

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

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In re	:	Chapter 11
	:	
COLT HOLDING COMPANY LLC, <i>et al.</i> , <sup>1</sup>	:	Case No. 15-11296 (LSS)
	:	
Debtors.	:	Jointly Administered

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**DEBTORS' JOINT PLAN OF REORGANIZATION  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

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<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are Colt Holding Company LLC (0094); Colt Security LLC (4276); Colt Defense LLC (1950); Colt Finance Corp. (7687); New Colt Holding Corp. (6913); Colt's Manufacturing Company LLC (9139); Colt Defense Technical Services LLC (8809); Colt Canada Corporation (5534); Colt International Coöperatief U.A. (6822); and CDH II Holdco Inc. (1782). The address of the Debtors' corporate headquarters is: 547 New Park Avenue, West Hartford, Connecticut 06110.

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Colt Holding Company LLC, Colt Security LLC, Colt Defense LLC, Colt Canada Corporation, Colt's Manufacturing Company LLC, New Colt Holding Corp., Colt Finance Corp., Colt Defense Technical Services LLC, Colt International Coöperatief U.A., and CDH II Holdco Inc., as debtors and debtors in possession in the above-captioned chapter 11 cases, jointly propose the following chapter 11 plan of reorganization, as it may be amended, supplemented, restated, or modified from time to time, pursuant to section 1121(a) of title 11 of the United States Code. Only Holders of Allowed Term Loan Claims, Allowed Senior Notes Claims, Allowed Qualified Unsecured Trade Claims, and Allowed General Unsecured Claims are entitled to vote on the Plan. Prior to voting to accept or reject the Plan, such Holders are encouraged to read the Plan, the accompanying Disclosure Statement, and their respective exhibits and schedules in their entirety. No materials other than the Plan, the Disclosure Statement, and their respective exhibits and schedules have been authorized by the Debtors for use in soliciting acceptances or rejections of the Plan.

## **SECTION 1. DEFINITIONS AND INTERPRETATION**

### **A. Definitions.**

The following terms used herein shall have the respective meanings defined below (such meanings to be equally applicable to both the singular and plural):

**1.1 *Additional Offering Amount*** has the meaning ascribed to such term in the Restructuring Term Sheet.

**1.2 *Administrative Expense Claim*** means any right to payment constituting a cost or expense of administration of any of the Chapter 11 Cases described in sections 503(b) or 1129(a)(4) of the Bankruptcy Code and entitled to priority under sections 507(a)(2) or 507(b) of the Bankruptcy Code, including, without limitation, (a) any actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Debtors' Estates or operating the Debtors' businesses; (b) any indebtedness or obligations incurred or assumed by the Debtors, as debtors in possession, during the Chapter 11 Cases; (c) any Allowed compensation for professional services rendered, and Allowed reimbursement of expenses incurred, by a Professional retained by order of the Bankruptcy Court or otherwise Allowed pursuant to section 503(b) of the Bankruptcy Code; and (d) any Administrative Expense Claims Allowed by Final Order of the Bankruptcy Court in connection with the assumption of contracts or otherwise. Any DIP Facility Claim and any fees or charges assessed against the Estate of any of the Debtors under section 1930, chapter 123 of title 28 of the United States Code are excluded from the definition of "Administrative Expense Claim."

**1.3 *Administrative Expense Claim Bar Date*** means the date that is not later than fourteen (14) days before the date scheduled for the Confirmation Hearing.

**1.4 *Allowed*** means, with respect to any Claim or Equity Interest, such Claim or Equity Interest or portion thereof against or in any Debtor: (a) as to which the deadline for objecting or seeking estimation has passed, and no objection or request for estimation has been filed; (b) as to which any objection or request for estimation that has been filed has been settled, waived, withdrawn, or denied by a Final Order; or (c) that is allowed pursuant to the terms of (i)

a Final Order, (ii) an agreement by and among the Holder of such Claim or Equity Interest and the Debtors or the Reorganized Debtors, as applicable, or (iii) the Plan.

**1.5 Amended Certificate of Formation** means the amended and restated certificates of formation for the applicable Reorganized Debtor, on terms and conditions acceptable to the Debtors, the Consortium, the Sciens Group, and the Term Loan Exit Lenders, substantially final forms of which shall be contained in the Plan Supplement.

**1.6 Backstop Agreement** means the Backstop Agreement that shall be included in the Plan Supplement, the terms of which shall be consistent with the Restructuring Term Sheet and otherwise acceptable to the Consortium and the Reorganized Debtors.

**1.7 Backstop Parties** has the meaning ascribed to such term in the Restructuring Support Agreement.

**1.8 Bankruptcy Code** means title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as in effect on the Petition Date, together with any amendments made thereto subsequent to the Petition Date, to the extent that any such amendments are applicable to the Chapter 11 Cases.

**1.9 Bankruptcy Court** means the United States Bankruptcy Court for the District of Delaware, or such other court having jurisdiction over the Chapter 11 Cases or any proceeding within, or appeal of an order entered in, the Chapter 11 Cases.

**1.10 Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure, the Official Bankruptcy Forms, or the local rules of the Bankruptcy Court, together with any amendments made thereto subsequent to the Petition Date, to the extent that any such amendments are applicable to the Chapter 11 Cases.

**1.11 Business Day** means any day, other than a Saturday, Sunday, or any other day on which banking institutions in New York, New York are required or authorized to close by law or executive order.

**1.12 Canadian Court** means the Ontario Superior Court of Justice (Commercial List), or such other Canadian court having jurisdiction over the Canadian Proceedings or any proceeding within, or appeal of an order entered in, the Canadian Proceedings.

**1.13 Canadian Proceedings** means the recognition proceeding commenced by Colt Holding Company LLC as foreign representative of the Debtors, pursuant to Part IV of the CCAA, to, among other things, recognize the jointly administered Chapter 11 Cases as a “foreign main proceeding.”

**1.14 Cash** means legal tender of the United States of America.

**1.15 Causes of Action** means all 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, rights of setoff, third-party claims, subrogation claims, contribution claims, reimbursement claims, indemnity claims, counterclaims, and cross-claims of any of the Debtors and/or the Estates (including, but not limited to, those actions listed in the Plan Supplement) that are or may be pending on the Effective Date or instituted by the Reorganized Debtors after the Effective Date against any entity, based in law or equity, including, but not limited to, under the Bankruptcy Code, whether direct, indirect, derivative, or otherwise or in law, equity, or otherwise and whether known or unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured, whether asserted or unasserted as of the date of entry of the Confirmation Order. For the avoidance of doubt, "Cause of Action" includes: (i) the right to object to Claims or Equity Interests; (ii) any claim pursuant to section 362 of the Bankruptcy Code; (iii) any counterclaim or defense, including fraud, mistake, duress, usury, or recoupment; and (iv) any claim or cause of action arising under or authorized by sections 510, 542 through 551, and 553 of the Bankruptcy Code.

**1.16** *CCAA* means the *Companies' Creditors Arrangement Act* (Canada), R.S.C. 1985, c. C-36, as amended.

**1.17** *Chapter 11 Cases* means the jointly administered cases under chapter 11 of the Bankruptcy Code commenced by the Debtors in the Bankruptcy Court.

**1.18** *Claim* means a claim as defined in section 101(5) of the Bankruptcy Code, as supplemented by section 102(2) of the Bankruptcy Code, against a Debtor, including, but not limited to: (a) any right to payment from a Debtor whether or not any such right is reduced to judgment, liquidated, unliquidated, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured or (b) any right to an equitable remedy for breach of performance if such performance gives rise to a right of payment from a Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured, whether or not asserted.

**1.19** *Class* means any group of substantially similar Claims or Equity Interests classified by the Plan pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code.

**1.20** *Collateral* means any property or interest in property of the Estate of any Debtor subject to a Lien, charge, or other encumbrance to secure the payment or performance of a Claim, which Lien, charge, or other encumbrance is not subject to avoidance or otherwise invalid under the Bankruptcy Code or applicable non-bankruptcy law.

**1.21** *Colt Defense Long Term Incentive Plan* means that certain Colt Defense LLC Long Term Incentive Plan implemented by Colt Defense LLC on March 1, 2012.

**1.22** *Committee* means the official committee of unsecured creditors appointed by the United States Trustee in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code, as reconstituted from time to time.

**1.23** *Confirmation Date* means the date upon which the Clerk of the Bankruptcy Court enters the Confirmation Order.

**1.24 Confirmation Hearing** means the hearing(s) to be held by the Bankruptcy Court to consider confirmation of the Plan under section 1129 of the Bankruptcy Code.

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

**1.26 Confirmation Recognition Order** means an order of the Canadian Court recognizing and enforcing the Confirmation Order in Canada.

**1.27 Consortium** means the ad hoc consortium of holders of the Senior Notes, the members of which are identified in the *Amended Joint Verified Statement of Ashby & Geddes, P.A. and Brown Rudnick LLP Pursuant to Federal Rule of Bankruptcy Procedures 2019* [D.I. 167], filed with the Bankruptcy Court on or about July 7, 2015.

**1.28 Debtor Subsidiaries** means, collectively, Colt Defense LLC, Colt Security LLC, Colt Canada Corporation, Colt's Manufacturing Company LLC, New Colt Holding Corp., Colt Finance Corp., Colt Defense Technical Services LLC, Colt International Coöperatief U.A., and CDH II Holdco Inc.

**1.29 Debtors** means, collectively, Colt Holding Company LLC, Colt Security LLC, Colt Defense LLC, Colt Canada Corporation, Colt's Manufacturing Company LLC, New Colt Holding Corp., Colt Finance Corp., Colt Defense Technical Services LLC, Colt International Coöperatief U.A., and CDH II Holdco Inc.

**1.30 DIP Agents** means, collectively, the DIP Senior Loan Agent and the DIP Term Loan Agent.

**1.31 DIP Credit Agreements** means, collectively the DIP Senior Loan Agreement and the DIP Term Loan Agreement.

**1.32 DIP Facilities** means, collectively, the DIP Senior Loan Facility and the DIP Term Loan Facility.

**1.33 DIP Facility Claims** means all Claims against any Debtor related to, arising out of, or in connection with the DIP Facilities. Without limitation of the generality of the foregoing, DIP Facility Claims shall include all "Obligations" as defined in and arising under the DIP Senior Loan Agreement (including, without limitation, all DIP Fee Obligations) and all "Obligations" as defined in and arising under the DIP Term Loan Agreement.

**1.34 DIP Fee Obligations** has the meaning ascribed to such term under the DIP Senior Loan Agreement.

**1.35 DIP Intercreditor Agreement** means that certain intercreditor agreement, dated as of June 14, 2015, by and between the Debtors, the DIP Senior Loan Agent, the DIP Term Loan Agent, the Senior Loan Agent, and the Term Loan Agent.

**1.36 DIP Lenders** means, collectively, the DIP Senior Loan Lenders and the DIP Term Loan Lenders.



**1.37** *DIP Order* means the *Final Order: (I) Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 Authorizing the Debtors to (A) Obtain Postpetition Financing, (B) Grant Senior Liens and Superpriority Administrative Expense Status, (C) Use Cash Collateral of Prepetition Secured Parties; and (II) Granting Related Relief* [D.I. 202], entered by the Bankruptcy Court on or about July 10, 2015.

**1.38** *DIP Senior Loan Agent* means the agent or agents for the DIP Senior Loan Lenders under the DIP Senior Loan Agreement.

**1.39** *DIP Senior Loan Agreement* means that certain First Amended and Restated Senior Secured Super-Priority Debtor-In-Possession Credit Agreement, amended, restated, amended and restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, dated as of June 24, 2015, by and among Colt Defense LLC, Colt's Manufacturing Company LLC, and Colt Canada Corporation, as borrowers, CDH II Holdco Inc. and the subsidiaries of Colt Defense LLC, as guarantors, Cortland Capital Market Services LLC, as agent, and the lenders from time to time thereunder.

**1.40** *DIP Senior Loan Claims* means all Claims derived from, based upon, relating to, or arising under the DIP Senior Loan Facility.

**1.41** *DIP Senior Loan Facility* means, collectively, (a) the DIP Senior Loan Agreement and (b) the related loans, guarantees, pledges, security agreements, and other agreements and documents to be given or issued pursuant to or in connection with, the foregoing.

**1.42** *DIP Senior Loan Lenders* means the lenders under the DIP Senior Loan Agreement.

**1.43** *DIP Term Loan Agent* means the agent or agents for the DIP Term Loan Lenders under the DIP Term Loan Agreement.

**1.44** *DIP Term Loan Agreement* means that certain Senior Secured Superpriority Debtor-In-Possession Term Loan Agreement as amended pursuant to Amendment No. 1 and Amendment No. 2 thereto and as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, dated as of June 14, 2015, by and among Colt Defense LLC, Colt's Manufacturing Company LLC, New Colt Holding Corp., Colt Finance Corp., and Colt Canada Corporation, as borrowers, CDH II Holdco Inc. and the subsidiaries of Colt Defense LLC, as guarantors, Wilmington Savings Fund Society, FSB, as agent, and the lenders named therein.

**1.45** *DIP Term Loan Claims* means all Claims derived from, based upon, relating to, or arising under the DIP Term Loan Facility.

**1.46** *DIP Term Loan Facility* means, collectively, (a) the DIP Term Loan Agreement and (b) the related loans, guarantees, pledges, security agreements, and other agreements and documents to be given or issued pursuant to or in connection with, the foregoing.

**1.47** *DIP Term Loan Lenders* means the lenders under the DIP Term Loan Agreement.

**1.48** *Disallowed* means, with respect to any Claim or Equity Interest, such Claim or Equity Interest or portion thereof that has been disallowed or expunged by a Final Order or agreement by the Holder of the Claim or Equity Interest and the Debtors or the Reorganized Debtors.

**1.49** *Disbursement Agent* means the Debtors or the Reorganized Debtors, or any Person designated by the Debtors or the Reorganized Debtors prior to the Confirmation Hearing, in the capacity as disbursement agent under the Plan.

**1.50** *Disclosure Statement* means that certain disclosure statement relating to the Plan, including, without limitation, all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code.

**1.51** *Disclosure Statement Recognition Order* means an order of the Canadian Court recognizing and enforcing the order of the Bankruptcy Court approving the Disclosure Statement.

**1.52** *Disputed* means, with respect to any Claim or Equity Interest, all or the portion of any Claim against, or Equity Interest in, any Debtor that is neither Allowed nor Disallowed, including any Claim or Equity Interest as to which the Debtors have interposed an objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules and such objection or request for estimation has not been withdrawn or determined by a Final Order, or that otherwise is disputed by the Debtors in accordance with applicable law.

**1.53** *Distribution Record Date* means the date of the commencement of the Confirmation Hearing.

**1.54** *Effective Date* means the Business Day on or after the Confirmation Date specified by the Debtors on which (i) no stay of the Confirmation Order or the Confirmation Recognition Order is in effect and (ii) the conditions to the effectiveness of the Plan specified in Section 9.2 have been satisfied or waived.

**1.55** *Eligible Holder* means each Holder of Senior Notes other than Fidelity/Newport who beneficially holds \$100,000 or more (or such other amount as the RSA Creditor Parties, the Reorganized Debtors, and the Sciens Group may agree) in principal amount of Senior Notes and is an “accredited investor.”

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

**1.57** *Equity Interest* means all outstanding ownership interests in any of the Debtors, including any interest evidenced by common or preferred stock, membership interest, option, or other right to purchase or otherwise receive any ownership interest in any of the Debtors, or any right to payment or compensation based upon any such interest, whether or not such interest is owned by the Holder of such right to payment or compensation.

**1.58** *Estates* means the estates of the Debtors created pursuant to section 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases.

**1.59 Exit Facilities** means, collectively, those certain financing agreements to be entered into on the Effective Date (the “*Exit Credit Agreements*”) and the related loans, guarantees, pledges, security agreements, and other agreements and documents to be given or issued pursuant to or in connection with, the foregoing, having the principal terms and conditions set forth in the Senior Loan Exit Term Sheet, the Term Loan Exit Term Sheet, and with respect to the Third Lien Exit Facility, the Offering Term Sheet. Forms of the Exit Credit Agreements shall be included in the Plan Supplement.

**1.60 Exit Intercreditor Agreement** means that certain intercreditor agreement, upon terms and conditions substantially similar to those of the DIP Intercreditor Agreement, subject to certain modifications acceptable to the Exit Lenders, including those set forth on Annex A to the Term Loan Exit Term Sheet. A form of the Exit Intercreditor Agreement shall be included in the Plan Supplement.

**1.61 Exit Lenders** means, collectively, the institutions party from time to time as lenders under the Exit Facilities.

**1.62 Fidelity/Newport** has the meaning ascribed to such term in the Restructuring Term Sheet.

**1.63 Final Distribution Date** means, in the event there exist on the Effective Date any Disputed Claims, a date selected by the Reorganized Debtors in their sole discretion, on which (a) the deadline to object to Disputed Claims has expired and (b) all objections to Disputed Claims have been settled, waived, withdrawn, or otherwise resolved by Final Order.

**1.64 Final Order** means an order or judgment entered by the Bankruptcy Court or other court of competent jurisdiction (including the Canadian Court): (a) that has not been reversed, stayed, modified, amended, or revoked, and as to which (i) any right to appeal or seek leave to appeal, certiorari, review, reargument, stay, or rehearing has been waived or (ii) the time to appeal or seek leave to appeal, certiorari, review, reargument, stay, or rehearing has expired and no appeal, motion for leave to appeal, or petition for certiorari, review, reargument, stay, or rehearing is pending or (b) as to which an appeal has been taken, a motion for leave to appeal, or petition for certiorari, review, reargument, stay, or rehearing has been filed and (i) such appeal, motion for leave to appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which leave to appeal, certiorari, review, reargument, stay, or rehearing was sought and (ii) the time to appeal (in the event leave is granted), appeal further or seek leave to appeal, certiorari, further review, reargument, stay, or rehearing has expired and no such appeal, motion for leave to appeal, or petition for certiorari, further review, reargument, stay, or rehearing is pending; *provided, however*, that no order or judgment shall fail to be a “Final Order” solely because of the possibility that a motion pursuant to sections 502(j) or 1144 of the Bankruptcy Code, rules 59 or 60 of the Federal Rules of Civil Procedure, any analogous rules under the *Ontario Rules of Civil Procedure* in connection with the Canadian Proceedings, or Bankruptcy Rules 9023 and 9024 may be filed with respect to such order or judgment.

**1.65 General Bar Date** means November 20, 2015.

**1.66** *General Unsecured Claim* means any Claim against any of the Debtors that is (a) not an Administrative Expense Claim, Priority Tax Claim, DIP Facility Claim, Priority Non-Tax Claim, Term Loan Claim, Other Secured Claim, Senior Notes Claim, Qualified Unsecured Trade Claim, or Intercompany Claim or (b) otherwise determined by the Bankruptcy Court to be a General Unsecured Claim.

