Distribution of Monthly Installments**

No later than the second Business Day of each month, the Reorganized Debtors shall deliver to the GUC Ombudsman the Proposed Payment Schedule. The GUC Ombudsman shall review and approve the Proposed Payment Schedule (which approval shall not be unreasonably withheld) no later than two (2) Business Days thereafter. The GUC Ombudsman and the Reorganized Debtors shall use good faith efforts

to resolve any disagreements or disputes regarding any Proposed Payment Schedule; *provided* that the GUC Ombudsman shall hold any funds transferred to the GUC Ombudsman in connection with the Proposed Payment Schedule until any such disagreements or disputes are resolved. For the avoidance of doubt, the Bankruptcy Court shall retain jurisdiction to resolve any disagreements or disputes between the GUC Ombudsman and Reorganized Debtors regarding any Proposed Payment Schedule.

Following such approval, the GUC Ombudsman shall transfer to the Reorganized Debtors, solely in their capacity as disbursing agent for the GUC Ombudsman and in trust for the GUC Claims, the aggregate amount required to fund the distributions to holders of GUC Claims as reflected in the approved Proposed Payment Schedule. For the avoidance of doubt, any delay or failure by the GUC Ombudsman to transfer the funds to the Reorganized Debtors necessary to make distributions shall not constitute an event of default under the Plan. Any portion of the Monthly Installment attributable to GUC Claims that are not yet Allowed shall remain in the GUC Escrow Account pending further allowance or resolution. Upon a GUC Claim becoming Allowed, the Holder shall receive a catch-up distribution equal to the amount that would have been distributed had such GUC Claim been Allowed as of the Effective Date, funded from prior retained amounts in the GUC Escrow Account.

Each Payment Date for monthly distributions to Holders of GUC Claims shall be made no later than two (2) Business Days after receipt of funds from the GUC Ombudsman.

The Reorganized Debtors shall provide the GUC Ombudsman with Proof of Payment reasonably satisfactory to the GUC Ombudsman, evidencing payments to Holders of Allowed GUC Claims, no later than two (2) Business Days after each distribution is made.

**(f) Security for Obligations**

As security for the repayment of GUC Claims held by the GUC Claimants and to support the obligations of the Reorganized Debtors under the Plan, the Plan Sponsor shall cause the KY RE Entity to deliver the KY Guaranty. The KY Guaranty shall be secured by, with each document to be in form and substance acceptable to the Committee and GUC Ombudsman: (i) the GUC Ombudsman Deed of Trust; and (ii) the KY Pledged Interests. The terms of the KY Guaranty shall further include, but not be limited to:

- (i) The organizational documents of the KY RE Entity shall be amended, and such other action shall be taken, as of the Effective Date, to the satisfaction of the Committee, such that:
  - a. the KY RE Entity shall be bankruptcy-remote as pertaining to all affiliates thereof, which shall be agreed to by the Debtors and the Committee and Filed with the Plan Supplement;
  - b. the KY Pledged Interests, together with any necessary membership interest powers and related documents, shall be (a) modified and/or reissued such that the KY Pledged Interests, and all powers and rights associated therewith, are transferable, and subject to Article IV.D.6(a)(iii) of the Plan, transferred to the GUC Ombudsman (on behalf and for the benefit of the GUC Claimants) as the sole member and record owner thereof, (b) registered in the name of the GUC Ombudsman (on behalf and for the benefit of the GUC Claimants) (as the record owner of the limited liability company membership interests) on the books and records of each of the Companies, and (c) placed into escrow and held by the GUC Ombudsman (on behalf and for the benefit of the GUC Claimants); and

- c. upon the occurrence of an uncured default, the GUC Ombudsman shall have the right, without further action by any party, to release and transfer the KY Pledged Interests to itself (on behalf and for the benefit of the GUC Claimants) for its own account and take control of the KY RE Entity.
- (ii) The KY RE Entity shall deliver regular reporting of the operations and books and records of the KY RE Entity and the Kentucky Real Estate to the GUC Ombudsman, and the GUC Ombudsman shall have the right to inspect such books and records at any time upon reasonable notice thereof.
- (iii) The KY Guaranty shall be made on a non-recourse basis as to the Kentucky Real Estate (except for customary recourse carve-outs).
- (iv) The GUC Ombudsman (on behalf and for the benefit of the GUC Claimants) shall have the right to obtain, and/or cause the KY RE Entity to obtain, an evergreen letter of credit from a commercial bank for the benefit of the GUC Ombudsman (on behalf and for the benefit of the GUC Claimants) in an amount up to the aggregate dollar amount of the GUC Claims. The KY RE Entity shall cooperate with all efforts of the GUC Ombudsman to obtain such letter of credit and deliver any documentation required by such bank for it to issue such letter of credit, including, without limitation, granting of a lien on the Kentucky Real Estate to secure any obligations under such letter of credit. All costs and expenses incurred by the GUC Ombudsman in connection with obtaining such letter of credit shall be deemed an expense of the GUC Ombudsman and payable from the GUC Ombudsman Reserve Account.
- (v) The GUC Ombudsman Deed of Trust shall be executed by the KY RE Entity and recorded with the Nelson County Clerk's Office and any other filing office that the GUC Ombudsman deems appropriate.
- (vi) The KY RE Entity shall deliver into escrow with the GUC Ombudsman (or their designee), a duly executed deed in lieu of foreclosure, in recordable form acceptable to the GUC Ombudsman and enforceable by the GUC Ombudsman without further consent or authorization upon the occurrence of a default.
- (vii) The Debtors shall have the right, on a fully subordinated basis, to grant a second-priority lien on the Kentucky Real Estate to the Senior Lender or its assignee; *provided, however*, as a condition to such grant being permitted, (i) the KY RE Entity shall deliver, and such Lien and the obligations secured thereby shall be subject to, a subordination agreement executed by the Senior Lender, in form and substance acceptable to the Committee, that, at the GUC Ombudsman's option, may be recorded with the Nelson County Clerk's Office and any other filing office that the GUC Ombudsman deems appropriate, and (ii) the KY RE Entity and Reorganized Debtors, as applicable, shall cause any affiliate that grants a security interest to the Senior Lender (or its successor and/or assigns) in assets that were not collateral pledged to the Senior Lender prior to the Effective Date to grant a junior priority, subordinated lien to the GUC Ombudsman (on behalf and for the benefit of the GUC Claimants) on any such collateral, evidenced by a security agreement by such affiliate in favor the GUC Ombudsman, in form and substance acceptable to the GUC Ombudsman.

- (viii) Upon completion of the GUC Ombudsman's duties, any excess cash realized from disposition of the Kentucky Real Estate and/or KY RE Entity (*i.e.*, net cash proceeds after accounting for the GUC Ombudsman's fees and expenses and the full satisfaction of the GUC Claims, including interest at the Plan Interest Rate), including funds remaining in the GUC Ombudsman KY Account, shall be remitted to the Reorganized Debtors.

**(g) Remedies Upon Default**

In the event of any GUC Obligation Breach by the Plan Obligors:

- (i) Subject to paragraph (b) below, the Plan Obligors shall have the following Cure Period: (a) as to a Funding Date, Proposed Payment Schedule delivery, Payment Date, Proof of Payment, or GUC Ombudsman Quarterly Fee, the Cure Period shall be five (5) calendar days, and (b) as to all other obligations of the Plan Obligors, the Cure Period shall be twenty (20) calendar days following written notice from the GUC Ombudsman, such cure to include payment directly by the Reorganized Debtors of all reasonable and necessary costs and expenses of the GUC Ombudsman in notice of breach and enforcement of the Amended Plan.
- (ii) Notwithstanding the foregoing, the Plan Obligors shall be entitled to a maximum of four (4) Cure Periods for distinct GUC Obligation Breaches. In the event of a fifth (5<sup>th</sup>) GUC Obligation Breach, there shall be no Cure Period, and the consequences and remedies set forth in paragraph 7(c) shall be effective and available immediately.
- (iii) In the event of any GUC Obligation Breach for which the Cure Period expires or is not available pursuant to paragraph 7(a) or 7(b), then (i) the obligations to GUC Claimants shall be accelerated, anticipated interest at the Plan Interest Rate through maturity shall be capitalized, and interest at the Plan Interest Rate shall continue to accrue on such accelerated amount, and (ii) the GUC Ombudsman shall have the right to enforce all available remedies, including any necessary actions for purposes of liquidating the Kentucky Real Estate to satisfy the Debtors' obligations to the GUC Claimants under the Plan. Such remedies expressly include, without limitation, (a) foreclosure on the Mortgage and/or (b) assumption of control over the KY RE Entity through release of the KY Pledged Interests held in escrow for purposes of liquidating the Kentucky Real Estate to satisfy the Debtors' obligations under the Plan. The costs of enforcement and preservation of the Kentucky Real Estate shall be an expense of the GUC Ombudsman, payable from the GUC Ombudsman KY Account and proceeds from the sale and/or disposition of the Kentucky Real Estate. Any broker fees or other costs of sale shall be payable from the proceeds of such sales and/or dispositions.
- (iv) For the avoidance of doubt, (i) the GUC Ombudsman shall have standing to take all actions and appear before any court of competent jurisdiction to seek any relief necessary and appropriate to accomplish its powers and duties, including obtaining the remedies described herein; and (ii) if the Reorganized Debtors fail to make the payments required under the Plan, the remedies available to the GUC Ombudsman shall include enforcement and remedies against affiliates of the Reorganized Debtors, existing today or henceforth created, against their property

wherever located, and the costs of such enforcement incurred by the GUC Ombudsman shall be recoverable from such property.

**(h) Conditions to the Effective Date**

The Effective Date of the Plan shall be conditioned on the following, which shall not be waivable without the consent of the Committee:

- (i) The Plan, Confirmation Order, and ancillary documents are in a form acceptable to the Committee.
- (ii) The GUC Claims Pool shall not exceed \$10 million, inclusive of the following:
  - a. All Proofs of Claim asserting GUC Claims that, in whole or in part, assert contingent or unliquidated obligations must be Allowed in an entirely liquidated amount as of the Effective Date or be withdrawn or Disallowed by a Final Order.
  - b. To the extent the Debtors determine, in their business judgment, to reject an Unexpired Lease or Executory Contract, such rejection shall occur in conjunction the filing of the Plan Supplement, and the Rejection Damages Bar Date for parties to file Rejection Damages Claims shall occur on or before the Effective Date.
    - 1. Any timely Filed Asserted Rejection Damage Claims and all other General Unsecured Claims not yet Allowed or not yet Disallowed by Final Order shall be included in the determination of the amount of the GUC Claims Pool in the amount asserted in the Debtors' Schedules or by the Holder of such Claims in its Proof of Claim, as applicable.
  - c. To the extent the Debtors determine, in their business judgment, to amend Schedule F of their Schedules, such amendment must occur prior to the filing of the Plan Supplement and the deadline for any affected parties to file Proofs of Claims based on Amended Schedule F Claims shall occur on or before the Effective Date.
    - 2. Any timely Filed Amended Schedule F Claims shall be included in the determination of the amount of the GUC Claims Pool. After the Effective Date, the Reorganized Debtors shall not amend Schedule F.
  - d. Neither the Plan nor any other Final Order of the Bankruptcy Court shall provide for any party that has not Filed a Proof of Claim as of the Effective Date to file such Proof of Claim and have it deemed timely, except as otherwise expressly stated herein.
  - e. The GUC Claims Objection Bar Date shall be established by this Plan and shall not have been extended without the consent of the Committee, such consent not to be unreasonably withheld.
- (iii) The Appraised Value of the Kentucky Real Estate shall be not less than 110% of the GUC Claims Pool, as of the Effective Date. The KY RE Company Appraisal shall be subject to the Committee's diligence, including access to the appraiser who completed the KY RE Company Appraisal to ask questions. The Committee reserves the right to seek a KY RE Second Appraisal if the KY RE Company Appraisal is not to the

Committee's reasonable satisfaction, in which event, the KY RE Second Appraisal shall control. The Debtors may dispute such KY RE Second Appraisal, and the Court shall resolve any disputes regarding the value of the Kentucky Real Estate. In conducting its diligence, the Committee may also undertake a title search of the Kentucky Real Estate, and any other real property offered as collateral to secure the Reorganized Debtors' obligations to the GUC Claimants under the Plan.

- (iv) The Debtors shall have responded to all of the Committee's reasonable diligence requests regarding (i) the Claims reflected in the Claims Register and (ii) the Kentucky Real Estate, such that the Committee can reasonably conclude that the Kentucky Real Estate has a value of 110% of the GUC Claims Pool.
- (v) If the Appraised Value of the Kentucky Real Estate is less than 110% of the GUC Claims Pool as of the Effective Date, the Debtors shall either (a) increase the collateral available to support the obligations to Holders of GUC Claims under the Plan through the provision of supplemental collateral acceptable to the Debtors, the Plan Sponsor, and the Committee, (b) cause the Plan Sponsor to provide a letter of credit or other backstop acceptable to the Debtors, the Plan Sponsor, and the Committee in an amount necessary to bridge the shortfall between the Appraised Value of the Kentucky Real Estate and 110% of the GUC Claims Pool, or (c) otherwise reach an agreement acceptable to the Debtors, the Plan Sponsor, and the Committee to bridge the shortfall between the Appraised Value of the Kentucky Real Estate and 110% of the GUC Claims Pool.
- (vi) The Professional Fee Reserve shall have been funded with the estimated Professional Fees incurred, but not yet paid, through the Effective Date, in the manner otherwise set forth and consistent with the Plan.
- (vii) The GUC Ombudsman KY Account shall have been funded.
- (viii) The Escrow Account shall be funded with the Initial Escrow Amount.
- (ix) The Committee shall have received and approved the Initial Payment Schedule.
- (x) The GUC Ombudsman shall have received the Q1 Fee and GUC Ombudsman Reimbursement.
- (xi) The KY RE Entity organizational documents shall have been revised and filed, the KY Pledged Interests transfer documentation placed in escrow, the deed in lieu received by the GUC Ombudsman, and all other documents required to effectuate the protections articulated in Article IV.D.6 of the Plan otherwise prepared and received by the GUC Ombudsman.

**(i) Dispute Resolution**

The Reorganized Debtors and the GUC Ombudsman shall work in good faith to resolve any disputes as to claims reconciliation and distributions. If such disputes cannot be resolved amicably, the Bankruptcy Court shall retain jurisdiction to resolve any such disputes.

It is the intention of the Debtors and the Committee that this Plan reflect the *Chapter 11 Plan Term Sheet* [Docket No. 543, Ex. A]. To the extent of any inconsistency or ambiguity within this Plan concerning any matter relating to GUC Claims, the Plan shall be interpreted to give effect to such intention.

**5. Corporate Existence**

Except as otherwise provided in the Plan or the Plan Supplement, each Debtor shall continue to exist after the Effective Date as a separate corporate Entity, limited liability company, partnership, or other form, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and bylaws (or other formation documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation and bylaws (or other formation documents) are amended under the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law).

**6. Corporate Action**

On or before the Effective Date, as applicable, all actions contemplated under the Plan, the Plan Supplement, or Confirmation Order shall be deemed authorized and approved in all respects, including: (1) adoption or assumption, as applicable, of the agreements with existing management; (2) selection of the directors, managers, and officers for the Reorganized Debtors; (3) implementation of the Restructuring Transactions; (4) the applicable Reorganized Debtors' entry into the Exit Facility Documents, if applicable; and (5) all other actions contemplated under the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the corporate structure of the Debtors or the Reorganized Debtors, as applicable, and any corporate action required by the Debtors or the Reorganized Debtors in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders, directors, managers, or officers of the Debtors or the Reorganized Debtors, as applicable. On or (as applicable) prior to the Effective Date, the appropriate officers of the Debtors or the Reorganized Debtors, as applicable, shall be authorized to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Reorganized Debtors, including the Exit Facility Documents, and any and all other agreements, documents, securities, and instruments relating to the foregoing, if applicable. The authorizations and approvals contemplated by Article IV.E of the Plan shall be effective notwithstanding any requirements under non-bankruptcy law.

**7. Vesting of Assets in the Reorganized Debtors**

Except as otherwise provided in the Plan or the Plan Supplement, or in any agreement, instrument, or other document incorporated in the Plan, on the Effective Date, all property of each Debtor's Estate, including, without limitation, all Causes of Action, and any property received, obtained or acquired by any of the Debtors under the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances (except for Liens securing obligations under the Exit Facility Documents, if applicable, and the Liens securing obligations on account of Other Secured Claims that are Reinstated pursuant to the Plan, if any). On and after the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

**8. Cancellation of Notes, Instruments, Certificates, and Other Documents**

On the Effective Date, except to the extent otherwise provided in the Plan, all notes, instruments, certificates, and other documents evidencing Claims shall be cancelled, and the obligations of the Debtors or the Reorganized Debtors and any non-Debtor Affiliates thereunder or in any way related thereto shall be discharged and deemed satisfied in full; provided, however, that notwithstanding Confirmation or the occurrence of the Effective Date, any credit document or agreement that governs the rights of a Holder of a Claim or Interest shall continue in effect solely for purposes of allowing Holders of Allowed Claims to receive distributions under the Plan, provided, further, however, that the preceding proviso shall not affect the discharge of Claims or Interests pursuant to the Bankruptcy Code, the Confirmation Order, or the Plan, or result in any expense or liability to the Debtors or Reorganized Debtors, as applicable, except as expressly provided for in the Plan.

