IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

In re:	:	
	:	Case No. 26-20879-JAD
LIPELLA PHARMACEUTICALS INC.,	:	
	:	Chapter 11
Debtor.	:	
	:	

DISCLOSURE STATEMENT TO ACCOMPANY CHAPTER 11
PLAN OF LIQUIDATION OF LIPELLA PHARMACEUTICALS, INC.

Dated: September 21, 2026

THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE. THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. THE DEBTOR RESERVES THE RIGHT TO AMEND OR SUPPLEMENT THIS PROPOSED DISCLOSURE STATEMENT.

IMPORTANT INFORMATION ABOUT THIS DISCLOSURE STATEMENT

IT IS THE DEBTOR'S OPINION THAT CONFIRMATION AND IMPLEMENTATION OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTOR'S ESTATE, CREDITORS, AND INTEREST HOLDERS. THEREFORE, THE DEBTOR RECOMMENDS THAT ALL PERSONS ENTITLED TO VOTE ON THE PLAN VOTE TO ACCEPT THE PLAN.

THE DEBTOR MUST RECEIVE BALLOTS FOR VOTING TO ACCEPT OR REJECT THE PLAN ON OR BEFORE **[●], 2026, AT 4:00 P.M. (EASTERN PREVAILING TIME)** (THE "**VOTING DEADLINE**").

THE RECORD DATE FOR DETERMINING WHICH HOLDERS OF CLAIMS MAY VOTE ON THE PLAN IS **[●], 2026** (THE "**VOTING RECORD DATE**").

A HEARING TO CONSIDER APPROVAL OF THIS DISCLOSURE STATEMENT AND CONFIRMATION OF THE PLAN (THE "**CONFIRMATION HEARING**") WILL BE HELD BEFORE THE HONORABLE JEFFERY A. DELLER, UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES BANKRUPTCY COURT FOR THE WESTERN DISTRICT OF PENNSYLVANIA, COURTROOM D, 54TH FLOOR, U.S. STEEL TOWER, 600 GRANT STREET, PITTSBURGH, PENNSYLVANIA 15219, ON **[●], 2026**, BEGINNING AT **[●] A.M./P.M. (EASTERN PREVAILING TIME)**. THE CONFIRMATION HEARING MAY BE ADJOURNED OR CONTINUED FROM TIME TO TIME BY THE BANKRUPTCY COURT OR THE DEBTOR WITHOUT FURTHER NOTICE OTHER THAN AS INDICATED IN ANY NOTICE OR AGENDA OF MATTERS SCHEDULED FOR A PARTICULAR HEARING THAT IS FILED WITH THE BANKRUPTCY COURT OR BY ANNOUNCEMENT IN OPEN COURT.

ANY OBJECTIONS TO CONFIRMATION OF THE PLAN MUST BE SERVED AND FILED ON OR BEFORE **[●], 2026, AT 4:00 P.M. (EASTERN PREVAILING TIME)** (THE "**CONFIRMATION OBJECTION DEADLINE**").

PLEASE READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY. A COPY OF THE PLAN IS ATTACHED HERETO AS **EXHIBIT A**. THIS DISCLOSURE STATEMENT SUMMARIZES THE MATERIAL TERMS OF THE PLAN, BUT SUCH SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE ACTUAL TERMS AND PROVISIONS OF THE PLAN. ACCORDINGLY, IF THERE ARE ANY INCONSISTENCIES BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN SHALL CONTROL.

CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING STATEMENTS INCORPORATED BY REFERENCE AND FORWARD-LOOKING STATEMENTS, ARE BASED ON ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. FORWARD-LOOKING STATEMENTS SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES, AND RISKS DESCRIBED HEREIN.

READERS ARE FURTHER CAUTIONED THAT MANY OF THE ASSUMPTIONS, RISKS, AND UNCERTAINTIES RELATING TO THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN, INCLUDING THE IMPLEMENTATION OF THE PLAN, ARE BEYOND THE CONTROL OF THE DEBTOR. IMPORTANT ASSUMPTIONS AND OTHER IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER **MATERIALLY INCLUDE, BUT ARE NOT LIMITED TO, THOSE FACTORS, RISKS, AND UNCERTAINTIES DESCRIBED IN MORE DETAIL UNDER THE HEADING "RISK FACTORS" DESCRIBED IN ARTICLE X OF THIS DISCLOSURE STATEMENT AS WELL AS OTHER RISKS INHERENT TO THE DEBTOR. PARTIES ARE CAUTIONED THAT ANY FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE, ARE BASED ON THE DEBTOR'S CURRENT BELIEFS, INTENTIONS, AND EXPECTATIONS, AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND THE DEBTOR UNDERTAKES NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS. THE DEBTOR DOES NOT INTEND TO, AND UNDERTAKES NO OBLIGATION TO, UPDATE OR OTHERWISE REVISE ANY FORWARD-LOOKING STATEMENTS, INCLUDING ANY PROJECTIONS CONTAINED HEREIN, TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE HEREOF OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS OR OTHERWISE, UNLESS INSTRUCTED TO DO SO BY THE BANKRUPTCY COURT.**