**1.67** *General Unsecured Note* has the meaning set forth in Section 4.6(b). A form of the General Unsecured Note shall be included in the Plan Supplement.

**1.68** *Governmental Unit* has the meaning set forth in section 101(27) of the Bankruptcy Code.

**1.69** *Holder* means the beneficial holder of any Claim or Equity Interest.

**1.70** *Impaired* has the meaning set forth in section 1124 of the Bankruptcy Code.

**1.71** *Intercompany Claim* means any Claim held by (a) a Debtor against another Debtor or (b) a non-Debtor subsidiary of a Debtor against a Debtor.

**1.72** *Lien* means a lien as defined in section 101(37) of the Bankruptcy Code on or against any of the Debtors' property or the Estates.

**1.73** *Liquidity Event* has the meaning ascribed to such term in the Restructuring Term Sheet.

**1.74** *New Class A LLC Units* means the equity interests of Reorganized Parent issued pursuant to the Offering (subject to dilution by New Class A LLC Units granted in accordance with the New Management Incentive Plan and issued under the West Hartford Facility Term Sheet) on the terms and conditions summarized in the Offering Term Sheet and to be set forth in the Reorganized Parent LLC Agreement, and which shall be issued in accordance with the Offering Procedures.

**1.75** *New Class B LLC Units* means the equity interests of Reorganized Parent issued to the Holders of Allowed Senior Notes Claims pursuant to this Plan (subject to dilution by the automatic conversion of New Class A LLC Units upon a Liquidity Event) with the terms described in the Restructuring Term Sheet, to be set forth in the Reorganized Parent LLC Agreement.

**1.76** *New Equity Interests* means, collectively, New Class A LLC Units and New Class B LLC Units, in each case to the extent outstanding.

**1.77** *New Management Incentive Plan* means a management incentive plan to be implemented on or after the Effective Date, subject to the terms of the Restructuring Term Sheet, providing for grants of restricted units, Cash, options, warrants, and/or other equity-based compensation to the management of the Reorganized Debtors of up to 10% of the New Class A LLC Units of Reorganized Parent. A form of the New Management Incentive Plan shall be included in the Plan Supplement.

**1.78 *New Organizational Documents*** means, in addition to the Amended Certificate of Formation, any new or amended and restated certificates of incorporation, by-laws, certificates of formation, limited liability company agreements (or documents of similar import, as applicable) for the applicable Reorganized Debtor, on terms and conditions consistent with the Restructuring Term Sheet and acceptable to the Debtors, the Plan Support Parties, and the Term Loan Exit Lenders, substantially final forms of which shall be contained in the Plan Supplement.

**1.79 *NPA*** means NPA Hartford LLC, as landlord under the West Hartford Facility Lease.

**1.80 *Offering*** means the \$50 million in new capital to be provided to the Reorganized Debtors on the Effective Date in connection with a private offering consisting of (i) the Third Lien Exit Facility and (ii) the New Class A LLC Units. The terms of conditions of the Offering are summarized in the Offering Term Sheet. The aggregate new capital raised through the Offering may be increased by up to \$5 million in accordance with the terms set forth in the Restructuring Term Sheet regarding the Additional Offering Amount.

**1.81 *Offering Procedures*** means those certain rights offering procedures with respect to the Offering, which shall be in accordance with the Restructuring Term Sheet and which shall be included in the Plan Supplement.

**1.82 *Offering Record Date*** means the date to be established in the Offering Procedures as of which a Holder of the Senior Notes must be an Eligible Holder for purposes of participating in the Offering.

**1.83 *Offering Term Sheet*** means the term sheet attached as Exhibit C to the Plan.

**1.84 *Offering Units*** means the units comprised of (i) the debt issued pursuant to the Third Lien Exit Facility and (ii) the New Class A LLC Units.

**1.85 *Order Establishing Interim Compensation Procedures*** means the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [D.I. 295], entered by the Bankruptcy Court on or about July 29, 2015.

**1.86 *Other Secured Claim*** means any Secured Claim that is not a Term Loan Claim or a DIP Facility Claim.

**1.87 *Parent*** means Colt Holding Company LLC.

**1.88 *Participating Consortium Holders*** has the meaning ascribed to such term in the Restructuring Term Sheet.

**1.89 *Participating Holders*** has the meaning ascribed to such term in the Restructuring Term Sheet.

**1.90 *Person*** has the meaning set forth in section 101(41) of the Bankruptcy Code.

**1.91** *Petition Date* means June 14, 2015.

**1.92** *Plan* means this joint plan of reorganization under chapter 11 of the Bankruptcy Code, including the exhibits and schedules hereto and the Plan Supplement, as may be amended, supplemented, or modified from time to time in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the terms hereof.

**1.93** *Plan Documents* means the documents to be executed, delivered, assumed, or performed in connection with the consummation and implementation of the Plan.

**1.94** *Plan Supplement* means the compilation of documents (or forms thereof), schedules, and exhibits filed not later than ten (10) calendar days prior to the first date on which the Confirmation Hearing is scheduled to be held, as such documents, schedules, and exhibits may be altered, amended, modified, or supplemented from time to time in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the terms of this Plan.

**1.95** *Plan Support Parties* means any Person or Entity that is party to the Restructuring Support Agreement.

**1.96** *Prepetition Intercreditor Agreement* means that certain Intercreditor Agreement dated as of February 9, 2015, by and among the Senior Loan Agent, the Term Loan Agent, and the Debtors.

**1.97** *Prepetition RSA* means that certain Restructuring Support Agreement dated May 31, 2015, by and among (i) the Debtor Subsidiaries, (ii) certain lenders under that certain Credit Agreement dated as of February 9, 2015, by and among Colt Defense LLC, Colt's Manufacturing Company LLC, and Colt Canada Corporation, as borrowers, certain subsidiary guarantors, and Cortland Capital Market Services LLC, as agent, (iii) certain Term Loan Lenders, (iv) certain Holders of Senior Notes Claims, (v) the Sciens Group, and (vi) NPA.

**1.98** *Priority Non-Tax Claim* means any Claim against any of the Debtors entitled to priority in right of payment under section 507(a) of the Bankruptcy Code that is not an Administrative Expense Claim or a Priority Tax Claim.

**1.99** *Priority Return* means the threshold at which Reorganized Parent has made cumulative distributions to holders of New Class A LLC Units in an amount of \$50,000,000.

**1.100** *Priority Tax Claim* means any Claim of a governmental authority of the kind entitled to priority in payment as specified in sections 502(i) or 507(a)(8) of the Bankruptcy Code.

**1.101** *Pro Rata Share* means, with respect to any distribution on account of any Allowed Claim in any Class, a distribution equal in amount to the ratio (expressed as a percentage) that the amount of such Allowed Claim bears to the aggregate amount of all Claims, as applicable, other than Disallowed Claims, as the case may be, in such Class.

**1.102 *Professionals*** means (a) all professionals employed in the Chapter 11 Cases pursuant to sections 327, 328, 363, or 1103 of the Bankruptcy Code or otherwise and (b) all professionals or other entities seeking compensation or reimbursement of expenses in connection with the Chapter 11 Cases pursuant to section 503(b)(4) of the Bankruptcy Code.

**1.103 *Qualified Unsecured Trade Claim*** means (a) all General Unsecured Claims directly relating to and arising solely from the receipt of goods and services by the Debtors arising with, and held by, Entities with whom the Debtors are conducting, and will continue to conduct, business as of the Effective Date, which Entities have either (x) executed a Qualified Vendor Support Agreement prior to or on the Voting Deadline or (y) indicated on its Class 5 ballot that, in consideration for its Allowed Claim receiving the treatment provided for Class 5, such Entity elects to be bound to provide payment terms no less advantageous (from the perspective of the Reorganized Debtors) than those terms provided to the Debtors as of twelve months prior to the Petition Date for at least twelve months following the Effective Date; *provided, however*, that such Entity receives the payment on its Allowed Claim in accordance with the Plan; *provided, further*, that the Debtors are and remain in compliance with such payment terms for the duration of the twelve months; or (b) all Claims designated by the Debtors as a “Qualified Unsecured Trade Claim” for purposes of the Plan by an order of the Bankruptcy Court or agreement of the applicable parties; *provided, however*, that Qualified Unsecured Trade Claims shall not include Administrative Expense Claims or Priority Non-Tax Claims.

**1.104 *Qualified Vendor Support Agreement*** means an agreement or similar arrangement satisfactory to the Debtors in which the Holder of a General Unsecured Claim directly relating to and arising solely from the receipt of goods and services by the Debtors arising with, and held by, such Holder with whom the Debtors are conducting, and will continue to conduct, business as of the Effective Date, shall agree to provide payment terms no less advantageous (from the perspective of the Reorganized Debtors) than those terms provided as of twelve months prior to the Petition Date for at least twelve months following the Effective Date.

**1.105 *Released Parties*** means, collectively, (a) all Persons engaged or retained by the Debtors in connection with the Chapter 11 Cases (including in connection with the preparation of, and analyses relating to, the Plan and the Disclosure Statement); (b) the Debtors and Reorganized Debtors; (c) the Term Loan Agent; (d) the DIP Agents; (e) the Term Loan Lenders; (f) the DIP Lenders; (g) the Consortium, and each member of the Consortium; (h) all Holders of Senior Notes to the extent such Holders vote to accept the Plan; (i) the Sciens Group and any other direct or indirect Holders of Equity Interests in Colt Defense LLC; (j) NPA and VALNIC Capital Real Estate Fund I LLC; (k) the Senior Notes Indenture Trustee, (l) each Holder of a Claim or Equity Interest who either votes to accept the Plan or is conclusively presumed to have accepted the Plan; (m) the Committee; (n) all Persons engaged or retained by the parties listed in (b) through (m) of this definition in connection with the Chapter 11 Cases (including in connection with the preparation of and analyses relating to the Plan and the Disclosure Statement); and (o) any and all affiliates, officers, directors, partners, employees, members, managers, members of boards of managers, advisors, attorneys, actuaries, financial advisors, accountants, investment bankers, agents, professionals, and representatives of each of the foregoing Persons and Entities (whether current or former, in each case, in his, her, or its capacity as such).

**1.106 *Releasing Parties*** means each of the following in its capacity as such: (a) the Term Loan Agent; (b) the DIP Agents; (c) the Term Loan Lenders; (d) the DIP Lenders; (e) NPA and VALNIC Capital Real Estate Fund I LLC; (f) each Holder of a Claim or Equity Interest who either votes to accept the Plan or is conclusively presumed to have accepted the Plan; (g) the Sciens Group and any other direct or indirect Holders of Equity Interests in Colt Defense LLC; (h) the Committee; and (i) each Holder of a Claim or Equity Interest who is entitled to vote on the Plan and (x) either votes to reject the Plan or abstains from voting to accept or reject the Plan and (y) does not check the appropriate box on such Holder's timely submitted ballot to indicate that such Holder opts out of the releases set forth in Section 10.4.

**1.107 *Reorganized Colt*** means Colt Defense LLC and any successors or assigns thereto, by merger, consolidation, or otherwise on or after the Effective Date.

**1.108 *Reorganized Debtor*** means any Debtor and any successors or assigns thereto, by merger, consolidation, or otherwise on or after the Effective Date.

**1.109 *Reorganized Parent*** means Colt Holding Company LLC and any successors or assigns thereto, by merger, consolidation, or otherwise on or after the Effective Date.

**1.110 *Reorganized Parent LLC Agreement*** means that certain limited liability company agreement of Reorganized Parent describing and governing the rights and obligations of Reorganized Parent, the holders of New Class A LLC Units, and the holders of New Class B LLC Units. The Reorganized Parent LLC Agreement shall become effective on the Effective Date and shall provide customary minority member protections as set forth in the Restructuring Term Sheet and reasonably agreed to among the Plan Support Parties. The material terms of the Reorganized Parent LLC Agreement are set forth in the Restructuring Term Sheet, and a form of the Reorganized Parent LLC Agreement shall be included in the Plan Supplement.

**1.111 *Requisite Consenting Lenders*** has the meaning set forth in the Restructuring Support Agreement.

**1.112 *Restructuring Support Agreement*** means that certain agreement, dated as of October 9, 2015, by and among the Debtors and the Plan Support Parties, including all exhibits thereto, as may be amended, supplemented, or modified from time to time in accordance with its terms. A copy of the Restructuring Support Agreement is attached to the Disclosure Statement as Exhibit A.

**1.113 *Restructuring Term Sheet*** means that certain term sheet attached as Exhibit A to the Restructuring Support Agreement.

**1.114 *Restructuring Transactions*** has the meaning set forth in Section 5.2.

**1.115 *Retained Actions*** has the meaning set forth in Section 7.4.

**1.116 *RSA Creditor Parties*** has the meaning ascribed to such term in the Restructuring Term Sheet.



**1.117 *Sciens Group*** means Sciens Capital Management LLC together with each of its affiliates (to the extent that Sciens Capital Management LLC or an investment advisor under common control with Sciens Capital Management LLC retains voting control over such affiliate), officers, directors, partners, employees, members, managers, advisors, attorneys, financial advisors, accountants, investment bankers, agents, professionals, and representatives.

**1.118 *Secured Claim*** means a Claim against any Debtor that is secured by a valid, perfected, and enforceable Lien on, or security interest in, property of such Debtor, or that has the benefit of rights of setoff under section 553 of the Bankruptcy Code, but only to the extent of the value of the Holder's interest in such Debtor's interest in such property, or to the extent of the amount subject to setoff, the value of which shall be determined as provided in section 506 of the Bankruptcy Code.

**1.119 *Securities Act*** means the Securities Act of 1933, as amended, and all rules and regulations promulgated thereunder.

**1.120 *Senior Loan Agent*** means Cortland Capital Market Services LLC in its capacity as agent under that certain Credit Agreement dated February 9, 2015, by and among Colt Defense LLC, Colt Canada Corporation, and Colt's Manufacturing Company LLC, as borrowers, the other Debtors, as guarantors, Cortland Capital Market Services LLC, as agent, and the institutions party from time to time as lenders thereunder.

**1.121 *Senior Loan Exit Facility*** means that certain senior loan facility provided by the Senior Loan Exit Lenders to the Reorganized Debtors on the terms and conditions set forth in the Senior Loan Exit Term Sheet.

**1.122 *Senior Loan Exit Lenders*** means the institutions party from time to time as lenders under the Senior Loan Exit Facility.

**1.123 *Senior Loan Exit Term Sheet*** means the term sheet attached as Exhibit A to the Plan.

**1.124 *Senior Notes*** means those certain 8.75% Senior Notes due 2017 of Colt Defense LLC and Colt Finance Corp. in the aggregate outstanding principal amount of \$250,000,000 issued pursuant to and in accordance with the Senior Notes Indenture.

**1.125 *Senior Notes Claims*** means all Claims against any Debtor related to, arising out of, or in connection with, the Senior Notes.

**1.126 *Senior Notes Indenture*** means that certain Indenture dated as of November 10, 2009 (as supplemented by the supplemental indenture, dated as of June 19, 2013 and the supplemental indenture, dated as of July 12, 2013), by and among Colt Defense LLC, Colt Finance Corp., the other Debtors as guarantors, and the Senior Notes Indenture Trustee.

**1.127 *Senior Notes Indenture Trustee*** means Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB).

**1.128 *Term Loan Agent*** means Wilmington Savings Fund Society, FSB, in its capacity as agent for the Term Loan Lenders under the Term Loan Agreement.

**1.129 *Term Loan Agreement*** means that certain Term Loan Agreement dated November 18, 2014, as amended, by and among Colt Defense LLC, Colt Canada Corporation, Colt's Manufacturing Company LLC, New Colt Holding Corp., and Colt Finance Corp., as borrowers, the other Debtors, as guarantors, the Term Loan Agent, and the Term Loan Lenders.

**1.130 *Term Loan Claims*** means all Claims derived from, based upon, relating to, or arising under the Term Loan Agreement.

**1.131 *Term Loan Exit Documents*** means the credit agreement governing the Term Loan Exit Facility and all other documents, related to or evidencing the loans and obligations thereunder, to be dated as of the Effective Date, each such document in form and substance acceptable to the Debtors and the Term Loan Exit Lenders.

**1.132 *Term Loan Exit Facility*** means that certain term loan facility provided by the Term Loan Exit Lenders to the Reorganized Debtors on the terms and conditions set forth in the Term Loan Exit Term Sheet.

**1.133 *Term Loan Exit Lenders*** means the institutions party from time to time as lenders under the Term Loan Exit Facility.

**1.134 *Term Loan Exit Term Sheet*** means the term sheet, in form and substance acceptable to the Term Loan Exit Lenders, attached as Exhibit B to the Plan.

**1.135 *Term Loan Lenders*** means the institutions party from time to time as lenders under the Term Loan Agreement.

**1.136 *Third Lien Exit Facility*** means that certain Third Lien Exit Facility to be provided on the terms set forth in the Offering Term Sheet and in accordance with the Offering Procedures, the documentation for which shall be included in the Plan Supplement.

**1.137 *Unimpaired*** means, with respect to any Claim or Equity Interest, such Claim or Equity Interest that is not Impaired.

**1.138 *Voting Agent*** means Kurtzman Carson Consultants LLC.

**1.139 *Voting Deadline*** means 4:00 p.m. (prevailing Eastern time) on December [7], 2015.

**1.140 *West Hartford Facility*** means the Debtors' corporate headquarters and primary manufacturing facility in West Hartford, Connecticut.

**1.141 *West Hartford Facility Lease*** means that certain net lease, dated as of October 26, 2005 (as amended), by and between Colt Defense LLC, as tenant, and NPA Hartford LLC, as landlord, for the West Hartford Facility.

**1.142 *West Hartford Facility Term Sheet*** means the “Chapter 11 Plan Term Sheet” attached as Exhibit B to the Restructuring Term Sheet.

**B. Interpretation, Application of Definitions, and Rules of Construction.**

(a) For purposes of the Plan and unless otherwise specified herein: (i) whenever from the context it is appropriate, 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 neuter gender shall include the masculine, feminine, and the neuter gender; (ii) unless otherwise specified, any reference in the Plan to an existing document, schedule, or exhibit, whether or not filed with the Bankruptcy Court (or the Canadian Court, as applicable), shall mean such document, schedule, or exhibit, as it may have been or may be amended, modified, or supplemented; (iii) any reference to an Entity as a Holder of a Claim or Equity Interest includes that Entity’s permitted successors and assigns; (iv) unless otherwise specified, all references in the Plan to sections are references to sections of the Plan; (v) the words “herein,” “hereof,” and “hereto” refer to the Plan in its entirety rather than to a particular provision of the Plan; (vi) subject to the provisions of any contract, certificate of incorporation, bylaw, certificate of formation, limited liability company agreement, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising pursuant to the Plan shall be governed by, and construed and enforced in accordance with, applicable federal law, including the Bankruptcy Code and Bankruptcy Rules; (vii) captions and headings to sections of the Plan are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (viii) unless otherwise set forth in the Plan, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (ix) any term used in capitalized form in the Plan that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as applicable; and (x) all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time, as applicable to the Chapter 11 Cases or the Canadian Proceedings, unless otherwise stated.