**9. Effectuating Documents; Further Transactions**

On and after the Effective Date, the Reorganized Debtors, and the officers and members of the boards of directors and managers thereof, are authorized to and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, without the need for any approvals, authorizations, or consents except for those expressly required under the Plan.

**10. Exemptions from Certain Taxes and Fees**

To the fullest extent permitted by section 1146(a) of the Bankruptcy Code, any transfers (whether from a Debtor to a Reorganized Debtor or to any other Person) of property under the Plan or pursuant to: (a) the issuance, distribution, transfer, or exchange of any debt, equity security, or other interest in the Debtors or the Reorganized Debtors (b) the Restructuring Transactions; (c) the creation, modification, consolidation, termination, refinancing, and/or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (d) the making, assignment, or recording of any lease or sublease; (e) the grant of collateral as security for any or all of the Exit Facility, if applicable; or (f) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment. All filing or recording officers (or any other Person with authority over any of the foregoing), wherever located and by whomever appointed, shall comply with the requirements of section 1146(c) of the Bankruptcy Code, shall forego the collection of any such tax or governmental assessment, and shall accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

**11. Preservation of Causes of Action**

In accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain and may enforce all of the Estates' rights to commence and pursue any and all Causes of Action, whether arising or otherwise commenced before or after the Petition Date, and the Reorganized Debtors' rights to

commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date, other than the Causes of Action released by the Debtors pursuant to the releases and exculpations contained in the Plan, including in Article VIII of the Plan, which shall be deemed released and waived by the Debtors and Reorganized Debtors as of the Effective Date. The Reorganized Debtors may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Estates and may substitute in as a party-in-interest and pursue any Cause of Action commenced by the Committee prior to the Effective Date. No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, the Confirmation Order, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtors or the Reorganized Debtors shall not pursue any and all available Causes of Action against it. The Debtors and the Reorganized Debtors expressly reserve all rights to prosecute any and all Causes of Action against any Entity. Unless any Cause of Action against an Entity is expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order of the Bankruptcy Court, the Reorganized Debtors expressly reserve all Causes of Action, including for later adjudication, and, therefore 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.

#### **D. Treatment of Executory Contracts and Unexpired Leases**

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

On the Effective Date, except as otherwise provided in the Plan, the Plan Supplement, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, all Executory Contracts and Unexpired Leases shall be deemed **assumed**, without the need for any further notice to or action, order, or approval of the Bankruptcy Court, as of the Effective Date under section 365 of the Bankruptcy Code, unless an Executory Contract or Unexpired Lease: (1) was rejected previously by the Debtors; (2) previously expired or terminated pursuant to its own terms; (3) is the subject of a motion to reject filed on or before the Effective Date; or (4) is identified on the Rejected Executory Contract and Unexpired Lease List. Entry of the Confirmation Order shall constitute a Bankruptcy Court order approving the assumptions, assumption and assignment, or rejections, as applicable, of such Executory Contracts or Unexpired Leases as set forth in the Plan and the Rejected Executory Contract and Unexpired Leases List, as applicable, pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated, assumptions, assumptions and assignments, or rejections of Executory Contracts and Unexpired Leases pursuant to the Plan are effective as of the Effective Date. Each Executory Contract or Unexpired Lease assumed pursuant to the Plan or by Bankruptcy Court order shall re-vest in and be fully enforceable by the applicable contracting Reorganized Debtor in accordance with its terms, except as such terms may have been modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. Any motions to reject Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order.

To the maximum extent permitted by law, to the extent that any provision in any Executory Contract or Unexpired Lease assumed or assumed and assigned pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption or assumption and assignment of such Executory Contract or Unexpired Lease (including any “change of control” provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-Debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto.

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

The Debtors shall file the Rejected Executory Contract and Unexpired Lease List as part of the Plan Supplement and shall serve the Rejected Executory Contract and Unexpired Lease List and Notice of Rejection on all counterparties to the Executory Contracts and Unexpired Leases listed on the Rejected Executory Contract and Unexpired Lease List. Any Rejection Damages Claim must be Filed on or before the Rejection Damages Bar Date. Any such claim not Filed by the Rejection Damages Bar Date shall be deemed a Disallowed Rejection Damages Claim, and the counterparty shall be forever barred from asserting such claim or receiving any distribution under the Plan. The entry of the Confirmation Order shall constitute an order of the Bankruptcy Court approving the rejection of all Executory Contracts and Unexpired Leases listed on the Rejected Executory Contract and Unexpired Lease List and authorizing all untimely Rejection Damages Claims to be deemed Disallowed Rejection Damages Claims.

Unless otherwise provided by the Plan, the Confirmation Order, 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 Claims and Noticing Agent and served on the Reorganized Debtors no later than fourteen (14) days after the effective date of such rejection.

Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Claims and Noticing Agent within such time shall be automatically Disallowed, forever barred from assertion, and shall not be enforceable against the Debtors, the Reorganized Debtors, the Estates, or their property, without the need for any objection by the Debtors or Reorganized Debtors, or further notice to, 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, and be subject to the permanent injunction set forth in Article VIII.G of the Plan, notwithstanding anything in a Proof of Claim to the contrary, unless leave to File a late Claim is obtained.

All Claims arising from the rejection by any Debtor of any Executory Contract or Unexpired Lease pursuant to section 365 of the Bankruptcy Code shall be treated as a General Unsecured Claim pursuant to Article III.B of the Plan and may be objected to in accordance with the provisions of Article VII of the Plan and the applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

## **3. Cure of Defaults and Objections to Cure and Assumption**

Any monetary defaults 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 payment of the default amount in Cash on the Effective Date or in the ordinary course of business, subject to the limitation described herein, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree.

As part of the Plan Supplement, the Debtors shall provide notices of proposed cure amounts to counterparties to Executory Contracts and Unexpired Leases, which shall include a description of the procedures for objecting to assumption thereof based on the proposed cure amounts or the Reorganized Debtors' ability to provide "adequate assurance of future performance thereunder" (within the meaning of section 365 of the Bankruptcy Code). Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be filed, served, and actually received by the counsel to the Debtors no later than fourteen (14) days following service of the notice of proposed cure amount. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption or cure amount shall be deemed to have assented to such assumption or cure amount.

In the event of a dispute regarding: (1) the amount of any payments to cure such a default; (2) the ability of the Reorganized Debtors or any assignee to provide adequate assurance of future performance under the Executory Contract or Unexpired Lease to be assumed; or (3) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following either (a) the entry of a Final Order or orders resolving the dispute and approving the assumption or (b) the settlement of the dispute between the parties which may be entered into without further order of the Bankruptcy Court.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any 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 prior to the effective date of assumption. For the avoidance of doubt, assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not override or otherwise release any indemnification obligations in such Executory Contract or Unexpired Lease. Any Proof of Claim Filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed Disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

#### **4. Insurance Policies**

Each of the Debtors' insurance policies and any agreements, documents, or instruments relating thereto are treated as Executory Contracts under the Plan. Unless otherwise provided in the Plan, on the Effective Date, the Debtors shall be deemed to have assumed all insurance policies, as well as any agreements, documents, and instruments relating to such insurance policies or coverage of all insured claims. Nothing in the Plan, the Plan Supplement, the Confirmation Order, or any other order of the Bankruptcy Court (including any provision that purports to be preemptory or supervening), (1) alters, modifies, or otherwise amends the terms and conditions of (or the coverage provided by) any of such insurance policies or (2) alters or modifies the duty, if any, that the insurers or third-party administrators pay claims covered by such insurance policies and their right to seek payment or reimbursement from the Debtors (or after the Effective Date, the Reorganized Debtors) or draw on any collateral or security therefor. For the avoidance of doubt, insurers and third-party administrators shall not need to nor be required to file or serve a cure objection or a request, application, claim, Proof of Claim, or motion for payment and shall not be subject to any claims bar date or similar deadline governing cure amounts or Claims.

#### **5. Director, Officer, Manager, and Employee Liability Insurance**

Before the Effective Date, the Debtors shall have purchased and maintained directors, officers, managers, and employee liability tail coverage following the Effective Date for the benefit of the Debtors' current and former directors, managers, officers, and employees on terms no less favorable to such persons than their existing coverage under the D&O Liability Insurance Policies with available aggregate limits of liability upon the Effective Date of no less than the aggregate limit of liability under the existing D&O Liability Insurance Policies.

After the Effective Date, the Reorganized Debtors may terminate or otherwise reduce the coverage under any such policies (including, if applicable, any "tail policy") with respect to conduct occurring after the Effective Date, and all officers, directors, managers, and employees of the Debtors who served in such capacity at any time before the Effective Date shall be entitled to the full benefits of any such policy regardless of whether such officers, directors, managers, or employees remain in such positions after the Effective Date.

On and after the Effective Date, each of the Reorganized Debtors may purchase additional directors' and officers' liability insurance policy for the benefit of their respective directors, members, trustees, officers, and managers in the ordinary course of business.

**6. Survival of Certain Indemnification Obligations**

To the fullest extent permitted by applicable law, the Indemnification Obligations shall not be discharged, impaired, or otherwise affected by the Plan shall be reinstated and remain intact, irrevocable, and shall survive the effectiveness of the Plan on terms no less favorable to such current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors than the indemnification provisions in place prior to the Effective Date; provided that the Debtors or the Reorganized Debtors shall not indemnify officers, directors, agents, or employees of the Debtors for any claims or Causes of Action arising out of or relating to any act or omission that for which indemnification is barred under applicable law or that is excluded under the terms of the foregoing organizational documents or applicable agreements governing the Debtors' Indemnification Obligations. All Indemnification Obligations shall be deemed Executory Contracts assumed by the Reorganized Debtors under the Plan.

**7. Employee and Retiree Benefits**

Except as otherwise provided in the Plan and notwithstanding the rejection of any such agreements, on and after the Effective Date, the Reorganized Debtors may, in their sole and absolute discretion amend, adopt, assume, and/or honor in the ordinary course of business any contracts, agreements, policies, programs, and plans, in accordance with their respective terms, for, among other things, compensation, including any incentive plans, retention plans, health care benefits, disability benefits, deferred compensation benefits, savings, severance benefits, retirement benefits, welfare benefits, workers' compensation insurance, and accidental death and dismemberment insurance for the directors, officers, and employees of any of the Debtors who served in such capacity from and after the Petition Date; provided that the consummation of the transactions contemplated in the Plan shall not constitute a "change in control" with respect to any of the foregoing arrangements. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of the Bankruptcy Code, from and after the Effective Date, all retiree benefits (as such term is defined in section 1114 of the Bankruptcy Code), if any, may continue to be paid in accordance with applicable law.

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

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed 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.

**9. Reservation of Rights**

Nothing contained in the Plan or the Plan Supplement shall constitute an admission by the Debtors or any other party that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any

Reorganized 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, the Debtors or the Reorganized Debtors, as applicable, shall have fourteen (14) calendar days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease, including by rejecting such contract or lease effective as of the Confirmation Date.

**10. Non-Occurrence of Effective Date**

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code, unless such deadline(s) have expired.

**11. Contracts and Leases Entered into After the Petition Date**

Contracts and leases entered into after the Petition Date by any Debtor and any Executory Contracts and Unexpired Leases assumed by any Debtor may be performed by the applicable Reorganized Debtor in the ordinary course of business.

**E. Provisions Governing Distributions**

**1. Timing and Calculation of Amounts to Be Distributed**

Each Holder of an Allowed Claim or Interest shall receive distributions or interim distributions that the Plan provides for Allowed Claims and Interests in each applicable Class and in the manner provided in the Plan. Unless otherwise provided in the Plan, the Reorganized Debtors may stagger the dates of distributions; provided, however, all distributions shall commence not later than thirty (30) days after the Effective Date. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims or Interests, distributions on account of any such Disputed Claims or Interests shall be made pursuant to the provisions set forth in Article VII of the Plan. Except as otherwise provided in the Plan, Holders of Claims and Interests shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date. The Debtors shall have no obligation to recognize any transfer of Claims or Interests occurring on or after the Distribution Record Date.

**2. Distributions to GUC Claimants for GUC Claims and Oversight by the GUC Ombudsman**

Distributions to GUC Claimants on account of GUC Claims shall be made by the Reorganized Debtors with the oversight of the GUC Ombudsman in accordance with Article IV.D of the Plan.

**3. Distributions on Account of Obligations of Multiple Debtors**

For all purposes associated with distributions under the Plan, all guarantees by any Debtor of the obligations of any other Debtor, as well as any joint and several liability of any Debtor with respect to any other Debtor, shall be deemed eliminated so that any obligation that could otherwise be asserted against more than one Debtor shall result in a single distribution under the Plan; provided that Claims held by a single Entity against different Debtors that are not based on guarantees or joint and several liability shall be entitled to the applicable distribution for such Claim at each applicable Debtor. Any such Claims shall be released and discharged pursuant to Article VIII of the Plan and shall be subject to all potential

objections, defenses, and counterclaims, and to estimation pursuant to section 502(c) of the Bankruptcy Code. For the avoidance of doubt, this shall not affect the obligation of each and every Debtor to pay the Statutory Fees until such time as a particular case is closed, dismissed, or converted.

**4. Distribution Agent**

Except as otherwise provided in the Plan, all distributions under the Plan shall be made by the Reorganized Debtors or any Entity the Reorganized Debtors select in their sole and absolute discretion to make or to facilitate distributions in accordance with the Plan. Notwithstanding anything to the contrary in the Plan, distributions on account of GUC Claims shall be made by the Reorganized Debtors with the oversight of the GUC Ombudsman in accordance with Article IV.D of the Plan.

**5. Delivery of Distributions**

**(a) Delivery of Distributions in General**

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be made to Holders of record as of the Distribution Record Date by the Reorganized Debtors: (a) to the signatory set forth on any Proof of Claim or Proof of Interest Filed by such Holder or other representative identified therein (or at the last known addresses of such Holder if no Proof of Claim or Proof of Interest is filed or if the Debtors have not been notified in writing of a change of address); (b) at the addresses set forth in any written notices of address changes delivered to the Reorganized Debtors, after the date of any related Proof of Claim or Proof of Interest; or (c) on any counsel that has appeared in the Chapter 11 Cases on the Holder's behalf. Subject to Article VI of the Plan, distributions under the Plan on account of Allowed Claims shall not be subject to levy, garnishment, attachment, or like legal process, so that each Holder of an Allowed Claim shall have and receive the benefit of the distributions in the manner set forth in the Plan. The Debtors and the Reorganized Debtors shall not incur any liability whatsoever on account of any distributions under the Plan except for fraud, gross negligence, or willful misconduct.

**(b) Undeliverable Distributions and Unclaimed Property**

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Distribution Agent has determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; provided, however, that such distributions shall be deemed an Unclaimed Distribution under section 347(b) of the Bankruptcy Code at the expiration of 180 days from the later of (a) the Effective Date and (b) the date of the distribution. After such date, all such Unclaimed Distributions shall revert to the Reorganized Debtors automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial, or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any Holder to such property or interest in property shall be discharged of and forever barred.

**6. Manner of Payment**

At the option of the Reorganized Debtors, any Cash payment to be made under the Plan may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

**7. Compliance Matters**

In connection with the Plan, to the extent applicable, the Reorganized Debtors and the Distribution Agent shall comply with all tax withholding and reporting requirements imposed on them by any Governmental

Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized Debtors and the Distribution Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

**8. Allocation Between Principal and Accrued Interest**

Except as otherwise provided in the Plan, the aggregate consideration paid to Holders with respect to their Allowed Claims shall be treated pursuant to the Plan as allocated first to the principal amount of such Allowed Claims (to the extent thereof) and, thereafter, to the interest, if any, on such Allowed Claim accrued through the Effective Date.

**9. Setoffs and Recoupment**

Unless otherwise provided in the Plan or the Confirmation Order, each Debtor and each Reorganized Debtor, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the Holder of a Claim, may set off against or recoup any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), any claims, rights, and Causes of Action of any nature that such Debtor or Reorganized Debtor, as applicable, may hold against the Holder of such Allowed Claim, to the extent such claims, rights, or Causes of Action against such Holder have not been otherwise compromised or settled as of the Effective Date (whether pursuant to the Plan or otherwise); provided, however, that neither the failure to effect such a setoff or recoupment nor the allowance of any Claim pursuant to the Plan shall constitute a waiver or release by such Debtor or Reorganized Debtor of any such claims, rights, and Causes of Action that such Reorganized Debtor may possess against such Holder. In no event shall any Holder of Claims be entitled to set off or recoup any such Claim against any claim, right, or Cause of Action of the Debtors or Reorganized Debtors (as applicable), unless such Holder has filed a motion with the Bankruptcy Court requesting the authority to perform such setoff or recoupment on or before the Confirmation Date, and notwithstanding any indication in any Proof of Claim or otherwise that such Holder asserts, has, or intends to preserve any right of setoff or recoupment pursuant to section 553 of the Bankruptcy Code or otherwise.

