

EXHIBIT A

THIS IS NOT A SOLICITATION FOR ACCEPTANCES OR REJECTIONS OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THE DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL TO THE BANKRUPTCY COURT, BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AT THIS TIME.

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF KENTUCKY
LEXINGTON DIVISION**

----- X
In re: : Case No. 19-50042
: :
MATTRESS RESOLUTION, LLC f/k/a : Chapter 11
INNOVATIVE MATTRESS SOLUTIONS, :
LLC, *et al.*¹ : Jointly Administered
: :
Debtor. :
----- X

**DISCLOSURE STATEMENT IN SUPPORT OF PLAN FILED BY
OFFICIAL COMMITTEE OF UNSECURED CREDITORS
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

/s/ James R. Irving
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¹ The Debtors in these chapter 11 cases, together with the last four digits of each Debtor’s federal tax identification number, are as follows: Innovative Mattress Solutions, LLC – 1096; Sleep Outfitters of Alabama LLC – 2914; Sleep Outfitters of Indiana LLC – 6006; Sleep Outfitters of Kentucky, LLC – 2729; Sleep Outfitters of Ohio LLC – 9814; Sleep Outfitters of Tennessee LLC – 1127; Sleep Outfitters of West Virginia, LLC – 6079; Sleep Liquidators LLC – 5703; Brown Immobilien LLC – 6617; Knopf Systems, LLC – 1096; and K. B. & Associates, Incorporated– 3479.

Creditors

Dated: _____, 2019

**THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS _____,
2019 AT 5:00 P.M. (_____). TO BE COUNTED, BINGHAM GREENEBAUM
DOLL LLP, 3500 PNC TOWER, 101 S. FIFTH STREET, LOUISVILLE, KY 40202 MUST
ACTUALLY RECEIVE YOUR BALLOT ON OR BEFORE THE VOTING DEADLINE.**

**THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN
AND ANY EXHIBITS THERETO IS SPECULATIVE, AND PERSONS SHOULD NOT
RELY ON SUCH DOCUMENTS IN MAKING INVESTMENT DECISIONS WITH
RESPECT TO (A) THE DEBTORS OR (B) ANY OTHER ENTITIES THAT MAY BE
AFFECTED BY THE CHAPTER 11 CASE.**

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT—INCLUDING, BUT NOT LIMITED TO, THE INFORMATION REGARDING THE DEBTORS’ HISTORY, BUSINESSES, AND OPERATIONS, THE DEBTORS’ FINANCIAL INFORMATION, AND THE DEBTORS’ LIQUIDATION ANALYSES—IS INCLUDED SOLELY FOR THE LIMITED PURPOSE OF SOLICITING ACCEPTANCES OF THE PLAN. YOU SHOULD NOT RELY UPON OR USE THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR ANY OTHER PURPOSE.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(B) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND IS NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS. THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE AUTHORITY AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN.

THIS DISCLOSURE STATEMENT MAY CONTAIN “FORWARD LOOKING STATEMENTS” WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD LOOKING TERMINOLOGY SUCH AS “MAY,” “EXPECT,” “ANTICIPATE,” “ESTIMATE,” OR “CONTINUE” OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. THE READER IS 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 DISTRIBUTION PROJECTIONS AND OTHER INFORMATION CONTAINED HEREIN AND ATTACHED HERETO ARE ESTIMATES ONLY, AND THE TIMING AND AMOUNT OF ACTUAL DISTRIBUTIONS TO HOLDERS OF ALLOWED CLAIMS MAY BE AFFECTED BY MANY FACTORS THAT CANNOT BE PREDICTED, THEREFORE, ANY ANALYSES, ESTIMATES OR RECOVERY PROJECTIONS MAY OR MAY NOT TURN OUT TO BE ACCURATE.

NO LEGAL OR TAX ADVICE IS PROVIDED TO YOU BY THIS DISCLOSURE STATEMENT. THE COMMITTEE URGES EACH HOLDER OF A CLAIM OR AN EQUITY 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 EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT’S APPROVAL OF THE ADEQUACY OF DISCLOSURE CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT’S APPROVAL OF THE MERITS OF THE PLAN.

IT IS THE COMMITTEE'S POSITION THAT THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION OR WAIVER. RATHER, HOLDERS OF CLAIMS AND EQUITY INTERESTS AND OTHER ENTITIES SHOULD CONSTRUE THIS DISCLOSURE STATEMENT AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS RELATED TO CONTESTED MATTERS AND OTHER PENDING OR THREATENED LITIGATION OR ACTIONS.

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 THE DISCLOSURE STATEMENT. THE COMMITTEE 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 THE DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS. THE PLAN RESERVES THE RIGHT FOR THE COMMITTEE TO BRING CAUSES OF ACTION (DEFINED IN THE PLAN) AGAINST ANY ENTITY OR PARTY IN INTEREST EXCEPT THOSE SPECIFICALLY RELEASED.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASE AND CERTAIN DOCUMENTS RELATED TO THE PLAN THAT ARE ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE. ALTHOUGH THE COMMITTEE BELIEVES THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THE SUMMARIES DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH 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.

ALL REPRESENTATIONS CONTAINED HEREIN ARE THOSE OF THE COMMITTEE EXCEPT WHERE OTHERWISE STATED. NO OTHER PERSON IS AUTHORIZED BY THE COMMITTEE TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN, AND THE EXHIBITS ATTACHED THERETO, INCORPORATED BY REFERENCE, OR REFERRED TO HEREIN. IF ANY SUCH INFORMATION IS GIVEN OR REPRESENTATIONS ARE MADE, SUCH INFORMATION OR REPRESENTATIONS MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMMITTEE OR DEBTOR. FURTHER, ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY ANY PERSON. HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN MUST RELY ON THEIR OWN EVALUATION OF THE DEBTORS AND THEIR OWN ANALYSIS OF THE TERMS OF THE PLAN, INCLUDING, WITHOUT LIMITATION, ANY RISK FACTORS CITED HEREIN, IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN.

PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM OR INTEREST IN A VOTING CLASS SHOULD CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN GREATER DETAIL HEREIN.

RECOMMENDATION BY THE COMMITTEE

The Committee recommends that all creditors and interest holders whose votes are being solicited submit ballots to accept the Plan. Only the votes of holders of Class 2 (Tempur Unsecured Claims) and Class 3 (General Unsecured Claims) Claims are being solicited to vote on the Plan.

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EXHIBITS

Exhibit A	The Plan
Exhibit B	Disclosure Statement Order
Exhibit C	Organizational Chart

ARTICLE I

SUMMARY²

Pursuant to section 1125 of the Bankruptcy Code, the Official Committee of Unsecured Creditors (“Committee”) submits this Disclosure Statement to holders of Claims and Equity Interests in connection with (a) the solicitation of votes to accept or reject the Plan, dated as of _____, 2019 and (b) the Confirmation Hearing, which is scheduled for [____], 2019 at [____] (Eastern Standard Time).

The following summary is qualified in its entirety by the more detailed information and financial statements contained elsewhere in this Disclosure Statement.

A. Rules of Interpretation

1. For purposes herein: (a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neutral gender shall include the masculine, feminine and the neutral gender; (b) any reference herein to a contract, instrument, release, indenture or other agreement or document being in a particular form or an particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (c) any reference herein to an existing document or exhibit having been filed or to be filed shall mean that document or exhibit, as it may thereafter be amended, modified or supplemented; (d) unless otherwise specified, all references herein to “Articles” are references to Articles hereof or hereto; (e) the words “herein,” “hereof” and “hereto” refer to the Plan in its entirety rather than to a particular portion of the Plan; (f) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (h) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

2. The provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed hereby.

3. All references herein to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

B. The Chapter 11 Case and the Sale of the Debtors’ Assets

On the Petition Date, the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Immediately before the Petition Date, Tempur World, Inc. (“Tempur”), which was also Debtors’ primary supplier and largest unsecured creditor, purchased the Debtors’ prepetition secured loans, in the amount as of the Petition Date, of approximately \$3,700,000 in

² Capitalized terms not otherwise defined herein are defined in the glossary contained in Article XV of this Disclosure Statement

principal. Pursuant to the Final Financing Order, Tempur also provided the Debtors with a DIP financing facility in the principal amount of up to \$14,000,000. The Debtors continue to manage and operate its business as a debtor in possession under sections 1107 and 1108 of the Bankruptcy Code. On January 23, 2019, the Office of the United States Trustee appointed the Committee. No trustee or examiner has been appointed in the Chapter 11 Case

On February 12, 2019, the Debtors filed a motion authorizing the Debtor to sell substantially all its assets free and clear of all liens, claims encumbrances, and interests through an auction process. [Docket No. 279]. On February 25, 2019, the Bankruptcy Court approved the bidding procedures and entered an Order authorizing the Debtors to sell substantially all its assets via auction free and clear of all liens, claims encumbrances, and interests. [Docket No. 334]. On March 22, 2019 the Bankruptcy Court entered the Sale Order approving the sale of substantially all of the Debtors' assets free and clear of all liens to Tempur and authorizing the assumption and assignment of certain executory contracts and leases in connection therewith [Docket No. 424]. Tempur purchased substantially all of the Debtors' assets through a credit bid plus \$300,000 cash to wind down the Debtors' estates, \$160,000 to pay 503(b)(9) claims, and an additional \$50,000, for an estimated purchase price of \$23,640,727 [Docket No. 463]. Further, Tempur agreed that it and its affiliates shall subordinate their pre-petition unsecured claims against the Debtors up to the first \$500,000 of distributions to holders of allowed unsecured claims against the Debtors [Docket No. 334, ¶ 57]. Additionally, on April 5, 2019, the Bankruptcy Court entered an Order authorizing the Debtors to sell certain vehicles and planes that were not purchased by Tempur. [Docket No. 476].

The Committee believes that the liquidation of its remaining assets pursuant to chapter 11 of the Bankruptcy Code, as opposed to chapter 7 of the Bankruptcy Code, would yield greater recovery to the Debtors' creditors.

C. The Purpose of the Plan

On _____, 2019, the Committee filed the Plan with the Bankruptcy Court to facilitate the liquidation of the Debtors' Estate and the Distribution of the Assets to holders of Allowed Claims. A copy of the Plan is attached hereto as **Exhibit A** and is incorporated herein by reference. The Plan proposes to substantively consolidate the Debtors' estates in order to streamline the recovery of assets and distribution on claims.

The Committee believes that the Plan provides the best recoveries possible for holders of Allowed Claims and strongly recommends that, of such holders that are entitled to vote, that they vote to accept the Plan.

Pursuant to section 1141(d)(3) of the Bankruptcy Code, the Plan does not contain a discharge for the Debtors as the Plan is a liquidating plan and the Debtors will not be engaging in business after the consummation of the Plan. Therefore, the Debtors are not entitled to a discharge under section 727(a) of the Bankruptcy Code.

D. Treatment of Claims and Equity Interests

THE FOLLOWING CHART IS A SUMMARY OF THE CLASSIFICATION AND TREATMENT OF ALLOWED CLAIMS AND EQUITY INTERESTS AND THE POTENTIAL DISTRIBUTIONS UNDER THE PLAN. THE AMOUNTS SET FORTH BELOW ARE ESTIMATES ONLY. REFERENCE SHOULD BE MADE TO THE ENTIRE DISCLOSURE STATEMENT AND THE PLAN FOR A COMPLETE DESCRIPTION OF THE CLASSIFICATION AND TREATMENT OF ALLOWED CLAIMS AND EQUITY INTERESTS. THE RECOVERIES SET FORTH BELOW ARE PROJECTED RECOVERIES AND ARE, THEREFORE, SUBJECT TO CHANGE. THE ALLOWANCE OF CLAIMS AND EQUITY INTERESTS MAY BE SUBJECT TO LITIGATION OR OTHER ADJUSTMENTS, AND ACTUAL ALLOWED AMOUNTS FOR CLAIMS AND EQUITY INTERESTS MAY DIFFER MATERIALLY FROM THESE ESTIMATED AMOUNTS.

<u>Class/Type of Claim or Equity Interest</u>	<u>Plan Treatment of Class</u>	<u>Projected Recovery Under Plan</u>
UNCLASSIFIED CLAIMS		
Administrative Claims	Paid in full in Cash on the Effective Date or as soon as practicable thereafter, or otherwise waived in the context of accrued professional claims.	100%
Priority Tax Claims	Paid in full in Cash on the Effective Date or as soon as practicable thereafter.	100%
Other Priority Claims	Paid in full in Cash on the Effective Date or as soon as practicable thereafter.	100%
CLASSIFIED CLAIMS		
Secured Claims (Class 1)	Secured Claims were paid for from the Sale as set forth in the Sale Order	100%
Tempur Unsecured Claims (Class 2)	The Tempur Unsecured Claim shall be voluntarily subordinated to the General Unsecured Claims for the first \$500,000 of distributions and then subject to pro rata distribution of the Assets remaining in the GUC Trust to satisfy it	unknown
General Unsecured Claims (Class 3)	General Unsecured Claims will receive a pro rata distribution of the Assets remaining in the GUC Trust after all Administrative and Priority Claims have been satisfied	unknown

<u>Class/Type of Claim or Equity Interest</u>	<u>Plan Treatment of Class</u>	<u>Projected Recovery Under Plan</u>
Intercompany Claims (Class 4)	The Intercompany Claims shall be voluntarily subordinated to the General Unsecured Claims and there will not be any Assets remaining in the GUC Trust to satisfy them	0%
Equity Interests (Class 5)	All Equity Interests in the Debtors shall be cancelled	0%

E. Entities Entitled to Vote on the Plan

The Plan divides Claims against Interests in the Debtors into Classes and provides separate treatment for each Class.

As provided in section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Priority Tax Claims and Other Priority Claims will not be classified for the purposes of voting or receiving distributions under the Plan.