(b) In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

(c) All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

**SECTION 2. UNCLASSIFIED CLAIMS**

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Priority Tax Claims, and DIP Facility Claims have not been classified, and, thus, are excluded from the Classes of Claims and Equity Interests set forth in Section 3.

**2.1 *Administrative Expense Claims.***

(a) *Filing Administrative Expense Claims.* The Holder of an Administrative Expense Claim, other than (i) a Claim covered by Section 2.3 or Section 2.4 hereof, (ii) a liability incurred and payable in the ordinary course of business by a Debtor (and not past due),

or (iii) an Administrative Expense Claim that has been Allowed on or before the Administrative Expense Claim Bar Date, must file and serve on the Debtors a request for payment of such Administrative Expense Claim so that it is received no later than the Administrative Expense Claims Bar Date. **Holders required to file and serve, who fail to file and serve, a request for payment of Administrative Expense Claims by the Administrative Expense Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Expense Claims against the Debtors or Reorganized Debtors and their property and such Administrative Expense Claims shall be deemed discharged as of the Effective Date.** All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in Section 10.6 hereof. Notwithstanding the foregoing, pursuant to section 503(b)(1)(D) of the Bankruptcy Code, no Governmental Unit shall be required to file a request for payment of any Administrative Expense Claim of a type described in sections 503(b)(1)(B) or 503(b)(1)(C) of the Bankruptcy Code as a condition to such Claim being Allowed. All requests for payment of Administrative Expense Claims shall be filed with the Bankruptcy Court at the following address:

United States Bankruptcy Court for the District of Delaware  
824 North Market Street, 3rd Floor  
Wilmington, Delaware 19801

With a copy delivered by mail to the following address:

Colt Claims Processing  
c/o Kurtzman Carson Consultants LLC  
2335 Alaska Avenue  
El Segundo, California 90245

Requests for payment of Administrative Expense Claims may **not** be delivered by facsimile, telecopy, or electronic mail transmission.

(b) *Allowance of Administrative Expense Claims.* An Administrative Expense Claim, with respect to which a request for payment has been properly and timely filed pursuant to Section 2.1(a) shall become an Allowed Administrative Expense Claim if no objection to such request is filed with the Bankruptcy Court and served on the Debtors and the requesting party on or before the later of (i) the one-hundred-and-twentieth (120th) day after the Effective Date or (ii) the sixtieth (60th) day after the filing of the applicable request for payment of Administrative Expense Claims, if applicable, as the same may be modified or extended from time to time by order of the Bankruptcy Court. If an objection is timely filed, the Administrative Expense Claim shall become an Allowed Administrative Expense Claim only to the extent allowed by Final Order or as such Claim is settled, compromised, or otherwise resolved pursuant to Section 7.4 of the Plan.

(c) *Payment of Allowed Administrative Expense Claims.* Except to the extent that the Holder of an Allowed Administrative Expense Claim agrees to a less favorable treatment, and except as provided in Section 2.3 below, each Holder of an Allowed Administrative Expense Claim against the Debtors shall receive, in full and complete settlement, release, and discharge of such Claim, Cash equal to the unpaid amount of such Allowed

Administrative Expense Claim either on, or as soon as practicable after, the latest of (a) the Effective Date; (b) the date on which such Administrative Expense Claim becomes Allowed; (c) the date on which such Administrative Expense Claim becomes due and payable in the ordinary course of business under any agreement or understanding between the applicable Debtor and the Holder of such Allowed Administrative Expense Claim; and (d) such other date as may be mutually agreed to by such Holder and the Debtors or Reorganized Debtors, as applicable, subject to the reasonable consent of the Requisite Consenting Lenders and the Term Loan Exit Lenders. Notwithstanding the foregoing, any Allowed Administrative Expense Claim representing obligations incurred in the ordinary course of business or assumed by any of the Debtors shall be paid in full, in Cash, or performed by the applicable Debtor or Reorganized Debtor in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements or regulations governing, instruments evidencing, or other documents relating to, such transactions.

## **2.2 *Priority Tax Claims.***

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, each Holder of an Allowed Priority Tax Claim against the Debtors shall receive, in full and complete, settlement, release, and discharge of such Claim, deferred Cash payments equal to the unpaid amount of such Allowed Priority Tax Claim over a period of not longer than five (5) years after the Petition Date or on such other terms as agreed between the Debtors and each Holder thereof, subject to the reasonable consent of the Requisite Consenting Lenders and the Term Loan Exit Lenders.

## **2.3 *Professional Fees.***

Each Professional requesting compensation pursuant to sections 328, 330, 331, 363, or 503(b) of the Bankruptcy Code for services rendered in connection with the Chapter 11 Cases prior to the Effective Date shall (a) file with the Bankruptcy Court, and serve on the Reorganized Debtors, an application for allowance of final compensation and reimbursement of expenses in the Chapter 11 Cases on or before the forty-fifth (45th) day following the Effective Date and (b) after notice and a hearing in accordance with the procedures established by the Bankruptcy Code and any prior orders of the Bankruptcy Court in the Chapter 11 Cases, be paid in full, in Cash, in such amounts as are Allowed by the Bankruptcy Court.

For the avoidance of doubt, the immediately preceding paragraph shall not affect any professional-service Entity that is permitted to receive, and the Debtors are permitted to pay without seeking further authority from the Bankruptcy Court or the Canadian Court, compensation for services and reimbursement of expenses in the ordinary course of business (and in accordance with any relevant prior order of the Bankruptcy Court or the Canadian Court), the payments for which may continue notwithstanding the occurrence of confirmation of the Plan.

Except as otherwise specifically provided in the Plan, from and after the Effective Date, the Debtors or Reorganized Debtors, as applicable, may, upon submission of appropriate documentation and in the ordinary course of business, pay the post-Effective Date charges incurred by the Debtors for any Professional's fees, disbursements, expenses, or related support

services without application to or obtaining approval from the Bankruptcy Court or the Canadian Court. On the Effective Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtors may employ and pay any Professional for fees and charges incurred from and after the Effective Date in the ordinary course of business without any further notice to, or action, order, or approval of the Bankruptcy Court or the Canadian Court.

Notwithstanding the above (or anything herein to the contrary), all reasonable fees and expenses of Professionals previously approved on an interim basis pursuant to the Order Establishing Interim Compensation Procedures, the payment of which has been deferred through the Effective Date (the “**Deferred Professional Fees**”), shall be paid in Cash on the Effective Date or as soon as practicable thereafter; *provided, however*, that such Deferred Professional Fees are subject to final allowance in accordance with this Section 2.3.

Further notwithstanding the above (or anything herein to the contrary), all DIP Fee Obligations and all other unpaid reasonable and documented fees and expenses of the professional advisors retained by the DIP Senior Loan Lenders, the DIP Senior Loan Agent, the DIP Term Loan Lenders, the DIP Term Loan Agent, the Term Loan Lenders, the Term Loan Agent, the Consortium, and the Senior Notes Indenture Trustee, whether incurred prepetition or postpetition, and all reasonable and documented fees and expenses required to be paid pursuant to paragraph 28 of the Restructuring Support Agreement, shall be deemed to be Allowed Administrative Expense Claims for purposes hereof and shall be paid in Cash in full on or before the Effective Date without requirement of application to or approval by the Bankruptcy Court or the Canadian Court. Without limitation of the generality of the foregoing, (a) in the case of the DIP Senior Loan Lenders, the DIP Senior Loan Agent, the Consortium, and the Senior Notes Indenture Trustee, such professional advisors shall include (i) Brown Rudnick LLP, (ii) Ashby & Geddes, P.A., (iii) GLC Advisors & Co. LLC, (iv) Osler, Hoskin & Harcourt LLP, and (v) Holland & Knight LLP; (b) in the case of the DIP Term Loan Lenders, the DIP Term Loan Agent, the Term Loan Lenders, and the Term Loan Agent, such professional advisors shall include Willkie Farr & Gallagher LLP, Cassels Brock & Blackwell LLP, Morris Nichols Arsht & Tunnell LLP, and Pryor Cashman LLP; (c) in the case of the Senior Notes Indenture Trustee, such professional advisors shall include Loeb & Loeb LLP and Reed Smith LLP; (d) in the case of the Sciens Group, such professional advisors shall include Skadden, Arps, Slate, Meagher & Flom LLP; and (e) in the case of NPA, such professional advisors shall include Finn Dixon & Herling LLP.

#### **2.4 DIP Facility Claims.**

Pursuant to the Plan, the DIP Senior Loan Claims shall be Allowed in the aggregate principal amount of approximately \$41,666,666.67, plus accrued postpetition interest and any and all accrued paid-in-kind interest which shall be applied to the principal amount through the Effective Date. Pursuant to the Plan, the DIP Term Loan Claims shall be Allowed in the aggregate principal amount of approximately \$33,333,333.33, plus accrued postpetition interest and any and all accrued paid-in-kind interest which shall be applied to the principal amount through the Effective Date.

On the Effective Date, all DIP Senior Loan Claims shall be paid in full in Cash by and with: (i) proceeds of the \$40,000,000 Senior Loan Exit Facility (as defined in the Restructuring Term Sheet); and (ii) the Senior DIP Reduction (as defined in the Restructuring Term Sheet), which shall be in the amount (not to exceed \$5,000,000) equal to the amount of all DIP Senior Loan Claims less the initial principal balance of the \$40,000,000 Senior Loan Exit Facility (which initial principal balance is exclusive of the 3% paid in kind closing fee).

On the Effective Date, all DIP Term Loan Claims shall be converted to claims and obligations in accordance with the terms of the Term Loan Exit Term Sheet (other than DIP Term Loan Claims for reimbursement of costs and expenses of the DIP Term Loan Lenders and the DIP Term Loan Agent, which shall be paid in full in Cash in accordance with the terms of the DIP Term Loan Agreement).

For the avoidance of doubt, (i) the distributions to the DIP Lenders under this Section 2.4 shall be in full satisfaction of all of the DIP Facility Claims, and (ii) no make-whole or other prepayment penalty is due or owing under the DIP Credit Agreements.

Notwithstanding the foregoing (or anything herein to the contrary), all Lender Expenses as defined in the DIP Senior Loan Agreement (including, but not limited to, all DIP Fee Obligations) and all Lender Expenses as defined in the DIP Term Loan Agreement shall be paid in full in Cash on the Effective Date or in accordance with the terms of the DIP Senior Loan Agreement.

### **SECTION 3. CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS**

The following table designates the Classes of Claims against, and Equity Interests in, each of the Debtors, and specifies which of those Classes are (a) Impaired and entitled to vote to accept or reject each Plan, as applicable, in accordance with section 1126 of the Bankruptcy Code or (b) Unimpaired and presumed to accept each Plan, as applicable, and therefore are not entitled to vote to accept or reject such Plans. A Claim or Equity Interest or portion thereof shall be deemed classified in a particular Class only to the extent that such Claim or Equity Interest or portion thereof qualifies within the description of such Class and shall be deemed classified in a different Class to the extent that the portion of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is considered to be in a particular Class only to the extent that such Claim or Equity Interest has not been paid or otherwise settled prior to the Effective Date. To the extent that a specified Class does not include any Allowed Claims or Allowed Equity Interests, then, as applicable, such Class shall be deemed not to exist.

This Plan, though proposed jointly and consolidated for purposes of making distributions to Holders of Claims or Equity Interests under this Plan, constitutes a separate Plan proposed by each Debtor. Therefore, the classifications set forth herein shall be deemed to apply separately with respect to each Plan proposed by, and the Claims against and Equity Interests in, each Debtor.

<b>Class</b>	<b>Designation</b>	<b>Impairment</b>	<b>Entitled to Vote</b>
1	Priority Non-Tax Claims	Unimpaired	No (presumed to accept)
2	Term Loan Claims	Impaired	Yes
3	Other Secured Claims	Unimpaired	No (presumed to accept)
4	Senior Notes Claims	Impaired	Yes
5	Qualified Unsecured Trade Claims	Impaired	Yes
6	General Unsecured Claims	Impaired	Yes
7	Intercompany Claims	Unimpaired	No (presumed to accept)
8	Equity Interests in Debtor Subsidiaries	Unimpaired	No (presumed to accept)
9	Equity Interests in Parent	Impaired	No (presumed to reject)

#### **SECTION 4. TREATMENT OF CLAIMS AND EQUITY INTERESTS**

##### **4.1 *Priority Non-Tax Claims (Class 1).***

(a) Classification. Class 1 consists of all Allowed Priority Non-Tax Claims.

(b) Treatment. Except to the extent that a Holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, each Holder of an Allowed Priority Non-Tax Claim shall receive, in full and complete settlement, release, and discharge of such Claim, Cash in an amount equal to the Allowed amount of such Claim either on, or as soon as practicable after, the latest of (i) the Effective Date; (ii) the date on which such Priority Non-Tax Claim becomes Allowed; (iii) the date on which such Priority Non-Tax Claim becomes due and payable in the ordinary course of business under any agreement or understanding between the applicable Debtor and the Holder of such Claim; and (iv) such other date as may be mutually agreed to by and among such Holder and the Debtors or the Reorganized Debtors, as applicable, subject to the reasonable consent of the Requisite Consenting Lenders and the Term Loan Exit Lenders.

(c) Impairment and Voting. Class 1 is Unimpaired. The Holders of Claims in Class 1 are conclusively presumed to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code, and accordingly, are not entitled to vote to accept or reject the Plan.

##### **4.2 *Term Loan Claims (Class 2).***

(a) Classification. Class 2 consists of all Allowed Term Loan Claims. Pursuant to the Plan, the Term Loan Claims shall be Allowed in the aggregate principal amount of \$[●], plus reasonable and documented fees and expenses of the Term Loan Agent and the Term Loan Lenders, accrued prepetition interest and postpetition interest and any and all accrued paid-in-kind interest which shall be applied to the principal amount through the Effective Date.



(b) Treatment. On the Effective Date, in exchange for the full and complete settlement, release, and discharge of such Claims, all Term Loan Claims shall be satisfied in full in accordance with the Term Loan Exit Term Sheet and by the payment of the reasonable and documented fees and expenses of the Term Loan Lenders and the Term Loan Agent pursuant to Section 2.3 of the Plan. For the avoidance of doubt, (i) the distributions to the Term Loan Lenders under this Section 4.2 shall be in full satisfaction of all of the Term Loan Lenders' prepetition and postpetition Claims, and (ii) no make-whole, prepayment penalty, or default interest under the Term Loan Agreement shall be due to the Term Loan Lenders.

(c) Impairment and Voting. Class 2 is Impaired, and accordingly, the Holders of Claims in Class 2 are entitled to vote to accept or reject the Plan.

#### **4.3 *Other Secured Claims (Class 3).***

(a) Classification. Class 3 consists of all Allowed Other Secured Claims.

(b) Treatment. Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, each Holder of an Allowed Other Secured Claim shall receive, in full and complete settlement, release, and discharge of such Claim, in the sole discretion of the Debtors or the Reorganized Debtors, as applicable, in each case subject to the reasonable consent of the Requisite Consenting Lenders and the Term Loan Exit Lenders: (i) reinstatement of its Allowed Other Secured Claim in accordance with section 1124(2) of the Bankruptcy Code (including any Cash necessary to satisfy the requirements for reinstatement), such that such Claim is rendered Unimpaired; (ii) either (w) Cash in the full amount of such Allowed Other Secured Claim, including any non-default postpetition interest Allowed pursuant to section 506(b) of the Bankruptcy Code, (x) the proceeds of the sale or disposition of the Collateral securing such Allowed Other Secured Claim, to the extent of the value of such Holder's secured interest in such Collateral, (y) the Collateral securing such Allowed Other Secured Claim and any interest on such Allowed Other Secured Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, or (z) such other distribution as necessary to satisfy the requirements of section 1129 of the Bankruptcy Code; or (iii) such other treatment as may be mutually agreed to by and among such Holder and the Debtors or the Reorganized Debtors, as applicable. Any cure amount that the Debtors may be required to pay pursuant to section 1124(2) of the Bankruptcy Code on account of any such reinstated Other Secured Claim or any distributions due pursuant to clause (ii) above shall be paid or made, as applicable, either on, or as soon as practicable after, the latest of (1) the Effective Date; (2) the date on which such Other Secured Claim becomes Allowed; (3) the date on which such Other Secured Claim becomes due and payable; and (4) such other date as may be mutually agreed to by such Holder and the Debtors or the Reorganized Debtors, as applicable.

(c) Reservation of Rights. The failure of the Debtors or any other party in interest to file an objection, prior to the Effective Date, with respect to any Other Secured Claim that is reinstated by the Plan shall be without prejudice to the rights of the Reorganized Debtors or any other party in interest to contest or otherwise defend against such Claim in an appropriate forum (including the Bankruptcy Court, if applicable, in accordance with Section 11 below) when and if such Claim is sought to be enforced.

(d) Impairment and Voting. Class 3 is Unimpaired. The Holders of Claims in Class 3 are conclusively presumed to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code, and accordingly, are not entitled to vote to accept or reject the Plan.

**4.4 Senior Notes Claims (Class 4).**

(a) Classification. Class 4 consists of all Allowed Senior Notes Claims.

(b) Treatment. Except to the extent that a Holder of an Allowed Senior Notes Claim agrees to a less favorable treatment, in exchange for the full and complete settlement, release, and discharge of such Claim, on the Effective Date or as soon as practicable thereafter, each Holder of an Allowed Senior Notes Claim shall receive its Pro Rata Share of the New Class B LLC Units. All reasonable and documented fees and expenses of the Senior Notes Indenture Trustee shall be paid in accordance with Section 2.3 above.

(c) Impairment and Voting. Class 4 is Impaired, and accordingly, the Holders of Claims in Class 4 are entitled to vote to accept or reject the Plan.

**4.5 Qualified Unsecured Trade Claims (Class 5).**

(a) Classification. Class 5 consists of all Allowed Qualified Unsecured Trade Claims.