**10. Claims Paid or Payable by Third Parties**

**(a) Claims Paid by Third Parties**

A Claim shall be reduced in full, and such Claim shall be Disallowed without an objection to such Claim having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor or Reorganized Debtor. To the extent that a Holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor or a Reorganized Debtor on account of such Claim, such Holder shall repay, return, or deliver any distribution held by or transferred to the Holder to the applicable Reorganized Debtor to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan.

**(b) Claims Payable by Third Parties**

The availability, if any, of insurance policy proceeds for the satisfaction of an Allowed Claim shall be determined by the terms of the insurance policies of the Debtors or Reorganized Debtors, as applicable. To the extent that one or more of the Debtors' insurers agrees to satisfy in full a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, such Claim may be expunged to the extent of any agreed upon satisfaction on the Claims Register by the Claims and Noticing Agent without a Claim objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

**(c) Applicability of Insurance Policies**

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of an applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including insurers under any policies of insurance, nor shall anything contained in the Plan constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

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

**1. Allowance of Claims and Interests**

After the Effective Date, the Reorganized Debtors shall have and retain any and all rights and defenses the Debtors had with respect to any Claim or Interest immediately prior to the Effective Date, except with respect to any Claim deemed Allowed under the Plan. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan, the Bankruptcy Code, or the Court has entered a Final Order (including the Confirmation Order) in the Chapter 11 Cases allowing such Claim. All settled Claims approved prior to the Effective Date pursuant to a Final Order of the Court pursuant to Bankruptcy Rule 9019 or otherwise, if any, shall be binding on all parties.

**2. Claims Administration Responsibilities.**

Except otherwise specifically provided in the Plan, including the rights of the GUC Ombudsman with respect to GUC Claims and General Unsecured Claims, after the Effective Date, the Reorganized Debtors shall have the sole authority to: (1) file, withdraw, or litigate to judgment, objections to Claims or Interests, subject to the Administrative Claims Objection Bar Date and the GUC Claims Objection Bar Date; (2) settle or compromise any Disputed Claim or Interest without any further notice to or action, order, or approval by the Bankruptcy Court; and (3) administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court. For the avoidance of doubt, except as otherwise provided in the Plan, from and after the Effective Date, each Reorganized Debtor shall have and retain any and all rights and defenses such Debtor had immediately prior to the Effective Date with respect to any Disputed Claim or Interest, including the Causes of Action retained pursuant to Article IV.J of the Plan.

**3. Estimation of Claims and Interests**

Before or after the Effective Date, the Debtors or the Reorganized Debtors, as applicable, may (but are not required to) at any time request that the Bankruptcy Court estimate any Disputed Claim or Interest

that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or Interest or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim or Interest, including during the litigation of any objection to any Claim or Interest or during the appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim or Interest, that estimated amount shall constitute a maximum limitation on such Claim or Interest for all purposes under the Plan (including for purposes of distributions), and the relevant Reorganized Debtor may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim or Interest. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such Holder has Filed a motion requesting the right to seek such reconsideration on or before fourteen (14) days after the date on which such Claim is estimated. All of the aforementioned Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

**4. Adjustment to Claims Without Objection**

Any duplicate Claim or Interest or any Claim or Interest that has been paid, satisfied, amended, or superseded may be adjusted or expunged on the Claims Register by the Reorganized Debtors without the Reorganized Debtors having to file an application, motion, complaint, objection, or any other legal proceeding seeking to object to such Claim or Interest and without any further notice to or action, order, or approval of the Bankruptcy Court; *provided, however*, the Reorganized Debtors may, in their discretion, file a notice on the docket in the Chapter 11 Cases reflecting any such adjustments or expungements to the Claims Register under this provision of the Plan, which shall be for administrative and informational purposes only and shall not reopen any Bar Date or constitute an admission or stipulation as to the amount, validity, or characterization of any such Claims.

**5. No Distributions Pending Allowance**

Notwithstanding any other provision hereof, if any portion of a Claim or Interest is a Disputed Claim or Interest, as applicable, no payment or distribution provided hereunder shall be made on account of such Claim or Interest unless and until such Disputed Claim or Interest becomes an Allowed Claim or Interest.

**6. Disallowance of Claims**

Any Claims held by Entities from which property is recoverable under section 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code, shall be deemed Disallowed pursuant to section 502(d) of the Bankruptcy Code, and Holders of such Claims may not receive any distributions on account of such Claims until such time as such Causes of Action against that Entity have been settled or a Court order with respect thereto has been entered and all sums due, if any, to the Debtors by that Entity have been turned over or paid to the Debtors or the Reorganized Debtors.

**EXCEPT AS PROVIDED HEREIN, IN AN ORDER OF THE COURT, OR OTHERWISE AGREED, ANY AND ALL PROOFS OF CLAIM NOT TIMELY FILED IN ACCORDANCE WITH THE APPLICABLE BAR DATE SHALL BE DEEMED DISALLOWED AND**

**EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM HAS BEEN DEEMED TIMELY FILED BY A FINAL ORDER.**

**7. Disallowance of Disallowed Rejection Damages Claims**

Any Rejection Damages Claim not timely Filed by the Rejection Damages Bar Date shall be deemed a Disallowed Rejection Damages Claim without further order of the Court and shall not be entitled to any distribution under the Plan.

**8. Disallowance of Deemed Disallowed Scheduled Claims**

Each Deemed Disallowed Scheduled Claim shall be deemed Disallowed upon the Confirmation Date, and such disallowance shall be deemed effective as of the Effective Date, without the need for any further notice, motion, or order of the Bankruptcy Court and without any action by the Debtors, the Reorganized Debtors, or any other party in interest. For the avoidance of doubt, Holders of Deemed Disallowed Scheduled Claims shall not be treated as creditors for purposes of distributions under the Plan, shall not be entitled to participate in any distribution under the Plan or assert any Claim against the Debtors, their Estates, or the Reorganized Debtors, and shall be forever barred, estopped, and enjoined from asserting such Claims against the Debtors, their Estates, or the Reorganized Debtors in connection with the Deemed Disallowed Scheduled Claims. To facilitate implementation of this provision of the Plan, the Debtors shall file the Deemed Disallowance Schedule as part of the Plan Supplement. The Deemed Disallowance Schedule shall be provided for administrative and informational purposes only and shall not constitute an admission or waiver of any rights, objections, or defenses by the Debtors with respect to any scheduled Claim, including those listed therein. The Debtors shall serve the Deemed Disallowance Schedule and notice of the Confirmation Hearing on each creditor listed on the Deemed Disallowance Schedule.

**9. Distributions After Allowance; No Interest Accrual Pending Allowance**

To the extent that a Disputed Claim or Interest ultimately becomes an Allowed Claim or Interest, distributions (if any) shall be made to the Holder of such Allowed Claim or Interest in accordance with the provisions of the Plan. Within ten (10) Business Days or as soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim or Interest becomes a Final Order, the Distribution Agent shall provide to the Holder of such Claim or Interest the distribution (if any) to which such Holder is entitled under the Plan as of the Effective Date. Interest shall not accrue or be paid on any Disputed Claim with respect to the period from the Effective Date to the date a final distribution is made on account of such Disputed Claim, if and when such Disputed Claim becomes an Allowed Claim.

**10. Amendments to Claims**

Except as otherwise expressly provided for in this Plan or the Confirmation Order, and subject to Article IV.D.8(b)(ii) of the Plan, on or after the applicable Bar Date, as appropriate, a Claim may not be Filed or amended without the authorization of the Bankruptcy Court or the Reorganized Debtors. Absent such authorization, any new or amended Claim Filed shall be deemed Disallowed in full and expunged without any further notice to or action, order, or approval of the Bankruptcy Court to the maximum extent provided by applicable law.

**11. Single Satisfaction of Claims**

Holders of Allowed Claims may assert such Claims against each Debtor obligated with respect to such Claim, and such Claims shall be entitled to share in the recovery provided for the applicable Class of Claims against each obligated Debtor based upon the full Allowed amount of the Claim. Notwithstanding the foregoing, in no case shall the aggregate value of all property received or retained under the Plan on account of any Allowed Claim exceed 100% of such Allowed Claim plus interest, if applicable.

**G. Settlement, Release, Injunction, and Related Provisions**

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

Unless otherwise set forth in the Plan, pursuant to section 1123 of the Bankruptcy Code, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims and Interests, 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 Plan shall be deemed a motion to approve the good faith compromise and settlement of all such Claims, Interests, and controversies pursuant to Bankruptcy Rule 9019. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, 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 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 Effective Date, the Reorganized Debtors may compromise and settle Claims against, and Interests in, the Debtors and their Estates and Causes of Action against other Entities. Subject to Article VI of the Plan, all distributions made to Holders of Allowed Claims and Allowed Interests, as applicable, in any Class are intended to be and shall be final.

**2. Discharge of Claims**

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan or the FTE Group Agreed Order, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), 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 Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the 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 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 or voted to reject the Plan. The Confirmation Order shall

be a judicial determination of the discharge of all Claims and Interests subject to the occurrence of the Effective Date, except as otherwise specifically provided in the Plan.

**3. Release of Liens**

Except as otherwise provided in the Plan or Plan Supplement or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates and, subject to the consummation of the applicable distributions contemplated in the Plan, shall be fully released and discharged, at the sole cost of and expense of the Reorganized Debtors, and the Holders of such mortgages, deeds of trust, Liens, pledges, or other security interests shall execute such documents as may be reasonably requested by the Debtors or the Reorganized Debtors, as applicable, to reflect or effectuate such releases, and all of the right, title, and interest of any Holders of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtor and its successors and assigns.

**4. Releases by the Debtors**

Effective as of the Effective Date, pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, the adequacy of which is hereby confirmed, on and after the Effective Date, each Released Party is deemed released and discharged by each and all of the Debtors, the Reorganized 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 Cause of Action, directly or derivatively, by, through, for, or because of the foregoing entities, from any and all Causes of Action, whether known or unknown, including any derivative claims, asserted or assertable on behalf of any of the Debtors, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim against, or Interest in, a Debtor or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the management, ownership, or operation thereof), the purchase, sale, or rescission of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, entry into, or filing of, as applicable, the Exit Facility Documents, if applicable, the Plan, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement, the Exit Facility Documents, if applicable, or the Plan, 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 Effective Date. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release (1) any party for actual fraud, willful misconduct or gross negligence, or (2) any post-Effective Date obligations of any party or Entity under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

5. Releases by Holders of Claims and Interests

Effective as of the Effective Date, each Releasing Party in each case on behalf of itself and its respective successors, assigns, and representatives, and any and all other entities who may purport to assert any Cause of Action, directly or derivatively, by, through, for, or because of the foregoing entities, is deemed to have released and discharged each Debtor, Reorganized Debtor, and Released Party from any and all Causes of Action, whether known or unknown, including any derivative Claims, asserted or assertable on behalf of any of the Debtors, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the management, ownership or operation thereof), the purchase, sale, or rescission of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, entry into, or filing of, as applicable, the Disclosure Statement, the Exit Facility Documents, if applicable, the Plan, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement, the Exit Facility Documents, if applicable, or the Plan, 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 Effective Date. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release any party for actual fraud, willful misconduct or gross negligence, any post-Effective Date obligations of any party or Entity under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

Each of the Releasing Parties knowingly grants the Third-Party Releases notwithstanding that each Releasing Party may hereafter discover facts in addition to, or different from, those which either such Releasing Party now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and each Releasing Party expressly waives any and all rights that such Releasing Party may have under any statute or common law principle which would limit the effect of the Third-Party Release to those claims actually known or suspected to exist as of the Agreement Effective Date. In connection with their agreement to the foregoing Third-Party Releases, the Releasing Parties knowingly and voluntarily waive and relinquish any and all provisions, rights, and benefits conferred by any law of the United States or any state or territory of the United States, or principle of common law, which governs or limits a person's release of unknown claims, comparable or equivalent to California Civil Code § 1542, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR." For the avoidance of doubt and notwithstanding any provision to the contrary herein, the FTE Group (including any of its successors, and any of its assigns of rights relating to the FTE Group Contingent Claims) shall not be a Releasing Party, and the FTE Group (including any of its successors, and any of its assigns of rights relating to the FTE Group Contingent Claims) does not release or discharge any of the Debtors or the Released Parties from any current or future Claims or Causes of Action. The FTE Group is deemed to opt out of any releases and discharges provided under the Plan without filing any additional pleadings or notices.

**6. Exculpation**

Effective as of the Effective Date, to the fullest extent permissible under applicable law and without affecting or limiting either the Debtor Release or the Third-Party Release, and except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is released and exculpated from any Cause of Action for any claim based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the management, ownership or operation thereof), the purchase, sale, or rescission of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, entry into, or filing of, as applicable, related prepetition transactions, the Disclosure Statement, the Exit Facility Documents, if applicable, the Plan, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement, the Exit Facility Documents, if applicable, or the Plan, 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 Effective Date (including, for the avoidance of doubt, providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Exculpated Party on the Plan or the Confirmation Order in lieu of such legal opinion), except for claims related to any act or omission that is determined in a Final Order of a court of competent jurisdiction to have constituted actual fraud, willful misconduct, or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion 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.

**7. Injunction**

EFFECTIVE AS OF THE EFFECTIVE DATE, PURSUANT TO SECTION 524(A) OF THE BANKRUPTCY CODE, TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, AND EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN OR FOR OBLIGATIONS ISSUED OR REQUIRED TO BE PAID PURSUANT TO THE PLAN OR THE CONFIRMATION ORDER, ALL ENTITIES THAT HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE OTHERWISE SUBJECT TO EXCULPATION ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST, AS APPLICABLE, THE DEBTORS, THE REORGANIZED DEBTORS, THE EXCULPATED PARTIES, OR THE RELEASED PARTIES: (1) 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 OR INTERESTS; (2) 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 OR INTERESTS; (3) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH ENTITIES OR THE PROPERTY OR THE ESTATES OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (4) 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 OR INTERESTS UNLESS SUCH HOLDER HAS FILED A MOTION REQUESTING THE RIGHT TO PERFORM SUCH SETOFF ON OR BEFORE THE EFFECTIVE DATE, AND NOTWITHSTANDING AN INDICATION OF A CLAIM OR INTEREST OR OTHERWISE THAT SUCH HOLDER ASSERTS, HAS, OR INTENDS TO PRESERVE ANY RIGHT OF SETOFF PURSUANT TO APPLICABLE LAW OR OTHERWISE; AND (5) 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 OR INTERESTS RELEASED OR SETTLED PURSUANT TO THE PLAN.

BY ACCEPTING DISTRIBUTIONS PURSUANT TO THE PLAN, EACH HOLDER OF AN ALLOWED CLAIM OR ALLOWED INTEREST EXTINGUISHED, DISCHARGED, OR RELEASED PURSUANT TO THE PLAN WILL BE DEEMED TO HAVE AFFIRMATIVELY AND SPECIFICALLY CONSENTED TO BE BOUND BY THE PLAN, INCLUDING, WITHOUT LIMITATION, THE INJUNCTIONS SET FORTH IN ARTICLE VIII.G OF THE PLAN.

PURSUANT TO THE FTE GROUP AGREED ORDER ENTERED BY THE BANKRUPTCY COURT IN THE CHAPTER 11 CASES IN CONNECTION WITH CERTAIN DISPUTED, CONTINGENT, UNLIQUIDATED CLAIMS THAT MAY BE HELD BY THE FTE GROUP, AND THAT RELATE TO CERTAIN LITIGATION THAT AROSE PRIOR TO THE PETITION DATE BETWEEN THE DEBTORS AND THE FTE GROUP, ANY PRESENT OR FUTURE CLAIMS THAT THE FTE GROUP (INCLUDING ANY OF ITS SUCCESSORS, AND ANY OF ASSIGNS OF RIGHTS RELATING TO THE FTE GROUP CONTINGENT CLAIMS) MAY HOLD ARE UNAFFECTED BY AND NOT OTHERWISE DEALT WITH VIA THE PLAN OR ANY CONFIRMATION ORDER ENTERED BY THE BANKRUPTCY COURT IN CONNECTION WITH THE PLAN. FOR THE AVOIDANCE OF DOUBT, ANY CURRENT OR FUTURE CLAIMS THAT THE FTE GROUP (INCLUDING ANY OF ITS SUCCESSORS, AND ANY OF ITS ASSIGNS OF RIGHTS RELATING TO THE FTE GROUP CONTINGENT CLAIMS) MAY HOLD SHALL BE EXEMPTED FROM DISCHARGE UNDER SECTION 1141 OF THE BANKRUPTCY CODE IN ACCORDANCE WITH THE FTE AGREED ORDER AND ADDRESSED BY THE DEBTORS IN THE ORDINARY COURSE FOLLOWING THE EFFECTIVE DATE.