<u>Class</u>	<u>Claim</u>	<u>Status</u>	<u>Voting Rights</u>
1	Secured Claims	Unimpaired	Not Entitled to Vote
2	Tempur Unsecured Claims	Impaired	Entitled to Vote
3	General Unsecured Claims	Impaired	Entitled to Vote
4	Intercompany Claims	Impaired	Deemed to Reject
5	Equity Interests	Impaired	Deemed to Reject

The Committee **IS** soliciting votes to accept or reject the Plan from holders of Tempur Unsecured Claims in Class 2 and General Unsecured Claims in Class 3 because such holders are Impaired under the Plan and will receive Distributions under the Plan. Accordingly, holders of Tempur Unsecured Claims in Class 2 and General Unsecured Claims in Class 3 have the right to vote to accept or reject the Plan.

The Committee **IS NOT** seeking votes from the holders of the Intercompany Claims in Class 4 and Equity Interests in Class 5 because such holders will receive no Distribution under the Plan. Therefore, the holders of the Intercompany Claims in Class 4 and Equity Interests in Class 5 are deemed to have rejected the Plan and will not be entitled to vote to accept or reject the Plan.

For a detailed description of the Classes of Claims and Equity Interests, as well as their respective treatment under the Plan see Article III of the Disclosure Statement.

F. Solicitation Process

The following documents and materials will constitute the solicitation package:

- Plan;
- Disclosure Statement;
- Disclosure Statement Order;
- Confirmation Hearing Notice;
- Appropriate Ballot; and
- Pre-addressed, postage pre-paid return envelope.

The Committee intends to distribute the solicitation packages no fewer than thirty-five (35) calendar days before the Voting Deadline. The Committee submits that distribution of the solicitation packages at least thirty-five (35) calendar days prior to the Voting Deadline will provide the requisite materials to holders of Claims entitled to vote on the Plan in compliance with Bankruptcy Rules 2002(b) and 3017(d).

The solicitation package will be distributed to holders of Tempur Unsecured Claims Class 2 and General Unsecured Claims in Class 3 as of the Voting Record Date and in accordance with the Solicitation Procedures. The Solicitation Procedures set forth in the Disclosure Statement Order, which is attached hereto as **Exhibit B**. The solicitation package may also be obtained by contacting Committee counsel (Bingham Greenebaum Doll LLP, Attn: James R. Irving, 3500 PNC Tower, 101 South Fifth Street, Louisville, KY 40202 or jirving@bgdlegal.com).

G. Voting Procedures

The Voting Record Date is _____, 2019. The Voting Record Date is the date on which holders of Claims that are entitled to vote to accept or reject the Plan will be determined.

The Voting Deadline is 5:00 p.m. (Eastern Standard Time) on _____, 2019. To ensure that a vote is counted, holders of Claims that are entitled to vote on the Plan must: (i) complete the Ballot; (ii) indicate a decision either to accept or reject the Plan; and (iii) sign and return the Ballot to the address set forth on the enclosed pre-addressed envelope provided in the solicitation package or by delivery via first-class mail, overnight courier or personal delivery, so that all Ballots are **actually received** no later than the Voting Deadline, by the Voting Agent. ANY BALLOT THAT IS PROPERLY EXECUTED BY THE HOLDER OF A CLAIM ENTITLED TO VOTE, BUT THAT DOES NOT CLEARLY INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN OR INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN, WILL NOT BE COUNTED.

EACH HOLDER OF A CLAIM ENTITLED TO VOTE MUST VOTE ALL OF ITS INTEREST WITHIN A PARTICULAR CLASS EITHER TO ACCEPT OR REJECT THE PLAN AND MAY NOT SPLIT SUCH INTEREST.

IF A BALLOT IS RECEIVED AFTER THE VOTING DEADLINE, IT WILL NOT BE COUNTED UNLESS THE COMMITTEE DETERMINES OTHERWISE.

Prior to deciding whether and how to vote on the Plan, each holder in a Voting Class should consider carefully all of the information in this Disclosure Statement, especially the risk factors described herein.

H. Confirmation Hearing

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

The Confirmation Hearing will commence on _____, 2019 at _____ (Eastern), at before the Honorable Gregory Schaaf , U.S. Bankruptcy Court, Community Trust Building, 100 East Vine Street, 2nd Floor Courtroom, Lexington, KY 40507. 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 any adjournment thereof.

ARTICLE II

BACKGROUND OF DEBTORS

A. The Debtors' Business

1. The Debtors' Operations

The origins of Debtors' mattress business originated in 1983 with K. B. & Associates, Incorporated ("KB&A") in Charleston, West Virginia. KB&A grew and expanded its retail operations into Kentucky and Ohio. In 2002, Debtor Innovative Mattress Solutions, LLC ("iMS") was formed as the single entity which purchased and owned all inventory across all locations, and various other entities were formed in the growth. Knopf Systems LLC ("Knopf Systems") was formed to own all of the intellectual property used in the Debtors' operations.

The Debtors Sleep Outfitters of Alabama LLC, Sleep Outfitters of Indiana LLC, Sleep Outfitters of Kentucky LLC , Sleep Outfitters of Ohio LLC, Sleep Outfitters of Tennessee LLC, Sleep Outfitters of West Virginia LLC, Sleep Liquidators LLC and Brown Immobilien LLC were formed as the operations expanded into different states. An Organizational Chart detailing the ownership of each Debtor is attached on **Exhibit C**. Over the years, the operations grew from the initial original store in South Charleston, WV to over 160 retail locations in West Virginia, Ohio, Kentucky, Indiana, Tennessee, Alabama and Virginia. As of the Petition Date, the Debtors operated a total of 142 retail locations and 6 distribution centers. Additionally, at the Petition Date, the Debtors were a party to approximately 142 retail store leases with approximately 119 different landlords.

2. The Debtors' Employees

At the Petition Date, the Debtors employed approximately four-hundred (400) employees across the states where Debtors operated. Some of these employees are now employees of Tempur through the Sale. As of the filing of this Disclosure Statement, the Debtors no longer have any employees.

3. The Debtors' Officers and Directors

As of the Petition Date, Kimberly B. Knopf acted as the Debtors' CEO and majority member of the LLC Debtors, and majority shareholder of KBA, Rick Zander operated as the Debtors' CFO, and Ken Knopf acted as General Counsel. A full organizational chart reflecting the ownership of the different Debtors by Kimberly B. Knopf, Karrie Beth Knopf 2002 Gift Trust, Kristin Knopf 2002 Gift Trust and Ken Knopf is detailed in Exhibit C.

B. Events Leading to the Chapter 11 Case

Following the creation of the expanded corporate structure, Debtors continued to grow and expand. In 2016, Debtors embarked on further expansions, including appointing Tempur Sealy as its single mattress product provider which also included incentives to expand into other geographic markets. However, the national mattress market had suffered along with the general brick-and-mortar retail market. Plus, the highly aggressive promotional strategy employed by Mattress Firm, a large, nationwide competitor to the Debtors, further challenged the business through heavy discounting, product liquidations and free product give-a-ways.

Debtors operations struggled during 2017-18.

Then in 2018, Debtors remained current with the majority of parties in interest; however, as part of a forbearance with Tempur, Debtors retained outside financial consultants in October 2018. Rents in certain markets started going unpaid, leading to default notices, evictions and other landlord-related litigation and disruptions. In addition, certain advertising began to be cut off at certain levels.

C. The Sale of Substantially All Debtors' Assets

On February 12, 2019, the Debtors filed a motion authorizing the Debtors to sell substantially all its assets free and clear of all liens, claims encumbrances, and interests through an auction process. [Docket No. 279]. On February 25, 2019, the Bankruptcy Court approved the bidding procedures and entered an Order motion authorizing the Debtors to sell substantially all its assets via auction free and clear of all liens, claims encumbrances, and interests. [Docket No. 334]. On March 22, 2019 the Bankruptcy Court entered the Sale Order approving the sale of substantially all of the Debtors' assets free and clear of all liens to Tempur and authorizing the assumption and assignment of certain executory contracts and leases in connection therewith [Docket No. 424]. Tempur purchased substantially all of the Debtors' assets through a credit bid plus \$300,000 cash to wind down the Debtors' estates, \$160,000 to pay 503(b)(9) claims, and an additional \$50,000, for an estimated purchase price of \$23,640,727 [Docket No. 463]. Further, Tempur agreed that it and its affiliates shall subordinate their pre-petition unsecured claims against the Debtors up to the first \$500,000 of distributions to holders of allowed unsecured claims against the Debtors [Docket No. 334, ¶ 57]. Additionally, on April 5, 2019, the Bankruptcy Court entered an Order authorizing the Debtors to sell certain vehicles and planes that were not purchased by Tempur. [Docket No. 476].

ARTICLE III

SUMMARY OF THE PLAN

A. Summary

1. In accordance with section 1123(a)(1) of the Bankruptcy Code, the Committee has not classified Administrative Claims, Priority Tax Claims and Other Priority Claims.

2. The following table classifies Claims against and Equity Interests in the Debtors for all purposes, including voting confirmation and Distribution pursuant hereto and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. The Plan deems a Claim or Equity Interest to be classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that any such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date. Each Class set forth below is treated under the Plan as a distinct Class for voting and distribution purposes.

3. Summary of Classification and Treatment of Classified Claims and Equity Interests.

<u>Class</u>	<u>Claim</u>	<u>Status</u>	<u>Voting Rights</u>
1	Secured Claim	Unimpaired	Not Entitled to Vote
2	Tempur Unsecured Claims	Impaired	Entitled to Vote
3	Unsecured Claims	Impaired	Entitled to Vote
4	Intercompany Claims	Impaired	Deemed to Reject
5	Equity Interests	Impaired	Deemed to Reject

B. Administrative and Priority Claims

1. Establishment of the Administrative Claims Bar Date

On April 5, 2019, the Bankruptcy Court established May 15, 2019 as the deadline for all general claims and any claims under Section 503(b)(9) Claim or Administrative Claims to be asserted against the Debtors (the "Bar Date Order"). All such, the deadline for submitting proofs of claim has passed.

2. Accrued Professional Compensation

The Debtors Professionals and Committee Professionals were not required to file a request for payment of Accrued Professional Compensation under the Bar Date Order. The deadline for submission by Professionals for Bankruptcy Court approval of Accrued Professional Compensation shall be the forty-fifth (45th) day following the Effective Date. For the avoidance of doubt, the Debtors' and the Committee's professionals shall waive all claims for Accrued Professional Compensation which are incurred after final approval of Accrued Professional

Compensation; provided that no Accrued Professional Compensation shall be allowed for services or expenses after the Effective Date other than those related to obtaining final approval of Accrued Professional Fees and transferring Assets to the GUC Trust.

3. Priority Tax Claims

The Responsible Person shall pay each holder of an Allowed Priority Tax Claim the full unpaid amount of such Allowed Priority Tax Claim in Cash, on the latest of (i) the Effective Date or as soon as practicable thereafter, and (ii) the date such Priority Tax Claim becomes Allowed or as soon as practicable thereafter and (iii) the date such Allowed Priority Tax Claim is payable under applicable non-bankruptcy law, provided that such Allowed Priority Tax Claim shall be paid prior to the assessment of any penalty by the applicable Governmental Unit.

4. Other Priority Claims

The Responsible Person shall pay each holder of an Allowed Other Priority Claim the full unpaid amount of such Allowed Other Priority Claim in Cash, on the latest of (i) the Effective Date or as soon as practicable thereafter, and (ii) the Other Priority Claim becomes Allowed or as soon as practicable thereafter and (iii) the date such Allowed priority Tax Claim is payable under applicable non-bankruptcy law, provided that such Allowed Other Priority Claim is payable under applicable non-bankruptcy law.

C. Classification and Treatment of Claims and Equity Interests

1. Summary

a. In accordance with section 1123(a)(1) of the Bankruptcy Code, the Committee has not classified Administrative Claims, Priority Tax Claims and Other Priority Claims, as described in the Plan.

b. The following table classifies Claims against and Equity Interests in the Debtors for all purposes including voting, confirmation and Distributions pursuant hereto and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. The Plan deems a Claim or Equity Interest to be classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that any such Claim or Equity Interest asserted in that Class is Allowed and has not been paid or otherwise settled prior to the Effective Date. Each Class set forth below is treated hereunder as a distinct Class for voting and Distribution purposes.

c. Summary of Classification and Treatment of Classified Claims and Equity Interests:

<u>Class</u>	<u>Claim</u>	<u>Status</u>	<u>Voting Rights</u>
1	Secured Claims	Unimpaired	Not Entitled to Vote
2	Tempur Unsecured Claims	Impaired	Entitled to Vote
3	General Unsecured Claims	Impaired	Entitled to Vote
4	Intercompany Claims	Impaired	Deemed to Reject
5	Equity Interests	Impaired	Deemed to Reject

2. Classification and Treatment of Claims and Equity Interests

a. Secured Claims (Class 1)

- i. **Classification:** Class 1 consists of the all Secured Claims.
- ii. **Treatment:** Secured Claims were fully satisfied from the proceeds of the Sale.
- iii. **Voting:** Class 1 is Unimpaired and, therefore, Secured Claims are not entitled to vote to accept or reject the Plan on behalf of the Secured Claims (Class 1).

b. Tempur Unsecured Claims (Class 2)

- i. **Classification:** Class 2 consists of the Tempur Unsecured Claims.
- ii. **Treatment:** In accordance with the Sale Order, Tempur has agreed to the subordination of its pre-petition unsecured claims against the Debtors up to the first \$500,000 of distributions to the General Unsecured Claims (Class 3), then the Tempur Unsecured Claims shall receive their pro rata share of the GUC Trust Distributable Cash from the GUC Trust. Distributions shall be made as soon as practicable as the Responsible Person may determine in his sole discretion.
- iii. **Voting:** Class 2 is Impaired and, therefore, the Tempur Unsecured Claims (Class 2) are entitled to vote to accept or reject the Plan.

c. General Unsecured Claims (Class 3)

- i. **Classification:** Class 3 consists of the General Unsecured Claims.
- ii. **Treatment:** Except to the extent that a holder of an Allowed General Unsecured Claim has been paid by the Debtors or Tempur prior to the Effective Date or agrees to a less favorable classification and treatment, each holder of an Allowed General Unsecured Claim shall receive their Pro

Rata share of the Distributable Cash from the GUC Trust. Distributions to holders of Allowed General Unsecured Claims shall be made as soon as practicable as the Responsible Person may determine in his sole discretion.