(b) Treatment. Except to the extent that a Holder of an Allowed Qualified Unsecured Trade Claim agrees to a less favorable treatment, in exchange for the full and complete settlement, release, and discharge of such Claim, each Holder of an Allowed Qualified Unsecured Trade Claim shall receive payment in full in Cash on account of such Allowed Qualified Unsecured Trade Claim upon the later of (i) the Effective Date (for any portion of the Allowed Qualified Unsecured Trade Claim that is due on or prior to the Effective Date), (ii) the date such Allowed Qualified Unsecured Trade Claim (for any portion thereof that is due after the Effective Date) comes due in the ordinary course of business in accordance with the terms of any agreement that governs such Allowed Qualified Unsecured Trade Claim or in accordance with the course of practice between the Debtors and such Holder with respect to such Allowed Qualified Unsecured Trade Claim to the extent such Allowed Qualified Unsecured Trade Claim is not otherwise satisfied or waived on or before the Effective Date, and (iii) the date on which a Disputed Qualified Unsecured Trade Claim is deemed to be Allowed; *provided, however*, that Holders of Allowed Qualified Unsecured Trade Claims are not entitled to postpetition interest, late fees or penalties on account of such Claims.

(c) Impairment and Voting. Class 5 is Impaired, and accordingly, the Holders of Claims in Class 5 are entitled to vote to accept or reject the Plan.

**4.6 General Unsecured Claims (Class 6).**

(a) Classification. Class 6 consists of all Allowed General Unsecured Claims.

(b) Treatment. Except to the extent that a Holder of an Allowed General Unsecured Claim agrees to a less favorable treatment, in exchange for the full and complete settlement, release, and discharge of such Claim, each Holder of an Allowed General Unsecured Claim shall receive a note (subordinate to the Exit Facilities) (a “**General Unsecured Note**”) or other consideration as reasonably agreed upon by the Debtors, the RSA Creditor Parties, and the Term Loan Exit Lenders, such consideration to represent a percentage recovery that is reasonably equivalent to the percentage of recovery realized by the Holders of Allowed Class 4 Senior Notes Claims, on the later of (i) the Effective Date and (ii) the date on which such General Unsecured Claim becomes Allowed, or, in each case, as soon as reasonably practicable thereafter. Allowed General Unsecured Claims shall not include interest from and after the Petition Date or include any penalty on such Claim.

A form of the General Unsecured Note shall be included in the Plan Supplement.

(c) Impairment and Voting. Class 6 is Impaired, and accordingly, the Holders of Claims in Class 6 are entitled to vote to accept or reject the Plan.

#### **4.7 Intercompany Claims (Class 7).**

(a) Classification. Class 7 consists of all Allowed Intercompany Claims.

(b) Treatment. On the Effective Date, all Allowed Intercompany Claims shall, in full and complete settlement, release, and discharge of such Claims, either be (i) reinstated, in full or in part, and treated in the ordinary course of business or (ii) cancelled and discharged, consistent with the Reorganized Debtors’ business plan; *provided* that each Allowed Intercompany Claim held by a non-Debtor shall receive no less favorable treatment than other Holders of General Unsecured Claims; *provided, further*, that Holders of Intercompany Claims shall not receive or retain any property on account of such Intercompany Claim to the extent that such Intercompany Claim is cancelled and discharged.

(c) Impairment and Voting. Class 7 is Unimpaired. The Holders of Claims in Class 7 are conclusively presumed to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code, and accordingly, are not entitled to vote to accept or reject the Plan.

#### **4.8 Equity Interests in Debtor Subsidiaries (Class 8).**

(a) Classification. Class 8 consists of all Allowed Equity Interests in Debtor Subsidiaries.

(b) Treatment. On the Effective Date, all Allowed Equity Interests in Debtor Subsidiaries shall be reinstated and otherwise unaffected by the Plan. Equity interests in Debtor Subsidiaries are Unimpaired solely to preserve the Debtors’ corporate structure and Holders of those Equity Interests shall not otherwise receive or retain any property on account of such Equity Interests.

(c) Impairment and Voting. Class 8 is Unimpaired. The Holders of Equity Interests in Class 8 are conclusively presumed to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code, and accordingly, are not entitled to vote to accept or reject the Plan.

#### **4.9 *Equity Interests in Parent (Class 9).***

- (a) Classification. Class 9 consists of all Equity Interests in the Parent.
- (b) Treatment. On the Effective Date, all Equity Interests in the Parent shall be cancelled without further notice to, approval of, or action by, any Entity.
- (c) Impairment and Voting. Class 9 is Impaired. The Holders of Equity Interests in Class 9 are conclusively presumed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code, and accordingly, are not entitled to vote to accept or reject the Plan.

#### **4.10 *Subordinated Claims.***

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

### **SECTION 5. MEANS FOR IMPLEMENTATION OF THE PLAN**

#### **5.1 *Compromise of Controversies.***

In consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan constitute a good faith compromise and settlement of all Claims and controversies resolved under the Plan, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such compromise and settlement under section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019. All distributions made to Holders of Allowed Claims and Allowed Equity Interests in any Class in accordance with the Plan are intended to be, and shall be, final. Entry of the Confirmation Recognition Order shall constitute the Canadian Court's approval of such compromise and settlement.

#### **5.2 *Restructuring Transactions.***

On or after the Confirmation Date (or, with respect to Debtor entities incorporated in Canada, on or after the date of entry of the Confirmation Recognition Order), the Debtors shall be authorized to enter into such transactions and take such other actions as may be necessary or appropriate to effect a corporate restructuring of their businesses, to otherwise simplify the overall corporate structure of the Debtors, or to organize certain of the Debtors under the laws of jurisdictions other than the laws of which such Debtors currently are organized, which restructuring may include one or more mergers, consolidations, dispositions, liquidations, or dissolutions as may be determined by the Debtors to be necessary or appropriate to result in substantially all of the respective assets, properties, rights, liabilities, duties, and obligations of certain of the Debtors vesting in one or more surviving, resulting, or acquiring Entities (collectively, the "**Restructuring Transactions**"). In each case in which the surviving, resulting,

or acquiring Entity in any such transaction is a successor to a Debtor, such surviving, resulting, or acquiring Entity shall perform the obligations of such Debtor pursuant to the Plan to satisfy the Allowed Claims against, or Allowed Equity Interests in, such Debtor, except as provided in any contract, instrument, or other agreement or document effecting a disposition to such surviving, resulting, or acquiring Entity, which may provide that another Debtor shall perform such obligations.

In effecting the Restructuring Transactions, the Debtors shall be permitted to (i) execute and deliver appropriate agreements or other documents of merger, consolidation, restructuring, disposition, liquidation, or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable state law and such other terms to which the applicable entities may agree; (ii) execute and deliver appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, duty, or obligation on terms consistent with the terms of the Plan and having such other terms to which the applicable entities may agree; (iii) file appropriate certificates or articles of merger, consolidation, or dissolution pursuant to applicable state law; and (iv) take all other actions that the applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable state law in connection with such transactions. Notwithstanding the foregoing, the Debtors shall not undertake any Restructuring Transaction that (i) results in Reorganized Parent not being taxed as a “C” corporation from and after the Effective Date, or (ii) contradicts the terms set forth in the Exit Facilities.

The exchange of the Allowed Senior Notes Claims for the New Class B LLC Units shall be deemed to be a Restructuring Transaction that is accomplished in the following manner: the New Class B LLC Units shall be deemed to be transferred, directly or indirectly, by Reorganized Parent to the Debtors that are the Senior Notes obligors, as described in Treasury Regulations Section 1.1032-3, and such New Class B LLC Units shall be deemed to be then transferred by such obligors to the Holders in satisfaction of their Claims.

### **5.3 *Exit Financing; Sources of Cash for Plan Distribution.***

Except as otherwise provided in the Plan, the Confirmation Order, or the Confirmation Recognition Order, on the Effective Date and without the need for any further corporate action and without further action by the Holders of Claims or Equity Interests, the Reorganized Debtors shall enter into the Exit Credit Agreements in accordance with the Senior Loan Exit Term Sheet and the Term Loan Exit Term Sheet, and shall raise capital through the consummation of the Offering in accordance with the Offering Term Sheet and the Offering Procedures. All Cash required for payments to be made under the Plan shall be obtained from Cash on hand, including Cash from operations, and proceeds of the Exit Credit Agreements and the Offering, and shall be made available for distributions to Disputed Claims that become Allowed and are entitled to Cash distributions.

The Reorganized Debtors, in consultation with the Consortium and other RSA Creditor Parties, may, subject to the terms of the Term Loan Exit Documents and the Exit Intercreditor Agreement, obtain financing for the Senior Loan Exit Facility from any third-party financing source(s) on terms equal to or better than the terms of the DIP Senior Loan Agreement. In the event that such financing cannot be obtained by the Reorganized Debtors, the Senior Loan

Exit Facility shall be provided by Fidelity/Newport and the Participating Holders on a pro rata basis consistent with the percentage of the portion of the Offering to be provided collectively by Fidelity/Newport and the Participating Holders (including, but not limited to, the Backstop Parties) as provided in the Restructuring Term Sheet. If it is to be provided by the Participating Holders, the terms and conditions of the Senior Loan Exit Facility shall be mutually acceptable to Fidelity/Newport, the Participating Holders, the Term Loan Exit Lenders, and the Reorganized Debtors, but in any event, no less favorable to the Reorganized Debtors than the terms of the Term Loan Exit Facility. For the avoidance of doubt, in the event that arrangements to finance the Senior Loan Exit Facility as described above cannot otherwise be made, it shall be a condition to participation in the Offering that Fidelity/Newport and each Participating Holder provide the same percentage of the Senior Loan Exit Facility as their participation of the portion of the Offering being collectively provided by them. For the avoidance of doubt, the Consortium members who participate in the DIP Senior Loan may elect to fund all or a portion of their share of the Senior Loan Exit Facility by deferring payment of their portion of the DIP Senior Loan on the Effective Date and rolling it over into the Senior Loan Exit Facility.

#### **5.4 Offering: Third Lien Exit Facility and New Class A LLC Units.**

(a) Offering: Prior to the Effective Date, pursuant to the Restructuring Term Sheet and the Offering Procedures, the Reorganized Debtors shall conduct the Offering and distribute the Offering Units to Fidelity/Newport, the Sciens Group, and the Participating Holders as of the Offering Record Date who elect to participate in the Offering. The Noteholder Offering Allocation (defined below) of the Offering shall be fully backstopped by the Backstop Parties on the terms and conditions set forth in the Backstop Agreement, a form of which shall be included in the Plan Supplement. The Plan Supplement shall also include forms of Subscription Agreements pursuant to which Fidelity/Newport and Sciens Group shall each respectively subscribe to the Offering.

In accordance with the Offering Term Sheet and the Offering Procedures, the Reorganized Debtors shall raise not less than \$50 million in new capital from the Offering as follows: (x) Sciens Group or its affiliates shall subscribe to \$15 million of the Offering, (y) Fidelity/Newport shall subscribe to \$15 million of the Offering, and (z) each Holder of Senior Notes other than Fidelity/Newport who beneficially holds \$100,000 or more (or such other amount as the RSA Creditor Parties, the Reorganized Debtors, and the Sciens Group may agree) in principal amount of the Senior Notes and is an “accredited investor” (each such holder, an “**Eligible Holder**”) shall be entitled to subscribe to their pro rata portion of the remaining \$20 million of the Offering (the “**Noteholder Offering Allocation**”) as further allocated as set forth herein. The new capital raised in connection with the Offering may be increased by up to \$5 million (the “**Additional Offering Amount**”) by the mutual agreement of the Reorganized Debtors, Sciens Group, Fidelity/Newport, and the Consortium, such Additional Offering Amount to be allocated to each of Sciens Group, Fidelity/Newport, and Eligible Holders that participate in the Offering on a pro rata basis as set forth in the Restructuring Term Sheet.

(b) Summary of Principal Terms of Offering: The terms and conditions of the Offering shall be set forth in the Offering Procedures and related documents to be included in the Plan Supplement, the terms of which shall be consistent with the Restructuring Term Sheet. The following is a summary of certain of the key terms of the Offering.

The Noteholder Offering Allocation shall be evidenced on the books and records of the transfer agent and issued in the name of each such Eligible Holder's institutional broker(s), which shall be such Eligible Holder's DTC Participant(s) for the Senior Notes. Such DTC Participant(s) shall be considered the holders of record for the Noteholder Offering Allocation; *provided, however*, that Reorganized Parent shall not be subject to public reporting requirements as a result of such direct ownership.

Purpose: The Offering Proceeds shall be used (i) to provide working capital for and to pay other general corporate expenses of the Debtors, (ii) for payment of costs of administration (including the payment of professional fees) of the Debtors' pending Chapter 11 Cases and other Claims required to be paid on the Effective Date under the Plan, and (iii) to pay the \$5 million Senior DIP Reduction.

The Offering Consideration shall be issued on the Effective Date. Following the Effective Date, the Third Lien Exit Facility loans and the New Class A LLC Units may be transferred separately from each other, subject to the restrictions provided in the Reorganized Parent LLC Agreement, the Restructuring Term Sheet, and any additional definitive documentation.

Offering Allocation: Prior to the commencement of the Offering to the Eligible Holders of the Senior Notes, all members of the Consortium (other than Fidelity/Newport) shall be offered the opportunity to elect to fully participate in the Offering as described below. For the avoidance of doubt, members of the Consortium (other than Fidelity/Newport) that do not become Participating Consortium Noteholders shall have the opportunity to participate in the Offering as Eligible Holders.

- (i) Each Eligible Holder, other than a Participating Consortium Noteholder, shall be offered the opportunity to purchase a dollar amount of Offering Units equal to 80% of the product of (a) \$20 million (or \$22 million if the Offering is increased by the Additional Offering Amount) and (b) the fraction equal to the principal amount of the Senior Notes held by such Eligible Holder divided by the difference between \$250 million and the principal amount of the Senior Notes beneficially held by Fidelity/Newport (the, "**Offering Denominator**" and such fraction, the "**Eligible Holder Pro Rata Share**").
- (ii) An amount equal to 20% of the product of (a) \$20 million (or \$22 million if the Offering is increased by the Additional Offering Amount) times (b) the aggregate principal amount of the Senior Notes not beneficially held by the Participating Consortium Noteholders or Fidelity/Newport divided by the Offering Denominator shall be set aside for the backstop parties (the "**Backstop Set Aside Amount**"). Each Participating Consortium Noteholder, prior to the commencement of the Offering shall have committed to purchase a dollar amount of Offering Units equal to the sum of (a) the product of (i) \$20 million (or \$22 million if the Offering is increased by the Additional Offering Amount) times (ii) the fraction equal to the principal amount of the Senior Notes held by such Participating

Consortium Noteholder divided by the Offering Denominator plus (b) the product of (i) the Backstop Set Aside Amount times (ii) the fraction equal to principal amount of the Senior Notes held by such Participating Consortium Noteholder divided by the aggregate amount of the Senior Notes held by all Participating Consortium Noteholders (such fraction, the “**Participating Consortium Noteholder Pro Rata Share**”).

- (iii) In addition, each Participating Consortium Noteholder shall be required to further commit to purchase a dollar amount of Offering Units representing the Participating Noteholder’s Pro Rata Share of any remaining Offering Units not purchased by either the Eligible Holders or the Participating Consortium Noteholders pursuant to the foregoing.
- (iv) Each of the Backstop Parties has agreed to participate in the Offering as Participating Consortium Noteholders.

The timing and other terms, mechanics and documentation of the Offering shall be in form and substance satisfactory to the Participating Noteholders, including, without limitation, the Backstop Parties and the Debtors, and shall be as set forth in the Offering Procedures.

New Class A LLC Units: The terms and conditions of the New Class A LLC Units and New Class B LLC Units shall be as summarized in the Offering Term Sheet and set forth in the Reorganized Parent LLC Agreement, and shall be consistent with the Restructuring Term Sheet. Certain of the principal terms of the New Class A LLC Units are also summarized below.

Voting

Except as set forth in the Offering Term Sheet in respect of any matter to be voted on by the holders of New Class B LLC Units, the New Class A LLC Units and the New Class B LLC Units will vote together as a single class on all matters to be voted on by equity holders in Reorganized Parent. The holders of New Class A LLC Units shall be entitled to cast one hundred (100) votes for each unit of New Class A LLC Units held by such holder.

Dividends

Holders of New Class A LLC Units shall be entitled to receive 100% of distributions made by Reorganized Parent until such time as the Priority Return has been paid in full to holders of New Class A LLC Units.

After the Priority Return has been paid in full to holders of New Class A LLC Units, holders of New Class A LLC Units shall be entitled to participate with the New Class B LLC Units in distributions to



equity holders in Reorganized Parent at a ratio of 75% to 25% (the “**Participation Ratio**”); *provided, however*, that: (i) one-half (1/2) of the New Class A LLC Units issuable in connection with the New Management Incentive Program and one-half (1/2) of the New Class A LLC Units to be issued to NPA shall not dilute the excess distributions to be received by the New Class B LLC Units issued on the Effective Date, such that such New Management Incentive Program units and NPA units shall only dilute the excess distribution to be received by the holders of the other New Class A LLC Units issued on the Effective Date, and (ii) the remaining one-half (1/2) of the New Class A LLC Units issuable in connection with the New Management Incentive Program and one-half (1/2) of the New Class A LLC Units to be issued to NPA shall dilute all New Class A LLC Units and New Class B LLC Units in accordance with the Participation Ratio. The effect of such dilution is further set forth in the example attached hereto as Exhibit D. In the event that there is any inconsistency between the description of the terms of the New Class A LLC Units in this Plan and the example attached hereto as Exhibit D, the example attached hereto as Exhibit D shall control.

#### Conversion

Each New Class A LLC Unit shall automatically convert into and become New Class B LLC Units upon the occurrence of:

(i) a Liquidity Event (“**Liquidity Event**”), which shall include,

(a) A public offering of equity generating proceeds in the aggregate of at least the then outstanding Priority Return (a “**Qualified IPO**”). If a Qualified IPO does not generate cash proceeds that are distributed to the holders of New Class A LLC Units in excess of the Priority Return, then Reorganized Parent shall issue New Class B LLC Units to holders of New Class A LLC Units with a value equal to the unpaid portion of the Priority Return upon the automatic conversion of the New Class A LLC Units into New Class B LLC Units

as a result of the Qualified IPO,

(b) A sale, merger, or business combination transaction generating proceeds that are distributed to the holders of New Class A LLC Units in the aggregate of at least the then outstanding Priority Return, or

(c) An asset sale or a series of asset sales generating proceeds that are distributed to the holders of New Class A LLC Units in the aggregate of at least the then outstanding Priority Return in excess of the Reorganized Debtors' funded debt; or

(ii) The payment of aggregate dividends or distributions equal to the Priority Return such that the Priority Return is reduced to zero.