#### **8. Protection Against Discriminatory Treatment**

In accordance with section 525 of the Bankruptcy Code, and consistent with paragraph 2 of Article VI of the United States Constitution, no Governmental Unit shall discriminate against any Reorganized Debtor, or any Entity with which a Reorganized Debtor has been or is associated, or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Reorganized Debtors, or another Entity with whom the Reorganized Debtors have been associated, solely because such Reorganized Debtor was a Debtor under chapter 11, may have been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before such Debtor was granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

**9. Recoupment**

In no event shall any Holder of Claims or Interests be entitled to recoup any Claim or Interest against any claim, right, or Cause of Action of the Debtors or the Reorganized Debtors, as applicable, unless such Holder actually has performed such recoupment and provided notice thereof in writing to the Debtors on or before the Confirmation Date, notwithstanding any indication in any Proof of Claim or Interest or otherwise that such Holder asserts, has, or intends to preserve any right of recoupment.

**10. Reimbursement or Contribution**

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the Effective Date, such Claim shall be forever Disallowed notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Effective Date (1) such Claim has been adjudicated as non-contingent or (2) the relevant Holder of a Claim has filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered determining such Claim as no longer contingent.

**11. Term of Injunctions or Stays**

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases (pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court) and existing on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

**12. Document Retention**

On and after the Effective Date, the Reorganized Debtors may maintain documents in accordance with their standard document retention policy, as may be altered, amended, modified, or supplemented by the Reorganized Debtors.

**13. No Release of Any Claims Held by Governmental Units**

Nothing in this Plan or the Confirmation Order shall effect a release of any claim by any Governmental Unit or any state and local authority whatsoever, including, without limitation, any claim arising under the Internal Revenue Code, the environmental laws, or any criminal laws of the United States or any state or local authority against any party or Person, nor shall anything in this Plan or the Confirmation Order enjoin the United States or any state or local authority from bringing any claim, suit, action, or other proceedings against any party or Person for any liability of such Persons whatsoever, including, without limitation, any claim, suit, or action arising under the Internal Revenue Code, the environmental laws, or any criminal laws of the United States or any state or local authority against such persons, nor shall anything in this Plan or the Confirmation Order exculpate any party or Person from any liability to any Governmental Unit or any state and local authority whatsoever, including any liabilities arising under the Internal Revenue Code, the environmental laws, or any criminal laws of the United States or any state or local authority against any party or Person.

**H. Conditions Precedent to the Effective Date**

In addition to the conditions to the Effective Date contained in Article IV.D.8 of the Plan, it shall be a condition to the Effective Date that the following conditions shall have been satisfied:

1. the Bankruptcy Court shall have entered the Confirmation Order;
2. the Debtors shall have fully funded the Professional Fee Reserve account;
3. the Debtors shall have obtained all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan;
4. the final version of the Plan Supplement and all of the schedules, documents, and exhibits contained therein, and all other schedules, documents, supplements, and exhibits to the Plan, shall have been filed and shall be in form and substance acceptable to the Plan Sponsor;
5. the Exit Facility Documents, if applicable, shall be in full force and effect (with all conditions precedent thereto having been satisfied or waived), subject to any applicable post-closing execution and delivery requirements;
6. the Confirmation Order, in form and substance acceptable to the Debtors and, the Plan Sponsor, (a) shall have been duly entered and in full force and effect, (b) shall not have been reversed, stayed, modified or vacated on appeal; and (c) shall have become a Final Order; and
7. all governmental and third-party approvals and consents necessary in connection with the transactions contemplated by the Plan shall have been obtained, not be subject to unfulfilled conditions and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose materially adverse conditions on such transactions.

**I. Substantial Consummation**

“Substantial Consummation” of the Plan, as defined in section 1101(2) of the Bankruptcy Code, with respect to any of the Debtors, shall be deemed to occur on the Effective Date with respect to such Debtor.

**J. Effect of Non-Occurrence of Conditions to Consummation**

If the Effective Date does not occur with respect to any of the Debtors, the Plan shall be null and void in all respects with respect to such Debtor, and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Claims by or Claims against or Interests in such Debtors; (2) prejudice in any manner the rights of such Debtors, any Holders of a Claim or Interest, or any other Entity; or (3) constitute an admission, acknowledgment, offer, or undertaking by such Debtors, any Holders, or any other Entity in any respect.

**K. Modification, Revocation, or Withdrawal of the Plan**

**1. Modification of Plan**

Subject to the limitations contained in the Plan, the Debtors reserve the right to modify the Plan prior to Confirmation and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, not resolicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtors expressly reserve their rights to alter, amend, or modify materially the Plan, one

or more times, before or after Confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan.

## 2. **Effect of Confirmation on Modifications**

Entry of the Confirmation Order shall constitute approval of all modifications to the Plan occurring after the solicitation thereof pursuant to section 1127(a) of the Bankruptcy Code and a finding that such modifications to the Plan do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

## 3. **Revocation or Withdrawal of Plan**

The Debtors reserve the right to revoke or withdraw the Plan before the Confirmation Date and to file subsequent chapter 11 plans. If the Debtors revoke or withdraw the Plan, or if the Confirmation Date or the Effective Date does not occur, then: (1) the Plan will be null and void in all respects; (2) any settlement or compromise embodied in the Plan, assumption of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant hereto will be null and void in all respects; and (3) nothing contained in the Plan shall (a) constitute a waiver or release of any Claims, Interests, or Causes of Action, (b) prejudice in any manner the rights of any Debtor or any other Entity, or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by any Debtor or any other Entity.

# **ARTICLE VIII.**

## **Solicitation, Voting, and Related Matters**<sup>16</sup>

### **A. Overview**

HOLDERS OF CLAIMS ENTITLED TO VOTE SHOULD CAREFULLY READ THE VOTING INSTRUCTIONS BELOW.

THE DEBTORS RESERVE THE RIGHT, AT ANY TIME OR FROM TIME TO TIME, TO EXTEND THE PERIOD OF TIME (ON A DAILY BASIS, IF NECESSARY) DURING WHICH BALLOTS WILL BE ACCEPTED FOR ANY REASON, INCLUDING DETERMINING WHETHER OR NOT THE REQUISITE NUMBER OF ACCEPTANCES HAVE BEEN RECEIVED. THE DEBTORS WILL GIVE NOTICE OF ANY SUCH EXTENSION IN A MANNER DEEMED REASONABLE TO THE DEBTORS IN THEIR DISCRETION. THERE CAN BE NO ASSURANCE THAT THE DEBTORS WILL EXERCISE THEIR RIGHT TO EXTEND THE VOTING DEADLINE.

In accordance with the *Order (I) Conditionally Approving the Disclosure Statement; (II) Scheduling a Combined Disclosure Statement Approval and Plan Confirmation Hearing; (III) Establishing a Plan and Disclosure Statement Objection Deadline and Related Procedures; (IV) Approving the Solicitation and Notice Procedures; and (V) Granting Related Relief* (the “**Disclosure Statement Order**”)<sup>17</sup> and the solicitation procedures approved via the Disclosure Statement Order (the “**Solicitation Procedures**”), the Debtors will commence solicitation of the Plan by delivering a copy of the Solicitation Package to Holders of Claims in Classes 3, 4, 5, 6, and 7 entitled to vote to accept or reject the Plan.

---

<sup>16</sup> Subject to change based on Court approval of dates and related procedures.

<sup>17</sup> See Docket No. 577.

The Debtors have sought and obtained Bankruptcy Court approval of Solicitation Procedures for solicitation of acceptance of the Plan and to establish **July 17, 2025 at 5:00 p.m. (prevailing Central Time)** as the deadline for the receipt of votes to accept or reject the Plan via the Ballot applicable ballot to be used for voting on the Plan (the “**Voting Deadline**”). For the avoidance of doubt, the Voting Deadline includes the deadline by which Opt-Out Forms or Opt-In Forms, as applicable, must be executed, completed, and returned to the Claims and Noticing Agent.

This Disclosure Statement and the Plan are being distributed to Holders of Claims in the Voting Classes comprised of Classes 3, 4, 5, 6, and 7 in connection with the solicitation of votes to accept or reject the Plan. The following table sets forth the timetable for the solicitation process and the anticipated Chapter 11 Cases, with all provided below being subject to the approval and availability of the Bankruptcy Court.

| <b>Proposed Solicitation and Confirmation Timeline</b>                                  |                                                              |
|-----------------------------------------------------------------------------------------|--------------------------------------------------------------|
| Voting Record Date                                                                      | <b>June 25, 2025</b>                                         |
| Commence Solicitation                                                                   | <b>June 26, 2025</b>                                         |
| Initial Plan Supplement Deadline                                                        | <b>July 10, 2025</b>                                         |
| Voting Deadline                                                                         | <b>July 17, 2025, at 5:00 p.m. (prevailing Central Time)</b> |
| Deadline to Object to Approval of Disclosure Statement or Confirmation of Plan          | <b>July 17, 2025, at 5:00 p.m. (prevailing Central Time)</b> |
| Deadline to File Briefs in Support of Approval of Disclosure Statement and Confirmation | <b>July 19, 2025</b>                                         |
| Combined Hearing to Approve Disclosure Statement and Confirm Plan                       | <b>July 21, 2025, at 9:30 a.m. (prevailing Central Time)</b> |

## **B. Holders of Claims Entitled to Vote on the Plan**

Under the provisions of the Bankruptcy Code, not all holders of claims against or interests in a debtor are entitled to vote on a chapter 11 plan. Holders of Claims in Classes 3, 4, 5, 6, and 7 are entitled to vote to accept or reject the Plan. The Holders of Claims in the Voting Classes are Impaired under the Plan and, if the Plan is confirmed and consummated, may 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 on the Plan from Holders of Claims or Interests in Classes 1, 2, 8, and 9.

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 AND SOLICITATION PROCEDURES FOR A MORE COMPREHENSIVE DESCRIPTION OF THE SOLICITATION AND VOTING PROCESS.

## **C. Voting Record Date**

**June 25, 2025** (the “**Voting Record Date**”) is the date that was used for determining which Holders of Claims are entitled to vote to accept or reject the Plan and receive the Solicitation Package in accordance with the Solicitation Procedures. Except as otherwise set forth herein, the Voting Record Date and all of

the Debtors' solicitation and voting procedures shall apply to all of the Debtors' creditors and other parties in interest.

#### **D. Solicitation Procedures**

The following materials constitute the solicitation package (the "**Solicitation Package**") distributed to Holders of Claims in each Voting Class:

- the appropriate Ballot and applicable voting instructions, including the Opt-Out Form, together with a pre-addressed, postage pre-paid return envelope; and
- this Disclosure Statement and all exhibits hereto, including the Plan and all exhibits thereto (which may be distributed in paper or USB-flash drive format).

The Debtors will distribute the Solicitation Package to Holders of Claims in each Voting Class on **June 26, 2025**. The Debtors will file the Plan Supplement in accordance with the terms of the Plan and the timeline provided by the Disclosure Statement Order. As the Plan Supplement is updated or otherwise modified, such modified or updated documents will be made available on the Debtors' restructuring website. The Debtors will not serve paper or USB-flash drive copies of the Plan Supplement.

You may obtain copies of any pleadings filed with the Bankruptcy Court, including the Plan, the Plan Supplement, and this Disclosure Statement for free by visiting the Debtors' restructuring website, <https://cases.stretto.com/Stoli/>, or for a fee at <https://txnb.uscourts.gov/>.

#### **E. Voting Procedures**

In order for the Holder of a Claim in a Voting Class to have such Holder's Ballot counted as a vote to accept or reject the Plan, such Holder's Ballot must be properly executed, completed, and delivered such that it is **actually received** before the Voting Deadline by the Claims and Noticing Agent, in accordance and in compliance with the Solicitation Procedures established by the Disclosure Statement Order.

IF A BALLOT IS RECEIVED AFTER THE VOTING DEADLINE, IT WILL NOT BE COUNTED UNLESS THE DEBTORS DETERMINE OTHERWISE. IT IS IMPORTANT THAT A HOLDER OF A CLAIM IN A VOTING CLASS FOLLOWS THE SPECIFIC INSTRUCTIONS PROVIDED ON SUCH HOLDER'S BALLOT.

#### **F. Voting Tabulation**

The Debtor's tabulation of Ballots shall be conducted in accordance with the Solicitation Procedures. A Ballot does not constitute, and shall not be deemed to be, a Proof of Claim or an assertion or admission of a Claim. Only Holders of Claims in the Voting Classes shall be entitled to vote with regard to such Claims.

Unless the Debtors decide otherwise, Ballots received after the Voting Deadline may not be counted. A Ballot will be deemed delivered only when the Claims and Noticing Agent actually receives the executed Ballot as instructed in the applicable voting instructions.

The Bankruptcy Code may require the Debtors to disseminate additional solicitation materials if the Debtors make material changes to the terms of the Plan or if the Debtors waive a material condition to confirmation of the Plan. In that event, the solicitation will be extended to the extent directed by the Bankruptcy Court.

To the extent there are multiple Claims within a Voting Class, the Debtors may, in their discretion, and to the extent possible, aggregate the Claims of any particular Holder within a Voting Class for the purpose of counting votes.

In the event a designation of lack of good faith is requested by a party in interest under section 1126(e) of the Bankruptcy Code, the Bankruptcy Court will determine whether any vote to accept and/or reject the Plan cast with respect to that Claim will be counted for purposes of determining whether the Plan has been accepted and/or rejected.

**The following Ballots shall not be counted in determining the acceptance or rejection of the Plan:** (i) any Ballot that is illegible or contains insufficient information to permit the identification of the holder of such Claim; (ii) any Ballot cast by any Entity that does not hold a Claim in a Voting Class; (iii) any Ballot cast for a Claim scheduled as unliquidated, contingent, or disputed for which no Proof of Claim was timely filed by the Voting Record Date (unless the applicable bar date has not yet passed, in which case such Claim shall be entitled to vote in the amount of \$1.00); (iv) any unsigned Ballot or Ballot lacking an original signature; (v) any Ballot not marked to accept or reject the Plan or marked both to accept and reject the Plan; (vi) any Ballot sent to any of the Debtors, the Debtors' agents or representatives, or the Debtors' advisors (other than the Claims and Noticing Agent); and (vii) any Ballot submitted by any Entity not entitled to vote pursuant to the procedures described in the Disclosure Statement Order. **Please refer to your Ballot, the Disclosure Statement Order, and the Solicitation Procedures for additional requirements with respect to voting to accept or reject the Plan.**

The Debtors will file a voting report (the "**Voting Report**") with the Bankruptcy Court by no later than two (2) days before the Combined Hearing. The Voting Report shall, among other things, delineate every Ballot that does not conform to the voting instructions or that contains any form of irregularity including, but not limited to, those Ballots that are late or (in whole or in material part) illegible, unidentifiable, lacking signatures, or lacking necessary information, received via facsimile, or damaged (in each case, an "**Irregular Ballot**"). The Debtors will attempt to reconcile the amount of any Claim reported on a Ballot with the Debtors' records, but in the event such amount cannot be timely reconciled without undue effort on the part of the Debtors, the amount shown in the Debtors' records shall govern. The Voting Report shall indicate the Debtors' intentions with regard to each Irregular Ballot. Neither the Debtors nor any other Person or Entity will be under any duty to provide notification of defects or irregularities with respect to delivered Ballots other than as provided in the Voting Report, nor will any of them incur any liability for failure to provide such notification.

PLEASE REFER TO YOUR BALLOT, THE DISCLOSURE STATEMENT ORDER, AND THE SOLICITATION PROCEDURES FOR ADDITIONAL REQUIREMENTS WITH RESPECT TO VOTING TO ACCEPT OR REJECT THE PLAN.

#### **G. Votes Required for Acceptance by a Class**

Under the Bankruptcy Code, acceptance of a plan of reorganization by a class of claims or interests is determined by calculating the amount and, if a class of claims, the number, of claims and interests voting to accept, as a percentage of the allowed claims or interests, as applicable, that have voted. Acceptance by a class of claims requires an affirmative vote of more than one-half in number of total allowed claims that have voted and an affirmative vote of at least two-thirds in dollar amount of the total allowed claims that have voted. Acceptance by a class of interests requires an affirmative vote of at least two-thirds in amount of the total allowed interests that have voted.

#### **H. Certain Factors to Be Considered Prior to Voting**

There are a variety of factors that all Holders of Claims entitled to vote on the Plan should consider prior to voting to accept or reject the Plan. These factors may impact recoveries under the Plan and include, among other things:

- unless otherwise specifically indicated, the financial information contained in this Disclosure Statement has not been audited and is based on an analysis of data available at the time of the preparation of the Plan and the Disclosure Statement;
- although the Debtors believe that the Plan complies with all applicable provisions of the Bankruptcy Code, the Debtors can neither assure such compliance nor that the Bankruptcy Court will confirm the Plan;
- the Debtors may request Confirmation without the acceptance of the Plan by all Impaired Classes in accordance with section 1129(b) of the Bankruptcy Code; and
- any delays of either Confirmation or Consummation could result in, among other things, increased Administrative Claims and Professional Fee Claims.

While these factors could affect distributions available to Holders of Allowed Claims and Allowed Interests under the Plan, the occurrence or impact of such factors may not necessarily affect the validity of the vote of the Voting Classes or necessarily require a re-solicitation of the votes of Holders of Claims in the Voting Classes pursuant to section 1127 of the Bankruptcy Code.