- iii. **Voting:** Class 3 is Impaired and, therefore, holders of General Unsecured Claims (Class 3) are entitled to vote to accept or reject the Plan.
- d. Intercompany Claims (Class 4)
 - i. **Classification:** Class 4 consists of Intercompany Claims.
 - ii. **Treatment:** Intercompany Claims for Debtors will be waived as the Debtors will be substantively consolidated. Intercompany Claims for non-Debtors will be paid behind all General Unsecured Claims (Class 3) and the Tempur Unsecured Claim (Class 2). The Plan anticipates that the Non-Debtor Affiliates will not receive any recovery based upon the Intercompany Claims.
 - iii. **Voting:** Class 4 will receive no Distribution under the Plan and, therefore, under section 1126(g), the Non-Debtor Affiliates, the sole holders of the Intercompany Claims (Class 4), are deemed to reject the Plan.
- e. Equity Interests (Class 5)
 - i. **Classification:** Class 5 consists of Equity Interests.
 - ii. **Treatment:** Holders of Equity Interests in Class 5 shall receive no Distribution under the Plan.
 - iii. **Voting:** Class 5 will receive no Distribution under the Plan and, therefore, under section 1126(g) of the Bankruptcy Code holders of Equity Interests (Class 5) are deemed to reject the Plan.

D. Nonconsensual Confirmation

If holders of Claims in Classes 2 and/or 3 do not vote to accept the Plan by the requisite statutory majority provided in section 1126 of the Bankruptcy Code, the Committee reserves the right to amend the Plan. The Committee intends to request that the Bankruptcy Court confirm the Plan pursuant to section 1129(b) of the Bankruptcy Code notwithstanding the deemed rejection of the Plan by holders of Intercompany Claims and Equity Interests in Classes 4 and 5.

ARTICLE IV

MEANS FOR IMPLEMENTATION OF THE PLAN

A. Vesting of Assets

On the Effective Date the Assets shall vest in the GUC Trust.

B. The GUC Trust

On the Effective Date, the Debtors, on its own behalf and on behalf of the beneficiaries, shall execute the GUC Trust Agreement, and all other necessary steps shall be taken to establish the GUC Trust. Also on the Effective Date, all of the Debtors' Assets shall vest in the GUC Trust, including, but not limited to the Wind-Down Funds, any unused and unapplied portions of the Carve-Out, the right to any of the Debtors' deposits, the Debtors' other Assets, Cash and the Causes of Action. The GUC Trust shall be established for the sole purposes of adjudicating Claims and distributing the Assets for the benefit of the beneficiaries of the GUC Trust, with no objective to continue or engage in the conduct of a trade or business. The GUC Trust shall be deemed to be a party in interest for purposes of contesting, settling or compromising objections to Claims and Causes of Action. The GUC Trust shall be vested with all the powers and authority set forth in this Plan and the GUC Trust Agreement. The Responsible Person shall be responsible for administering the GUC Trust and for reconciling and objecting to Claims, pursuing Causes of Action and making distributions to holders of Allowed Claims as set forth in the Plan.

C. Substantive Consolidation

Based on the Committee's analysis, the Plan contemplates and is predicated upon entry of an Order substantively consolidating the Debtors' Estates and the Chapter 11 Cases as set forth below.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to sections 105(a) and 1123(a)(5)(C) of the Bankruptcy Code, effective as of the Effective Date, of the substantive consolidation of the Estates of the Debtors for the purposes of confirming and consummating the Plan, including, but not limited to, voting, Confirmation and Distribution.

On and after the Effective Date, (i) all Assets and liabilities of the Debtors shall be treated as though they were pooled, (ii) each Claim filed or to be filed against any Debtor, as to which two or more Debtors are co-liable as a legal or contractual matter, shall be deemed filed as a single Claim against, and a single obligation of, the Debtors, (iii) all Claims held by a Debtor against any other Debtor shall be cancelled or extinguished, (iv) no Distributions shall be made under the Plan on account of any Claim held by a Debtor against any other Debtor, (v) the Equity Interests shall be cancelled, (vi) no Distributions shall be made under the Plan on account of any Equity Interest held by a Debtor in any other Debtor, (vii) all guarantees of any Debtors of the obligations of any other Debtor shall be eliminated so that any Claim against any Debtor and any Claim based upon a guarantee thereof executed by any other Debtor shall be treated as one Claim against the substantively-consolidated Debtors, and (viii) any joint or several liability of any of the Debtors shall be one obligation of the substantively-consolidated Debtors and any Claims based upon such

joint or several liability shall be treated as one Claim against the substantively-consolidated Debtors.

The Plan and this Disclosure Statement, jointly, shall serve as, and shall be deemed to be, a motion for entry of an Order of the Bankruptcy Court approving the substantive consolidation of the Debtors' Estates and Chapter 11 Cases. If no objection to the Plan is timely filed and served by any Holder of an Impaired Claim affected by the Plan as provided therein on or before the Voting Deadline or such other date as may be established by the Bankruptcy Court, the Plan, including the substantive consolidation of the Debtors' Estates and Chapter 11 Cases, may be approved by the Bankruptcy Court as part of the Confirmation Order. If any such objections are timely filed and served, the Plan and the objections thereto shall be considered by the Bankruptcy Court at the Confirmation Hearing.

D. Responsible Person to Effectuate Distributions

The Responsible Person shall be deemed to have been appointed as the Estate's and the GUC Trust's representative by the Bankruptcy Court pursuant to section 1123(b)(3)(B) of the Bankruptcy Code. The Responsible Person shall be entitled to retain counsel and other professionals to carry out his duties.

The Responsible Person shall be appointed for the sole purpose of liquidating and distributing the remaining Assets which have been transferred to the GUC Trust, with no objective to continue or engage in the conduct of a trade or business. To the extent that the Responsible Person determines that it would generate Cash for the GUC Trust, the Responsible Person shall have the authority to pursue and settle the Causes of Action with consultation by the Committee. In accordance with this Plan, the Responsible Person shall (i) pay to each holder of an Allowed Administrative Claim, Allowed Priority Tax Claim and Allowed Other Priority Claim, the full unpaid amount of each such Allowed Claim; and (ii) make Distributions of the remaining Assets, in Cash, to the holders of Tempur Unsecured Claims in Class 2 and Allowed General Unsecured Claims in Class 3.

E. Corporate Authority

All actions and transactions contemplated under the Plan shall be authorized upon confirmation of the Plan without the need for further approvals, notices, or meetings of the Debtors' board of directors or Equity Interest holders, other than the notice provided by serving the Plan or notices of the entry of the Confirmation order and of the Effective Date of the Plan on (i) all known holders of Claims and (ii) all current directors of the Debtors. The Confirmation Order shall include provisions dispensing with the need for further approvals, notices, or meetings of any of the Debtors' board of directors or Equity Interest holders and authorizing and directing any officer of the Debtors to execute any document, certificate, or agreement necessary to effectuate the Plan on behalf of the Debtors, which documents, certificates, and agreements shall be binding on the Debtors, the Creditors, and all Equity Interest holders. From and after the Effective Date, the Responsible Person is vested with authority to take any action contemplated by this Plan on behalf of the Debtors and GUC Trust that would otherwise require the approval of members, board of directors, or officers of the Debtors or GUC Trust. From and after the Effective Date, the authority, power and incumbency of the persons then acting as directors and/or officers of the Debtors shall be terminated and such directors and/or officers shall be deemed to have resigned or

to have been removed without cause and have no further duties or responsibilities with respect to the Debtors.

F. Retention of Professionals

The Responsible Person may retain and compensate attorneys and other professionals to assist in his or her duties as Responsible Person on such terms (including on a contingency or hourly basis) as the Responsible Person deems reasonable and appropriate without Bankruptcy Court approval. The payment of the reasonable fees and expenses of the Responsible Person's retained professionals shall be made in the ordinary course of business from the Assets and shall not be subject to the approval of the Bankruptcy Court, provided that payment of Allowed Accrued Professional Fees shall be paid by the Responsible Person prior to payment of the Responsible Person's Professionals. Professionals and former employees of the Debtors shall be eligible for retention by the Responsible Person.

G. Compensation of the Responsible Person

The Responsible Person shall be entitled to reasonable compensation in the amount of \$200 per hour of his recorded time, plus expense reimbursements as set forth in the Plan.

H. Costs and Expenses of the Responsible Person

The costs and expenses of the Responsible Person, including the reasonable fees and expenses of the Responsible Person and each of his retained professionals and contractors, shall be paid out of the Assets prior to Distribution to holders of Class 2 Tempur Unsecured Claim or Class 3 General Unsecured Claims.

I. Liability

Neither the Responsible Person nor his professionals or contractors shall be liable for any act or omission taken or omitted to be taken other than acts or omissions resulting from the Responsible Person's, his professional's or his contractor's willful misconduct, gross negligence, or fraud. The Responsible Person, his professionals and contractors may, in connection with the performance of their duties or functions, and in their sole absolute discretion, consult with attorneys, accountants, financial advisors and agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such Persons other than acts or omissions resulting from the willful misconduct, gross negligence or fraud of the Responsible Person, his professionals or his contractors. Notwithstanding such authority, the Responsible Person, his professionals and his contractors shall be under no obligation to consult with attorneys, accountants, or their agents, and their determination to not do so should not result in imposition of liability on the Responsible Person, his professionals or contractors unless such determination is based on willful misconduct, gross negligence, or fraud.

Any claim asserted under the Plan must be brought in the Bankruptcy Court.

J. Liquidation of the Debtors

After the Effective Date, the Responsible Person shall: (a) file a certificate of dissolution, together with all other necessary corporate documents, to effect the dissolution of the Debtors and

any of its subsidiaries, if applicable, under the applicable state laws of the Debtors' importations or operations; and (b) complete and file the Debtors' final federal, state and local tax returns, and pursuant to section 505(b) of the Bankruptcy Code, request an expedited determination of any unpaid tax liability of the Debtors or its Estate for any tax incurred during the administration of the Chapter 11 Case or through the date of such dissolution, as determined under applicable tax laws. The filing of the Debtors' certificate of dissolution shall be authorized and approved in all respects without further action by the stockholders or the board of directors of the Debtors; provided, however, in no event shall the Debtors be dissolved later than three (3) years following the Effective Date without notice to Class 2 and Class 3 and approval from the Bankruptcy Court.

K. Operations of the Debtors Between the Confirmation Date and the Effective Date

The Debtors shall continue to operate as debtor-in-possession during the period from the Confirmation Date through and until the Effective Date and as Reorganized Debtor from the Effective Date through the date of its dissolution.

L. Term of Injunctions or Stays

Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Case pursuant to sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect through and including the Effective Date.

M. Books and Records

To the extent that the Debtors have any Books and Records as of the Effective Date, the Debtors shall transfer dominion and control over those Books and Records to the Responsible Person. The Responsible Person may abandon any of the Books and Records that in his sole business judgment neither he nor the GUC Trust need, and neither the Responsible Person nor the GUC Trust shall be responsible for maintaining any records. Pursuant to section 554 of the Bankruptcy Code, the Plan shall constitute motion and notice, so that no further notice or Bankruptcy Court filings are required to effectuate the aforementioned abandonment of the Books and Records and entry of the Confirmation Order shall be deemed approval thereof.

ARTICLE V

PROVISIONS GOVERNING VOTING AND DISTRIBUTIONS

A. Voting of Claims

Each holder of an Allowed Claim in an Impaired Class of Claims that is entitled to vote on the Plan pursuant to the Plan shall be entitled to vote separately to accept or reject the Plan, as provided in such order as is entered by the Bankruptcy Court establishing procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan or other order or orders of the Bankruptcy Court.

B. Distribution Dates

Distributions to holders of Claims shall be made as provided in the Plan. In the event that 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.

C. Disbursing Agents

All distributions under the Plan by the Responsible Person shall be made by the Responsible Person as Disbursing Agent or such other entity designated by the Responsible Person as Disbursing Agent.

The Disbursing Agent shall be empowered to (a) effect all actions and execute all agreements, instruments and other documents necessary to perform his duties under the Plan, (b) make all Distributions contemplated by the Plan, (c) employ professionals to represent him with respect to his responsibilities, and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of the Plan.

The Disbursing Agent shall only be required to act and make Distributions in accordance with the terms of the Plan and shall have no (x) liability for actions taken in accordance with the Plan or in reliance upon information provided to him in accordance with the Plan or (y) obligation or liability for Distributions under the Plan to any party who does not hold an Allowed Claim at the time of Distribution or who does not otherwise comply with the terms of the Plan.

Except as otherwise ordered by the Bankruptcy Court, any reasonable fees and expenses incurred by the Responsible Person acting as the Disbursing Agent (including, without limitation, reasonable attorneys' fees and expenses) on or after the Effective Date shall be paid in Cash from the Assets in the ordinary course of business and without need for an order of the Bankruptcy Court.