Third Lien Exit Facility: The Third Lien Exit Facility shall have a third priority lien on substantially all of the assets of the Reorganized Debtors and shall be consistent with the terms of the Term Loan Exit Documents, and subject to the terms of the Exit Intercreditor Agreement and such other terms and conditions as agreed upon by the RSA Credit Parties including, but not limited to, the following: (i) interest at the rate of eight percent (8%) per annum, payable in kind semiannually during the first two (2) years of the term by capitalizing it and adding it to the principal balance thereof and commencing with the third anniversary of the Effective Date until the full outstanding balance thereof is paid, payable entirely in Cash or entirely in kind, at the option of the Reorganized Debtors; (ii) a term of five (5) years; (iii) minimum liquidity covenants and other minimal financial covenants to be determined; and (iv) include a junior debt basket of \$25 million. The Exit Credit Agreement with respect to the Third Lien Exit Facility shall be included in the Plan Supplement.

### **5.5 New Class B LLC Units.**

The terms and conditions of the New Class B LLC Units shall be set forth in the Plan Supplement and shall be consistent with the Restructuring Term Sheet. Certain of the principal terms of the New Class B LLC Units are summarized below.

#### **Voting**

New Class B LLC Units will vote together with New Class A LLC Units as a single class in respect of any matter to be voted on by the holders of New Equity Interests. The holders of New Class B LLC Units shall be entitled to cast one (1) vote per New Class B LLC Unit. Any matter that disproportionately and adversely affects the New

Class B LLC Units (including issuances of New Class B LLC Units without a concurrent proportionate issuance of New Class A LLC Units) will require a separate class vote of the holders of New Class B LLC Units.

Dilution

Holders of Allowed Senior Notes Claims shall receive their Pro Rata Share of 100% of the New Class B LLC Units on the Effective Date, which shall be subject to dilution upon conversion of the New Class A LLC Units on the terms and conditions summarized in the Offering Term Sheet.

Dividends

The right of holders of the New Class B LLC Units to receive distributions shall be contingent upon the payment in full to the holders of New Class A LLC Units of the Priority Return. After the payment in full to the holders of New Class A LLC Units of the Priority Return, holders of New Class B LLC Units shall be entitled to receive distributions at the Participation Ratio.

#### **5.6 *Exit Intercreditor Agreement.***

On the Effective Date and without the need for any further corporate, limited liability, or partnership action, and without further action by the Holders of Claims or Equity Interests, the Reorganized Debtors and the agents under the Exit Credit Agreements on behalf of themselves and the lenders under the Exit Credit Agreements, as appropriate, shall enter into the Exit Intercreditor Agreement. The Exit Intercreditor Agreement shall include, among other things, provisions (a) with respect to lien priorities, enforcement of remedies, application of proceeds, and other rights substantially identical to those in the DIP Intercreditor Agreement, subject to certain modifications acceptable to the Exit Lenders, including those set forth on Annex A to the Term Loan Exit Term Sheet; and (b) providing for the subordination of the Third Lien Exit Facility to the other Exit Facilities. A form of the Exit Intercreditor Agreement shall be included in the Plan Supplement.

#### **5.7 *Cancellation of Liens.***

Except as provided otherwise under the Exit Credit Agreements, the DIP Credit Agreements, or this Plan, on the Effective Date, all Liens securing any Secured Claim (other than a Lien with respect to a Secured Claim that is reinstated pursuant to Section 4.4 above) shall be deemed released, and the Holder of such Secured Claim shall be authorized and directed to release any Collateral or other property of any Debtor (including any cash collateral) held by such Holder, and to take such actions as may be requested by the Reorganized Debtors to evidence the release of such Lien, including the execution, delivery, and filing or recording of such releases. The filing of the Confirmation Order or the Confirmation Recognition Order, as

applicable, with any federal, state, provincial, or local agency or department shall constitute good and sufficient evidence of, but shall not be required to effect, the termination of such Liens.

### **5.8 Cancellation of Notes and Instruments.**

So long as the treatments provided in, and the distributions contemplated by, Section 4 are effectuated or made, on the Effective Date, but subject to this Section 5.7, each of (a) the Term Loan Agreement; (b) the Senior Notes Indenture; (c) the DIP Senior Loan Agreement; (d) the DIP Term Loan Agreement; and (e) any notes, bonds, indentures, certificates, or other instruments or documents evidencing or creating any Claims that are Impaired by the Plan, shall be cancelled and deemed terminated and satisfied and discharged with respect to the Debtors, and the Holders thereof shall have no further rights or entitlements in respect thereof against the Debtors, except the rights to receive the distributions, if any, to which the Holders thereof are entitled under the Plan; *provided, however*, the agreements and other documents evidencing the DIP Senior Loan Claims, Term Loan Claims, and the DIP Term Loan Claims shall continue in effect solely for the purposes of (a) allowing the DIP Senior Loan Agent, Term Loan Agent, and DIP Term Loan Agent to make distributions under this Plan and to perform such other necessary functions with respect thereto and to have the benefit of all the protections and other provisions of the DIP Senior Loan Agreement, Term Loan Agreement, and DIP Term Loan Agreement, respectively, in doing so; and (b) permitting the Term Loan Lenders, DIP Term Loan Lenders, DIP Senior Loan Lenders, Term Loan Agent, DIP Term Loan Agent, and DIP Senior Loan Agent to maintain or assert any right or remedy it may have for indemnification, contribution, or otherwise against the Debtors, Term Loan Lenders, DIP Term Loan Lenders, or DIP Senior Loan Lenders, as applicable, arising under the Term Loan Agreement, DIP Term Loan Agreement, or DIP Senior Loan Agreement.

### **5.9 Corporate Actions.**

(a) Due Authorization. On the Effective Date, all matters provided for under the Plan that would otherwise require approval of the members, stockholders, or directors of one or more of the Debtors shall be deemed to have occurred and shall be in effect on and after the Effective Date pursuant to the applicable general corporation (or similar) law of the jurisdictions in which the Debtors are incorporated, formed, or organized, as applicable, without any requirement of further action by the members, stockholders, or directors of the Debtors or the Reorganized Debtors.

(b) General. On the Effective Date, all actions of the Debtors and Reorganized Debtors contemplated by the Plan shall be deemed authorized and approved in all respects without the need for any further corporate or limited liability company action, including, to the extent applicable, (i) the selection of the directors, members, and officers for the Reorganized Debtors; (ii) the execution of and entry into the Exit Credit Agreements; (iii) the execution of and entry into the Exit Intercreditor Agreement; (iv) the issuance of the New Class A LLC Units and New Class B LLC Units; (v) the execution of the Reorganized Parent LLC Agreement; (vi) the assumption of the West Hartford Facility Lease or purchase of the West Hartford Facility, in each case subject to the West Hartford Facility Term Sheet; and (vii) all other actions contemplated by the Plan (whether to occur before, on, or after the Effective Date). On the Effective Date, the appropriate officers, members, and boards of directors of the

Reorganized Debtors shall be authorized and directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated by the Plan (or necessary or desirable to effect the transactions contemplated by the Plan) in the name of and on behalf of the Reorganized Debtors, including, to the extent applicable, (i) the Exit Credit Agreements; (ii) the Exit Intercreditor Agreement; (iii) the New Management Incentive Plan; (iv) the Reorganized Parent LLC Agreement; (v) the assumption of the West Hartford Facility Lease or purchase of the West Hartford Facility, in each case subject to the West Hartford Facility Term Sheet; and (vi) any and all other agreements, documents, securities, and instruments relating to the foregoing (including, without limitation, security documents). The authorizations and approvals contemplated in this Section 5.9 shall be effective notwithstanding any requirements under any applicable non-bankruptcy law.

(c) Board of Directors of Reorganized Parent. Pursuant to section 1129(a)(5) of the Bankruptcy Code, the identity and affiliations of each proposed member of Reorganized Parent's initial board of directors (and, to the extent such Person is an insider, the nature of any compensation for such Person) shall be disclosed in the Plan Supplement. The composition of the board of directors of Reorganized Parent (the "Board of Directors") shall be in accordance with the Restructuring Term Sheet and shall consist initially of seven (7) members as follows:

- (i) the CEO of Reorganized Colt;
- (ii) two (2) directors designated by Fidelity/Newport;
- (iii) two (2) independent directors; and
- (iv) two (2) directors designated by Sciens Group.

The Participating Consortium Holders shall have the right to designate one (1) of the independent directors, and Fidelity/Newport and Sciens Group shall collectively have the right to designate one (1) of the independent directors; *provided, however*, that any independent director so designated shall be reasonably acceptable to each of Fidelity/Newport or the Sciens Group (as applicable) and the Participating Consortium Holders other than Fidelity/Newport.

In the event that a Liquidity Event is not consummated on or before the fifth (5th) anniversary of the Effective Date, the number of members of the Board of Directors shall be increased by one (1) and the then holders of New Class B LLC Units (but not any holders of New Class A LLC Units which have been converted into New Class B LLC Units) shall have the right to designate one (1) additional member of the Board of Directors (for a total of eight (8) members) with full voting privileges.

Participating Holders other than Fidelity/Newport shall have the right to appoint one (1) board observer (the "**Board Observer**"). The Board Observer (i) shall have the right to attend any scheduled meeting of the Board of Directors and (ii) shall not have the right to vote at any meeting of the Board of Directors. The right of the Participating Holders other than Fidelity/Newport to appoint a Board Observer shall cease in the event that the Participating Holders other than Fidelity/Newport obtain the right to designate one (1) director as described above.

(d) Reorganized Parent LLC Agreement. The holders of New Class A LLC Units and New Class B LLC Units shall automatically be deemed to be parties to the Reorganized Parent LLC Agreement, substantially in the form contained in the Plan Supplement, without the need for execution thereof by any such holder other than the Reorganized Debtors. The Reorganized Parent LLC Agreement shall be binding on all parties receiving, and all holders of, New Class A LLC Units and New Class B LLC Units regardless of whether such parties and holders execute the Reorganized Parent LLC Agreement. Private Company. It is anticipated that the Reorganized Parent shall be a private company as of the Effective Date of a Plan and shall not register its equity with the Securities Exchange Commission or list such equity on an exchange; *provided, however*, that the Reorganized Parent may implement procedures to facilitate trading of such equity, *e.g.*, providing investors with access (on a secure website) to current information concerning the Reorganized Parent and its subsidiaries on a consolidated basis. Officers of the Reorganized Debtors. Pursuant to section 1129(a)(5) of the Bankruptcy Code, the identity and affiliations of each of the initial officers of the Reorganized Debtors (and, to the extent such Person is an insider, the nature of any compensation for such Person) shall be disclosed in the Plan Supplement. **West Hartford Facility Lease**

If the Debtors elect, by delivery of a written notice to NPA by the earlier of (i) the tenth (10th) day prior to the scheduled first day of the Confirmation Hearing on this Plan or (ii) November 30, 2015, to purchase the West Hartford Facility on the Effective Date of the Plan (the “**Purchase Option**”), the Debtors will purchase the West Hartford Facility from NPA on the terms set forth in the West Hartford Facility Term Sheet. The purchase price, to be paid on the Effective Date of the Plan, would be \$13 million in Cash, plus seven and one-half percent (7.5%) of New Class A LLC Units, each as more fully set forth in the West Hartford Facility Term Sheet.

Unless the Debtors exercise the Purchase Option as set forth above and in accordance with the West Hartford Facility Term Sheet, Reorganized Colt will lease the West Hartford Facility from NPA on the terms set forth in the West Hartford Facility Term Sheet, as set forth in Section 8.7 below. The terms of such lease extension include, among other things, issuing to NPA seven and one-half percent (7.5%) of New Class A LLC Units, as more fully set forth in the West Hartford Facility Term Sheet.

In either case, the Debtors will pay in Cash in full on the Effective Date of the Plan all of NPA’s outstanding rent, penalties, interest (default and otherwise), costs and expenses (including legal fees and the fees of VALNIC Capital Real Estate Fund I LLC), and any other liquidated sums then due and payable under the West Hartford Facility Lease.

### **5.11 New Management Incentive Plan.**

On the Effective Date, without the need for any further corporate action and without further action by the holders of Claims or Equity Interests, the New Management Incentive Plan shall become effective and shall replace the Colt Defense Long Term Incentive Plan. The solicitation of votes on the Plan shall include, and be deemed to be, a solicitation for approval of the New Management Incentive Plan. Entry of the Confirmation Order shall constitute such approval.

**5.12 *Authorization, Issuance, and Delivery of New Class A LLC Units and New Class B LLC Units.***

(a) On the Effective Date, the Reorganized Parent is authorized to issue or cause to be issued the New Class A LLC Units and New Class B LLC Units for distribution in accordance with the terms of this Plan, the Amended Certificate of Formation of the Reorganized Parent, and the New Organizational Documents without the need of any further corporate or equity holder action.

(b) The New Class A LLC Units and New Class B LLC Units shall not be registered under the Securities Act and shall not be listed for public trading on any securities exchange, in each case, as of the Effective Date. Distribution of New Class A LLC Units and New Class B LLC Units may be made by delivery of one or more certificates representing such units as described herein, by means of book entry registration on the books of the transfer agent for units of New Class A LLC Units and New Class B LLC Units or by means of book entry in accordance with the customary practices of DTC, as and to the extent practicable.

(c) In the period pending distribution of the New Class A LLC Units and New Class B LLC Units to any holder entitled pursuant to this Plan to receive New Class A LLC Units and New Class B LLC Units, such holder shall be bound by, have the benefits of, and be entitled to enforce the terms and conditions of the Reorganized Parent LLC Agreement and shall be entitled to exercise any voting rights and receive any dividends or distributions paid with respect to such holder's New Class A LLC Units and New Class B LLC Units (including receiving any proceeds arising from permitted transfers of such New Class A LLC Units and New Class B LLC Units) and exercise all of the rights with respect of the New Class A LLC Units and New Class B LLC Units (so that such holder shall be deemed for tax purposes to be the owner of the New Class A LLC Units and New Class B LLC Units).

**SECTION 6. DISTRIBUTIONS**

**6.1 *Distribution Record Date.***

Distributions hereunder to the Holders of Allowed Claims and Allowed Equity Interests shall be made to the Holders of such Claims and Equity Interests as of the Distribution Record Date. Transfers of Claims and Equity Interests after the Distribution Record Date shall not be recognized for purposes of this Plan. On the Distribution Record Date, the Senior Notes Indenture Trustee shall provide a true and correct copy of the registry for the Senior Notes to the Debtors. The Debtors, the Reorganized Debtors, or any party responsible for making distributions pursuant to this Section 6.1 shall be entitled to recognize and deal for all purposes hereunder only with those record Holders stated on the transfer ledgers as of the close of business on the Distribution Record Date.

**6.2 *Date of Distributions.***

Except as otherwise provided herein, any distributions and deliveries to be made under the Plan shall be made on the Effective Date or as soon as practicable thereafter. 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.

**6.3 [Reserved]**

**6.4 *Disbursement Agent.***

(a) General. Unless otherwise provided in the Plan, all distributions under the Plan shall be made on the Effective Date by the Reorganized Debtors as Disbursement Agent or such other Entity designated by the Reorganized Debtors as a Disbursement Agent. No Disbursement Agent hereunder, including, without limitation, the Senior Notes Indenture Trustee, the Term Loan Agent, and the DIP Agents, shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

(b) Senior Notes Indenture Trustee. The Senior Notes Indenture Trustee shall be deemed to be the Holder of all Senior Notes Claims for purposes of distributions to be made under the Plan, and all distributions on account of Allowed Senior Notes Claims shall be made through the Senior Notes Indenture Trustee or as otherwise agreed to by the Reorganized Debtors and the Senior Notes Indenture Trustee. All distributions to Holders of Allowed Senior Notes Claims shall be governed by the Senior Notes Indenture Trustee.

(d) Term Loan Agent. The Term Loan Agent shall be deemed to be the Holder of all Term Loan Claims for purposes of distributions to be made hereunder, and all distributions on account of Term Loan Claims shall be made to the Term Loan Agent.

(e) DIP Agents. The DIP Agents shall be deemed to be the Holder of all DIP Facility Claims for purposes of distributions to be made hereunder, and all distributions on account of DIP Facility Claims shall be made to the DIP Agents, as applicable, or as otherwise agreed to by the Reorganized Debtors and the DIP Agents.

**6.5 *Rights and Powers of Disbursement Agent.***

Each Disbursement Agent shall be empowered to (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated by the Plan; (c) without further order of the Bankruptcy Court or the Canadian Court, employ professionals and incur reasonable fees and expenses to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursement Agent by order of the Bankruptcy Court, pursuant to the Plan or as deemed by such Disbursement Agent to be necessary and proper to implement the provisions of the Plan.

**6.6 *Expenses of the Disbursement Agent.***

The amount of any reasonable fees and documented expenses incurred by each Disbursement Agent acting in such capacity (including taxes and reasonable attorneys' fees and



expenses) on or after the Effective Date shall be paid in Cash by the Reorganized Debtors in the ordinary course of business.

#### **6.7 Delivery of Distributions.**

(a) General. All distributions to any Holder of an Allowed Claim or Allowed Equity Interest shall be made to the address of such Holder as set forth in the books and records of the Debtors or its agents, as applicable, unless the Debtors or Reorganized Debtors have been notified in writing of a change of address.

(b) Undeliverable Distributions. In the event that any distribution to any Holder is returned as undeliverable or is otherwise unclaimed, the Disbursement Agent shall make no further distribution to such Holder unless and until such Disbursement Agent is notified in writing of such Holder's then current address. On, or as soon as practicable after, the date on which a previously undeliverable or unclaimed distribution becomes deliverable and claimed, the Disbursement Agent shall make such distribution without interest thereon. Any Holder of an Allowed Claim or Allowed Equity Interest that fails to assert a claim hereunder for an undeliverable or unclaimed distribution within one year after the Effective Date shall be deemed to have forfeited its Claim for such undeliverable or unclaimed distribution and shall be forever barred and enjoined from asserting such Claim against any of the Debtors, the Estates, or the Reorganized Debtors or their property. After the first anniversary of the Effective Date, all property or interests in property not distributed pursuant to this Section 6.7(b) shall be deemed unclaimed property pursuant to section 347(b) of the Bankruptcy Code. Such property or interests in property shall be returned by the Disbursement Agent to the Reorganized Debtors, and the Claim of any other Holder to such property or interests in property shall be discharged and forever barred notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary. Nothing contained herein shall require, or be construed to require, the Disbursement Agent to attempt to locate any Holder of an Allowed Claim or Allowed Equity Interest.

#### **6.8 Manner of Payment Under Plan.**

At the option of the applicable Disbursement Agent, any Cash payment to be made under the Plan may be made by a check or wire transfer or as otherwise required or provided in applicable agreements. All distributions of Cash shall be made by or on behalf of the applicable Debtor.