For a further discussion of risk factors, please refer to “Risk Factors” described in Article X of this Disclosure Statement.

#### **ARTICLE IX.**

##### **Final Approval of the Disclosure Statement Confirmation of the Plan**

#### **A. The Confirmation Hearing**

At the Confirmation Hearing, the Bankruptcy Court will determine whether to approve the Disclosure Statement and whether the Plan should be confirmed in light of both the affirmative requirements of the Bankruptcy Code and objections, if any, that are timely filed. **The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or the filing of a notice of such adjournment served in accordance with the order approving the Solicitation Procedures.**

#### **B. Deadline to Object to Approval of the Disclosure Statement and Confirmation of the Plan**

The Debtors will provide notice of the Confirmation Hearing, and, if approved by the Bankruptcy Court, the notice will provide that objections to the Disclosure Statement and Confirmation of the Plan must be filed and served at or before **July 17, 2025, at 5:00 p.m. (prevailing Central Time)** (the “**Objection Deadline**”). Unless objections to the Disclosure Statement or Confirmation of the Plan are timely served and filed, they may not be considered by the Bankruptcy Court.

**C. Requirements for Approval of the Disclosure Statement**

Pursuant to section 1126(b) of the Bankruptcy Code, solicitation of votes to accept or reject a chapter 11 plan must comply with applicable federal or state securities laws and regulations (including the registration and disclosure requirements thereof) or, if such laws and regulations do not apply, provide “adequate information” under section 1125 of the Bankruptcy Code. At the Confirmation Hearing, the Debtors will seek a determination from the Court that the Disclosure Statement satisfies section 1126(b) of the Bankruptcy Code.

**D. Requirements for Confirmation of the Plan**

Among the requirements for Confirmation are the following: (a) the Plan is accepted by all impaired Classes of Claims and Interests or, if the Plan is rejected by an Impaired Class, at least one Impaired Class of Claims or Interests has voted to accept the Plan and a determination that the Plan “does not discriminate unfairly” and is “fair and equitable” as to Holders of Claims or Interests in all rejecting Impaired Classes; (b) the Plan is feasible; and (c) the Plan is in the “best interests” of Holders of Impaired Claims and Interests (*i.e.*, Holders of Class 3 Claims, Holders of Class 4 Claims, and Holders of Class 5 Claims, Holders of Class 6 Claims, Holders of Class 7 Claims).

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that the Plan satisfies or will satisfy all of the necessary requirements of chapter 11 of the Bankruptcy Code. Specifically, in addition to other applicable requirements, the Debtors believe that the Plan satisfies or will satisfy the applicable Confirmation requirements of section 1129 of the Bankruptcy Code set forth below.

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors, as the Plan proponents, have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, will be disclosed to the Bankruptcy Court, and any such payment: (a) made before confirmation will be reasonable or (b) will be subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after confirmation.
- Either each Holder of an Impaired Claim against or Interest in the Debtors will accept the Plan, or each non-accepting Holder will receive or retain under the Plan on account of such Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount that the Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code.
- Except to the extent that the Holder of a particular Claim agrees to a different treatment of its Claim, the Plan provides that, to the extent an Allowed Administrative Claim has not already been paid in full or otherwise satisfied during the Chapter 11 Cases, Allowed Administrative Claims will be paid in full on the Effective Date, or as soon thereafter as is reasonably practicable.

- Each Class of Claims has accepted the Plan or is Unimpaired and deemed to have accepted the Plan, or that the requirements of section 1129(b) have been met.
- Confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors or any successors thereto under the Plan.
- All fees of the type described in section 1930 of the Judicial Code, including the Statutory Fees of the U.S. Trustee, will be paid as of the Effective Date.

## **E. Best Interests of Creditors/Liquidation Analysis**

### **1. Introduction**

To demonstrate compliance with the “best interests” test, the Debtors, with the assistance of their advisors and Professionals, prepared a liquidation analysis, attached hereto as **Exhibit C** (the “**Liquidation Analysis**”),<sup>18</sup> showing that the value of the distributions provided to Holders of Allowed Claims and Interests under the Plan would be the same or greater than under a hypothetical chapter 7 liquidation, assuming that the Chapter 11 Cases were converted to chapter 7 proceedings and chapter 7 trustees were appointed for each Debtor entity. This analysis seeks to estimate the recoveries that would be realized by creditors in such a scenario and compare those recoveries with the treatment creditors will receive under the Plan.

As set forth in detail below and in the Liquidation Analysis, the Debtors believe that, in a hypothetical liquidation, the recovery to creditors would be substantially lower than under the Plan. Under the Plan, the Debtors anticipate that all Allowed Claims—including Secured Claims and General Unsecured Claims—will be satisfied in full. By contrast, in a chapter 7 liquidation, distributions to general unsecured creditors would likely be minimal or nonexistent, and secured creditors would face the risk of receiving significantly less than the full value of their Claims.

### **2. Methodology and Assumptions**

The Liquidation Analysis is a hypothetical exercise based on a number of assumptions that are necessarily speculative and uncertain. The estimated outcomes presented herein are not predictions or guarantees of actual results, but rather reasonable estimates based on the Debtors’ books and records, historical performance, asset valuations, and market conditions, as of the date of this Disclosure Statement.

For the purpose of the Liquidation Analysis, it is assumed that the Chapter 11 Cases would be converted to chapter 7 on the Effective Date of the Plan and that chapter 7 trustees would be appointed immediately thereafter. These trustees would be responsible for winding down the Debtors’ estates, marshalling and liquidating all assets, reconciling claims, and distributing proceeds in accordance with the priority scheme established by the Bankruptcy Code.

The Liquidation Analysis assumes that all of the Debtors’ tangible and intangible assets would be liquidated through a combination of piecemeal sales, auctions, or bulk transfers. Additionally, the analysis assumes that the chapter 7 trustees would incur substantial costs in the form of trustee commissions, professional fees, wind-down expenses, and other costs. The Debtors also assume that a liquidation would

---

<sup>18</sup> To be (a) filed by the Debtors on or before the deadline by which the Debtors must file the Plan Supplement and (b) made available at the website maintained by the Claims and Noticing Agent at <https://cases.stretto.com/Stoli/> (free of charge).

take considerable time, likely extending well beyond one year, during which the value of the estates could further deteriorate due to delayed realization of proceeds and market volatility.

### **3. Assets in Liquidation**

The Debtors' principal assets consist of cash and cash equivalents, accounts receivable, inventory (including finished goods and aging whiskey barrels), equipment and fixed assets, intellectual property rights, and rights under certain contracts and licenses. Each category of asset would face unique challenges in a chapter 7 liquidation when uncoupled from the integrated supply process of the Stoli Group.

### **4. Administrative Expenses in Chapter 7**

The cost of administering a chapter 7 liquidation would be substantial. In addition to Statutory Fees owed to the Office of the United States Trustee, chapter 7 trustees would be entitled to commissions based on distributions made, typically up to 3%–5% of the gross proceeds. Trustees would likely retain their own financial advisors, accountants, and attorneys to assist in the liquidation and claims reconciliation processes. Professional fees in a liquidation are typically higher than in a going-concern restructuring due to inefficiencies, regulatory delays, and the lack of institutional knowledge regarding the Debtors' operations.

Additional expenses would arise from the need to wind down business operations, address federal and state regulatory compliance issues, and dispose of inventory and intellectual property. Furthermore, tax obligations may arise upon asset sales, and litigation risks could increase in the absence of the negotiated releases and settlements embodied in the Plan. All of these costs would be paid ahead of any distributions to General Unsecured Creditors, thereby significantly reducing the funds available to satisfy creditor claims.

### **5. Estimated Recoveries Under Chapter 7 vs. the Plan**

Under the Debtors' Plan, all Allowed Secured Claims and General Unsecured Claims are expected to be satisfied in full, either through installment payments amortized over time with interest at the Plan Interest Rate, depending on the applicable election by the Debtors and creditors and the success of the Restructuring Transactions outlined in the Plan. These payments will be funded through a combination of asset sales or transfers, anticipated exit financing, cash flow from ongoing operations, contributions from non-debtor affiliate SPI, and discounts granted by SPI on inventory purchases.

By contrast, in a chapter 7 liquidation scenario, the Debtors estimate that the administrative costs of the estate would substantially consume the available Cash and liquidation proceeds, leaving minimal recoveries for General Unsecured Creditors. Secured creditors, including the Senior Lender and Bardstown, may recover only a portion of their claims due to fire-sale discounts on transferred assets and the costs of liquidation. General Unsecured Creditors, which include numerous trade vendors, service providers, and distributors, would likely receive little or no distribution. Intercompany Claims and Equity Interests would receive no recovery.

Therefore, while the Plan provides for payment in full of all Allowed Claims, a chapter 7 liquidation would likely result in materially diminished recoveries for secured creditors and no recovery at all for General Unsecured Creditors and Holders of Equity Interests.

## 6. Conclusion

The Debtors believe that confirmation and implementation of the Plan will yield a substantially greater return for all stakeholders than would be available in a chapter 7 liquidation. The Plan maximizes the value of the Debtors' assets through a carefully structured series of transactions that preserve going concern value, leverage the strength of the vertically integrated Stoli Group, and rely on contributions from SPI, the Plan Sponsor. The Plan also avoids the unnecessary administrative expenses, delays, and value destruction associated with a piecemeal liquidation of the Debtors' assets. Accordingly, the Debtors submit that the Plan satisfies the "best interests of creditors" test under section 1129(a)(7) of the Bankruptcy Code and represents the most favorable outcome for all creditors and interest holders.

## F. Feasibility/Financial Projections

### 1. Introduction

Section 1129(a)(11) of the Bankruptcy Code requires, as a condition to confirmation of a Chapter 11 plan, that the Bankruptcy Court find that confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor under the plan, unless such liquidation or reorganization is proposed under the plan. This requirement is commonly referred to as the "feasibility" standard. This section demonstrates that the Plan proposed by the Debtors and the Plan Sponsor meets the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code. Based on a detailed assessment of the Debtors' post-emergence business operations, Restructuring Transactions, funding sources, and creditor treatment, the Plan is feasible and is not likely to be followed by liquidation or the need for further reorganization.

For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their obligations under the Plan. As part of this analysis, the Debtors have prepared certain unaudited pro forma financial statements with regard to the Reorganized Debtors (the "**Financial Projections**"); the underlying projections and assumptions upon which the Financial Projections are based are attached hereto as **Exhibit B**.<sup>19</sup> Based on these Financial Projections, the Debtors believe the reorganization contemplated by the Plan meets the financial feasibility requirement and sufficient funds will exist to make all payments required by the Plan. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

### 2. Overview of the Chapter 11 Cases and Restructuring Transactions

The Debtors filed these Chapter 11 Cases in response to mounting liquidity pressures, disputes with their Senior Lender, and operational disruptions stemming from the Cyber Attack, as well as broader global economic and geopolitical factors affecting their vertically integrated global spirits enterprise. The Plan provides for a comprehensive restructuring of the Debtors' liabilities through a series of coordinated Restructuring Transactions, including:

- The potential transfer of assets to an SPV or directly to the Senior Lender in partial satisfaction of the Senior Lender's Secured Claim and repayment of any residual Secured Claim through installment payments over time with interest at the Plan Interest Rate;

---

<sup>19</sup> To be (a) filed by the Debtors on or before the deadline by which the Debtors must file the Plan Supplement and (b) made available at the website maintained by the Claims and Noticing Agent at <https://cases.stretto.com/Stoli/> (free of charge).

- Satisfaction of Bardstown's Secured Claim through a combination of asset transfers and installment payments;
- Payment of Allowed General Unsecured Claims in full over time;
- Reinstatement, conversion, or cancellation of Intercompany Claims depending on the outcome of other creditor distributions;
- A Plan Contribution from the Plan Sponsor, SPI, in the form of a \$1 million subordinated loan and significant inventory cost reductions, as well as waiver or subordination of the rights to receive distributions on account of such claims;
- Execution of long-term distributor agreements to generate immediate and recurring Cash; and
- Pursuit of chapter 11 exit financing through an Exit Facility to bolster liquidity post-emergence.

These Restructuring Transactions are designed to right-size the Debtors' capital structure, eliminate legacy debt burdens, and support continued operations and growth.

### 3. **Financial Projections and Sources of Plan Funding**

The feasibility of the Plan is supported by multiple reliable sources of funding, both immediate and long-term, including:

- **Cash on Hand:** The Debtors will use available cash from operations and reserves to fund initial distributions on the Effective Date.
- **Ongoing Operations:** Stoli USA anticipates continued revenue generation through its distribution network in "open," "franchise," and "control" states. It further expects enhanced cash flow through new long-term distributor agreements.
- **Exit Financing:** The Debtors are actively pursuing exit financing arrangements and an Exit Facility that will provide liquidity to fund creditor recoveries and post-emergence working capital needs.
- **Plan Sponsor Contributions:** SPI has already or has agreed to provide several key forms of consideration:
  - o Waiver of the right to receive distributions on account of the \$1 million unsecured subordinated loan to fund operations made during the Chapter 11 Cases;
  - o Waiver of the right to assert an administrative expense claim for the unpaid post-petition production payments owed by Stoli USA to SPI;
  - o A reduction in inventory pricing, allowing Stoli USA to conserve Cash it would otherwise use for inventory purchases and reallocate such funds to pay creditors.

- **Asset Transfers and Debt Paydown:** Pursuant to the toggle option in the Plan, the Debtors may transfer specified assets to the SPV or to the Senior Lender to offset portions of secured debt obligations. The Debtors may also transfer certain assets to Bardstown in satisfaction of its Secured Claim. The fair market value of such assets will be credited against the amounts owed to the Senior Lender and Bardstown.
- **Installment Payments:** Any remaining amounts due to the Senior Lender and Bardstown after the asset transfers will be amortized through scheduled payments through December 31, 2027 (for the Senior Lender) and December 31, 2026 (for Bardstown), plus interest.
- **Retention of Remaining Assets:** The Debtors will retain all assets not transferred to the Senior Lender, SPV, or Bardstown, enabling them to continue operations and build enterprise value for stakeholders.

These diversified funding sources and mechanisms reduce risk and enhance the probability of full performance under the Plan.

#### 4. **Business Viability and Operational Support**

The Debtors' operations are embedded within a larger vertically integrated global enterprise managed by the Stoli Group, which provides essential production, intellectual property licensing, and operational support. This business model reduces overhead and leverages scale efficiencies across production and distribution functions. Stoli USA's ability to access trademarked products and marketing assets from its non-debtor affiliates allows it to remain competitive and compliant with U.S. federal and state regulatory frameworks. Kentucky Owl's strategic use of third-party storage and production facilities through Bardstown and affiliates such as Louisiana Spirits reduces capital intensity while enabling brand expansion. The Debtors anticipate continued demand for their premium product lines, particularly in open markets where distribution rights are secured through strong contractual relationships.

#### 5. **Reasonable Likelihood of Plan Performance**

The Plan's financial and structural underpinnings reflect a high degree of confidence in the Debtors' ability to perform their obligations. Specific indicators of feasibility include:

- **Creditor Recoveries:** The Plan provides for satisfaction in full of all Allowed Claims—secured and unsecured—which is rare in chapter 11 cases.
- **Flexible Creditor Treatment:** The Plan gives the Debtors the option to accelerate payments depending on liquidity availability.
- **Exit Financing:** The Debtors' ability to obtain exit financing or use operating Cash and SPI support ensures sufficient liquidity post-emergence.
- **Integrated Business Model:** The Debtors' reliance on and coordination with their non-debtor affiliates, including the Plan Sponsor, ensures continuity in sourcing, branding, and market penetration.
- **Regulatory Compliance:** The Debtors have maintained all required regulatory approvals throughout the Chapter 11 Cases and anticipate no material compliance barriers going forward.

**6. No Likelihood of Liquidation or Further Reorganization**

Based on the foregoing, confirmation of the Plan is not likely to be followed by liquidation or further financial restructuring. The Plan resolves all outstanding secured and unsecured liabilities, preserves the Debtors' going-concern value, and provides the organizational and financial tools required for post-emergence success. Additionally, the robust restructuring support from SPI, together with the operational strength of the Stoli Group, reduces the likelihood of future distress. The Restructuring Transactions realign the Debtors' balance sheet with their revenue model and industry-specific challenges.

**7. Conclusion**

The Plan is feasible within the meaning of section 1129(a)(11) of the Bankruptcy Code. It provides for full recoveries to all creditors, implements an efficient restructuring of secured and unsecured obligations, and allows the Debtors to emerge from chapter 11 as financially sound, operationally viable, and well-positioned for sustainable growth. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of the Bankruptcy Code.