D. Record Date for Distributions

Except as otherwise provided in a Final Order of the Bankruptcy Court, the transferees of Claims that are transferred pursuant to Bankruptcy Rule 3001 on or prior to the Record Date will be treated as the holders of those Claims for all purposes, notwithstanding that any periods provided by Bankruptcy Rule 3001 for objecting to the transfer may not have expired by the Record Date. The Responsible Person shall have no obligation to recognize any transfer of any Claim occurring after the Record Date. In making any Distribution with respect to any Claim, the Responsible Person shall be entitled instead to recognize and deal with, for all purposes hereunder, only the Entity that is listed on the proof of Claim filed with respect thereto or on the Schedules as the holder thereof as of the close of business on the Record Date and upon such other evidence or record of transfer or assignment that was known to the Debtors as of the Record Date and is available to the Responsible Person.

E. Delivery of Distributions

Subject to Bankruptcy Rule 9010 and except as otherwise provided herein, Distributions to the holders of Allowed Claims shall be made by the Disbursing Agent at (a) the address of each holder as set forth in the Schedules, unless superseded by the address set forth on proofs of Claim filed by such holder or (b) the last known address of such holder if no proof of Claim is filed or if the Responsible Person has not been notified in writing of a change of address.

F. Undeliverable and Unclaimed Distributions

In the event that any Distribution to any holder of an Allowed Claim made by the Disbursing Agent is returned as undeliverable, the Disbursing Agent shall use commercially reasonable efforts to determine the current address of each holder, but no Distribution to such holder shall be made unless and until the Disbursing Agent has determined the then current address of such holder; provided, however, that all Distributions to holders of Allowed Claims made by the Disbursing Agent that are unclaimed for a period of six (6) months after Distribution thereof shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and revested in the Debtors' Estate and any entitlement of any holder of any Claims to such further obligation to make any Distribution to the holder of such Claim on account of such Claim, and any entitlement of any holder of such Claim to any such Distributions shall be extinguished and forever barred; provided, however, that the holder of such Claim may receive future Distributions on account of such Claim by contacting the Responsible Person at some point prior to the final Distribution.

G. Manner of Cash Payments Under the Plan

Except as otherwise provided herein, Cash payments made pursuant to the Plan shall be in United States dollars by checks drawn on a domestic bank or by wire transfer from a domestic bank, at the option of the Responsible Person.

H. Compliance with Tax Requirements

In connection with this Plan and all instruments issued in connection herewith and Distributions hereunder, the Disbursing Agent shall comply with all withholding and reporting requirements imposed by any federal, state or foreign taxing authority, and all Distributions hereunder shall be subject to any such withholding and reporting requirements.

Notwithstanding the above, each holder of an Allowed Claim that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such Holder by any governmental unit, including income, withholding and other tax obligations, on account of such Distribution. Any party issuing any instrument or making any Distribution under the Plan has the right, but not the obligation, to not make a Distribution until such Holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations.

I. No Payments of Fractional Dollars

Notwithstanding any other provision of the Plan to the contrary, no payment of fractional dollars shall be made pursuant to the Plan. Whenever any payment of a fraction of a dollar under

the Plan would otherwise be required, the actual Distribution made shall reflect a rounding down of such fraction to the nearest whole dollar.

J. Interest on Claims

Except as specifically provided in this Plan or the Confirmation Order, interest shall not accrue on Claims and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid on any Claim that is a Disputed Claim in respect of the period from the Effective Date to the date an interim or final Distribution is made thereon if and after the Disputed Claim becomes and Allowed Claim. Except as expressly provided herein or in a Final Order of the Bankruptcy Court, no prepetition Claim shall be Allowed to the extent that it is for post-petition interest or other similar charges.

K. No Distribution in Excess of Allowed Amount of Claim

Notwithstanding anything to the contrary contained in the Plan, no holder of an Allowed Claim shall receive in respect of that Claim any Distribution in excess of the Allowed amount of such Claim.

L. Setoff and Recoupment

The Responsible Person may setoff against, or recoup from, any Claim and the Distributions to be made pursuant to the Plan in respect thereof, any Claims or defenses of any nature whatsoever that the Debtors or its Estate may have against the holder of such Claim but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtors, the Estate, the Responsible Person or the GUC Trust of any right of setoff or recoupment that any of them may have against the holder of any Claim. Any such setoffs or recoupments may be challenged in Bankruptcy Court. Notwithstanding ~~any provision in the Plan to the contrary~~anything to the contrary in the Plan, Disclosure Statement, Order approving the Disclosure Statement, Order confirming the Plan, GUC Trust Agreement or any other document related to the foregoing, nothing ~~herein shall bar any creditor from asserting its setoff or recoupment rights to the extent permitted under section 553 or any other provision of the Bankruptcy Code~~shall modify the rights, if any, of any holder of any Claim, or any current or former party to an executory contract, whether currently executory or previously executory, or lease of non-residential real property to assert any right of setoff or recoupment that such party may have under applicable bankruptcy or non-bankruptcy law, including but not limited to: (i) the ability if any, of such parties to setoff or recoup a security deposit held pursuant to the terms of their unexpired lease(s) with the Debtors or any successors to the Debtors under the Plan, (ii) assertion of rights of setoff or recoupment in connection with reconciliation of any Claim; or (iii) assertion of setoff or recoupment as a defense, if any, to any claim or action by the Debtors, GUC Trust, Responsible Person, Disbursing Agent or Trustee of the GUC Trust or any successors of the Debtors; provided, however, that such setoff or recoupment rights are timely asserted; provided further that all rights of the Debtors and ~~its Estate~~their Estates, the Responsible Person and the GUC Trust with respect thereto are reserved.

M. *De Minimis* Distributions; Charitable Donation

Notwithstanding anything to the contrary therein, the Responsible Person shall not be required to make a Distribution to any holder of an Allowed Claim if the dollar amount of the Distribution is less than \$15 or otherwise so small that the cost of making that Distribution exceeds the dollar amount of such Distribution. On or about the time that the final Distribution is made, the Responsible Person may make a charitable donation with undistributed funds if, in the reasonable judgment of the Responsible Person, the cost of calculating and making the final Distribution of the remaining funds is excessive in relation to the benefits to the holders of Claims who would otherwise be entitled to such Distributions, and such charitable donation is provided to an entity not otherwise related to the Debtors or the Responsible Person.

N. United States Trustee Fees

All fees due and payable pursuant to section 1930 of Title 28 of the U.S. Code shall be paid by the Responsible Person using the Assets. The Responsible Person shall be responsible for filing quarterly reports for the GUC Trust in a form reasonably acceptable to the U.S. Trustee.

O. No Distributions on Late-Filed Claims

Except as otherwise provided in a Final Order of the Bankruptcy Court, any Claim as to which a proof of Claim or other request was required to be Filed or submitted and was first Filed or submitted after the applicable bar date in the Chapter 11 Case, including, without limitation, the deadlines established herein, or in the Bar Date Order, shall automatically be deemed a late-filed Claim that is disallowed in the Chapter 11 Case, without need for (a) any further action by the Responsible Person or the GUC Trust or (b) an order of the Bankruptcy Court. Nothing in this paragraph is intended to expand or modify the applicable bar dates or any orders of the Bankruptcy Court relating thereto.

ARTICLE VI

DISPUTED CLAIMS

A. No Distribution Pending Allowance

Notwithstanding any other provision of the Plan, the responsible Person shall not make any Distribution on account of any Disputed Claim unless and until such Claim becomes Allowed.

B. Resolution of Disputed Claims

The Responsible Person shall have the right to make and file objections to Claims in the Bankruptcy Court. Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, all Disputed Claims shall be subject to the exclusive jurisdiction of the Bankruptcy Court. After the Effective Date, the Responsible Person shall be the successor in interest to any objections to Claims filed by the Debtors before the Effective Date, and the Responsible Person shall be responsible for prosecuting and/or settling those objections. For the avoidance of doubt, the Tempur Unsecured Claims shall be Allowed for all purposes under the Plan as of the Effective Date.

C. Objection Deadline

All objections to Disputed Claims shall be Filed no later than the Claims Objection Bar Date, unless otherwise ordered by the Bankruptcy Court after notice and a hearing.

D. Estimation of Claims

At any time, the Responsible Person may request that the Bankruptcy Court estimate any Disputed Claim to the extent permitted by section 502(c) of the Bankruptcy Code regardless of whether the Debtors or the Responsible Person has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall have jurisdiction to estimate any Claim at any time during litigation concerning any objection to such Claim, including during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates any Disputed Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on the Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum a limitation on the Claim, the Debtors or the Responsible Person may elect to pursue supplemental proceedings to object to the ultimate allowance of the Claim. All of the aforementioned Claims 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.

ARTICLE VII

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Rejection of Executory Contracts and Unexpired Leases

The Plan shall constitute a motion to reject all executory contracts and unexpired leases not previously rejected or assumed and assigned pursuant to an order of the Bankruptcy Court, and the Estate and the GUC Trust shall have no further liability thereunder. The entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of any such rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code and that the rejection thereof is on the best interests of the Debtors, the Estate and all parties in the Chapter 11 Case.

B. Claims Based on Rejection of Executory Contracts or Unexpired Leases

Claims created by the rejection of executory contracts and unexpired leases pursuant to the Plan, or the termination of any executory contract or unexpired lease after the entry of the Confirmation Order, but prior to the Effective Date, must be filed with the Bankruptcy Court and served on the Responsible Person no later than thirty (30) days after the entry of the Confirmation Order. Any Claims arising from the rejection of an executory contract or unexpired lease pursuant to the Plan for which proofs of Claim are not timely filed within that time period will be forever barred from assertion against the Debtors, the Estate, the GUC Trust and the Responsible Person, their successors and assigns, and their assets and properties, unless otherwise ordered by the Bankruptcy Court or as otherwise provided in the Plan. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in the Plan. Unless otherwise ordered by the

Bankruptcy Court, all such Claims that are timely filed as provided herein shall be treated as General Unsecured Claims under the Plan and shall be subject to the provisions of the Plan.

ARTICLE VIII

CONDITIONS PRECEDENT TO THE EFFECTIVE DATE

A. Conditions Precedent

The following are conditions precedent to the Effective Date that must be satisfied or waived:

1. The Confirmation Order has become a Final Order;
2. There shall be no stay or injunction in effect with respect to the Confirmation Order, which such Confirmation Order shall contain approval of the releases provided for herein; and
3. The appointment of the Responsible Person shall have been confirmed by entry of the Confirmation order or other order of the Bankruptcy Court.

B. Waiver

Notwithstanding the conditions in the Plan, the Committee reserves, in its sole discretion, the right to waive the occurrence of any condition precedent to the Effective Date or to modify any of the foregoing conditions precedent. Any such written waiver of a condition precedent set forth in the Plan may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action.

ARTICLE IX

INDEMNIFICATION, RELEASE, INJUNCTIVE AND RELATED PROVISIONS

A. Compromise and Settlement

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the Distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith settlement and compromise of all Claims and Equity Interests. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement as fair, equitable, reasonable and in the best interests of the Debtors, the Estate and holders of Claims and Equity Interests.

B. Exculpation

Notwithstanding anything contained in the Plan to the contrary, the Exculpated Parties shall neither have nor incur any liability to any Entity for any Claims and Causes of Action arising

after the Petition Date, including any act taken or omitted to be taken in connection with, or related to formulating, negotiating, preparing, disseminating, implementing, administering, confirming or consummating the Plan, the Disclosure Statement, or any other contract, instrument, release or other agreement or document created or entered into in connection with the Plan or any other postpetition act taken or omitted to be taken in connection with or in contemplation of the Sale or in connection with the Chapter 11 Case; provided, however, that the foregoing provisions of the Plan shall have no effect on the liability of any Person that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct; provided, further, that each Exculpated Party shall be entitled to rely upon the advice of counsel concerning its duties.

C. Preservation of Causes of Action

1. Vesting of Causes of Action

a. Except as expressly released in the Plan or by prior Orders of the Bankruptcy Court, including the Sale Order, the GUC Trust shall reserve and retain, in accordance with section 1123(b)(3) of the Bankruptcy Code, as of the Effective Date, any and all of the Debtors' Causes of Action, including without limitation any actions for claims specifically listed on the Debtors' schedules whether or not listed as contingent, except those Causes of Action previously sold to Tempur. On an after the Effective Date, the GUC Trust is granted authority and standing, on behalf of the Debtors and the Estates, to investigate and initiate any Causes of Action granted to it pursuant to this Plan. The Causes of Action may include but are not limited to (i) any and all Causes of Action pursuant to or arising under applicable bankruptcy or non-bankruptcy law, including but not limited to claims arising in tort, contract, or non-bankruptcy statutes, or any applicable section of the Bankruptcy Code; (ii) objections to General Unsecured Claims; (iii) claims that the Estate is entitled to setoff or recoupment against Entities holding Claims against the Estate; and (iv) any other litigation or Causes of Action, whether legal, equitable, or statutory in nature, arising out of or in connection with the Debtors' businesses, assets, or operations, or otherwise affecting the Debtors, against any Entities or Representative. For the avoidance of doubt, the Reorganized Debtor shall retain the right to object to Administrative and Priority Claims, and to raise any of the Debtors' affirmative defenses, including setoff and recoupment, regarding the same, and pursue all Causes of Action arising under: (i) section 549 of the Bankruptcy Code; and (ii) under section 550 of the Bankruptcy Code, to the extent necessary to recover amounts avoided under section 549 of the Bankruptcy Code. On behalf of the Debtors and their Estates, the GUC Trust reserves the rights to any Causes of Action that may be identified on or after the Effective Date. The recoveries, if any, from any litigation brought by the GUC Trust will depend on many factors, which cannot be predicted at this time. The GUC Trust in its sole discretion may elect not to pursue any Causes of Action the pursuit of which the GUC Trust deems not to be in the best interest of the beneficiaries of the GUC Trust, the holders of Allowed General Unsecured Claims.

b. The Responsible Person's right to commence and prosecute Causes of Action shall not be abridged or materially altered in any manner by reason of

confirmation of the Plan. No Entity may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against them as any indication that the GUC Trust will not pursue any and all available Causes of Action against them. No Entity shall be entitled to assert any defense to a Cause of Action based, in whole or in part, upon confirmation of the Plan, and no preclusion doctrine, including without limitation the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion (judicial, equitable, or otherwise), and laches, shall apply to such Causes of Action upon, after, or as a consequence of the confirmation or consummation of the Plan. The foregoing shall be sufficient for all purposes to satisfy the requirements of the standard set forth in *Browning v. Levy*, 283 F.3d 761 (6th Cir. 2002) and *Nestlé Waters N. Am., Inc. v. Mt. Glacier LLC (In re Mt. Glacier LLC)*, 877 F.3d 246 (6th Cir. 2017).

c. Except as otherwise provided in the Plan or Confirmation Order, after the Effective Date, the Responsible Person, on behalf of the GUC Trust, shall have the exclusive right, but not the obligation, to investigate, institute, prosecute, abandon, settle or compromise any Causes of Action, in his or her sole discretion and without further order of the Bankruptcy Court, in any court or other tribunal, including, without limitation, in an adversary proceeding filed in the Chapter 11 Case.