NO INDEPENDENT AUDITOR OR ACCOUNTANT HAS REVIEWED OR APPROVED THE LIQUIDATION ANALYSIS HEREIN.

THE DEBTOR HAS NOT AUTHORIZED ANY PERSON TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, IN CONNECTION WITH THE PLAN OR THE DISCLOSURE STATEMENT, EXCEPT THAT THE DEBTOR'S COURT-APPROVED CHAPTER 11 COUNSEL IS AUTHORIZED TO PROSECUTE APPROVAL OF THE DISCLOSURE STATEMENT AND CONFIRMATION OF THE PLAN BEFORE THE BANKRUPTCY COURT.

THE STATEMENTS CONTAINED IN THE DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. THE TERMS OF THE PLAN GOVERN IN THE EVENT OF ANY INCONSISTENCY WITH THE SUMMARIES IN THE DISCLOSURE STATEMENT.

I. INTRODUCTION

Reference is made to the Chapter 11 Plan of Liquidation of Lipella Pharmaceuticals Inc. (the "**Plan**"), which is attached hereto as **<u>Exhibit A</u>**. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan. Lipella Pharmaceuticals Inc. (the "**Debtor**" or "**Lipella**") submits this disclosure statement (the "**Disclosure Statement**"), pursuant to section 1125 of the Bankruptcy Code, to holders of Claims against and Interests in the Debtor in connection with the solicitation of votes for acceptance of the Plan.

II. PRELIMINARY STATEMENT

A. Background on the Debtor

Prior to filing this Chapter 11 Case (defined herein), the Debtor operated as a clinicial-stage biotechnology company focused on developing new drugs by reformulating the active agents of existing drugs and optimizing these reformulations for new applications. Founded in 2005 and headquartered in Pittsburgh, Pennsylvania, the Debtor's operations consisted of research, preclinical development and clinical development activities, centered on liposomal drug delivery technology , which involved encapsulating drugs within microscopic bilayer vesicles to enhance their stability and effectiveness. The technology was intended to effectively deliver drug therapy directly to body cavities or mucosal tissue. Current drugs (the "**Liposomal Therapies**") include:

a. LP-10 (Oral Rinse) for the treatment of oral lichen planus (OLP), a chronic, painful, inflammatory, pre-malignant, T-cell-mediated autoimmune disease affecting roughly 6 million Americans. Lipella received IND approval for a Phase 2a multicenter dose escalation trial evaluating the efficacy and safety of LP-10 in subjects with symptomatic OLP.

b. LP-10 (Intravesical) for the treatment of moderate to severe hemorrhagic cystitis (HC), a serious disease with limited available treatment options. LP-10 (Intravesical) has been granted Orphan Drug Designation by the US FDA and has generated positive top line results in demonstrating preliminary safety and efficacy in a multicenter Phase 2a dose escalation trial. Early LP-10 research was funded by the US National Institutes of Health.

c. LP-10 (Oral Rinse) for the treatment of oral Graft-verses Host Disease (GvHD). Lipella has been granted FDA Orphan Drug Designation for LP-10 in the treatment of GvHD and has received conditional IND approval for a Phase 2a clinical trial.

The Debtor's business included a small manufacturing facility to make the Liposomal Therapies. A quantity of the Liposomal Therapies is currently in cold storage. The Debtor ceased manufacturing operations as part of cost-reduction efforts prior to filing the Chapter 11 Case.

In addition to the Liposomal Therapies, the Debtor was granted U.S. patent number 12,326,492 on June 10, 2025, for Systems and Methods of Detecting Interstitial Cystitis (the

“**Patent**”). Upon further development, this patent and associated technology can potentially be utilized for detecting interstitial cystitis, a chronic painful bladder condition.