**G. Acceptance by Impaired Classes**

The Bankruptcy Code requires that, except as described in the following section, each impaired class of claims or interests must accept a plan in order for it to be confirmed. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to the class is not required. A class is "impaired" unless the plan: (a) leaves unaltered the legal, equitable, and contractual rights to which the claim or the interest entitles the holder of the claim or interest; (b) cures any default, reinstates the original terms of such obligation, compensates the holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest; or (c) provides that, on the consummation date, the holder of such claim receives cash equal to the allowed amount of that claim or, with respect to any equity interest, the holder of such interest receives value equal to the greater of (i) any fixed liquidation preference to which the holder of such equity interest is entitled, (ii) the fixed redemption price to which such holder is entitled, or (iii) the value of the interest.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of allowed claims in that class, counting only those claims that 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 of creditors actually voting cast their ballots in favor of acceptance. For a class of impaired interests to accept a plan, section 1126(d) of the Bankruptcy Code requires acceptance by interest holders that hold at least two-thirds (2/3) in amount of the allowed interests of such class, counting only those interests that actually voted to accept or reject the plan. Thus, a class of interests will have voted to accept the plan only if two-thirds in amount actually voting cast their ballots in favor of acceptance.

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

If any Impaired Class of Claims or Interests rejects the Plan, including Classes of Claims or Interests deemed to reject the Plan, the Debtors will request Confirmation of the Plan, as it may be modified from time to time, under the “cramdown” provision under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to modify the Plan in accordance with Article X of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a Class of Claims to render such Class of Claims Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules or to withdraw the Plan as to such Debtor.

The Debtors believe that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the requirements for cramdown and the Debtors will be prepared to meet their burden to establish that the Plan can be confirmed pursuant to section 1129(b) of the Bankruptcy Code as part of Confirmation of the Plan.

**1. No Unfair Discrimination**

The “unfair discrimination” test applies with respect to classes of claim or interests that are of equal priority but are receiving different treatment under a proposed plan. The test does not require that the treatment be the same or equivalent, but that the treatment be “fair.” In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (*e.g.*, classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. Under certain circumstances, a proposed plan may treat two classes of unsecured creditors differently without unfairly discriminating against either class.

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. Accordingly, the Debtors believe that the Plan meets the standard to demonstrate that the Plan does not discriminate unfairly, and the Debtors will be prepared to meet their burden to establish that there is no unfair discrimination as part of Confirmation of the Plan.

**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 such class. As to each non-accepting class and as set forth below, the test sets different standards depending on the type of claims or interests in such class. The Debtors believe that the Plan satisfies the “fair and equitable” requirement via the various mechanisms for full recoveries for all creditors provided for via the Plan. There is no Class receiving more than a 100% recovery, and all senior Classes are receiving a full recovery or agree to receive a different treatment under the Plan, thereby entitling junior Classes to receive full recovery under the Plan.

**(a) Secured Claims**

The condition that a plan be “fair and equitable” to a non-accepting class of secured claims includes the requirements that: (A) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan; (B) each holder of a secured claim in the class receives deferred cash payments totaling at least the allowed amount of such claim with a value, as of the effective date, at least equivalent to the value of the secured claimant’s interest in the debtor’s property subject to the claimant’s liens; and/or (C) the holders of such secured claims receive the realization of the indubitable equivalent of such secured claims under the plan.

**(b) Unsecured Claims**

The condition that a plan be “fair and equitable” to a non-accepting class of unsecured claims includes the requirement that either: (A) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date, equal to the allowed amount of such claim; or (B) the holder of any claim or any interest that is junior to the claims of such class will not receive or retain any property under the plan on account of such junior claim or junior interest, subject to certain exceptions.

**(c) Interests**

The condition that a plan be “fair and equitable” to a non-accepting class of interests, includes the requirements that either: (A) the plan provides that each holder of an interest in that class receives or retains under the plan on account of that interest property of a value, as of the effective date, equal to the greater of: (1) the allowed amount of any fixed liquidation preference to which such holder is entitled; (2) any fixed redemption price to which such holder is entitled; or (3) the value of such interest; or (B) the holder of any interest that is junior to the interests of such class will not receive or retain any property under the plan on account of such junior interest.

**ARTICLE X.**  
**Risk Factors**

**BEFORE TAKING ANY ACTION WITH RESPECT TO THE PLAN, HOLDERS OF CLAIMS AGAINST THE DEBTORS WHO ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ AND CONSIDER CAREFULLY THE RISK FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT, THE PLAN, AND THE DOCUMENTS DELIVERED TOGETHER HERewith, REFERRED TO, OR INCORPORATED BY REFERENCE INTO THIS DISCLOSURE STATEMENT, INCLUDING OTHER DOCUMENTS FILED WITH THE BANKRUPTCY COURT IN THE CHAPTER 11 CASES. THE RISK FACTORS SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS PRESENT IN CONNECTION WITH THE DEBTORS’ BUSINESSES OR THE RESTRUCTURING AND CONSUMMATION OF THE PLAN. EACH OF THE RISK FACTORS DISCUSSED IN THIS DISCLOSURE STATEMENT MAY APPLY EQUALLY TO THE DEBTORS AND THE REORGANIZED DEBTORS, AS APPLICABLE AND AS CONTEXT REQUIRES.**

**A. Bankruptcy Law Considerations**

While the Debtors believe that these Chapter 11 Cases have been efficient and not materially harmful to the value of their assets, the Debtors cannot be certain that this will be the case. Further, it is impossible to predict with certainty the amount of time that one or more of the Debtors may spend in bankruptcy or to assure the parties in interest that the Plan will be confirmed. Even if confirmed on a timely basis, bankruptcy proceedings to confirm the Plan could have an adverse effect on the Debtors’ business, the Debtors’ relationships with their employees, or on the amount of distributable value available to the Holders of Claims or Interests.

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 Restructuring Transactions are not Implemented, and Such Alternatives May Result in Lower Recoveries for Holders of Claims against and Interests in the Debtors**

If the Restructuring Transactions are not implemented, the Debtors will consider all available restructuring alternatives, including filing an alternative chapter 11 plan, converting to a chapter 7 plan, commencing section 363 sales of the Debtors' assets, and any other transaction that would maximize the value of the Debtors' Estates. The terms of any alternative restructuring proposal may be less favorable to Holders of Claims against and Interests in the Debtors than the terms of the Plan as described in this Disclosure Statement. Any material delay in the Confirmation of the Plan, 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 have other adverse effects on the Debtors. For example, it would adversely affect: the Debtors' ability to raise additional capital; the Debtors' liquidity; how the Debtors' business is viewed by regulators, investors, lenders, and credit ratings agencies; the Debtors' enterprise value; and the Debtors' business relationship with customers and vendors.

**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, 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.

Although the Debtors believe that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code, a Holder could challenge the classification. In such event, the cost of the Plan and the time needed to confirm the Plan may increase, and the Debtors cannot be sure that the Bankruptcy Court will agree with the Debtors' classification of Claims and Interests. If the Bankruptcy Court concludes that either or both of the classifications of Claims and Interests under the Plan do not comply with the requirements of the Bankruptcy Code, the Debtors may need to modify the Plan. Such modification could require a re-solicitation of votes on the Plan. The Plan may not be confirmed if the Bankruptcy Court determines that the Debtors' classification of Claims and Interests is not appropriate.

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

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

**4. The Debtors May Not Be Able 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 confirm an alternative chapter 11 plan or transaction. There can be no assurance that the terms of any such alternative chapter 11 plan or other transaction would be similar or as favorable to the Holders of Allowed Claims as those proposed in the

Plan and the Debtors do not believe that any such transaction exists or is likely to exist that would be more beneficial to the Estates than 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: (i) the plan “does not unfairly discriminate” and is “fair and equitable” with respect to any non-accepting Classes; (ii) the plan is not likely to be followed by a liquidation or a need for further financial reorganization unless liquidation or reorganization is contemplated by the plan; and (iii) the value of distributions to non-accepting Holders of Claims and Interests within a particular Class under the plan will not be less than the value of distributions such Holders would receive if the debtor 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 dissenting Holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement and the voting results are appropriate, the Bankruptcy Court can decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation have not been met, including the requirement that the terms of the Plan do not “unfairly discriminate” and are “fair and equitable” to non-accepting Classes.

If the Plan is not confirmed, it is unclear what distributions, if any, Holders of Allowed Claims and Interests will receive with respect to their Allowed Claims and Interests, as applicable. Subject to the limitations contained in the Plan, the Debtors reserve the right to modify the Plan and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, resolicit votes on such modified Plan. Any modifications could result in a less favorable treatment of any Class than the treatment currently provided in the Plan, such as a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan.

**6. Parties in Interest May Object to the Releases Contained in the Plan**

Confirmation is also subject to the Bankruptcy Court’s approval of the settlement, release, injunction, and related provisions described in Article VIII of the Plan. Certain parties in interest may assert that the Debtors cannot demonstrate that they meet the relevant standards for approval of releases, exculpations, and injunctions.

**7. The Debtors May Object to the Amount or Classification of a Claim or Interest**

Except as otherwise provided in the Plan, the Debtors reserve the right to object to the amount or classification of any Claim or Interest under the Plan. The estimates set forth in this Disclosure Statement cannot be relied upon by any Holder of a Claim or Interest where such Claim or Interest is subject to an objection or dispute. Any Holder of a Claim or Interest that is subject to an objection or dispute may not receive its expected share of the estimated distributions described in this Disclosure Statement.

**8. The Debtors May Not Be Able to Pursue Nonconsensual Confirmation Over Certain Impaired Non-Accepting Classes**

Generally, a bankruptcy court may confirm a plan under the Bankruptcy Code’s “cramdown” provisions over the objection of an impaired non-accepting class of claims or interests if at least one impaired class

of claims has accepted the plan (with acceptance being determined without including the vote of any “insider” in that accepting 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 rejecting impaired classes.

While the Debtors believe they may secure Plan support from the Holders of Claims well in excess of the requisite two-thirds in amount and more than one-half in number (the amount required for an accepting Class of Claims pursuant to section 1126(c) of the Bankruptcy Code) there is no guarantee that those Holders will vote those Claims favor of the Plan. There can be no assurances that the Debtors will confirm a chapter 11 plan and emerge as a reorganized company in that event, and it is unclear what distributions, if any, Holders of Allowed Claims and Interests will receive with respect to their Allowed Claims and Interests in that instance. In addition, the pursuit of an alternative restructuring proposal may result in, among other things, increased expenses relating to claims of estate professionals.

Finally, to the extent that a Voting Class votes to reject the Plan, the Debtors may not be able to seek to “cramdown” such Voting Class under section 1129(b) of the Bankruptcy Code because there is no other impaired Class of Claims entitled to vote under the Plan.

**9. 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 diminished 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 the business as a going concern at a later time in a controlled manner, (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, including Claims resulting from the rejection of Unexpired Leases and other Executory Contracts in connection with cessation of operations. For a more detailed description of the consequences of an extended chapter 11 case, or of a liquidation scenario, see Article IX.E of this Disclosure Statement, titled “Best Interests of Creditors/Liquidation Analysis” and the Liquidation Analysis attached hereto as Exhibit B.

**10. Either of the Chapter 11 Cases May Be Dismissed**

If the Bankruptcy Court finds that the Debtors have incurred substantial or continuing loss or diminution to the estate and lack of a reasonable likelihood of rehabilitation of the Debtors or the ability to effectuate substantial Consummation of a confirmed plan, or otherwise determines that cause exists, the Bankruptcy Court may dismiss one or both of the Chapter 11 Cases. In such event, the Debtors would be unable to confirm the Plan with respect to the applicable Debtor or Debtors, which may ultimately result in significantly smaller distributions to creditors than those provided for in the Plan.

**B. Continued Risk Upon Confirmation and Recoveries Under the Plan**

Even if the Plan is consummated, the Debtors will continue to face a number of risks, including certain risks that are beyond their control, such as deterioration or other changes in economic conditions, changes

in the industry, changes in interest rates, potential revaluing of their assets due to chapter 11 proceedings, changes in demand for the products and services the Debtors provide, and increasing expenses.

At the outset of the Chapter 11 Cases, the Bankruptcy Code provides the Debtors with the exclusive right to propose the Plan and prohibits creditors and others from proposing a plan. The Debtors will have retained the exclusive right to propose the Plan upon filing their Petitions. If the Bankruptcy Court terminates that right, however, or the exclusivity period expires, there could be a material adverse effect on the Debtors' ability to achieve Confirmation of the Plan to achieve the Debtors' stated goals. Furthermore, even if the Debtors' debts are reduced and/or discharged through the Plan, the Debtors may need to raise additional funds through public or private debt or equity financing or other various means to fund the Debtors' business after the completion of the proceedings related to the Chapter 11 Cases. Adequate funds may not be available when needed or may not be available on favorable terms.

**1. Execution Risk in Restructuring Transactions**

The Plan contemplates multiple Restructuring Transactions to resolve the Claims against the Debtors, including toggles related to asset transfers, installment payments, intercompany adjustments, and a Plan Contribution from SPI, the Plan Sponsor. While these mechanisms are structured to ensure full satisfaction of all Allowed Claims, there is no assurance that the timing, valuation, or execution of these complex Restructuring Transactions—particularly those involving asset transfers to the SPV or the Senior Lender—will proceed as planned or yield the estimated recoveries. Delays or disputes relating to asset valuations or fair market credits could impair the Debtors' ability to satisfy the Debtors' obligations on the schedule contemplated by the Plan.

**2. Certain Outside Factors**

The Debtors' ability to make payments under the Plan may be affected by a number of factors, including receiving the Plan Contribution from the Plan Sponsor in the form of significant future payment concessions from SPI and negotiating new distributor agreements with distributors. The Debtors may experience liquidity shortfall if these, and other market conditions, reflect negatively on the Debtors' financial performance.

**3. Dependence on Plan Contributions and Voluntary Support from SPI**

The Plan Sponsor, SPI, is making substantial voluntary contributions to support Plan implementation, including agreeing to materially discount payments owed by Stoli USA for critical inventory. SPI is not a debtor in these Chapter 11 Cases and is under no court order to make the Plan Contribution. While SPI has indicated its support and is contractually bound under certain agreements related to the Plan, a change in circumstances—such as deteriorating financial performance abroad, political interference, or operational strain—could cause SPI to withdraw or reduce support. Any such action would materially impair the Debtors' ability to fund distributions to creditors or operate effectively post-emergence.

**4. Risks Relating to the Valuation and Disposition of the Kentucky Real Estate**

The recoveries to certain creditors, including Holders of General Unsecured Claims may be affected by the final determination of the value of the Kentucky Real Estate. The Plan provides that distributions on account of these Claims may be satisfied by cash flow generated by the Debtors' operations and support from the Plan Sponsor. The Plan also provides Holders of General Unsecured Claims with security by the Kentucky Real Estate being pledged as collateral to the GUC Ombudsman, thereby allowing the GUC Ombudsman to liquidate and dispose of the Kentucky Real Estate to pay General Unsecured Claims in the event the Debtors default on their obligations under the Plan. If the Debtors are unable to fulfill their Plan

obligations, the ultimate disposition of the Kentucky Real Estate could affect creditor recoveries. In addition, the real estate market is subject to fluctuations, and factors such as demand for similar assets, regulatory constraints, and geographic limitations may adversely affect the timing or pricing of a potential sale or liquidation of the Kentucky Real Estate.

Moreover, to the extent the Kentucky Real Estate does not yield proceeds sufficient to satisfy the Claims for which it serves as collateral or partial collateral, such Claims may need to be satisfied through other means contemplated under the Plan, including from cash flow or contributions by the Plan Sponsor, further introducing uncertainty and potential variability in creditor recoveries.

**5. Risks Related to the Plan Sponsor's Control and Participation in the Plan Process**

The Debtors are a significant part of a globally integrated business. The Plan contemplates a substantial role for the Plan Sponsor, SPI, in the formulation and implementation of the Plan and the Reorganized Debtors' future operations. The Plan Sponsor is also an affiliate of the Debtors and has provided critical funding and support both prepetition and during these Chapter 11 Cases. As such, the Plan Sponsor will maintain a controlling influence over the governance and management of the Reorganized Debtors on and after the Effective Date. While the Plan Sponsor's financial and operational support has facilitated the Debtors' ability to propose and implement the Plan, its continued control raises certain potential risks. These include the risk that the Plan Sponsor's decisions may prioritize its broader global business strategy or the interests of other non-debtor affiliates over those of the Debtors' creditors. Furthermore, the Plan Sponsor's involvement in the negotiation of the Plan terms—including the treatment of intercompany Claims and the structure of the Plan Contribution—may present potential conflicts of interest, which could impact creditor recoveries or the post-emergence operational independence of the Reorganized Debtors.

**6. Contingencies Could Affect Distributions to Holders of Allowed Claims**

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. The occurrence of any and all such contingencies, which could affect distributions available to Holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort 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.

**7. Risk of Non-Occurrence of the Effective Date**

The Effective Date of the Plan is conditioned upon several requirements, including the entry of the Confirmation Order and satisfaction of conditions relating to the Plan Sponsor's obligations, execution of definitive documents, and possible funding of Exit Facility financing. If these conditions are not met or waived, the Plan may not become effective, resulting in protracted bankruptcy proceedings or conversion of the Chapter 11 Cases to chapter 7. Although the Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether the Effective Date will, in fact, occur. As more fully set forth in Article X of the Plan, the Effective Date of the Plan is subject to a number of conditions precedent. If such conditions precedent are not met, the Effective Date will not take place.