2. Preservation of All Causes of Action Not Expressly Settled or Released

a. Unless a Cause of Action against any Person is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order (including the Confirmation Order), the Debtors and/or the Estate expressly reserve such Cause of Action for the GUC Trust and the Responsible Person and, therefore, no preclusion doctrine, including, without limitation, the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such Causes of Action upon or after the entry of the Confirmation Order or the Effective Date based on the Disclosure Statement, Plan or Confirmation Order, except where such Causes of Action have been expressly released in the Plan (including, without limitation, and for the avoidance of doubt, the releases contained in the Plan) or any other Final Order (including the Confirmation Order). In addition, the Debtors and the Estate expressly reserve the right of the Responsible Person, on behalf of the GUC Trust, to pursue or adopt any claims alleged in any lawsuit in which the Debtors is a defendant or an interested party, against any Person, including, without limitation, the plaintiffs or co-defendants in such lawsuits.

b. Subject to the description in the immediately preceding paragraph and to any Final Order, any Person to whom the Debtors have incurred an obligation (whether on account of services, purchase or sale of goods or otherwise), or who has received services from the Debtors or a transfer of money or property of the Debtors, or who has transacted business with the Debtors, or leased equipment or property from or to the Debtors should assume that any such obligation, transfer, or transaction may be reviewed by the Responsible Person subsequent to the Effective Date and may be the subject of an action after the Effective Date,

regardless of whether: (i) such Person filed a proof of Claim against the Debtors in the Chapter 11 Case; (ii) the Debtors have objected to any such Person's proof of Claim; (iii) any such Person's Claim was included in the Schedules; (iv) the Debtors have objected to any such Person's scheduled Claim; or (v) any such Person's scheduled Claim has been identified by the Debtors as disputed, contingent or unliquidated.

D. Injunction

1. From and after the Effective Date, all Persons are permanently enjoined from commencing or continuing in any manner against the Debtors, the Estate, the Responsible Person, the GUC Trust, their successors and assigns, and their assets and properties, as the case may be, any suit, action or other proceeding, on account of or respecting any Claim, demand, liability, obligation, debt, right, Cause of Action, interest or remedy released or to be released pursuant to the Plan or the Confirmation Order.

2. Except as otherwise expressly provided for in the Plan or in obligations issued pursuant to the Plan, from and after the Effective Date, all Entities shall be precluded from asserting against the Debtors, the Estate, the Responsible Person, the GUC Trust, their successors and assigns, and their assets and properties, any other Claims or Equity Interests based upon any documents, instruments, or any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

3. The rights afforded in the Plan and the treatment of all Claims and Equity Interests in the Plan shall be in exchange for and in complete satisfaction of Claims and Equity Interests of any nature whatsoever, against the Debtors or any of its assets or properties. On the Effective Date, all such Claims against, and Equity Interests in, the Debtors shall be satisfied and released in full.

4. Except as otherwise expressly provided for in the Plan or in obligations issued pursuant to the Plan, all Persons are permanently enjoined, on and after the Effective Date, on account of any Claim or Equity Interest satisfied and released hereby, from:

- a. Commencing or continuing in any manner any action or other proceeding of any kind against the Debtors, the Estate, the Responsible Person, the GUC Trust, their successors and assigns, and their assets and properties;
- b. Enforcing, attaching, collecting or recovering by any manner or means any judgment, award, decree or order against the Debtors, the Estate, the Responsible Person, the GUC Trust, their successors and assigns, and their assets and properties;
- c. Creating, perfecting or enforcing any encumbrance of any kind against the Debtors, the Estate, the Responsible Person, the GUC Trust, their successors and assigns, and their assets and properties;
- d. Asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or against the property or Estate of the

Debtors, except to the extent a right to setoff, recoupment or subrogation is asserted with respect to a timely filed proof of claim; and

- e. Commencing or continuing in any manner any action or other proceeding of any kind in respect of any Claim, Equity Interest or Cause of Action released or settled hereunder.

E. Releases of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date, all Liens against property of the Estate shall be fully released and discharged.

ARTICLE X

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall, after the Effective Date, retain such jurisdiction over the Chapter 11 Case and all Entities with respect to all matters related to the Chapter 11 Case, the Debtors, the Responsible Person, the GUC Trust and the Plan as is legally permissible, including, without limitation, jurisdiction to:

1. Allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims or Equity Interests;
2. Grant, deny or otherwise resolve any and all applications of Professionals or Persons retained in the Chapter 11 Case by the Debtors for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;
3. Resolve any matters related to the assumption, assignment or rejection of any executory contract or unexpired lease to which the Debtors are a party or with respect to which the Debtors may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom;
4. Ensure that Distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;
5. Decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving the Debtors that may be pending on the Effective Date or instituted by the Responsible Person after the Effective Date, provided, however, that the Debtors and the Estate and, following the Effective Date, the Responsible Person and the GUC Trust shall reserve the right of the Responsible Person to commence actions in all appropriate jurisdictions;

6. Enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all other contracts, instruments, releases, indentures and other agreements or documents adopted in connection with the Plan;
7. Resolve any cases, controversies, suits or disputes that may arise in connection with the Effective Date, interpretation or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;
8. Issue injunctions, enforce them, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with the Effective Date or enforcement of the Plan, except as otherwise provided in the Plan;
9. Enforce the releases and injunctions set forth in the Plan;
10. Resolve any cases, controversies, suits or disputes with respect to the releases, injunction, and other provisions contained in the Plan, and enter such orders as may be necessary or appropriate to implement or enforce all such releases, injunctions and other provisions;
11. Enter and implement such orders as necessary or appropriate if the Confirmation Order is modified, stayed, reversed, revoked or vacated;
12. Resolve any other matters that may arise in connection with or relate to the Plan, the Confirmation Order or any contract, instrument, release, indenture or other agreement or documents adopted in connection with the Plan; and
13. Enter an order and/or the Final Decree concluding the Chapter 11 Case.

ARTICLE XI

MISCELLANEOUS PROVISIONS

A. Modification of Plan

Subject to the limitations contained in the Plan: (1) the Committee reserves the right, in accordance with the Bankruptcy Court and the Bankruptcy Rules, to amend or modify the Plan prior to the entry of the Confirmation Order, including amendments or modifications to satisfy section 1129(b) of the Bankruptcy Code; and (2) after the entry of the Confirmation Order, the Debtors or the Responsible Person may, upon order of the Bankruptcy Court, amend or modify the Plan in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency on the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

B. Revocation of Plan

The Committee reserves the right to revoke or withdraw the Plan prior to the entry of the Confirmation Order and to file subsequent chapter 11 plans. If the Committee revokes or withdraws the Plan or if entry of the Confirmation Order or the Effective Date does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan, assumption or rejection of executory contracts or leases effected by the Plan, and any

document or agreement executed pursuant hereto shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtors or any other Entity; (b) prejudice in any manner the rights of the Committee; or (c) constitute an admission of any sort by the Debtors, Committee or any other Entity.

C. Binding Effect

On the Effective Date, the provisions of the Plan shall bind any holder of a Claim against, or Equity Interest in, the Debtors and such holder's respective successors and assigns, whether or not the Claim or Equity Interest of such holder is Impaired under the Plan, whether or not such holder has accepted the Plan and whether or not such holder is entitled to a Distribution under the Plan.

D. Successors and Assigns

The rights, benefits and obligations of any Entity named or referred to herein shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity.

E. Governing Law

Except to the extent that the Bankruptcy Code or Bankruptcy Rules apply, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Kentucky, without giving effect to the principles of conflict of laws thereof.

F. Reservation of Rights

Except as expressly set forth herein, the Plan shall have no force or effect unless and until the Bankruptcy Court enters the Confirmation Order and the Effective Date has occurred. Neither the filing of the Plan, any statement or provisions contained herein, nor the taking of any action by the Debtors or any Entity with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of: (1) the Debtors with respect to the holders of Claims or Equity Interests or other parties in interest or (2) any holder of a Claim or other party in interest prior to the Effective Date.

G. Section 1146 Exemption

Pursuant to section 1146(g) of the Bankruptcy Code, and transfers of property pursuant hereto shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment.

H. Section 1125(e) Good Faith Compliance

Confirmation of the Plan shall act as a finding by the Bankruptcy Court that the Committee and each of its Representatives have acted in “good faith” under section 1125(e) of the Bankruptcy Code.

I. Further Assurances

The Debtors, all holders of Claims receiving Distributions hereunder and all other parties in interest shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan or the Confirmation Order.

J. Service of Documents

Any pleading, notice or other document required by the Plan to be served on or delivered shall be sent by first-class U.S. mail, postage prepaid as follows:

To the Responsible Person & GUC Trust:

James D. Lyon
100 E. Vine Street
Suite 404
Lexington, KY 40507
Telephone: (859) 252-4148
E-mail: jdlyonlaw@aol.com

To the Committee:

James R. Irving
BINGHAM GREENEBAUM DOLL LLP
3500 PNC Tower
101 South Fifth Street
Louisville, KY 40202
Telephone: (502) 587-3606
Facsimile: (502) 540-2215
E-mail: jirving@bgdlegal.com

To the Debtors:

Laura Day DelCotto
DelCotto Law Group PLLC
200 North Upper Street
Lexington, Kentucky 40507
Telephone: (859) 231-5800
E-mail: ldelcotto@dlgfirm.com

K. Filing of Additional Documents

On or before the Effective Date, Committee may file with the Bankruptcy Court all agreements and other documents that may be necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

L. No Stay of Confirmation Order

The Confirmation Order shall contain a waiver of any stay of enforcement otherwise applicable, including pursuant to Bankruptcy Rules 3020(e), 6004(h) and 7062.

ARTICLE XII

SOLICITATION AND VOTING PROCEDURES

On _____, 2019, the Bankruptcy Court entered the Disclosure Statement Order approving the adequacy of the Disclosure Statement and the Solicitation Procedures. A copy of the Solicitation Procedures is attached as **Exhibit 1** to the Disclosure Statement Order, which in turn, is attached hereto as **Exhibit B**. In addition to approving the Solicitation Procedures, the Disclosure Statement Order established certain dates and deadlines, including the date for the Confirmation hearing, the deadline for parties to object to confirmation of the Plan, the Voting Record Date and the Voting Deadline. The Disclosure Statement order will also approve the forms of Ballots and certain confirmation-related notices. The Disclosure Statement Order and the Solicitation Procedures should be read in conjunction with the Disclosure Statement.

A. Solicitation Package

1. Contents of the Solicitation Package

The following materials shall constitute the solicitation package:

- Plan;
- Disclosure Statement;
- Disclosure Statement Order;
- Confirmation Hearing Notice;
- Appropriate Ballot; and
- Pre-addressed, postage pre-paid return envelope.

2. Distribution of Solicitation Package

The Committee shall serve, or cause to be served, all of the materials in the solicitation package on holders of the Tempur Unsecured Claim in Class 2 and the General Unsecured Claims in Class 3.

The Committee shall serve, or cause to be served, a notice of non-voting status and a notice of the Confirmation Hearing on holders of the Intercompany Claims in Class 4, and the Equity Interests in Class 5.

The Committee also shall serve, or cause to be served, all of the materials in the solicitation package (except Ballots) on (a) the U.S. Trustee; (b) the United States Attorneys' Office; and (c) the Committee's counsel.

B. Voting Instructions and General Tabulation Procedures

1. Voting Record Dates

The Bankruptcy Court has approved _____, 2019, as the Voting Record Date.

2. Voting Deadline and Ballot Submission

The Bankruptcy Court has approved _____, 2019, at 5:00 p.m. (Eastern Standard Time) as the Voting Deadline.

For holders of all Claims, the Voting Agent will answer questions regarding the procedures and requirements for voting to accept or reject the Plan and for objecting to the Plan, provide additional copies of all materials and oversee the voting tabulation. The Voting Agent will also process and tabulate ballots for each Class entitled to vote to accept or reject the Plan.

TO BE COUNTED AS VOTES TO ACCEPT OR REJECT THE PLAN, BALLOTS CAST BY HOLDERS IN THE CLASSES ENTITLED TO VOTE MUST BE RECEIVED BY THE VOTING AGENT BY THE VOTING DEADLINE, AT THE ADDRESS LISTED ON THE BALLOT, WHETHER BY FIRST CLASS MAIL, OVERNIGHT COURIER OR PERSONAL DELIVERY. THE BALLOTS AND THE PRE-ADDRESSED, POSTAGE PRE-PAID ENVELOPES ACCOMPANYING THE BALLOTS WILL CLEARLY INDICATE WHERE THE BALLOT MUST BE RETURNED.

Ballots must be actually received by the Voting Agent. If holders of Claims have questions on the procedures for voting on the Plan they may call Committee counsel (502) 587-3606.