#### **6.9 Setoffs and Recoupment.**

The Debtors and the Reorganized Debtors may, but shall not be required to, set off or recoup against any Claim (for purposes of determining the Allowed amount of such Claim on which distribution shall be made), or the distributions to be made hereunder on account of such Claim, any Claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the Holder of such Claim; *provided, however*, that neither the failure to exercise such setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or Reorganized Debtors of any such Claim the Debtors or the Reorganized Debtors may have against the Holder of such Claim.

**6.10 *Distributions After Effective Date.***

Distributions made after the Effective Date to Holders of Disputed Claims or Disputed Equity Interests that are not Allowed Claims or Allowed Equity Interests, as the case may be, as of the Effective Date but that later become Allowed Claims or Allowed Equity Interests shall be deemed to have been made on the Effective Date.

**6.11 *Allocation of Distributions Between Principal and Interest.***

The aggregate consideration to be distributed to the Holders of Allowed Claims under the Plan shall be treated as first satisfying an amount equal to the stated principal amount of the Allowed Claims of such Holders, as determined for federal income tax purposes, and any remaining consideration as satisfying accrued, but unpaid, interest, if any.

**6.12 *No Postpetition Interest on Claims and Equity Interests/No Fees and Expenses.***

Unless otherwise specifically provided for in this Plan, the Confirmation Order, or any other order entered by the Bankruptcy Court, and except with respect to Secured Claims that, pursuant to section 506 of the Bankruptcy Code, include accrued interest, (a) postpetition interest shall not accrue on or after the Petition Date on account of any Claim or Equity Interest and no Holder of a Claim or Equity Interest shall be entitled to interest accruing on or after the Petition Date on any such Claim or Equity Interest and (b) no Holder of a Claim or Equity Interest shall be entitled to the payment of any fees or expenses incurred in connection with such Claim or Equity Interest.

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

(a) Claims Paid by Third Parties. The Debtors or Reorganized Debtors, as applicable, shall reduce in full a Claim, and such Claim shall be Disallowed without an objection having to be filed and without any further notice to, or action, order, or approval of the Bankruptcy Court or the Canadian Court, to the extent that the Holder of such Claim receives payment (before or after the Effective Date) on account of such Claim from a party that is not a Debtor or Reorganized Debtor. To the extent a Holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor or Reorganized Debtor on account of such Claim, such Holder shall, within ten (10) days of receipt thereof, repay or return the distribution to the applicable Debtor or Reorganized Debtor, to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the Allowed amount of such Claim as of the date of any such distribution under the Plan. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the applicable Reorganized Debtor annualized interest at the federal judgment rate, as in effect as of the Petition Date, on such amount owed for each Business Day after the 10-day grace period specified above until the amount is repaid.

(b) Claims Payable by Third Parties. No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtors' insurers agree to

satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement the applicable portion of such Claim may be expunged without an objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court.

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

#### **6.14 *Surrender of Cancelled Instruments or Securities.***

(a) Any Holder of a Claim or Equity Interest evidenced by the instruments, securities, or other documentation cancelled under Section 5.7 above (including the Senior Notes Indenture Trustee) shall surrender such applicable instruments, securities, or other documentation to the Reorganized Debtors or certify in writing that such instrument, security, or other documentation has been cancelled, in accordance with written instructions to be provided to such Holder by the Reorganized Debtors, unless waived in writing by the Debtors or the Reorganized Debtors. Any distribution required to be made hereunder on account of any such Claim or Equity Interest shall be treated as an undeliverable distribution under Section 6.7(b) above pending the satisfaction of the terms of this Section 6.14(a).

(b) Subject to Section 6.15 below, other than for instruments, securities, or other documentation certified as cancelled by the Senior Notes Indenture Trustee in accordance with Section 6.14(a), any Holder of any Claim or Equity Interest evidenced by the instruments, securities, or other documentation cancelled under Section 5.7 above that fails to surrender such applicable instruments, securities, or other documentation in accordance with Section 6.14(a) within one year after the Effective Date shall have such Claim or Equity Interest, and the distribution on account of such Claim or Equity Interest, disgorged or forfeited, as applicable, and shall forever be barred from asserting such Claim or Equity Interest against any of the Reorganized Debtors or their respective property.

#### **6.15 *Lost, Stolen, Mutilated, or Destroyed Debt or Equity Securities.***

In addition to any requirements under any applicable agreement, any Holder of a Claim or Equity Interest evidenced by the instruments, securities, or other documentation cancelled under Section 5.7 above, which instruments, securities, or other documentation have been lost, stolen, mutilated, or destroyed, shall, in lieu of surrendering such instruments, securities, or other documentation, (a) deliver evidence of such loss, theft, mutilation, or destruction that is reasonably satisfactory to the Reorganized Debtors and (b) deliver to the Reorganized Debtors such security or indemnity as may be required by the Reorganized Debtors to hold the Reorganized Debtors harmless from any damages, liabilities, or costs incurred in treating such Entity as the Holder of such Allowed Claim or Allowed Equity Interest. Such Holder shall, upon compliance with this Section 6.15, be deemed to have surrendered such

instruments, securities, or other documentation for all purposes hereunder.

#### **6.16 *Withholding and Reporting Requirements.***

In connection with this Plan and all distributions hereunder, the Reorganized Debtors shall comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Reorganized Debtors shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements, including, without limitation, liquidating a portion of any distribution to generate sufficient funds to pay applicable withholding taxes or establishing any other mechanisms the Debtors, Reorganized Debtors, or the Disbursement Agents believe are reasonable and appropriate, including requiring a Holder of a Claim to submit appropriate tax and withholding certifications. Notwithstanding any other provisions of this Plan: (i) each Holder of an Allowed Claim that is to receive a distribution under this Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations on account of such distribution; and (ii) no distribution shall be required to be made to or on behalf of such Holder pursuant to this Plan unless and until such Holder has made arrangements satisfactory to the Reorganized Debtors for the payment and satisfaction of such tax obligations or has, to the Reorganized Debtors' satisfaction, established an exemption therefrom.

### **SECTION 7. PROCEDURES FOR RESOLVING DISPUTED CLAIMS AND EQUITY INTERESTS**

#### **7.1 *No Proofs of Equity Interests Required.***

Except as otherwise provided in the Plan or by order of the Bankruptcy Court, Holders of Equity Interests shall not be required to file proofs of Equity Interests in the Chapter 11 Cases.

#### **7.2 *Objections to Claims; Estimation of Claims.***

Except insofar as a Claim is Allowed under the Plan, the Debtors, the Reorganized Debtors or any other party in interest shall be entitled to object to Claims. Any objections to Claims shall be served and filed on or before (a) the one-hundred and twentieth (120th) day following the later of (i) the Effective Date and (ii) the date that a proof of Claim is filed or amended or a Claim is otherwise asserted or amended in writing by or on behalf of a holder of such Claim, or (b) such later date as may be fixed by the Bankruptcy Court.

The Reorganized Debtors may at any time request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code, except that the Reorganized Debtors may not request estimation of any non-contingent or liquidated Claim if the Debtors' objection to such Claim was previously overruled by a Final Order, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, the amount so estimated shall constitute either

the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Reorganized Debtors may pursue supplementary proceedings to object to the allowance of such Claim. All of the aforementioned objection, estimation and resolution procedures are intended to be 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.

### **7.3 *Payments and Distributions on Disputed Claims.***

If an objection to a Claim is filed as set forth in Section 7.2, no payment or distribution provided under the Plan shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

At such time as a Disputed Claim becomes Allowed or as soon as practicable thereafter, the Disbursement Agent shall distribute to the Holder of such Allowed Claim the property distributable to such Holder pursuant to Section 4 of the Plan. To the extent that all or a portion of a Disputed Claim is Disallowed, the Holder of such Claim shall not receive any distribution on account of the portion of such Claim that is Disallowed. Notwithstanding any other provision of the Plan, no interest shall accrue or be Allowed on any Claim during the period after the Petition Date, except as provided for in the DIP Order or to the extent that section 506(b) of the Bankruptcy Code permits interest to accrue and be Allowed on such Claim.

### **7.4 *Preservation of Claims and Rights to Settle Claims.***

Except as otherwise provided in the Plan, or in any contract, instrument, or other agreement or document entered into in connection with this Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain and may enforce, sue on, settle, compromise, otherwise resolve, discontinue, abandon, or dismiss all Claims, rights, Causes of Action, suits, and proceedings, including those described in the Plan Supplement (collectively, the “**Retained Actions**”), whether at law or in equity, whether known or unknown, that the Debtors or their Estates may hold against any Entity (other than Claims, rights, Causes of Action, suits, and proceedings released pursuant to Section 10.4 below), without the approval of the Bankruptcy Court or the Canadian Court, subject to the terms of Section 7.2 hereof, the Confirmation Order, and any contract, instrument, release, indenture, or other agreement entered into in connection herewith. The Reorganized Debtors or their successor(s) may pursue such Retained Actions, as appropriate, in accordance with the best interests of the Reorganized Debtors or their successor(s) that hold such rights.

No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Retained Action against it as any indication that the Reorganized Debtors will not, or may not, pursue any and all available Retained Actions against it. The Reorganized Debtors expressly reserve all rights to prosecute any and all Retained Actions against any Entity. Unless any Retained Action against an Entity is expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Retained Actions for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of *res judicata*, collateral estoppel,

issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches shall apply to such Retained Action upon, after, or as consequence of, confirmation or consummation of the Plan. For the avoidance of doubt, all Claims, Causes of Action, suits, and proceedings of the Debtors that are not Retained Actions are waived as of the Effective Date.

## **SECTION 8. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

### **8.1 *Assumption of Contracts and Leases.***

Except for any executory contracts or unexpired leases that are (a) the subject of a motion to assume or reject pending on the Confirmation Date, which shall be assumed or rejected in accordance with the disposition of such motion or (b) identified in the Plan Supplement as executory contracts or unexpired leases to be rejected pursuant to the Plan, all executory contracts and unexpired leases to which any of the Debtors is a party are hereby specifically assumed as of the Effective Date. Entry of the Confirmation Order shall constitute an order of the Bankruptcy Court under sections 365 and 1123(b) of the Bankruptcy Code approving such contract and lease assumptions as of the Effective Date and determining that “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) by the Reorganized Debtors has been demonstrated and no further adequate assurance is required. The pendency of any motion to assume or reject executory contracts or unexpired leases shall not prevent or delay implementation of the Plan or the occurrence of the Effective Date. Each executory contract and unexpired lease assumed pursuant to this Section 8.1 or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revert in, and be fully enforceable by, the applicable Reorganized Debtor(s) in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court (as recognized by the Canadian Court, if applicable) authorizing and providing for its assumption under applicable law.

Unless otherwise provided in the Plan, each executory contract and unexpired lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such executory contract or unexpired lease, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously terminated or is otherwise not in effect.

Modifications, amendments, supplements, and restatements to prepetition executory contracts or unexpired leases that have been executed by any of the Reorganized Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the executory contract or unexpired lease.

### **8.2 *Cure of Defaults.***

Any monetary amount by which any executory contract or unexpired lease to be assumed pursuant to the Plan is in default shall be satisfied, in accordance with section 365(b)(1) of the Bankruptcy Code, by payment of such amount in Cash on the Effective Date, or upon such other terms as the parties to such executory contract or unexpired lease may otherwise agree. If a

dispute arises regarding (a) the amount of any cure payments required under section 365(b)(1) of the Bankruptcy Code; (b) the ability of any Reorganized Debtor or any assignee thereof to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed; or (c) any other matter pertaining to assumption under section 365 of the Bankruptcy Code, the cure payments required under section 365(b)(1) of the Bankruptcy Code, if any, shall be made following the entry of a Final Order resolving such dispute and shall not prevent or delay implementation of the Plan or the occurrence of the Effective Date.

Assumption of any executory contract or unexpired lease pursuant to the Plan or otherwise, and payment of the applicable cure amount, shall result in the full release and satisfaction of any Claims or defaults, whether monetary or non-monetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed executory contract or unexpired lease at any time prior to the effective date of assumption. Any proof of Claim filed with respect to an executory contract or unexpired lease that is assumed shall be deemed Disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court.

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

All proofs of Claim with respect to Claims arising from the rejection of executory contracts or unexpired leases must be filed on or before the later of (i) the General Bar Date and (ii) the thirtieth (30th) day after the date of entry of an order of the Bankruptcy Court approving such rejection or the date of withdrawal of a motion to assume. Any Claim arising from the rejection of an executory contract or unexpired lease for which proof of such Claim is not filed within such time period shall be forever barred from assertion against any of the Debtors, the Estates, or the Reorganized Debtors or their property, unless otherwise ordered by the Bankruptcy Court. Any Allowed Claim arising from the rejection of executory contracts or unexpired leases for which proof of such Claim has been timely filed shall be, and shall be treated as, an Allowed General Unsecured Claim under the terms hereof, subject to any limitation under section 502(b) of the Bankruptcy Code or otherwise.

### **8.4 *Indemnification of Directors, Officers, and Employees.***

Any obligations of the Debtors pursuant to their certificates of formation, bylaws, or organizational documents, as applicable, or any other agreements entered into by any Debtor at any time prior to the Effective Date, to defend, indemnify, reimburse, or limit the liability of any current and former directors, officers, agents, managers, or employees with respect to all present and future actions, suits, and proceedings against the Debtors or such directors, officers, agents, managers, or employees, based upon any act or omission for or on behalf of the Debtors, irrespective of whether such indemnification is owed in connection with an event occurring before or after the Petition Date, shall not be discharged or impaired by confirmation of the Plan. Such obligations shall be deemed and treated as executory contracts to be assumed by the Debtors hereunder and assigned to the Reorganized Debtors pursuant to section 365 of the Bankruptcy Code and shall continue as obligations of the Reorganized Debtors.

### **8.5 Compensation and Benefit Plans.**

All employee compensation and benefit plans, policies, and programs of the Debtors entered into before or after the Petition Date and not since terminated shall be deemed to be, and shall be treated as if they were, executory contracts to be assumed pursuant to the Plan. Employee benefit plans, policies, and programs include, without limitation, all medical and health insurance, life insurance, dental insurance, disability benefits and coverage, leave of absence, retirement plans, retention plans, severance plans, and other such benefits. The Debtors' obligations under such plans, policies, and programs shall survive confirmation of the Plan and shall be performed by the applicable Debtor or Reorganized Debtor in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements or regulations governing, instruments evidencing, or other documents relating to, such plans, policies, and programs. Notwithstanding the above, as of the Effective Date, the Debtors shall be deemed to have rejected the Colt Defense Long Term Incentive Plan and shall replace such plan with the New Management Incentive Plan.

### **8.6 Insurance Policies.**

All insurance policies (including all director and officer insurance policies) pursuant to which the Debtors have any obligations in effect as of the Effective Date shall be deemed and treated as executory contracts pursuant to the Plan and shall be assumed by the respective Debtors (and assigned to the Reorganized Debtors if necessary to continue such insurance policies in full force) pursuant to section 365 of the Bankruptcy Code and shall continue in full force and effect. All other insurance policies shall revert in the Reorganized Debtors.

### **8.7 The West Hartford Facility.**

As more fully set forth in Section 5.10 above, unless the Debtors, in consultation with the Consortium and the Sciens Group, exercise the Purchase Option, on the Effective Date the Debtors shall assume the West Hartford Facility Lease, as shall be amended in accordance with the terms set forth in the West Hartford Facility Term Sheet, and shall assign such amended West Hartford Facility Lease to Reorganized Colt. In connection with such assumption and assignment, if any, any and all amounts due to NPA, including prepetition and postpetition rent, penalties, interest (default and otherwise), costs and expenses (including legal fees and fees and costs of VALNIC Capital Real Estate I LLC), and any other liquidated sums then due and payable under the West Hartford Facility Lease shall be paid in Cash in full on the Effective Date.

### **8.8 Reservation of Rights.**

Nothing contained in the Plan shall constitute an admission by the Debtors that any agreement, contract, or lease is an executory contract or unexpired lease subject to Section 8 of the Plan, as applicable, or that the Debtors or Reorganized Debtors have any liability thereunder.



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

Contracts and leases entered into after the Petition Date by any Debtor in the ordinary course of business or following approval pursuant to a Bankruptcy Court order, as recognized by the Canadian Court if necessary, including any executory contracts and unexpired leases assumed by a Debtor, shall be performed by the applicable Debtor or Reorganized Debtor, as the case may be, liable thereunder in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed executory contracts and unexpired leases) shall survive and remain unaffected by entry of the Confirmation Order.

**SECTION 9. CONDITIONS PRECEDENT TO CONFIRMATION AND THE EFFECTIVE DATE**

**9.1 *Conditions Precedent to Confirmation.***

It shall be a condition to confirmation of this Plan that the following conditions shall have been satisfied in full or waived in accordance with Section 9.3 of the Plan:

(a) The Restructuring Support Agreement, Exit Credit Agreements, Reorganized Parent LLC Agreement, Backstop Agreement, Offering Procedures, and either (x) the amended and extended West Hartford Facility Lease or (y) the purchase of the West Hartford Facility, in either case pursuant to the West Hartford Facility Term Sheet and in either case subject to the consummation of the Plan, shall have been approved by Final Order of the Bankruptcy Court;

(b) The Disclosure Statement shall have been approved by the Bankruptcy Court as having adequate information in accordance with section 1125 of the Bankruptcy Code pursuant to an order in form and substance reasonably satisfactory to the Plan Support Parties and the Term Loan Exit Lenders;

(c) The Disclosure Statement Recognition Order shall have been entered by the Canadian Court in form and substance reasonably satisfactory to the Plan Support Parties and the Term Loan Exit Lenders; and

(d) The Confirmation Order, in form and substance reasonably satisfactory to the Plan Support Parties and the Term Loan Exit Lenders, shall have been entered on the docket for the Chapter 11 Cases and be in full force and effect.

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

The Effective Date shall not occur and the Plan shall not become effective unless and until the following conditions have been satisfied in full or waived in accordance Section 9.3 of the Plan:

(a) Entry of Confirmation Order. The Confirmation Order, in form and substance reasonably satisfactory to the Plan Support Parties and the Term Loan Exit Lenders, shall have been entered on the docket for the Chapter 11 Cases and shall have become a Final Order in full force and effect.

(b) Entry of Confirmation Recognition Order. The Confirmation Recognition Order, in form and substance reasonably satisfactory to the Plan Support Parties and the Term Loan Exit Lenders, shall have been entered by the Canadian Court and shall have become a Final Order in full force and effect.