**8. The Debtors' Historical Financial Information May Not Be Comparable to the Financial Information of the Reorganized Debtors**

As a result of Consummation and the transactions contemplated thereby, the financial condition and results of operations of the Reorganized Debtors from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtors' historical financial statements.

**9. Operating in Bankruptcy for a Long Period of Time May Harm the Debtors' Business**

The Debtors' future results will be dependent upon the successful confirmation and implementation of a plan of reorganization. A long period of operations under Bankruptcy Court protection could have a material adverse effect on the Debtors' business, financial condition, results of operations, and liquidity. So long as the proceedings related to the Chapter 11 Cases continue, senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations. A prolonged period of operating under Bankruptcy Court protection also may make it more difficult to retain management and other key personnel necessary to the success and growth of the Debtors' business. Further, so long as the proceedings related to the Chapter 11 Cases continue, the Debtors will be required to incur substantial costs for professional fees and other expenses associated with the administration of the Chapter 11 Cases. Furthermore, the Debtors cannot predict the ultimate amount of all settlement terms for the liabilities that will be subject to a plan of reorganization. Even after a plan of reorganization is approved and implemented, the Reorganized Debtors' operating results may be adversely affected by the possible reluctance of prospective lenders and other counterparties to do business with a company that recently emerged from bankruptcy protection.

**10. The Debtors May Not Be Able to Achieve Their Projected Financial Results or Meet Their Post-Restructuring Debt Obligations**

The Financial Projections represent management's best estimate of the future financial performance of the Debtors or the Reorganized Debtors, as applicable, based on currently known facts and assumptions about future operations of the Debtors or the Reorganized Debtors, as applicable, as well as the United States and world economy in general and the relevant industries in which the Debtors operate. While the Debtors feel confident in their Financial Projections, there is no guarantee that the Financial Projections will be realized, and actual financial results may differ significantly from the Financial Projections. To the extent the Reorganized Debtors do not meet their projected financial results or achieve projected cash flows, the Reorganized Debtors may lack sufficient liquidity to continue operating as planned after the Effective Date, may be unable to service their debt obligations as they come due, or may not be able to meet their operational needs. Further, a failure of the Reorganized Debtors to meet their projected financial results could lead to cash flow and working capital constraints, which may require the Debtors to seek additional working capital. The Reorganized Debtors may be unable to obtain such working capital when required, or may only be able to obtain such capital on unreasonable or cost prohibitive terms. For example, the Reorganized Debtors may be required to take on additional debt, the interest costs of which could adversely affect the results of the operations and financial condition of the Reorganized Debtors.

**11. Certain Tax Implications of the Debtors' Bankruptcy and Reorganization**

Holders of Allowed Claims should carefully review Article XII of this Disclosure Statement to determine how the tax implications of the Plan and the Chapter 11 Cases may adversely affect the Debtors.

**C. Risk Factors Related to the Business Operations of the Debtors and Reorganized Debtors**

**1. The Debtors Are Subject to the Risks and Uncertainties Associated with Any Chapter 11 Restructuring**

For the duration of these Chapter 11 Cases, the Debtors' operations and the Debtors' ability to execute their business strategy will be subject to the risks and uncertainties associated with bankruptcy. These risks include, among other things:

- the Debtors' ability to obtain approval of the Bankruptcy Court with respect to pleadings and motion papers filed in the Chapter 11 Cases from time to time;
- the Debtors' ability to obtain creditor and Bankruptcy Court approval for, and then to consummate, the Plan to emerge from bankruptcy;
- the Debtors' ability to obtain and maintain normal trade terms with service providers and maintain contracts that are critical to their operations;
- the Debtors' ability to attract, motivate, and retain key employees;
- the Debtors' ability to attract and retain customers; and
- the Debtors' ability to fund and execute their business plan.

The Debtors are also subject to risks and uncertainties with respect to the actions and decisions of creditors and other third parties who have interests in the Chapter 11 Cases that may be inconsistent with the Plan.

These risks and uncertainties could affect the Debtors' businesses and operations in various ways. For example, negative events or publicity associated with the Chapter 11 Cases could adversely affect the Debtors' relationships with their customers, as well as their suppliers and employees, which, in turn, could adversely affect the Debtors' operations and financial condition. Also, pursuant to the Bankruptcy Code, the Debtors need Bankruptcy Court approval for transactions outside the ordinary course of business, which may limit their 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 predict or quantify the ultimate effect that events occurring during the Chapter 11 Cases will have on their businesses, financial condition, and results of operations.

As a result of the Chapter 11 Cases, the realization of assets and the satisfaction of liabilities are subject to uncertainty. While operating as debtors in possession, and subject to approval of the Bankruptcy Court, or otherwise as permitted in the normal course of business or Bankruptcy Court order, the Debtors may sell or otherwise dispose of assets and liquidate or settle liabilities. Further, the Plan could materially change the amounts and classifications of assets and liabilities reported in the historical consolidated financial statements. The historical consolidated financial statements do not include any adjustments to the reported amounts of assets or liabilities that might be necessary as a result of Confirmation.

**2. Disruption of Supply Chain**

The Debtors are part of a vertically integrated international enterprise, and their operations depend heavily on their non-debtor affiliates within the Stoli Group, particularly SPI, which supplies the majority of Stoli USA's inventory and licenses key intellectual property. While the Debtors are confident in the

reliability and various components that make up their supply and distribution chain, any significant disruption in the production, delivery, or pricing of inventory could adversely affect the Debtors' ability to generate revenue, maintain product availability, and meet customer expectations post-emergence. Additionally, a portion of Stoli USA's inventory is stored in third-party distribution centers and "control" states that may impose regulatory or logistical hurdles that limit the Debtors' flexibility or increase their costs. Moreover, the Debtors' business model relies on a large network of distributors governed by varied state laws. The Debtors' ability to secure anticipated upfront payments from distributors in exchange for new long-term contracts may be impacted by market conditions and other factors.

### **3. Regulatory and Compliance Risk**

As importers and sellers of alcoholic beverages in the United States, the Debtors are subject to extensive regulation by federal and state authorities. Any failure to comply with federal regulations, state liquor control boards, or customs import rules may result in penalties, loss of licenses, or operational shutdowns. Regulatory compliance costs may also increase post-emergence due to heightened scrutiny or legislative changes.

### **4. Cybersecurity and IT Risks**

As acknowledged in the First Day Declaration, the Debtors' global enterprise suffered a significant data breach and ransomware attack in August 2024 that disrupted enterprise resource planning (ERP) and internal accounting systems across affiliated entities within the Stoli Group. Although recovery efforts are ongoing, it is not certain when full restoration of IT systems will be achieved.

### **5. Substantial Debt Obligations**

Even under the Plan, the Debtors will retain substantial secured and unsecured obligations payable over time, including amortized monthly payments to Senior Lender and Bardstown, which are subject to interest through 2027 and 2026, respectively. Failure to meet these obligations, especially if liquidity tightens post-emergence, may expose the Debtors to renewed enforcement or insolvency risks.

### **6. Uncertainty in Asset Valuation**

Plan recoveries for the Debtors' secured creditors rely in part on asset transfers to either the Senior Lender or an SPV at fair market value. The value of aged bourbon inventory, spirits products, and intangible assets, such as licensing rights, may fluctuate with market demand, regulatory approvals, or appraiser assumptions.

### **7. Recent Economic Trends Could Adversely Affect the Debtors' Business, Results of Operations, and Financial Condition**

Tariffs or other trade impediments may affect the Debtors' projections provided with this Disclosure Statement. Any economic downturn could negatively impact customer demand and spending in the impacted regions and cause an oversupply of goods that could result in meaningful margin pressure. If these or other conditions limit the Debtors' ability to grow revenue or cause the Debtors' revenue to decline and the Debtors cannot reduce costs on a timely basis or at all, the Debtors' operating results may be materially affected.

## **8. Litigation Matters**

In the ordinary course of business, the Debtors are parties to certain lawsuits, legal proceedings, collection proceedings, and claims arising out of their business operations. The Debtors cannot predict with certainty the outcome of these lawsuits, legal proceedings, and claims. Particularly, with respect to the pending litigation involving the FTE Group, while the Debtors believe that the FTE Group's claims are meritless and Stoli USA and its affiliates will ultimately be successful in defending against the FTE Group's claims, the Debtors cannot predict such success with absolute certainty.

With certain exceptions, the filing of the Chapter 11 Cases operates as a stay with respect to the commencement or continuation of litigation against the Debtors that was or could have been commenced before the commencement of the Chapter 11 Cases. In addition, the Debtors' liability with respect to litigation stayed by the commencement of the Chapter 11 Cases generally is subject to discharge, settlement, and release upon confirmation of a plan under chapter 11, with certain exceptions. Therefore, certain litigation Claims against the Debtors may be subject to discharge in connection with the Chapter 11 Cases. Specific litigation includes or may include (1) workers' compensation cases involving current and former employees, (2) wrongful termination employee actions, (3) regulatory matters, and (4) other litigation matters that have since been closed.

### **D. Miscellaneous Risk Factors and Disclaimers**

#### **1. The Financial Information Is Based on the Debtors' Books and Records and, Unless Otherwise Stated, No Audit Was Performed**

In preparing this Disclosure Statement, the Debtors relied on financial data derived from their books and records that were available at the time of such preparation. Although the Debtors have used their reasonable business judgment to assure the accuracy of the financial information provided in this Disclosure Statement, and while the Debtors believe that such financial information fairly reflects their financial condition, the Debtors are unable to warrant or represent that the financial information contained in this Disclosure Statement (or any information in any of the exhibits to the Disclosure Statement) is without inaccuracies.

#### **2. No Legal or Tax Advice Is Provided by This Disclosure Statement**

This Disclosure Statement is not legal advice to any person or Entity. The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each reader should consult its own legal counsel and accountant with regard to any legal, tax, and other matters concerning its Claim. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote to accept or reject the Plan or whether to object to Confirmation.

#### **3. 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 the Debtors) nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, the Reorganized Debtors, Holders of Allowed Claims or Interests, or any other parties in interest.

#### **4. 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 is, or is not, identified in this Disclosure Statement. The Debtors may seek to investigate,

file, and prosecute Claims and may object to Claims after Confirmation and Consummation of the Plan, irrespective of whether this Disclosure Statement identifies such Claims or objections to Claims.

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

Counsel to and other advisors retained by the Debtors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although counsel to and other advisors retained by the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement and the exhibits to the Disclosure Statement, they have not independently verified the information contained in this Disclosure Statement or the information in the exhibits to the Disclosure Statement.

**6. 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 voting Holders' 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 voting Holders in arriving at their decision.

Voting Holders should promptly report unauthorized representations or inducements to counsel to the Debtors and the Office of the United States Trustee for the Northern District of Texas.

**7. No Duty to Update**

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Debtors have no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

**ARTICLE XI.**  
**Certain Securities Law Matters**

**A. Introduction**

The Debtors' Plan proposes a series of Restructuring Transactions and distributions that may involve the issuance, transfer, or retention of securities within the meaning of applicable United States federal and state securities laws. This section provides a comprehensive discussion of those implications, including the applicability of registration exemptions, the potential issuance or reinstatement of securities, resale limitations, the treatment of insider and affiliate transactions, and related compliance issues. This disclosure is intended to Holders of Claims and Interests and other parties in interest in understanding the legal framework under which any such securities transactions may be affected in connection with Confirmation and Consummation of the Plan.

Importantly, no securities are being offered or sold through this Disclosure Statement, and this Disclosure Statement does not constitute an offer or solicitation with respect to any securities. Any securities potentially issued under the Plan will be issued in reliance on one or more exemptions from registration under applicable federal and state securities laws.

**B. Applicability of Section 1145 of the Bankruptcy Code**

Section 1145(a) of the Bankruptcy Code provides a statutory exemption from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the “**Securities Act**”), and from state “blue sky” laws, for the offer or sale of certain securities under a confirmed chapter 11 plan. Specifically, Section 1145 provides that the offer or sale of securities is exempt from registration if:

- The securities are issued under a chapter 11 plan;
- The securities are issued by the debtor, a successor to the debtor, or an affiliate of the debtor that is participating in the plan of reorganization with the debtor; and
- The securities are issued in exchange for a claim against, an interest in, or an administrative expense claim against the debtor.

This exemption covers the issuance of stock, bonds, and other instruments that are “securities” within the meaning of Section 2(a)(1) of the Securities Act, including common and preferred equity, debt instruments, and certain derivative instruments.

If any securities are distributed to creditors or equity holders under the Plan in exchange for allowed claims or interests, the Debtors believe that such issuances will satisfy the requirements of Section 1145. Moreover, any retention or deemed issuance of equity interests held by the Plan Sponsor would not constitute a public offering under the Securities Act, and would not require registration.

**C. Retention and Treatment of Existing Equity Interests**

Under the Plan, the Equity Owners, including the Plan Sponsor, will retain their Interests in the Debtors, with the Plan not resulting in any newly issued Interests in the Reorganized Debtors. This retention is not subject to the registration requirements of the Securities Act. Furthermore, the Plan provides for the Plan Sponsor’s Plan Contribution of value—including:

- A subordinated unsecured loan of approximately \$1 million previously provided during the pendency of the Chapter 11 Cases, and waiver of right to receive a distribution on account of same;
- Waiver of the right to assert an administrative expense claim for the unpaid post-petition production payments owed by Stoli USA to SPI;
- A commitment to materially discount intercompany charges for inventory provided to Stoli USA; and
- Agreement to subordinate, defer, or restructure certain intercompany claims to facilitate payment in full to all third-party creditors.

This Plan Contribution provides a basis for the Equity Owners’ continued ownership of the Reorganized Debtors. No new securities are being distributed to the Equity Owners, including the Plan Sponsor, under the Plan in exchange for new capital contributions or services that would trigger registration requirements.

#### **D. Possible Issuances of Securities Under the Plan**

Although the Plan does not mandate the issuance of publicly tradable securities, it does contemplate several transactions that may, directly or indirectly, result in the issuance or retention of securities. These include:

##### **1. Exit Financing Instruments**

The Debtors intend to obtain exit financing in the form of one or more Exit Facilities to fund distributions under the Plan and support operations after the Effective Date. Any debt instruments, warrants, or other rights granted to exit lenders in connection with such financing may be deemed securities. The issuance of these instruments will be conducted as private placements to institutional investors or affiliates in reliance on Section 4(a)(2) of the Securities Act and/or Rule 506 of Regulation D. The Debtors do not intend to register these securities.

##### **2. Reinstated Intercompany Obligations**

The Plan provides for flexible treatment of Claims held by the Debtors' affiliates, including reinstatement, setoff, conversion to equity, settlement, or cancellation. If any portion of these Claims is converted to equity in either Debtor, such equity may constitute a "security." However, given the exclusively affiliated nature of these parties, any such issuance would qualify for exemption under Section 4(a)(2), Regulation D, or Regulation S, as applicable.

##### **3. Use of SPV to Liquidate Assets**

In connection with the toggle feature of the Plan that allows the Debtors to transfer assets to an SPV to satisfy secured Claims, membership interests in the SPV may be issued to the Debtors, the Senior Lender, or others. Such interests may constitute securities, but they will be issued in private transactions to sophisticated parties and exempt from registration under Section 4(a)(2) or Regulation D.

#### **E. Applicability of Section 4(a)(2) and Regulation D**

Where the Section 1145 exemption does not apply—such as for issuances to Plan Sponsor or other non-claimholder affiliates—the Debtors will rely on the "private offering" exemption set forth in Section 4(a)(2) of the Securities Act. This exemption is available for transactions that do not involve any public offering. Courts and the SEC consider several factors in determining whether a transaction qualifies, including:

- The sophistication of the offeree(s);
- Access to material information;
- Number of offerees;
- Absence of general solicitation.

Issuances to the Plan Sponsor, as a sophisticated foreign entity with comprehensive access to information, clearly fall within this exemption. In addition, the Debtors may utilize Regulation D, including Rule 506(b), to ensure compliance with federal and state securities laws for any other applicable transactions.

#### **F. Use of Regulation S for Non-U.S. Persons**

The Plan Sponsor and other affiliates of the Debtors are non-U.S. persons under Regulation S of the Securities Act. To the extent any securities are issued outside the United States to such entities, the Debtors believe that Regulation S will provide a separate exemption from registration, provided that:

- The offer and sale occur outside the United States;
- No directed selling efforts are made in the U.S.; and
- The purchaser is a non-U.S. person.

Issuances that comply with Regulation S are not subject to U.S. registration requirements, and resales are subject to minimal restrictions if sold offshore after the required holding period.

#### **G. Restrictions on Resale of Securities**

To the extent applicable, securities issued under the Plan pursuant to Section 1145 may be resold by recipients without registration, unless the holder is an “underwriter” as defined in Section 1145(b)(1), which includes:

- Persons who acquire securities with a view to distribution;
- Affiliates of the issuer;
- Persons who resell securities on behalf of the debtor or an affiliate.

Affiliates, including the Plan Sponsor and any of its designated entities or officers of the Reorganized Debtors, may be considered underwriters and thus may not resell such securities absent an effective registration statement or another applicable exemption.