To obtain an additional copy of the Plan, the Disclosure Statement or other solicitation package materials (except Ballots), parties may contact Committee counsel (Bingham Greenebaum Doll LLP, Attn: James R. Irving, 3500 National City Tower, 101 South Fifth Street, Louisville, KY 40202 (jirving@bgdlegal.com)).

Ballots received after the Voting Deadline will not be counted by the Committee in connection with the Committee's request for confirmation of the Plan.

3. Who May Vote

In general, a holder of a claim or interest may vote to accept or to reject a plan if no party-in-interest has objected to such claim or interest, and the claim or interest is Impaired by the Plan. If the holder of an Impaired claim or interest will not receive any distribution under the plan in respect of such Claim or Equity Interest, the Bankruptcy Code deems such holder to have rejected the plan. If the Claim or Equity Interest is not Impaired, the Bankruptcy Code deems that the holder of such Claim or Equity Interest has accepted the plan and the plan proponent need not solicit such holder's vote.

Pursuant to section 1124 of the Bankruptcy Code, a class of Claims or Equity Interests is deemed to be "impaired" under a plan unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the Claim or Equity Interest entitles the holder of such class Claim or Equity Interest; (b) cures any default and reinstates the original terms of such obligation; or (c) provides that, on the consummation date, the holder of such Claim or Equity Interest receives cash equal to the allowed amount of that claim or, with respect to any Equity Interest, any fixed liquidation preference to which the holder of such Equity Interest is entitled or any fixed price at which the Debtors may redeem the security.

Only holders of the Tempur Unsecured Claim in Class 2 and General Unsecured Claims in Class 3 shall be entitled to vote on the Plan.

4. General Ballot Tabulation

The following voting procedures and standard assumptions shall be used in tabulating Ballots:

- Except as otherwise provided herein, unless the Ballot being furnished is timely submitted on or prior to the Voting Deadline, the Voting Agent shall reject such Ballot as invalid and, therefore, the Committee shall decline to count it in connection with confirmation of the Plan;
- The Voting Agent will date-stamp all Ballots when received. The Voting Agent shall retain the original Ballots and an electronic copy of the same for a period of one year after the Effective Date of the Plan, unless otherwise ordered by the Bankruptcy Court;
- As soon as reasonably practicable before the Confirmation Hearing, unless such other date is set by the Bankruptcy Court, the Voting Agent will File a voting report with the Bankruptcy Court. The voting report shall, among other things, delineate every irregular Ballot including, but not limited to, those Ballots that are late or (in whole or in material part) illegible, unidentifiable, lacking original signatures or lacking necessary information, received via facsimile or electronic mail, or damaged. The voting report shall indicate the Committee's intentions with regard to such irregular Ballots;
- The method of delivery of Ballots to be sent to the Voting Agent is at the election and risk of each holder, and except as otherwise provided, a Ballot will be deemed delivered only when the Voting Agent actually receives the original executed Ballot;
- No Ballot should be sent to any of the Debtors or the Debtors' agents (other than the Voting Agent), and if so sent will not necessarily be counted;
- If multiple Ballots are received from the same holder with respect to the same Claim prior to the Voting Deadline, the last Ballot timely received will be deemed to reflect that voter's intent and will supersede and revoke any prior Ballot;
- Holders must vote all of their Claims within a particular Class ether to accept or reject the Plan and may not split any votes. Accordingly, a Ballot that partially rejects and partially accepts the Plan will not be counted;
- The Committee, subject to contrary order of the Bankruptcy Court, may waive any defects or irregularities as to any particular Ballot at any time, either before or after the close of voting, and such waivers will be documented in the voting report;

- Neither the Committee nor any other 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;
- Unless waived or as ordered by the Bankruptcy Court, any defects or irregularities in connection with deliveries of Ballots must be cured prior to the Voting Deadline or such Ballots will not be counted;
- 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 or reject the Plan cast with respect to that Claim will be counted for purposes of determining whether the Plan has been accepted or rejected;
- Subject to any contrary order of the Bankruptcy Court, the Committee reserves the right to reject any and all Ballots not in proper form, the acceptance of which, on the opinion of the Committee, would not be in accordance with the provisions of the Bankruptcy Code or the Bankruptcy Rules; provided, however, that any such rejections will be documented in the voting report; and
- The following Ballots shall not be counted in determining acceptance or rejection of the Plan: (i) any Ballot that is illegible or contains insufficient information to permit the identification of the holder; (ii) any Ballot cast by an Entity that does not hold an Tempur Unsecured Claim in Class 2 or a General Unsecured Claim in Class 3; (iii) any unsigned Ballot lacking an original signature; (iv) any Ballot not marked to accept or reject the Plan, or marked both to accept and reject the Plan; and (v) any Ballot submitted by any Entity not entitled to vote pursuant to the procedures described herein.

ARTICLE XIII

CONFIRMATION PROCEDURES

A. Confirmation Hearing

The Confirmation Hearing will commence on _____, 2019 at (Eastern), before the Honorable Gregory Schaaf, U.S. Bankruptcy Court, Community Trust Building, 100 East Vine Street, 2nd Floor Courtroom, Lexington, KY 40507. 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 any adjournment thereof.

The Plan Objection Deadline is 5:00 p.m. (Eastern) on [_____].

All Plan Objections must be Filed with the Bankruptcy Court and served on the Committee and certain other parties in accordance with the Disclosure Statement Order on or before the Plan Objection Deadline.

The Committee's proposed schedule will provide Entities sufficient notice of the Plan Objection Deadline, which will be more than the 28 days as required by Bankruptcy Rule 2002(b). The Committee believes that the Plan Objection Deadline will afford the Bankruptcy Court, the Debtor and other parties-in-interest reasonable time to consider the Plan Objections prior to the Confirmation Hearing.

THE BANKRUPTCY COURT MAY NOT CONSIDER PLAN OBJECTIONS UNLESS THEY ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE DISCLOSURE STATEMENT ORDER.

Plan Objections must be served on all of the following parties: (i) the U.S. Trustee, Attn: Bradley Nerderman, Fifth Floor, 100 E. Vine Street, Lexington, KY 40507; (ii) counsel to the Committee: Bingham Greenebaum Doll LLP, 3500 PNC Tower, 101 South Fifth Street, Louisville, KY 40202, Attn: James R. Irving; and (iii) counsel to the Debtors, DelCotto Law Group PLLC, 200 North Upper Street, Lexington, KY 40507, Attn: Laura Day DelCotto; and (v) all of the parties that have requested notice in the Chapter 11 Case.

B. Statutory Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Committee believes:

- The Plan complies with the applicable provisions of the Bankruptcy Code;
- It has 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 to be made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11 Case, has been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Plan is reasonable;
- Either each holder of an Impaired Claim or Equity Interest will have accepted the Plan, or will receive or retain under the Plan on account of such Claim or Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code;
- The Class that is entitled to vote on the Plan will have accepted the Plan;
- Except to the extent the holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Claims, Priority Tax Claims and Other Priority Claims will be paid in full on the Effective Date, or as soon thereafter as is reasonably practicable;

- Confirmation of the Plan is not likely to be followed by the liquidation (other than as contemplated by the Plan) or the need for further financial reorganization of the Debtors or any successors thereto under the Plan;
- It will have paid the required filing fees pursuant to 28 U.S.C. § 1930;
- There will be sufficient funds for the Responsible Person to pay quarterly fees to the U.S. Trustee on or before the last day of the calendar month following the calendar quarter for which the fee is owed in the Chapter 11 Case, until the case is closed converted or dismissed, whichever occurs first.

1. Best Interests of Creditors Test/Liquidation Analysis

Often called the “best interests” test, section 1129(a)(7) of the Bankruptcy Code requires that the Bankruptcy Court find, as a condition to confirmation, that the Plan provides, with respect to each Class, that each holder of a Claim or an Equity Interest in such Class either (a) has accepted the Plan or (b) will receive or retain under the Plan property with a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the Debtors liquidated under chapter 7 of the Bankruptcy Code. To make these findings, the Bankruptcy Court must: (a) estimate the Cash liquidation proceeds that a chapter 7 trustee would generate if the Chapter 11 Case was converted to a chapter 7 case and the assets of the Estate were liquidated; (b) determine the liquidation Distribution that each non-accepting holder of a Claim or an Equity Interest would receive from such liquidation proceeds under the priority scheme dictated in chapter 7; and (c) compare such holder’s liquidation Distribution to the Plan Distribution that such holder would receive if the Plan were confirmed.

In chapter 7 cases, unsecured creditors and interest holders of a debtor are paid from available assets generally in the following order, with no junior class receiving any payments until all amounts due to senior classes have been paid fully or any such payment is provided for: (a) holders of secured claims (to the extent of the value of their collateral); (b) holders of priority claims; (c) holders of unsecured claims; (d) holders of debt expressly subordinated by its terms or by order of the bankruptcy court; and (e) holders of equity interests.

The Committee believes that the value of any Distributions if the Chapter 11 Case was converted to a case under chapter 7 of the Bankruptcy Code would be less than the value of Distributions under the Plan because, among other reasons, Distributions in a chapter 7 case may not occur until a later date than Distributions under the Plan would occur, thereby reducing the present value of such Distributions. In the event that the Chapter 11 case was converted to a case under chapter 7 of the Bankruptcy Code, it is possible that Distribution of the proceeds of a liquidation could be delayed for a significant period while the chapter 7 trustee and its advisors become knowledgeable about, among other things, the Chapter 11 Case and the Claims against the Debtors. The proceeds received in a chapter 7 liquidation would likely be further depleted by the fees and expenses of a chapter 7 trustee and the trustee’s professional advisors, as well as by the accrual of claims throughout the chapter 7 period that must be paid on a priority basis.

2. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that the Bankruptcy Court find that confirmation is not likely to be followed by the liquidation of the Debtors or the need for further financial reorganization, unless the Plan contemplates such liquidation. Indeed, section 1123(b)(4) of the Bankruptcy Code permits liquidation plans that “provide for the sale of all or substantially all of the property of the estate, and the Distribution of the proceeds of such sale among holders of claims or interests” in chapter 11 proceedings. The Plan provides for the liquidation of the Debtors by the distribution of the Sale proceeds and remaining assets, including causes of action. Further, the Debtors maintain that there is a reasonable expectation that the payments required to be made during the terms of the Plan will, in fact, be made.

3. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, that, except as described below, each class of Claims or Equity Interests that is Impaired under the Plan, accept the Plan.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of Impaired Claims or Equity Interests as acceptance by holders of at least two-thirds in amount and more than one-half in number of such Claims or Equity Interests.

The Secured Claim in Class 1 is unimpaired and, therefore, not entitled to a vote.

The Intercompany Claims in Class 4, and the Equity Interests in Class 5 are Impaired under the Plan and will not receive any distribution. Accordingly, Claims in Classes 4 and 5 are deemed to have rejected the Plan.

The Tempur Unsecured Claim in Class 2 and the General Unsecured Claims in Class 3 are Impaired under the Plan, and as a result, the holders of Claims in Classes 2 and 3 are entitled to vote on the Plan. Such Voting Classes must accept the Plan for the Plan to be confirmed, or must be “crammed down” under section 1129(b) of the Bankruptcy Code. As stated above, Classes 2 and 3 will have accepted the Plan if the Plan is accepted by at least two-thirds in amount and more than one-half in number of the Claims in Class 3 (other than any interests designated under section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Plan.

As described more fully herein, the Bankruptcy Court may confirm the Plan over the deemed rejections of the Plan by the Claims and Equity Interests in Classes 3 and 4 if the Bankruptcy Court determines that the plan “does not discriminate unfairly” and is “fair and equitable” with respect to the Claims and Equity Interests in Classes 3 and 4. The Committee believes that the Plan satisfies these requirements and the Committee may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code.

C. Contact for More Information

Any interested party desiring further information about the Plan may contact legal counsel to the Committee:

James R. Irving (KY Bar No. 96048)
BINGHAM GREENEBAUM DOLL LLP
3500 PNC Tower
101 South Fifth Street
Louisville, KY 40202
Telephone: (502) 587-3606
Facsimile: (502) 540-2215
E-mail: jirving@bgdlegal.com

ARTICLE XIV

**PLAN-RELATED RISK FACTORS AND ALTERNATIVES
TO CONFIRMATION AND CONSUMMATION OF THE PLAN**

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL HOLDERS OF CLAIMS THAT ARE IMPAIRED SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH HEREIN, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT.

A. Certain Bankruptcy Law Considerations

1. Parties-in-Interest May Object to the Committee's Classification of Claims and Equity Interests

Section 1122 of the Bankruptcy Code provides that a plan may replace 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 Committee believes that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Committee created (i) three Classes of Claims encompassing Claims that are substantially similar to the other Claims in such Classes, and (ii) one Class of Equity Interests encompassing Equity Interests that are substantially similar to the other Equity Interests in that Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. Failure to Satisfy Vote Requirement

If votes are received in an amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Committee intends to seek, as promptly as practicable thereafter, confirmation of the Plan. In the event that sufficient votes are not received, the Committee may seek approval of an alternative chapter 11 plan. There can be no assurance the terms of any such alternative chapter 11 plan would be similar or as favorable to the holders of Allowed Claims as those proposed in the Plan.

3. The Committee 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, including, among other requirements, a finding by the Bankruptcy Court that: (a) such plan “does not unfairly discriminate” and is “fair and equitable” with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of Claims and Equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance the Bankruptcy Court will confirm the Plan. A non-accepting holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that the Disclosure Statement, the balloting procedures and voting results are appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for Confirmation has 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.

Confirmation of the Plan is also subject to certain conditions as described in the Plan. If the Plan is not confirmed, it is unclear what Distributions, if any, holders of Allowed Claims would receive with respect to their Allowed Claims.