(c) Execution and Delivery of Other Documents. All other actions and all agreements, instruments, or other documents necessary to implement the Plan, including the Exit Credit Agreements (in form and substance acceptable to the Plan Support Parties and the Exit Lenders) and the Exit Intercreditor Agreement (in form and substance acceptable to the Plan Support Parties and the Exit Lenders), shall have been (i) effected or (ii) duly and validly executed and delivered by the parties thereto and all conditions to their effectiveness shall have been satisfied or waived.

(d) Exit Financing. The Debtors shall have access to funding under the Exit Facilities and the Offering (in the case of the Offering, in an amount not less than \$50 million).

(e) DIP Financing. All financing provided to the Debtors under the DIP Facilities shall have been repaid, as provided in the DIP Credit Agreements, or other arrangements satisfactory to the DIP Lenders regarding the termination of such financing shall have been made.

(f) Offering. The Reorganized Debtors shall have consummated the Offering in accordance with the Offering Term Sheet and the Offering Procedures.

(g) New Management Incentive Plan. The Confirmation Order shall provide that Reorganized Parent shall execute and deliver the New Management Incentive Plan as soon as practicable after the Effective Date.

(h) West Hartford Facility. The Debtors or the Reorganized Debtors shall have either (i) amended and extended the West Hartford Facility Lease pursuant to, and in accordance with, the terms set forth in the West Hartford Facility Term Sheet; or (ii) purchased the West Hartford Facility pursuant to, and in accordance with, the terms set forth in the West Hartford Facility Term Sheet.

(i) Collective Bargaining Agreement. In accordance with the Restructuring Term Sheet, modifications to that certain Collective Bargaining Agreement dated as of April 1, 2014, reasonably acceptable to the Debtors and the RSA Creditor Parties shall have been made.

(j) Consents. All authorizations, consents, and approvals determined by the Debtors to be necessary to implement the Plan shall have been obtained.

(k) Amendments. The Plan and the Plan Documents shall not have been materially amended or modified without the consent of the Plan Support Parties and the Term Loan Exit Lenders, such consent not to be unreasonably withheld.

(l) Statutory Fees. All statutory fees and obligations then due and payable to the Office of the United States Trustee shall have been paid and satisfied in full.

(m) Regulatory Approvals. The Debtors shall have received all authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions, or documents necessary to implement the Plan.

(n) Taxable Status, Issuance of New Class A LLC Units and New Class B LLC Units. The Debtors or Reorganized Debtors shall have taken all steps necessary for the Reorganized Parent (i) to be taxed as a “C” corporation and (ii) to have issued the New Class A LLC Units and New Class B LLC Units.

(o) Reorganized Parent LLC Agreement. The holders of the New Class A LLC Units and New Class B LLC Units shall have entered into the Reorganized Parent LLC Agreement.

(p) Board of Directors. The new Board of Directors of Reorganized Parent shall have been designated and appointed in accordance with the terms set forth in the Restructuring Term Sheet and Section 5.9(c) hereof.

(q) Other Acts. Any other actions that the Debtors, in consultation with the Plan Support Parties, determine are necessary to implement the terms of the Plan shall have been taken.

### **9.3 Waiver of Conditions Precedent.**

Each of the conditions precedent in Section 9.1 and Section 9.2 of the Plan may be waived, in whole or in part, by the Debtors in writing, with the consent of the Plan Support Parties and the Term Loan Exit Lenders, but without notice to any other third parties or order of the Bankruptcy Court or any other formal action.

### **9.4 Effect of Non-Occurrence of the Effective Date.**

If the conditions listed in Section 9.1 and Section 9.2 are not satisfied or waived in accordance with Section 9.3, then (a) the Confirmation Order and the Confirmation Recognition Order shall be of no further force or effect; (b) the Plan shall be null and void in all respects; (c) no distributions under the Plan shall be made; (d) the Debtors and all Holders of Claims and Equity Interests shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date; and (e) nothing contained in the Plan or the Disclosure Statement shall (i) be deemed to constitute a waiver or release of (x) any Claims by any creditor or (y) any Claims against, or Equity Interests in, the Debtors, (ii) prejudice in any manner the rights of the Debtors, or (iii) constitute an admission, acknowledgment, offer, or undertaking by the Debtors in any respect.

## **SECTION 10. EFFECT OF CONFIRMATION**

### **10.1 Vesting of Assets; Continued Corporate Existence.**

On the Effective Date, except as otherwise provided in the Plan or the Exit Credit Agreements, pursuant to sections 1141(b) and 1141(c) of the Bankruptcy Code, all property of the Debtors' Estates shall vest in the Reorganized Debtors free and clear of all Claims, Liens,

encumbrances, charges, and other interests. Except as otherwise provided in the Plan, each of the Debtors, as Reorganized Debtors, shall continue to exist on and after the Effective Date as a separate legal entity with all of the powers available to such legal entity under applicable law and pursuant to the applicable organizational documents, without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) in accordance with such applicable law. On and after the Effective Date, the Reorganized Debtors shall be authorized to operate their respective businesses and to use, acquire, or dispose of assets, without supervision or approval by the Bankruptcy Court or the Canadian Court and free from any restrictions of the Bankruptcy Code or the Bankruptcy Rules.

### **10.2 *Binding Effect.***

Subject to the occurrence of the Effective Date and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062, on and after the Confirmation Date, the provisions of the Plan shall be immediately effective and enforceable and deemed binding upon 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), all Entities that are party, or subject, to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor counterparties to executory contracts, unexpired leases, and any other prepetition agreements.

### **10.3 *Discharge of Claims.***

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan (including with respect to Claims reinstated by the Plan), the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of all Claims against, and Equity Interests in, the Debtors, and Causes of Action of any nature whatsoever arising on or before the Effective Date, known or unknown, including, without limitation, any interest accrued or expenses incurred on such Claims from and after the Petition Date, against the Debtors, and liabilities of, Liens on, obligations of, and rights against, the Debtors or any of their assets or properties arising before the Effective Date, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims or Equity Interests, in each case whether or not: (a) a proof of Claim or Equity Interest based upon such debt or right is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (b) a Claim or Equity Interest based upon such debt or right is Allowed pursuant to section 502 of the Bankruptcy Code; or (c) the Holder of such a Claim or Equity Interest has accepted the Plan. Any default by the Debtors with respect to any Claim that existed immediately prior to or on account of the filing of the Chapter 11 Cases shall be deemed cured on the Effective Date. Except as otherwise specifically provided in the Plan (including with respect to Claims reinstated by the Plan), all Entities shall be precluded from asserting against the Debtors, the Reorganized Debtors, or their respective properties or interests in property, any other Claims based on any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date. Except with respect to Claims reinstated pursuant to the Plan, the Confirmation Order shall be a

judicial determination of the discharge of all Claims arising before the Effective Date against the Debtors, subject to the occurrence of the Effective Date.

#### 10.4 *Releases.*

(a) **Releases by the Debtors.** Pursuant to section 1123(b) of the Bankruptcy Code and to the extent allowed by applicable law, upon the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors, in their individual capacities and as debtors in possession, shall be deemed forever to release, waive, and discharge the Released Parties from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, remedies, actions, Causes of Action, and liabilities, whether for tort, fraud, contract, recharacterization, subordination, violations of federal or state securities laws or laws of any other jurisdiction, including laws of Canada and the provincial laws applicable therein, or otherwise (other than the rights of the Debtors or Reorganized Debtors to enforce the terms of the Plan and the contracts, instruments, releases, and other agreements or documents delivered in connection with the Plan), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then-existing or thereafter arising, at law, in equity, or otherwise, based in whole or in part on any act, omission, transaction, event or other occurrence, or circumstances taking place on or before the Effective Date, in any way relating to (i) the Debtors, the Chapter 11 Cases, or the Canadian Proceedings; (ii) any investment by any Released Party in any of the Debtors; (iii) any action or omission of any Released Party with respect to any indebtedness under which any Debtor is or was a borrower or guarantor, or any common or preferred equity investment in the Debtors (including, without limitation, any action or omission of any Released Party with respect to the acquisition, holding, voting, or disposition of any such investment); (iv) any Released Party in any such Released Party's capacity as an officer, director, employee, or agent of, or advisor to, any Debtor; (v) the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan; (vi) the business or contractual arrangements between any Debtor and any Released Party (except for future or continuing performance obligations in connection with such business or contractual arrangement); (vii) the restructuring of Claims and Equity Interests before or during the Chapter 11 Cases or the Canadian Proceedings; and (viii) the negotiation, formulation, preparation, or dissemination of the DIP Credit Agreements, the Exit Credit Agreements, the Term Loan Agreement, the Senior Notes Indenture, the Plan (including, for the avoidance of doubt, the Plan Supplement), the Disclosure Statement, the Prepetition RSA, the Restructuring Support Agreement, the Restructuring Term Sheet, and the West Hartford Facility and the West Hartford Facility Lease (including, for the avoidance of doubt, any negotiations, discussions, or conduct in connection with the West Hartford Facility Lease or the West Hartford Facility) or related agreements, instruments, or other documents, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined by a Final Order to have constituted willful misconduct, fraud, or gross negligence. The Reorganized Debtors shall be bound, to the same extent the Debtors are bound, by the releases and discharges set forth above.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in this Section

10.4(a) by the Debtors, which includes by reference each of the related provisions and definitions contained in this Plan, and further, shall constitute its finding that each release described in this Section 10.4(a) is: (i) in exchange for the good and valuable consideration provided by the Released Parties, a good faith settlement and compromise of such Claims; (ii) in the best interests of the Debtors and all Holders of Equity Interests and Claims; (iii) fair, equitable, and reasonable; (iv) given and made after due notice and opportunity for hearing; and (v) a bar to any of the Debtors or Reorganized Debtors asserting any claim, Cause of Action, or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property. Entry of the Confirmation Recognition Order shall constitute the Canadian equivalent of the same.

(b) Releases by Holders of Claims and Holders of Equity Interests.

Upon the Effective Date, to the maximum extent permitted by applicable law, as such law may be extended or interpreted subsequent to the Effective Date, each Releasing Party, in consideration for the obligations of the Debtors and the Reorganized Debtors under the Plan, and the Cash and other contracts, instruments, releases, agreements, or documents to be delivered in connection with the Plan, shall be deemed forever to release, waive, and discharge the Released Parties from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, remedies, actions, Causes of Action, and liabilities, including any derivative claims assertable on behalf of any Debtor, whether for tort, fraud, contract, recharacterization, subordination, violations of federal or state securities laws or laws of any other jurisdiction, including laws of Canada and the provincial laws applicable therein, or otherwise (other than the rights of the Releasing Parties to enforce the terms of the Plan and the contracts, instruments, releases, and other agreements or documents delivered in connection with the Plan and Claims reinstated pursuant to the Plan), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then-existing or thereafter arising, at law, in equity, or otherwise, based in whole or in part on any act, omission, transaction, event or other occurrence, or circumstances taking place on or before the Effective Date, in any way relating to (i) the Debtors, the Chapter 11 Cases, or the Canadian Proceedings; (ii) any investment by any Released Party in any of the Debtors; (iii) any action or omission of any Released Party with respect to any indebtedness under which any Debtor is or was a borrower or guarantor, or any common or preferred equity investment in the Debtors (including, without limitation, any action or omission of any Released Party with respect to the acquisition, holding, voting, or disposition of any such investment); (iv) any Released Party in any such Released Party's capacity as an officer, director, employee, or agent of, or advisor to, any Debtor; (v) the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan; (vi) the business or contractual arrangements between any Debtor and any Released Party (except for future or continuing performance obligations in connection with such business or contractual arrangement); (vii) the restructuring of Claims and Equity Interests before or during the Chapter 11 Cases or the Canadian Proceedings; and (viii) the negotiation, formulation, preparation, or dissemination of the DIP Credit Agreements, the Exit Credit Agreements, the Term Loan Agreement, the Senior Notes Indenture, the Plan (including, for the avoidance of doubt, the Plan Supplement), the Disclosure Statement, the Prepetition RSA, the Restructuring Support Agreement, the Restructuring Term Sheet, and the West Hartford Facility and the West Hartford Facility Lease (including, for the avoidance of doubt, any negotiations,

discussions, or conduct in connection with the West Hartford Facility Lease or the West Hartford Facility) or related agreements, instruments, or other documents, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined by a Final Order to have constituted willful misconduct, fraud, or gross negligence.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in this Section 10.4(b), which includes by reference each of the related provisions and definitions contained in this Plan, and further, shall constitute its finding that each release described in Section 10.4(b) is: (i) in exchange for the good and valuable consideration provided by the Released Parties, a good faith settlement and compromise of such Claims and Equity Interests; (ii) in the best interests of the Debtors and all Holders of Claims and Equity Interests; (iii) fair, equitable, and reasonable; (iv) given and made after due notice and opportunity for hearing; and (v) a bar to any of the Releasing Parties asserting any claim, Cause of Action, or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property. Entry of the Confirmation Recognition Order shall constitute the Canadian equivalent of the same.

#### **10.5 *Exculpation and Limitation of Liability.***

None of the Debtors or Reorganized Debtors, or the direct or indirect affiliates, officers, directors, partners, employees, members, members of boards of managers, advisors, attorneys, financial advisors, accountants, investment bankers, or agents (whether current or former, in each case, in his, her, or its capacity as such) of the Debtors or the Reorganized Debtors, including, for the avoidance of doubt, the Sciens Group and any other direct or indirect holders of Equity Interests in Colt Defense LLC, or the Released Parties shall have or incur any liability to, or be subject to any right of action by, any Holder of a Claim or Equity Interest, or any other party in interest in the Chapter 11 Cases, or any of their respective agents, employees, representatives, financial advisors, attorneys or agents acting in such capacity, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the Canadian Proceedings, formulation, negotiation, preparation, dissemination, confirmation, solicitation, implementation, or administration of the Plan, the Plan Supplement, the Disclosure Statement, the Prepetition RSA, the Restructuring Support Agreement, the Restructuring Term Sheet, the DIP Credit Agreements, the Exit Credit Agreements, the Term Loan Agreement, the Senior Notes Indenture, the West Hartford Facility and the West Hartford Facility Lease (including, for the avoidance of doubt, any negotiations, discussions, or conduct in connection with the West Hartford Facility Lease or the West Hartford Facility), any contract, instrument, release or other agreement or document created or entered into in connection with the Plan, or any other pre- or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors or confirming or consummating the Plan (including the issuance of any securities or the distribution of any property under the Plan); *provided, however*, that the foregoing provisions of this Section 10.5 shall have no effect on the liability of any Person or Entity that results from any such act or omission that is determined by a Final Order to have constituted willful misconduct, fraud, or gross

negligence and shall not impact the right of any Holder of a Claim or Equity Interest, or any other party to enforce the terms of the Plan and the contracts, instruments, releases, and other agreements or documents delivered in connection with the Plan. Without limiting the generality of the foregoing, the Debtors and the Debtors' direct or indirect affiliates, officers, directors, partners, employees, members, members of boards of managers, advisors, attorneys, financial advisors, accountants, investment bankers, and agents (whether current or former, in each case, in his, her, or its capacity as such) including, for the avoidance of doubt, the Sciens Group and any other direct or indirect Holders of Equity Interests in Colt Defense LLC, shall, in all respects, be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under the Plan. The exculpated parties have participated in compliance with the applicable provisions of the Bankruptcy Code with regard to the solicitation and distribution of the securities pursuant to the Plan, and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

#### **10.6 Injunction.**

(a) **General.** All Persons or Entities who have held, hold, or may hold Claims or Equity Interests (other than Claims that are reinstated under the Plan), and all other parties in interest in the Chapter 11 Cases and the Canadian Proceedings, along with their respective current and former employees, agents, officers, directors, principals, and affiliates, are permanently enjoined, from and after the Effective Date, from, in respect of any claim or Cause of Action released or settled hereunder, (i) commencing or continuing in any manner any action or other proceeding of any kind, against the Released Parties, the Debtors, or the Reorganized Debtors, or in respect of any Claim or Cause of Action released or settled hereunder; (ii) enforcing, attaching, collecting, or recovering by any manner or means of any judgment, award, decree, or order against the Released Parties, the Debtors, or the Reorganized Debtors; (iii) creating, perfecting, or enforcing any encumbrance of any kind against the Released Parties, the Debtors, or the Reorganized Debtors; or (iv) asserting any right of setoff, subrogation, or recoupment of any kind, against any obligation due from the Released Parties, the Debtors, or the Reorganized Debtors, or against the property or interests in property of the Debtors or Reorganized Debtors, on account of such Claims or Equity Interests; *provided, however*, that nothing contained herein shall preclude such Entities from exercising their rights pursuant to and consistent with the terms hereof and the contracts, instruments, releases, and other agreements and documents delivered under or in connection with the Plan.

(b) **Injunction Against Interference With the Plan.** Upon entry of the Confirmation Order, all Holders of Claims and Equity Interests and their respective current and former employees, agents, officers, directors, principals, and affiliates shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan. Each Holder of an Allowed Claim or Allowed Equity Interest, by accepting, or being eligible to accept, distributions under or reinstatement of such Claim or Equity Interest, as applicable, pursuant to the Plan, shall be deemed to have consented to the injunction provisions set forth in this section of the Plan.



### **10.7 *Settlement of Claims Against the Sciens Group and NPA***

Without limiting the generality of Section 5.1, this Plan shall constitute a motion of the Debtors, on behalf of the Debtors' Estates, and the Plan Support Parties requesting approval of a settlement pursuant to Bankruptcy Rule 9019 of any and all Claims of the Debtors and their Estates against the Sciens Group and NPA (and any other named defendant in the draft complaint filed by the Committee in these cases) related to the West Hartford Facility Lease or any other matters. In exchange for the releases provided to the Sciens Group pursuant to Section 10.4(a), the Sciens Group has agreed to contribute \$15 million to the Offering on the terms set forth in the Offering Term Sheet and to grant releases in favor of the Debtors pursuant to Section 10.4(b). In exchange for the releases provided to NPA (and other parties) pursuant to Section 10.4(a), NPA has agreed to either (i) an extension of the West Hartford Facility Lease or (ii) a sale of the West Hartford Facility, in each case on the terms set forth in the West Hartford Facility Term Sheet, and to grant releases in favor of the Debtors pursuant to Section 10.4(b).

### **10.8 *Term of Bankruptcy Injunction or Stays.***

All injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence as of the Confirmation Date, shall remain in full force and effect until the Effective Date. All stays provided for in the Canadian Proceedings pursuant to the orders of the Canadian Court shall remain in full force and effect until the Effective Date unless otherwise ordered by the Canadian Court.