Securities issued under Section 4(a)(2), Regulation D, or Regulation S will be deemed “restricted securities” and will be subject to resale limitations under Rule 144 unless held by non-affiliates who meet the applicable holding period and other requirements.

#### **H. State Securities (“Blue Sky”) Laws**

To the extent securities are issued pursuant to Section 1145, state securities law registration requirements are preempted. For securities issued under other exemptions, such as Section 4(a)(2), Regulation D, or Regulation S, compliance with applicable state blue sky laws may be required unless preempted under the National Securities Markets Improvement Act of 1996 (“NSMIA”). Where required, the Debtors will ensure that such securities are exempt from registration under the applicable state law through reliance on Rule 506 or other available exemptions.

#### **I. No Public Market for Debtors’ Securities**

There is currently no public market for any securities of the Debtors, and the Debtors do not anticipate that a public market will develop post-confirmation. The Debtors do not intend to register any securities issued under the Plan with the SEC or list them on any securities exchange. As a result, any securities distributed under the Plan are likely to be illiquid and may be subject to restrictions on transfer.

**J. No Reporting Obligations Under the Exchange Act**

Following confirmation of the Plan, the Debtors do not intend to register any class of securities under Section 12 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), nor do they intend to become subject to the periodic reporting requirements of Section 13 or Section 15(d) of the Exchange Act. Accordingly, holders of any securities issued under the Plan should not expect to receive periodic financial statements or reports from the Debtors or Reorganized Debtors, unless otherwise required by contract or law.

**K. No Offer or Solicitation**

This Disclosure Statement has been prepared in accordance with Section 1125 of the Bankruptcy Code and is not intended to constitute an offer to sell or a solicitation of an offer to buy any securities. Any such offer or sale, if it occurs, will be made only in compliance with applicable securities laws and pursuant to a valid exemption from registration.

**L. Conclusion**

The Debtors believe that all securities transactions contemplated under the Plan will be exempt from federal and state registration requirements, either under Section 1145 of the Bankruptcy Code, Section 4(a)(2) of the Securities Act, Regulation D, or Regulation S. The Debtors do not intend to register any securities issued under the Plan, and no public market is expected to exist for such securities. Accordingly, recipients of any such securities should be prepared to hold them indefinitely and should consult their own legal and financial advisors regarding the securities law implications of their receipt and any potential transfer of such securities

**ARTICLE XII.**  
**Certain U.S. Federal Tax Consequences of the Plan**

**THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF 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 AND INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR NON-U.S. TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.**

**A. Introduction and Scope of Discussion**

The purpose of this section is to provide a summary of certain U.S. federal income tax consequences of the implementation of the Plan for the Debtors. This summary is intended for general information only and is not a substitute for careful tax planning and advice based on the particular circumstances of each Holder of a Claim or Interest.

The discussion below is based on the Internal Revenue Code of 1986, as amended (the “**Tax Code**”), U.S. Treasury Regulations promulgated thereunder, judicial decisions, and published administrative rulings and pronouncements of the Internal Revenue Service (the “**IRS**”), all as in effect on the date of this Disclosure Statement. Legislative, judicial, or administrative changes or interpretations may be enacted or

issued in the future, possibly on a retroactive basis, that could alter or modify the statements and conclusions set forth herein.

This discussion does not address U.S. state, local, or non-U.S. tax consequences of the Plan, nor does it purport to address the tax consequences to special classes of taxpayers (such as tax-exempt organizations, S corporations, banks, financial institutions, insurance companies, regulated investment companies, broker-dealers, traders in securities that elect to mark-to-market, and persons holding claims or interests as part of a “straddle,” hedge, constructive sale, conversion transaction, or other integrated investment). This section does not address the tax consequences to holders of Intercompany Claims or Interests retained by Affiliates.

**THE DEBTORS DO NOT OFFER ANY OPINIONS OR REPRESENTATIONS REGARDING THE TAX CONSEQUENCES OF THE PLAN. HOLDERS OF CLAIMS AND INTERESTS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL, AND NON-U.S. TAX CONSEQUENCES OF THE PLAN, INCLUDING THE RECEIPT, OWNERSHIP, AND DISPOSITION OF ANY CONSIDERATION RECEIVED UNDER THE PLAN.**

**B. U.S. Federal Income Tax Consequences to the Debtors**

**1. Cancellation of Indebtedness Income and Section 108 Exclusion**

Under the Plan, the Debtors anticipate partial satisfaction, discharge, or modification of their indebtedness, including with respect to secured debt obligations owed to the Senior Lender and Bardstown, and unsecured Claims held by creditors. Absent an exception, the discharge of indebtedness for an amount less than the adjusted issue price of such debt would give rise to cancellation of indebtedness (“COD”) income, which is generally includible in gross income under section 61(a)(12) of the Tax Code.

However, section 108(a)(1)(A) of the Tax Code provides that a debtor in a Title 11 case is not required to include COD income in gross income to the extent the discharge occurs in a bankruptcy proceeding. The Debtors satisfy this requirement, and any COD income resulting from the Plan’s implementation will be excluded from income under section 108(a).

As a trade-off for this exclusion, the Debtors must reduce certain tax attributes in the order specified under section 108(b), including:

- Net operating loss carryforwards (NOLs),
- General business credits,
- Minimum tax credits,
- Capital loss carryforwards,
- Basis of depreciable and non-depreciable assets,
- Passive activity loss and credit carryovers,
- Foreign tax credits.

The Debtors anticipate that implementation of the Plan will require meaningful reductions in NOLs and basis in assets, potentially limiting future tax shields available to offset post-emergence income.

## **2. Impact of Section 382 Ownership Change**

The Debtors are corporations for U.S. federal income tax purposes. If the implementation of the Plan results in an “ownership change” under section 382 of the Tax Code—generally defined as a greater than 50-percentage point shift in ownership of 5% or greater shareholders over a rolling three-year period—the use of the Debtors’ NOLs and certain other tax attributes to offset future taxable income may be limited.

Although the Plan Sponsor retain its equity Interests in both Debtors under the Plan, the Plan’s treatment of Intercompany Claims (which may include conversions into equity, contributions, or setoffs), the Plan Contribution, and certain asset transfers (e.g., to a special purpose vehicle or directly to lenders) may trigger a deemed equity issuance or recasting of value for tax purposes, thereby resulting in an ownership change. If so, the Debtors’ NOLs will be subject to an annual limitation equal to the fair market value of the Debtors immediately before the ownership change multiplied by the long-term tax-exempt rate (approximately 2.5% as of the most recent IRS guidance).

Further, if the IRS were to determine that the primary purpose of the Plan was to avoid the application of section 382, the Debtors could be subject to more stringent restrictions, or a complete disallowance of losses, under the anti-abuse rules of Treasury Regulations section 1.382-9.

## **C. U.S. Federal Income Tax Consequences to Holders of Claims**

### **1. Treatment of Gain or Loss on Receipt of Plan Distributions**

The U.S. federal income tax treatment of a Holder of an Allowed Claim that receives a distribution in satisfaction of such Claim will depend upon the nature of the Claim, the tax status of the Holder, the form of the consideration received, and the extent to which the Claim includes accrued but unpaid interest.

In general, a Holder of a Claim will recognize gain or loss in an amount equal to the difference between (i) the “amount realized” by the Holder in satisfaction of the Claim (i.e., the sum of the cash and fair market value of any property received) and (ii) the Holder’s adjusted tax basis in the Claim. A Holder’s adjusted tax basis in a Claim generally equals the Holder’s cost for the Claim, with certain adjustments for payments previously received and other applicable rules. If payments are made over time, and the Claim is treated as a “debt instrument” for tax purposes, installment method reporting under section 453 may apply. Each applicable Holder should consult with its own tax advisors as to the tax consequences of such distributions, and the applicability of the installment sale rules.

### **2. Character of Gain or Loss**

Where gain or loss is recognized by a U.S. Holder in an exchange of Allowed Claims pursuant to the Plan, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of such U.S. Holder, whether the Claims constitute capital assets in the hands of such U.S. Holder and how long they have been held, whether the Claims were acquired at a market discount, and whether and to what extent the Holder previously claimed a worthlessness deduction with respect to the Claims. In general, any gain or loss generally should be long-term capital gain or loss if the U.S. Holder held such Claims as capital assets and such U.S. Holder’s holding period in the Claims is more than one (1) year at the time of the relevant exchange. A reduced tax rate on long-term capital gain may apply to non-corporate U.S. Holders. The deductibility of capital losses is subject to limitations. Where the Claim arises from a trade or

business transaction, such as for unpaid goods or services, the gain or loss may be ordinary. In addition, interest accruing on Claims following the Effective Date generally will be taxable to a U.S. Holder as ordinary income at the time such interest is received or accrued, in accordance with such U.S. Holder's method of tax accounting for U.S. federal income tax purposes.

A U.S. Holder that purchased its applicable Claims from a prior holder at a "market discount" (relative to the principal amount of the Claims at the time of acquisition) may be subject to the market discount rules of the Tax Code. In general, a debt instrument is considered to have been acquired with market discount if the Holder's adjusted tax basis in the debt instrument is less than (i) its "stated redemption price at maturity" (which generally would be equal to the stated principal amount if all stated interest was required to be paid in cash or property at least annually) or (ii) in the case of a debt instrument issued with original issue discount ("OID"), its adjusted issue price, in each case, by more than a de minimis amount. Under these rules, any gain recognized on the exchange of Claims (which, as discussed below, does not include amounts received in respect of accrued but unpaid interest or OID, if any) generally will be treated as ordinary income to the extent of the market discount accrued (on a straight line basis or, at the election of the U.S. Holder, on a constant yield basis) during the U.S. Holder's period of ownership, unless such U.S. Holder elected to include the market discount in income as it accrued. If a U.S. Holder of Claims did not elect to include market discount in income as it accrued and, thus, under the market discount rules, was required to defer all or a portion of any deductions for interest on debt incurred or maintained to purchase or carry its Claims, such deferred amounts should become deductible at the time of the exchange. To the extent that Claims acquired with a market discount are exchanged in a tax-deferred transaction for other property, any market discount that accrued on such Claims but was not recognized by the U.S. Holder generally is carried over to the property received therefor, and any gain recognized on the subsequent sale or other disposition of the property generally is treated as ordinary income to the extent of the accrued, but not recognized, market discount with respect to such Claims. U.S. Holders who acquired their Claims other than at original issuance should consult their tax advisors regarding the possible application of the market discount rules.

### **3. Accrued Interest**

A Holder who has not previously included accrued but unpaid interest in gross income and who receives a distribution allocable to such interest generally will be required to recognize that amount as ordinary income. Conversely, a Holder may be able to recognize a loss (or a bad debt deduction) if accrued interest is not paid and the portion of the Claim attributable to such interest becomes worthless.

Article VI., clause G. of the Plan provides that distributions to Holders with respect to any Allowed Claim will, to the extent permitted by applicable law, be allocated first to the principal amount of such Allowed Claims, with any excess allocated to the remaining portion of such Allowed Claim. There is no assurance that the IRS will respect such allocation for U.S. federal income tax purposes.

Holders of Claims should consult their tax advisors regarding the proper allocation of the consideration received by them under the Plan, as well as the character of any loss claimed with respect to accrued but unpaid interest (including OID) previously included in income for U.S. federal income tax purposes

### **D. Tax Treatment of Foreign Creditors and Interest Holders**

The following discussion includes only certain U.S. federal income tax consequences of the Plan to non-U.S. Holders. The 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, and local and the non-U.S. tax consequences of the consummation of the Plan

**1. Recognition of Gain or Loss by Non-U.S. Persons**

Any gain realized by a non-U.S. Holder on the exchange of its Claim under the Plan 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 applicable taxable year 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, to the extent that any gain is taxable, the non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (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 in the same manner as a U.S. Holder. 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% (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. Withholding on Distributions to Non-U.S. Persons**

Under the Tax Code, certain payments to non-U.S. Holders (e.g., foreign creditors and equity holders) may be subject to U.S. withholding tax. Specifically:

Distributions that are characterized as interest may be subject to a 30% U.S. federal withholding tax, unless reduced or eliminated by an applicable income tax treaty or the "portfolio interest exemption." The portfolio interest exemption will not apply if:

- the non-U.S. Holder actually or constructively owns 10% or more of the total combined voting power of all classes of the Debtors' stock entitled to vote;
- the non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to the Debtors within the meaning of the Tax Code;
- the non-U.S. Holder is a bank receiving interest described in section 881(c)(3)(A) of the Tax Code; or
- such interest is effectively connected with the conduct by the non-U.S. Holder of a trade or business within the United States.

A non-U.S. Holder described in the first three bullets above generally will be subject to withholding of U.S. federal income tax at a 30% rate (or at a reduced rate or exemption from tax under an applicable income tax treaty) on interest.

A non-U.S. Holder described in the fourth bullet above generally will not be subject to withholding tax if it provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, but will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such non-U.S. Holder's effectively

connected earnings and profits that are attributable to the interest at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

To claim exemption or reduced rates, foreign Holders must provide the appropriate IRS Form W-8 (e.g., W-8BEN, W-8ECI).

### **3. FATCA and Reporting Obligations**

Under 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% 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 (including, but not limited to, dividends and interest). Pursuant to proposed Treasury Regulations on which taxpayers are permitted to rely pending their finalization, this withholding obligation would not apply to gross proceeds from the sale or disposition of property giving rise to dividends or interest. FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding.

#### **E. Reporting and Withholding Obligations**

All distributions under the Plan are subject to applicable tax withholding, including backup withholding under section 3406 of the Tax Code, unless the recipient provides a properly completed IRS Form W-9 (for U.S. persons) or Form W-8 (for non-U.S. persons). Backup withholding generally applies to reportable payments if the recipient fails to provide a taxpayer identification number or underreports interest or dividend income.

Any amounts withheld from a payment to a Holder under the backup withholding rules may be credited against the Holder’s U.S. federal income tax liability, and a refund may be obtained to the extent such withholding exceeds the actual tax liability of the Holder.

#### **F. Information Reporting**

The Debtors, the Reorganized Debtors, or their distribution agents may be required to file information returns with the IRS with respect to distributions made pursuant to the Plan. Holders may also be required to furnish certain information to establish an exemption from withholding or to comply with tax reporting obligations.

#### **G. Importance of Tax Advice**

**THE FOREGOING IS INTENDED TO BE A GENERAL SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE IMPLEMENTATION OF THE PLAN. IT IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING. THE TAX CONSEQUENCES TO HOLDERS MAY VARY BASED ON INDIVIDUAL CIRCUMSTANCES AND MAY BE AFFECTED BY OTHER FACTORS, INCLUDING WHETHER THE HOLDER HAS TAKEN A BAD DEBT DEDUCTION, THE HOLDER’S METHOD OF ACCOUNTING, OR WHETHER THE HOLDER IS A NON-U.S. PERSON.**

**HOLDERS OF CLAIMS THAT RECEIVE DISTRIBUTIONS UNDER THE PLAN SHOULD CONSULT WITH THEIR TAX ADVISORS REGARDING THE ALLOCATION OF CONSIDERATION AND THE TAX IMPLICATIONS OF THE PLAN TO THEIR PARTICULAR SITUATION.**

**ARTICLE XIII.**  
**Recommendation of the Debtors**

In the opinion of the Debtors, the Plan is preferable to the alternatives described in this Disclosure Statement because it provides for a larger distribution to Holders of Allowed Claims and Interests than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. In addition, any alternative other than Confirmation could result in extensive delays and increased administrative expenses, resulting in smaller distributions to Holders of Allowed Claims than proposed under the Plan. Accordingly, the Debtors recommend that Holders of Claims and Interests entitled to vote to accept or reject the Plan support Confirmation and vote to accept the Plan.

Respectfully submitted,

**Stoli Group (USA), LLC and Kentucky Owl, LLC**

/s/ Chris Caldwell

Name: Chris Caldwell

Title: Global Chief Executive Officer

Prepared by:

Holland N. O'Neil (TX 14864700)  
Stephen A. Jones (TX 24101270)  
Mary Rofaeil (TX 24119467)  
Zachary C. Zahn (TX 24137675)  
**FOLEY & LARDNER LLP**  
2021 McKinney Avenue, Suite 1600  
Dallas, TX 75201  
Telephone: (214) 999-3000  
Facsimile: (214) 999-4667  
honeil@foley.com  
sajones@foley.com  
mary.rofaeil@foley.com  
zzahn@foley.com

-and-

Ann Marie Uetz (admitted *pro hac vice*)  
**FOLEY & LARDNER LLP**  
500 Woodward Avenue, Suite 2700  
Detroit, MI 48226-3489  
Telephone: (313) 234-7100  
Facsimile: (313) 234-2800  
auetz@foley.com

-and-

Michael J. Small (admitted *pro hac vice*)  
**FOLEY & LARDNER LLP**  
321 North Clark Street, Suite 3000  
Chicago, IL 60654-4762  
Telephone: (312) 832-4500  
Facsimile: (312) 832-4700  
msmall@foley.com

**COUNSEL TO DEBTORS  
AND DEBTORS IN POSSESSION**