The Committee, subject to the terms and conditions of the Plan, reserves the right to modify the terms and conditions of the Plan as necessary for confirmation of the Plan. Any such modifications could result in a less favorable treatment of any non-accepting Class, as well as of any Classes junior to such non-accepting Class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a Distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan.

4. Nonconsensual Confirmation

The Bankruptcy Court may confirm the Plan over the rejection or deemed rejection of the Plan by classes of Claims or Equity Interests if the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to such class. Because the Committee seeks a cramdown under section 1129(b) of the Bankruptcy Code with respect to the deemed rejection of the Plan by holders of the Intercompany Claims in Class 4 and Equity Interests in Class 5, the Committee must satisfy the factors listed below.

No Unfair Discrimination. This test applies to classes of Claims or Equity Interests that are equal priority and are receiving different treatment under a plan of reorganization. The test does not require that the treatment be the same or equivalent, but that such treatment be “fair.”

Fair and Equitable Test. This test applies to classes of different priority (e.g., unsecured versus secured) and includes the general requirement that no class of claims receive more than

100% of the allowed amount of the claims in such class. As to the dissenting class, the test sets different standards, depending on the type of claims or interests in such class:

Unsecured Claims. Either (i) each holder of an impaired unsecured claim receives or retains under the plan property of a value equal to the amount of its allowed unsecured claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive or retain any property under the plan of reorganization.

Equity Interests. Either (i) each equity interest holder will receive or retain under the plan of reorganization property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any, of such stock and (b) the value of the stock or (ii) the holders of interests that are junior to the equity interests of the dissenting class will not receive or retain any property under the plan or reorganization.

The Committee believes the Plan will satisfy both the “no unfair discrimination” requirement and the “fair and equitable” requirement, notwithstanding that Classes 4 and 5 will receive no Distribution, because as to such Classes, there are no classes of equal priority receiving more favorable treatment and no class that is junior to such dissenting Classes will receive or retain any property on account of the Claims or Equity Interests in such class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion.

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

Except as otherwise provided in the Plan, the Committee or Debtors (and any successor in interest to the Debtors) reserves the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied on by any holder of a Claim where such Claim is subject to an objection. Any holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated Distributions described in this Disclosure Statement.

6. Risk of Non-Occurrence of the Effective Date

Although the Committee believes 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.

7. Contingencies Not to Affect Votes of Impaired Classes to Accept or Reject the Plan

The Distributions available to holders of Allowed Claims under the Plan can be affected by a variety of contingencies. 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 Class to accept or reject the Plan or require any sort of revote by the Impaired Class.

B. Risk Factors That May Affect Distributions Under the Plan

1. The Committee Cannot State with Any Degree of Certainty What Recover Will Be Available to Holders of Allowed Claims in a Voting Class

A number of unknown factors make certainty in creditor recoveries impossible. First, the Committee cannot know with any certainty, at this time, the number or amount of Claims that will ultimately be Allowed. Second, the Committee cannot know with any certainty, at this time, the Cash value of the Assets that will be distributed under the terms of the Plan. For example, the Committee is not certain what the GUC Trust and Responsible Person will recover on account of the Causes of Action. In fact, the Committee has not yet conducted an thorough analysis of the Causes of Action, including the potential actions under chapter 5 of the Bankruptcy Code and causes of actions against insiders, that seemingly comprises one of the largest assets of the Debtors' Estate that was not sold under the terms of the Sale and that will be transferred to the GUC Trust for the benefit of the Debtors' creditors.

2. Actual Amounts of Allowed Claims May Differ from the Estimated Claims and Adversely Affect the Recovery on Claims

The Claims estimates set forth herein are based on various assumptions. The actual amounts of Allowed Claims may differ significantly from those estimates should one or more underlying assumption prove to be incorrect. Such differences may adversely affect the percentage recovery to holders of Allowed Claims under the Plan. Additionally, the Committee has made certain assumptions, as described herein, regarding liquidation under chapter 7 of the Bankruptcy Code, which should be read carefully.

C. Disclosure Statement Disclaimer

1. No Waiver of Right to Object or Reject to Recover Transfers and Assets

The vote by a holder of an Allowed Claim for or against the Plan does not constitute a waiver or release of any Claims or rights of the Debtors, the GUC Trust or the Responsible Person to object to that holder's Allowed Claim or to bring Causes of Action regardless of whether any Claims or Causes of Action of the Debtors or the Estate are specifically or generally identified herein. Further, nothing in this Disclosure Statement or in the Plan should be considered a waiver of the Debtors', the GUC Trust's or the Responsible Person's right to pursue the Causes of Action.

2. Information Was Provided by the Debtors and Was Relied Upon by the Committee Counsel

Counsel to the Committee have relied upon information provided by the Debtors' Professionals in connection with the preparation of this Disclosure Statement. Although counsel to the Committee have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not verified independently the information contained herein.

D. Liquidation Under Chapter 7 – Liquidation Analysis

If the Plan is not Confirmed, the Chapter 11 Case will likely be converted to a case under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtors for Distribution in accordance with the priorities established by the Bankruptcy Code. The Committee believes that any such conversion would reduce any Distribution to holders of Claims, especially claims to General Unsecured Creditors in Class 3, based upon, among other things, the (i) increased costs of a chapter 7 case arising from the fees payable to a chapter 7 trustee and professional advisors to such trustee; (ii) substantial increases in claims which would be satisfied on a priority basis; and (iii) substantially longer period of time that would elapse until distributions could be made under chapter 7.

E. Certain U.S. Federal Income Tax Consequences

The following is a summary of certain U.S. federal income tax consequences of the Plan to the Debtors and certain holders of Claims. This summary is based on the Internal Revenue Code, Treasury Regulations thereunder and administrative and judicial interpretations and practice, all as in effect on the date of the Disclosure Statement and all of which are subject to change, with possible retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained and the Committee does not intend to seek a ruling from the Internal Revenue Services as to any of the tax consequences of the Plan discussed below. There can be no assurance that the Internal Revenue Service will not challenge one or more of the tax consequences of the Plan described below.

This summary does not apply to holders of Claims that are not U.S. Persons (as such term is defined in the Internal Revenue Code) or that are otherwise subject to special treatment under U.S. federal income tax law (including, without limitation, banks, governmental authorities or agencies, financial institutions, insurance companies, pass-through entities, tax-exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies and regulated investment companies). The following discussion assumes that holders of Allowed Claims and such Claims as “capital assets” within the meaning of section 1221 of the Internal Revenue Code. Moreover, this summary does not purport to cover all aspects of U.S. federal income taxation that may apply to the Debtors and holders of Allowed Claims based upon their particular circumstances. Additionally, this summary does not discuss any tax consequences that may arise under any laws other than U.S. federal income tax law, including under state, local or foreign tax law.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE

SERVICE, ANY TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE INTERNAL REVENUE CODE. TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THE DISCLOSURE STATEMENT. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

F. Federal Income Tax Consequences to the Debtors

The Debtors have filed consolidated federal income tax returns with the IRS and consolidated state income tax returns with West Virginia, Kentucky, Alabama, Delaware, Indiana, Kentucky, Ohio and Tennessee for all tax years up to and including the tax year ending 2018. The Committee does not expect the Debtors to incur any substantial tax liability as a result of implementation of the Plan.

G. Federal Income Tax Consequences to Holders of the Secured Claim and/or General Unsecured Claims

THERE ARE MANY FACTORS THAT WILL DETERMINE THE TAX CONSEQUENCES TO EACH CREDITOR. FURTHER, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. THEREFORE, IT IS IMPORTANT THAT EACH CREDITOR OBTAIN HIS, HER OR ITS OWN PROFESSIONAL TAX ADVICE REGARDING THE TAX CONSEQUENCES TO SUCH CREDITOR AS A RESULT OF THE PLAN.

H. Federal Income Tax Treatment of Equity Interests

THERE ARE MANY FACTORS THAT WILL DETERMINE THE TAX CONSEQUENCES TO EACH HOLDER OF A DEFICIENCY CLAIM AND EQUITY INTEREST OF THE DEBTORS. FURTHERMORE, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. THEREFORE, IT IS IMPORTANT THAT EACH HOLDER OF A DEFICIENCY CLAIM AND EQUITY INTEREST OF THE DEBTORS OBTAIN HIS, HER OR ITS OWN PROFESSIONAL TAX ADVICE REGARDING THE TAX CONSEQUENCES TO SUCH HOLDER OF A DEFICIENCY CLAIM AND EQUITY INTEREST OF THE DEBTORS AS A RESULT OF THE PLAN.

I. Withholding and Reporting

Payment of interest, dividends, and certain other payments are generally subject to federal backup withholding at the rate of 28% unless the payee of such payment furnishes such payee's correct taxpayer identification number (social security number or employer identification number) to the payor. The Responsible Person may be required to withhold the applicable percentage of any payments made to a holder who does not provide his taxpayer identification number. Backup withholding is not an additional tax, but an advance payment of tax that may be refunded by the

Internal Revenue Service to the extent such withholding results in an overpayment of tax by the taxpayer.

THE FOREGOING IS INTENDED TO BE ONLY A SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN, AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FEDERAL, STATE AND LOCAL INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. SUCH CONSEQUENCES MAY ALSO VARY BASED ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR EQUITY INTEREST. ACCORDINGLY, EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS STRONGLY URGED TO CONSULT WITH HIS, HER OR ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE AND LOCAL INCOME AND OTHER TAX CONSEQUENCES UNDER THE PLAN.

ARTICLE XV

GLOSSARY OF DEFINED TERMS

Unless the context otherwise requires, the following terms shall have the following meanings when used in capitalized form herein:

1. “*Accrued Professional Compensation*” means, at any given moment, all accrued and/or unpaid fees for legal, financial advisory, accounting and other professional services and reimbursement of expenses of such professionals that are awardable and allowable under sections 328, 330(a) or 331 of the Bankruptcy Code, or otherwise rendered prior to the Effective Date, including in connection with (a) applications filed pursuant to sections 330 and 331 of the Bankruptcy Code; (b) motions seeking the enforcement of the provisions of the Plan or Confirmation Order by all Professionals in the Chapter 11 Case that the Bankruptcy Court has not denied by a Final Order, to the extent that any such fees and expenses have not previously been paid regardless of whether a fee application has been filed for any such amount; and (c) applications for allowance of Administrative Claims arising under sections 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(6) of the Bankruptcy Code. To the extent the Bankruptcy Court or any higher court denies by a Final Order any amount of a Professional’s fees or expenses or any such Professional voluntarily waives or reduces its fees or expenses, then those amounts shall no longer be Accrued Professional Compensation.

2. “*Administrative Claims*” means Claims for costs and expenses of administration under sections 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, without limitation, the actual and necessary costs and expenses incurred on and after the Petition Date and before the Effective Date of preserving the Estate and operating the business of the Debtors (such as wages, salaries or commissions for services and payments for goods and other services and leased premises). Notwithstanding the foregoing, (i) any fees or charges assessed against the Estate of the Debtors under section 1930 of Chapter 123 of title 28 of the United States Code are excluded from the definition of Administrative Claims and shall be paid in accordance with the Plan, and (ii) Accrued Professional Compensation is excluded from the definition of Administrative Claims and shall be paid in accordance with the Plan. [Notwithstanding anything to the contrary in the Plan, Disclosure Statement or Confirmation Order, the Claim held by Withers Interests No. 1, LLC in](#)

the amount of \$11,820.00 and allowed by entry of an order of the Court [Docket No. 582] is an “Administrative Claim” for purposes of the Plan.

3. “*Administrative Claims Bar Dates*” means the Final Administrative Claims Bar Date.

4. “*Allowed*” means, with respect to any Claim or Equity Interest, except as otherwise provided by a Final Order of the Bankruptcy Court: (a) a Claim or Equity Interest that has been scheduled by the Debtors in its schedules of liabilities that has been Filed by the Claims Objection Bar Date; (b) a Claim or Equity Interest that either is not Disputed or has been allowed by a Final Order; (c) a Claim or Equity Interest that has been reviewed and deemed allowed by the Responsible Person; (d) a Claim or Equity Interest that is allowed: (i) in any stipulation of amount and nature of Claim executed prior to the entry of the Confirmation Order and approved by the Bankruptcy Court by a Final Order or (ii) in any stipulation with the Debtors or amount and nature of Claim or Equity Interest executed on or after the entry of the Confirmation Order; (e) a Claim or Equity Interest that is deemed allowed pursuant to the terms hereof or Allowed in the Confirmation Order; or (f) a Disputed Claim as to which a proof of claim has been timely Filed and as to which no objection has been Filed by the Claims Objection Bar Date.

5. “*Assets*” means all assets of the Debtors as of the Effective Date, including all Cash of the Estate, Causes of Action, Books and Records and Privileges, as well as the Wind-Down Expenses.

6. “*Ballot*” means the form of ballot, approved by the Disclosure Statement Order, used to record votes in favor of or opposed to the Plan.

7. “*Bankruptcy Code*” means section 101, et seq. of title 11 of the United States Code, and applicable portions of titles 18 and 28 of the United States Code, as in effect as of the Petition Date.

8. “*Bankruptcy Court*” means the United States Bankruptcy Court for the Eastern District of Kentucky.

9. “*Bankruptcy Rules*” means the Federal Rules of Bankruptcy Procedure, promulgated under section 2075 of title 23 of the United States Code, the Local Rules of the United States Bankruptcy Court for the Eastern District of Kentucky, and general orders and chambers procedures of the Bankruptcy Court, each as applicable to the Chapter 11 Case and as amended from time to time.

10. “*Bar Date Order*” means the Order Establishing Deadlines for Filing Proofs of Claim and Section 503(b)(9) Claim Requests and Approving the Form and Manner of Notice Thereof.

11. “*Books and Records*” means all books and records of the Debtors, including, without limitation, all documents and communications of any kind, whether physical or electronic.