### **10.9 *Termination of Subordination Rights and Settlement of Related Claims.***

The classification and manner of satisfying all Claims and Equity Interests under the Plan takes into consideration all subordination rights, whether arising by contract or under general principles of equitable subordination, section 510 of the Bankruptcy Code, or otherwise. All subordination rights that a Holder of a Claim or Equity Interest may have with respect to any distribution to be made under the Plan, shall be discharged and terminated, and all actions related to the enforcement of such subordination rights shall be enjoined permanently. Accordingly, distributions under the Plan to Holders of Allowed Claims shall not be subject to payment of a beneficiary of such terminated subordination rights, or to levy, garnishment, attachment, or other legal process by a beneficiary of such terminated subordination rights.

### **10.10 *Reservation of Rights.***

The Plan shall have no force or effect unless and until the Effective Date. Prior to the Effective Date, none of the filing of the Plan, any statement or provision contained in the Plan, or action taken by the Debtors with respect to the Plan, the Disclosure Statement, or the Plan Supplement shall be, or shall be deemed to be, an admission or waiver of any rights of any Debtor or any other party with respect to any Claims or Equity Interests or any other matter.

## **SECTION 11. RETENTION OF JURISDICTION**

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code, and notwithstanding the entry of the Confirmation Order or the occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to,

the Plan, the Confirmation Order, and the Chapter 11 Cases, to the fullest extent permitted by law, including jurisdiction, to the extent applicable:

(a) To 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 Expense Claim and the resolution of any and all objections to the allowance or priority of Claims or Equity Interests;

(b) To resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which the Debtors are party to or with respect to which any Debtor or Reorganized Debtor may be liable, and hear, determine, and, if necessary, liquidate, any Claims arising therefrom;

(c) To determine any and all motions, adversary proceedings, applications, contested matters, or other litigated matters pending on the Effective Date;

(d) To ensure that distributions to Holders of Allowed Claims and Allowed Equity Interests are accomplished pursuant to the terms of the Plan;

(e) To adjudicate any and all disputes arising from or relating to distributions under the Plan;

(f) To enter, implement, or enforce such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan, and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan or the Confirmation Order;

(g) To enter, implement, or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated, or distributions pursuant to the Plan are enjoined or stayed;

(h) To issue injunctions, enter, and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Entity with the consummation, implementation, or enforcement of the Plan, the Confirmation Order, or any other order of the Bankruptcy Court;

(i) To modify the Plan before or after the Effective Date under section 1127 of the Bankruptcy Code or modify the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan;

(j) To hear and determine all applications for compensation and reimbursement of expenses of Professionals under sections 330, 331, and 503(b) of the Bankruptcy Code incurred prior to the Confirmation Date; *provided, however*, that, from and after the Confirmation Date, the payment of fees and expenses of the Reorganized Debtors,

including fees and expenses of counsel, shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

(k) To hear and determine any rights, Claims, or Causes of Action held or reserved by, or accruing to, the Debtors or the Reorganized Debtors pursuant to the Bankruptcy Code, the Confirmation Order, or, in the case of the Debtors, any other applicable law;

(l) To enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Cases;

(m) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Plan Documents, the Confirmation Order, any transactions contemplated thereby, or any agreement, instrument, or other document governing or relating to any of the foregoing, or the effect of the Plan under any agreement to which the Debtors, the Reorganized Debtors, or any affiliate thereof are party;

(n) To hear and determine any issue for which the Plan or a Plan Document requires a Final Order of the Bankruptcy Court;

(o) To issue such orders as may be necessary or appropriate to aid in execution of the Plan or to maintain the integrity of the Plan following consummation, to the extent authorized by section 1142 of the Bankruptcy Code;

(p) To determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(q) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(r) To enter and enforce any order for the sale or transfer of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

(s) To hear and determine all disputes involving the existence, scope, and nature of the discharges, releases, or injunctions granted under the Plan and the Bankruptcy Code;

(t) To hear and determine all disputes involving or in any manner implicating the exculpation or indemnification provisions contained in the Plan;

(u) To hear and determine any matters arising under or related to sections 1141 and 1145 of the Bankruptcy Code;

(v) To hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code;

(w) To recover all assets of the Debtors and property of the Debtors' Estates, wherever located; and

- (x) To enter a final decree closing the Chapter 11 Cases.

## **SECTION 12. MISCELLANEOUS PROVISIONS**

### **12.1 *Payment of Statutory Fees.***

On the Effective Date and thereafter, as may be required, the Debtors shall pay all fees payable, pursuant to section 1930 of title 28 of the United States Code, until the Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first; *provided* that in the event of a dispute regarding such fees, the fees in dispute shall be paid upon entry of a Final Order resolving such dispute. The Debtors shall pay all of the foregoing fees on a per-Debtor basis.

### **12.2 *Exemption from Securities Laws.***

To the maximum extent provided by section 1145(a) of the Bankruptcy Code and applicable non-bankruptcy law, the offer or sale of New Class B LLC Units to the Holders of Senior Notes under the Plan and in accordance with the Restructuring Term Sheet shall be exempt from registration under section 5 of the Securities Act and may be resold by Holders thereof without registration, unless the Holder is an “underwriter” (as defined in section 1145(b)(1) of the Bankruptcy Code) with respect to such securities, in each case, subject to the terms of any applicable securities laws. To the extent that section 1145 is not available to exempt the securities issued under, or in connection with, the Plan, including, without limitation, the offer or sale under the Plan of any securities in accordance with the Offering Term Sheet or the Restructuring Term Sheet, from registration under section 5 of the Securities Act, other provisions of the Securities Act, including, without limitation, section 3(a)(9), section 4(a)(2) or Regulation S of the Securities Act, and state securities laws, shall apply to exempt such issuance from the registration requirements of the Securities Act.

### **12.3 *Exemption from Certain Transfer Taxes.***

Pursuant to section 1146(a) of the Bankruptcy Code, any issuance, transfer, or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any instrument of transfer from a Debtor to a Reorganized Debtor or any other Entity pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment, 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 any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment. Without limiting the foregoing, any issuance, transfer, or exchange of a security or any making or delivery of an instrument of transfer pursuant to the Plan shall be exempt from the imposition and payment of any and all transfer taxes (including, without limitation, any and all stamp taxes or similar taxes and any interest, penalties, and addition to the tax that may be required to be paid in connection with the consummation of the Plan and the Plan Documents) pursuant to sections 1146(a), 505(a), 106, and 1141 of the Bankruptcy Code. Unless the Bankruptcy Court orders otherwise, all sales, transfers, and assignments of owned and leased

property approved by the Bankruptcy Court on or before the Effective Date shall be deemed to have been in furtherance of, or in connection with, the Plan.

**12.4 *Dissolution of Statutory Committees and Cessation of Fee and Expense Payment.***

On the Effective Date, all statutory committees (including the Committee) shall dissolve; *provided, however*, that, following the Effective Date, any statutory committees shall continue to have standing and a right to be heard with respect to (i) Claims and/or applications for compensation by professionals and requests for allowance of administrative expenses for substantial contribution pursuant to section 503(b)(3)(D) of the Bankruptcy Code, (ii) any appeals of the Confirmation Order that remain pending as of the Effective Date to which any statutory committees are a party, and (iii) any adversary proceedings or contested matter as of the Effective Date to which any statutory committees are a party. Upon the dissolution of any statutory committees, the current and former members of any statutory committees and their respective officers, employees, counsel, advisors, and agents, shall be released and discharged of and from all further authority, duties, responsibilities, and obligations related to and arising from and in connection with the Chapter 11 Cases, and the retention or employment of any statutory committees' respective attorneys, accountants, and other agents shall terminate, except that any statutory committees and their respective professionals shall have the right to pursue, review, and object to any applications for compensation and reimbursement of expenses filed in accordance with Section 2.3 hereof. The Reorganized Debtors shall not be responsible for paying any fees and expenses incurred after the Effective Date by the professionals retained by any statutory committees, if any.

**12.5 *Substantial Consummation.***

On the applicable Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

**12.6 *Expedited Determination of Postpetition Taxes.***

The Reorganized Debtors shall be authorized to request an expedited determination under section 505(b) of the Bankruptcy Code for all tax returns filed for, or on behalf of, the Debtors for any and all taxable periods ending after the Petition Date through, and including, the Effective Date.

**12.7 *Modification and Amendments.***

The Debtors shall not amend this Plan without the prior written consent of (a) the other Plan Support Parties, to the extent such consent is required under the Restructuring Support Agreement, and (b) the Term Loan Exit Lenders, such consent not to be unreasonably withheld. Otherwise, subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, alterations, amendments, or modifications of the Plan may be proposed in writing by the Debtors at any time prior to or after the Confirmation Date, but prior to the Effective Date. Holders of Claims and Equity Interests that have accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, or modified, if the proposed alteration, amendment, or modification complies with the requirements of this Section

12.7 and does not materially and adversely change the treatment of the Claim or Equity Interest of such Holder; *provided, however*, that any Holders of Claims or Equity Interests that were deemed to accept the Plan because such Claims or Equity Interests were Unimpaired shall continue to be deemed to accept the Plan only if, after giving effect to such amendment or modification, such Claims or Equity Interests continue to be Unimpaired.

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

### **12.8 *Additional Documents.***

On or before the Effective Date, the Debtors may enter into any agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors or Reorganized Debtors, as applicable, and all Holders of Claims or Equity Interests receiving distributions pursuant to the Plan and all other parties in interest may, 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.

### **12.9 *Effectuating Documents and Further Transactions.***

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

### **12.10 *Plan Supplement.***

The Plan Supplement will include certain documents relating to the Plan and its consummation and implementation, including, without limitation, forms of the Reorganized Parent LLC Agreement, the form of Subscription Agreement for Fidelity/Newport and the Sciens Group, the Backstop Agreement, the Exit Credit Agreements, the Exit Intercreditor Agreement, the Offering Procedures, the identity and affiliations of each of the officers and directors of the Reorganized Debtors, and a list of any executory contracts or unexpired leases to be rejected pursuant to the Plan. The Plan Supplement shall be filed with the Clerk of the Bankruptcy Court not later than ten (10) calendar days prior to the first date on which the Confirmation Hearing is scheduled to be held and may be altered, amended, modified, or supplemented by the Debtors prior to the Confirmation Hearing. Upon its filing with the Bankruptcy Court, the Plan Supplement may be accessed on the docket electronically maintained by the Clerk of the Bankruptcy Court (for a minor fee) or on the Voting Agent's website [www.kcellc.net/ColtDefense](http://www.kcellc.net/ColtDefense) (free of charge) or inspected in the office of the Clerk of the Bankruptcy Court during normal court hours.

**12.11 *Additional Intercompany Transactions.***

The Debtors and Reorganized Debtors, as applicable, are hereby authorized without the need for any further corporate action and without further action by the Holders of Claims or Equity Interests to (a) engage in intercompany transactions to transfer Cash for distribution pursuant to the Plan and (b) continue to engage in intercompany transactions (subject to applicable contractual limitations), including, without limitation, transactions relating to the incurrence of intercompany indebtedness.

**12.12 *Revocation or Withdrawal of the Plan.***

The Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Effective Date to the extent permitted under the Restructuring Support Agreement. If the Debtors take such action, the Plan shall be deemed null and void in its entirety and of no force or effect, and any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption of executory contracts or unexpired leases effected under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void. In such event, nothing contained in the Plan shall (a) constitute or be deemed to be a waiver or release of any Claim against, or Equity Interest in, any Debtor or any other Entity; (b) prejudice in any manner the rights of the Debtors or any Entity in further proceedings involving the Debtors; or (c) constitute an admission, acknowledgment, offer, or undertaking of any sort by any Debtor or any other Entity.

**12.13 *Severability.***

If, prior to the entry of the Confirmation Order, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtors, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is (a) valid and enforceable pursuant to its terms; (b) integral to the Plan; and (c) non-severable and mutually dependent.

**12.14 *Schedules and Exhibits Incorporated.***

All exhibits and schedules to the Plan, including the Plan Supplement, are incorporated into and are a part of the Plan as if fully set forth herein.

**12.15 *Solicitation.***

The Debtors have, and upon the Confirmation Date shall be deemed to have, solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including, without limitation, section 1125(e) of the Bankruptcy Code,

and any applicable non-bankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with such solicitation. The Debtors, the Reorganized Debtors, and each of their respective principals, members, partners, officers, directors, employees, agents, managers, representatives, advisors, attorneys, accountants, and professionals shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer, issuance, sale, and purchase of any securities offered or sold under the Plan, and therefore, are not, and on account of such offer, issuance, sale, solicitation, or purchase shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or the offer, issuance, sale, or purchase of any securities offered or sold under the Plan.

#### **12.16 *Governing Law.***

Except to the extent that the Bankruptcy Code, the CCAA, or other federal law, rule, or regulation is applicable, or to the extent an exhibit, schedule, or supplement to the Plan provides otherwise, the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof that would require application of the law of another jurisdiction; *provided, however*, that corporate or entity governance matters relating to the Reorganized Debtors shall be governed by the laws of the state of incorporation or organization of the relevant Reorganized Debtor.

#### **12.17 *Compliance with Tax Requirements.***

In connection with the Plan and all instruments issued in connection herewith and distributed hereunder, any Entity issuing any instruments or making any distribution under the Plan shall comply with all applicable withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all distributions under the Plan shall be subject to any such withholding or reporting requirements. Any Entity issuing any instruments or making any distribution under the Plan to a Holder of an Allowed Claim or Allowed Equity Interest has the right, but not the obligation, not to make a distribution until such Holder has provided to such Entity the information necessary to comply with any withholding requirements of any such taxing authority, and any required withholdings (determined after taking into account all information provided by such Holder pursuant to this Section 12.17) shall reduce the distribution to such Holder.

#### **12.18 *Successors and Assigns.***

The rights, benefits, and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign, affiliate, officer, director, agent, representative, attorney, beneficiary, or guardian, if any, of each Entity.

#### **12.19 *Closing of Chapter 11 Cases and the Canadian Proceedings.***

The Reorganized Debtors shall, as promptly as practicable after the full administration of the Chapter 11 Cases, file with the Bankruptcy Court all documents required by Bankruptcy Rule 3022, Del. Bankr. L.R. 3022-1, and any applicable order of the Bankruptcy



Court to close the Chapter 11 Cases. The Confirmation Order shall identify a Reorganized Debtor to serve as foreign representative, who shall, as promptly as practicable after the full administration of the Chapter 11 Cases (or at such other time as the Reorganized Debtors determine appropriate), seek to terminate the Canadian Proceedings.

**12.20 Document Retention.**

On and after the Effective Date, the Reorganized Debtors may maintain documents in accordance with their current document retention policy, as may be altered, amended, modified, or supplemented by the Reorganized Debtors without order of the Bankruptcy Court or the Canadian Court.

**12.21 Conflicts.**

In the event of any conflict between the terms and provisions in the Plan (without reference to the Plan Supplement) and the terms and provisions in the Disclosure Statement, the Plan Supplement, any other instrument or document created or executed pursuant to the Plan, or any order (other than the Confirmation Order or the Confirmation Recognition Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), the Plan (without reference to the Plan Supplement) shall govern and control; *provided, however*, that, notwithstanding anything herein to the contrary, in the event of a conflict or inconsistency between the terms of the Restructuring Support Agreement or the Restructuring Term Sheet and the terms of the Plan, the terms of the Plan shall control; *provided, further*, that, notwithstanding anything herein to the contrary, in the event of a conflict or inconsistency between the terms of the Senior Loan Exit Term Sheet, the Term Loan Exit Term Sheet, the Offering Term Sheet, the Offering Procedures, Reorganized Parent LLC Agreement, the West Hartford Facility Term Sheet, or any of the documents or instruments included in the Plan Supplement, and the terms of the Plan, the terms of the Senior Loan Exit Term Sheet, the Term Loan Exit Term Sheet, the Offering Term Sheet, the Offering Procedures, Reorganized Parent LLC Agreement, the West Hartford Facility Term Sheet, and any of the documents or instruments included in the Plan Supplement shall govern and control in all respects.

**12.22 Service of Documents.**

All notices, requests, and demands to or upon the Debtors or the Reorganized Debtors, to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided in the Plan, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to the Debtors or the Reorganized Debtors:  
COLT DEFENSE LLC  
547 New Park Avenue  
West Hartford, Connecticut 06110  
Attn: John Coghlin  
Telephone: (860) 236-6311  
Facsimile: (860) 244-1335

Email: jcoghlin@colt.com

with copies to:

O'MELVENY & MYERS LLP

Times Square Tower

Seven Times Square

New York, New York 10036

Attn: John J. Rapisardi, Esq.

Joseph Zujkowski, Esq.

Telephone: (212) 326-2000

Facsimile: (212) 326-2061

-and-

RICHARDS, LAYTON & FINGER, P.A.

One Rodney Square

920 North King Street

Wilmington, Delaware 19801

Attn: Mark D. Collins, Esq.

Jason M. Madron, Esq.

Telephone: (302) 651-7700

Facsimile: (302) 651-7701

After the Effective Date, the Reorganized Debtors shall be authorized to send a notice to Entities specifying that, in order to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entity must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Reorganized Debtors shall be authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have filed such renewed requests.

### **12.23 Deemed Acts.**

Whenever an act or event is expressed under the Plan to have been deemed done or to have occurred, it shall be deemed to have been done or to have occurred without any further act by any party, by virtue of the Plan, the Confirmation Order, and the Confirmation Recognition Order.

Dated: October 9, 2015

Respectfully Submitted,

COLT HOLDING COMPANY LLC,

By: /s/ Dennis Veillux

Name: Dennis Veillux

Title: Authorized Representative

COLT DEFENSE LLC

By: /s/ Dennis Veillux

Name: Dennis Veillux

Title: President and Chief Executive Officer

COLT SECURITY LLC

By: /s/ Dennis Veillux

Name: Dennis Veillux

Title: President and Chief Executive Officer

COLT FINANCE CORP.

By: /s/ Dennis Veillux

Name: Dennis Veillux

Title: President and Chief Executive Officer

NEW COLT HOLDING CORP.

By: /s/ Dennis Veillux

Name: Dennis Veillux

Title: President and Chief Executive Officer

*[Signature Page for the Plan]*

COLT'S MANUFACTURING COMPANY LLC

By: /s/ Dennis Veillux  
Name: Dennis Veillux  
Title: President and Chief Executive Officer

COLT DEFENSE TECHNICAL SERVICES LLC

By: /s/ Dennis Veillux  
Name: Dennis Veillux  
Title: President and Chief Executive Officer

COLT CANADA CORPORATION

By: /s/ Dennis Veillux  
Name: Dennis Veillux  
Title: President and Chief Executive Officer

COLT INTERNATIONAL COÖPERATIEF U.A.

By: /s/ Dennis Veillux  
Name: Dennis Veillux  
Title: Authorized Representative

CDH II HOLDCO INC.

By: /s/ Dennis Veillux  
Name: Dennis Veillux  
Title: Authorized Representative

*[Signature Page for the Plan]*