12. “*Business Day*” means any day, other than a Saturday, Sunday or “legal holiday” (as that term is defined in Bankruptcy Rule 9006(a)).

13. “*Carve-Out*” means the cash set aside under the terms of the Final Financing Order that is not subject to liens or priority Claims and is designated to pay the Professionals Fees and the U.S. Trustee Fees.

14. “*Cash*” means cash and cash equivalents, including, but not limited to bank deposits, liquid investments, checks and similar items.

15. “*Causes of Action*” means claims, actions, causes of action, choses in action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, remedies, defenses, rights of setoff, recoupment, subrogation, contribution, reimbursement or indemnity, counterclaims and crossclaims against any other Person, based in law and/or equity, whether under the Bankruptcy Code or other applicable law, whether direct, indirect, derivative or otherwise, whether known, suspected or unsuspected and whether asserted or unasserted as of the Effective Date. For the avoidance of any doubt, “*Causes of Action*” includes, without limitation all claims arising under or authorized by 11 U.S.C. §§ 510, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551 or 553, including applicable state law claims, or other actions against insiders and/or any other entities under the Bankruptcy Code. The Schedules set forth a list of transfers of property made by the Debtors before the Petition Date, and the recipients of such transfers should be aware that they may be liable for an avoidance, preference, recover, fraudulent transfer, etc. as defined under the Bankruptcy Code. However, the mere fact that a party is not listed in the Schedules, the Plan or the Disclosure Statement does not mean that the Debtors do not hold a Cause of Action against that party. The Debtors gave the Committee derivative standing to assert the Causes of Action on behalf of the Debtors’ bankruptcy estate before the confirmation of the Plan, however, those Causes of Action still remain assets of the Debtors that will automatically vest with the GUC Trust upon confirmation.

16. “*Chapter 11 Case*” means the chapter 11 case commenced when the Debtors filed a voluntary petitions for relief under chapter 11 of the Bankruptcy Code on the Petition Date and being jointly administered in the Bankruptcy Court under the lead case number 19-50042.

17. “*Claim*” means a “claim,” as that term is defined in section 101(5) of the Bankruptcy Code, against the Debtors.

18. “*Claims Objection Bar Date*” means the deadline for objecting to Claims, which shall be the forty-fifth (45th) day following the Effective Date; provided, however, that the Debtors or the Responsible Person upon notice and motion may seek extensions of this date from the Bankruptcy Court.

19. “*Class*” means a category of Claims or Equity Interests as set forth herein pursuant to section 1122(a) of the Bankruptcy Code.

20. “*Committee*” means the Committee of Creditors Holding Unsecured Claims appointed by the Office of the United States Trustee pursuant to section 1102(a)(1) of the Bankruptcy Code which consists of the following members: (i) Eastern Sleep Products Company *dba Symbol Mattress*; (ii) TATM I, LLC; (iii) Ryder Truck Rental; (iv) Smith–Lindsey Development, LLC; (v) SO of Painesville, LLC; (vi) Reach NNN - IMS I, LLC; and (vii) MCMF Properties, LLC.

21. “*Confirmation Date*” means the date on which the Confirmation Order is entered by the Bankruptcy Court.

22. “*Confirmation Hearing*” means the hearing before the Bankruptcy Court scheduled for _____, 2019 at [_____] (Eastern Standard Time) during which the Debtors will seek confirmation of the Plan.

23. “*Confirmation Hearing Notice*” means that certain confirmation hearing notice filed with the Bankruptcy Court following entry of the Disclosure Statement Order.

24. “*Confirmation Order*” means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

25. “*Creditor*” means a “creditor” as that term is defined in section 101(10) of the Bankruptcy Code.

26. “*Debtors*” or “*Debtor-in-Possession*” means Mattress Resolution, LLC f/k/a Innovative Mattress Solutions, LLC, a Kentucky limited liability company, Sleep Outfitters of Alabama LLC, Sleep Outfitters of Indiana LLC, Sleep Outfitters of Kentucky, LLC, Sleep Outfitters of Ohio LLC, Sleep Outfitters of Tennessee LLC, Sleep Outfitters of West Virginia, LLC, Sleep Liquidators LLC, Brown Immobilien LLC, Knopf Systems, LLC, and K. B. & Associates, Incorporated.

27. “*Disbursing Agent*” means the Responsible Person or his designee.

28. “*Disclosure Statement*” means the Disclosure Statement for Debtors’ Plan of Liquidation Under Chapter 11 of the Bankruptcy Code, prepared and distributed in accordance with the Bankruptcy Code, Bankruptcy Rules and any other applicable law, as it is amended, supplemented or modified from time to time.

29. “*Disclosure Statement Order*” means the order approving the Disclosure Statement.

30. “*Disputed*” means, with respect to any Claim or Equity Interest, any Claim or Equity Interest: (a) listed on the Schedules as unliquidated, disputed or contingent, unless a proof of Claim in a liquidated amount has been timely filed; (b) as to which the Debtors, the Responsible Person or other party has interposed a timely objection or request for estimation in accordance with this Plan, the Confirmation Order, the Bankruptcy Code and the Bankruptcy Rules; or (c) as otherwise disputed by the Debtors in accordance with applicable law, which objection, request for estimation or dispute has not been withdrawn or determined by a Final Order; provided, however, that for purposes of this Plan, the Responsible Person shall have the power, up to and including the Claims Objection Bar Date, to determine a Claim to be Disputed upon review of the claims register and the Books and Records and may cause the amendment of the Schedules to reflect any such determination.

31. “*Distributions*” means the distributions of Cash to be made in accordance with the Plan.

32. “*Effective Date*” means the date selected by the Debtors that is a Business Day after the entry of the Confirmation Order on which: (a) no stay of the Confirmation Order is in effect; and (b) all relevant conditions have been satisfied or waived.

33. “*Entity*” means an “entity” as that term is defined in section 101(15) of the Bankruptcy Code.

34. “*Equity Interest*” means any “equity security” as that term is defined in section 101(16) of the Bankruptcy Code in the Debtors that existed immediately prior to the Petition Date.

35. “*Estate*” means the estates of the Debtors created on the Petition Date by section 541 of the Bankruptcy Code.

36. “*Exculpated Parties*” means, collectively, the Debtors’ Professionals, the Committee, the Committee’s Professionals and Tempur.

37. “*File*” or “*Filed*” means, with respect to any motion, pleading or other document, entered on the docket of the Chapter 11 Case.

38. “*Final Administrative Claims Bar Date*” means the first Business Day that is thirty (30) days after the Effective Date and is the deadline for a holder of an Administrative claim to file a request with the Bankruptcy Court for payment of such Administrative Claim in the manner indicated herein.

39. “*Final Decree*” means the decree contemplated under Bankruptcy Rule 3022.

40. “*Final Financing Order*” means the *Final Order (I) Authorizing Debtors To (A) Obtain Postpetition Financing Pursuant To 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1), And 364(e) And (B) Use Cash Collateral Pursuant To 11 U.S.C. § 363, (II) Granting Liens and Superpriority Administrative Expense Claims to Post-Petition Lender Pursuant to 11 U.S.C. §§364 and 507; (III) Scheduling Final Hearing; and (IV) Granting Related Relief* [Docket No. 302] entered by the Bankruptcy Court on February 15, 2019.

41. “*Final Order*” means an order or judgment of the Bankruptcy Court that has not been reversed, stayed, modified or amended, and s to which the time to file an appeal, motion for reconsideration or rehearing (excluding the times prescribed by Bankruptcy Rules 9023 and 9024), or request for a stay has expired.

42. “*General Unsecured Claims*” means Claims against the Debtors that are not Administrative Claims, Priority Tax Claims, Other Priority Claims, Deficiency Claims, or Equity Interests.

43. “*Governmental Unit*” means a “governmental unit” as that term is defined in section 101(27) of the Bankruptcy Code.

44. “*GUC Trust*” means the liquidating trust created pursuant to the Plan.

45. “*Impaired*” means “impaired” within the meaning of sections 1123(a)(4) and 1124 of the Bankruptcy Code, with respect to any Class of Claims or Equity Interests.

46. “*Initial Distribution Date*” means the date that is as soon as practicable after the Administrative Claims Bar Date, when Distributions under this Plan shall commence to holders of Allowed Claims.

47. “*Intercompany Claims*” means the intercompany claims held by the Non-Debtor Affiliates against the Debtors.

48. “*Lien*” shall mean a “lien” as that term is defined in section 101(37) of the Bankruptcy Code, including, without limitation, a deed of trust, mortgage, charge, security interest, pledge or other encumbrance against or interest in property to secure payment or performance of a claim, debt or litigation.

49. “*Non-Debtor Affiliates*” means Breakwater Point, LLC and Knopf Investment Properties LLC.

50. “*Other Priority Claims*” means Claims accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than Priority Tax Claims.

51. “*Person*” means a “person” as that term is defined in section 101(41) of the Bankruptcy Code, including, without limitation, any individual or Entity.

52. “*Petition Date*” means January 11, 2019, the date on which the Debtors commenced the Chapter 11 Case.

53. “*Plan*” means this plan of liquidation under chapter 11 of the Bankruptcy Code, either in its present form or as it may be altered, amended, modified or supplemented from time to time in accordance with the Bankruptcy Code, the Bankruptcy Rules or order of the Bankruptcy Court, as the case may be.

54. “*Plan Objection Deadline*” means the deadline for parties-in-interest in the Chapter 11 Case to object to the Plan, and which is set forth in the Disclosure Statement Order as [] at 5:00 p.m. (Eastern Standard Time).

55. “*Plan Supplement*” means the supplement to the Plan containing certain documents and forms of documents specified in the Plan, which documents and forms shall be the hearing on confirmation of the Plan.

56. “*Priority Tax Claims*” means Claims of Governmental Units accorded priority in right of payment under section 507(a) of the Bankruptcy Code.

57. “*Privileges*” means the right to assert or waive any privilege, including, but not limited to, any attorney-client privilege, work-product protection, or other privilege or immunity attaching to any documents or communications (whether written, electronic or oral), and control over or rights to direct current or former agents, attorneys, advisors and other professionals of the Debtors with respect thereto.

58. “*Professional*” means any Person employed in the Chapter 11 case pursuant to a Final Order in accordance with sections 327, 328 or 1103 of the Bankruptcy Code, and to be

compensated for services rendered prior to and including the Effective Date pursuant to sections 327, 328, 329, 330 or 331 of the Bankruptcy Code.

59. “*Record Date*” means the date that the Disclosure Statement Order is entered on the docket by the Bankruptcy Court.

60. “*Representatives*” means, with regard to a Person (including the Debtors), any current or former officers, directors, employees, advisors, attorneys, professionals (including Professionals), accountants, investment bankers, financial advisors, consultants, agents and other representatives (including their respective officers, directors, employees, independent contractors, members and professionals).

61. “*Responsible Person*” means Jim Lyon in his capacity as fiduciary responsible for administering the Estate in accordance with the Plan, and any successor.

62. “*Sale*” means the sale, approved by the Bankruptcy Court pursuant to the Sale Order, of substantially all of the Debtors’ assets to Tempur.

63. “*Sale Order*” means the *Order (I) Approving the Asset Purchase Agreement Among Sellers and Purchaser; (II) Authorizing the Sale of Substantially all of the Debtors’ Assets Free and Clear of Liens, Claims, Interests and Encumbrances, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Leases in Connection Therewith and (IV) Granting Related Relief* [Doc. No. 424], entered by the Bankruptcy Court on March 22, 2019, as may be amended by further Bankruptcy Court order.

64. “*Schedules*” mean, collectively, the schedules of assets and liabilities, schedules of executory contracts and statements of financial affairs pursuant to section 521 of the Bankruptcy Code Filed by the Debtors in each of their respective cases on January 11, 2019 and amended on February 13, 2019, and as may have been amended or modified from time to time.

65. “*Solicitation Procedures*” means the solicitation procedures set forth in the Disclosure Statement Order.

66. “*Subsequent Distribution Date*” means any date that a Distribution not made on the Initial Distribution Date is made.

67. “*Tempur*” means Tempur World, Inc. and its affiliates.

68. “*Tempur Unsecured Claim*” means, together, the claims filed by Tempur as evidenced by those proofs of Claims filed in the cases of Debtor iMS [Claim No. 99-1] and Debtor K.B.&A. [Claim No. 14-1].

69. “*U.S. Trustee*” means the United States Trustee appointed under Article 591 of title 28 of the United States Code to serve in Region 8, including the Eastern District of Kentucky.

70. “*Voting Agent*” means Bingham Greenebaum Doll LLP.

71. “*Voting Deadline*” means the deadline of 5:00 p.m. (Eastern Standard Time) on _____, 2019, to accept or reject the Plan.

72. “*Voting Record Date*” means _____, 2018, the date on which holders of Claims that are entitled to vote to accept or reject the Plan will be determined.

73. “*Wind-Down Funds*” means cash transferred into the GUC Trust by the Debtors following the Debtor’s payment of all administrative and priority claims incurred prior to the Effective Date.

ARTICLE XVI

CONCLUSIONS AND RECOMMENDATION

The Committee believes the Plan is in the best interests of all holders of Claims and urges all holders of Claims entitled to vote to accept the Plan and to evidence such acceptance by returning their Ballots so that they will be received by the Voting Agent by the Voting Deadline, _____, 2019 at 5:00 p.m. (Eastern Standard Time).

Document comparison by Workshare 9.5 on Tuesday, October 15, 2019 1:37:44 PM

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Document 2 ID	interwovenSite://Docs/LEGALDOCS/20392731/5
Description	#20392731v5<LEGALDOCS> - Off Comm Unsecured Creditors - IMS - Disclosure Statement for Official Committee Unsecured Creditors
Rendering set	Standard

Legend:	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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Deletions	131
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	263
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