B. Events Leading to the Bankruptcy Filing

In order to continue to fund operations and drug testing in pursuit of FDA approval of the Liposomal Therapies, and after completing a $3 million investment bank-led private placement in 2020, the Debtor went public and completed a successful initial public offering in 2022, raising approximately $7 million. The Debtor’s stock traded on the NASDAQ exchange under the symbol LIPO. At the time of the IPO, the Debtor had a market capitalization of $50 million. The proceeds of the IPO were used to fund operational expenses, to continue to develop the Liposomal Therapies, and to continue pursuit of the Patent. To continue to develop (and eventually market) the Liposomal Therapies, the Debtor began to explore raising additional capital, including a $2 million private placement in October 2023, and a $1.2 million private placement in August 2024, both to institutional investors.

In April 2024, Debtor’s bid price fell below the $1 NASDAQ bid-price minimum, and then on August 2024, the equity of Debtor’s shareholders fell below NASDAQ’s $2.5 million shareholders’ equity rule. By November 2024, Debtor regained compliance with NASDAQ’s bid-price minimum and planned to regain compliance with the shareholders’ equity rule by raising approximately $6 million of additional capital by April 2025, which was NASDAQ’s deadline for Debtor to regain compliance with the shareholders’ equity rule.

In December 2024, the Debtor engaged outside professional advisors, including an investment bank and securities counsel (the “**Prepetition Securities Advisors**”), to structure and execute a series of Private Investments in Public Equities (“**PIPE**”) transactions intended to raise capital from retail investors. These transactions resulted in aggregate net proceeds of approximately $5.9 million through multiple closings between December 2024 and March 2025. The structure, terms, and pricing of these transactions, including the issuance of multiple classes of securities and compensation instruments, were developed and implemented with the advice and direction of the Debtor’s Prepetition Securities Advisors.

In structuring the PIPE transactions, the Debtor and its management relied on the expertise of its Prepetition Securities Advisors to ensure compliance with applicable securities laws and NASDAQ listing rules. The Debtor reasonably expected that the structure and terms recommended by its Prepetition Securities Advisors were compliant with all applicable requirements. However, certain aspects of the PIPE transactions, including the rights associated with securities issued as placement agent compensation and the aggregate impact of the issuances relative to the Debtor’s pre-transaction capitalization, raised questions under applicable NASDAQ listing standards and contributed directly to subsequent compliance deficiencies.

On April 29, 2025, NASDAQ notified the Debtor of concerns regarding the PIPE transactions, including the structure, pricing, and rights associated with certain securities issued in connection with those transactions. In subsequent communications, NASDAQ indicated that the Debtor’s issuance of preferred equity, warrants, and related placement agent compensation instruments in connection with the financing raised questions under applicable listing rules, including those relating to shareholder approval and voting rights. On May 14, 2025, NASDAQ informed the Debtor that it believed aspects of the transactions did not comply with its listing requirements, specifically asserting a shareholder approval violation and a voting rights violation, and requested a response addressing those concerns. The Debtor believes that the issues identified by NASDAQ arose from structural elements of the transactions that were designed, recommended, and implemented with the involvement of the Debtor's Prepetition Securities Advisors. In responding to NASDAQ's inquiries, the Debtor acted through and in consultation with its Prepetition Securities Advisors and continued to rely on their guidance with respect to compliance, disclosure, and remediation. Despite these efforts, the Debtor was unable to resolve the issues to NASDAQ's satisfaction.

On June 17, 2025, the NASDAQ Hearings Panel determined to delist the Debtor's stock, and trading in the Debtor's common stock was suspended at the open of business on June 20, 2025. The delisting had an immediate and materially adverse effect on the Debtor's ability to access capital markets. The Panel's determination was based, in significant part, on findings that the Debtor's financing transactions violated Nasdaq Listing Rules relating to shareholder approval and voting rights, including the issuance of securities to its placement agent representing a substantial percentage of the Debtor's pre-transaction shares outstanding and conferring disproportionate voting power, which Nasdaq concluded raised public interest concerns and warranted delisting.

Though the Debtor and its officers and directors actively pursued efforts to raise additional capital and to relist the Debtor's securities on a national exchange following the NASDAQ delisting, such efforts were unsuccessful. The Debtor continued its operations and released positive results in September 2025 from a Phase 2a clinical trial. Ultimately, the ability to continue Debtor's operations proved insurmountable in light of the cash flow requirements to clinically advance any of the drugs in its pipeline. Accordingly, the Debtor's board of directors ultimately reached the decision that seeking chapter 11 relief and conducting an orderly liquidation of its assets and wind-down of its business was in the best interest of the Debtor, its creditors, equity holders, and other stakeholders.

On March 30, 2026 (the "**Petition Date**"), the Debtor commenced this chapter 11 bankruptcy case (the "**Chapter 11 Case**").

C. Development of the Plan

Following the Petition Date, the Debtor has been working with its counsel, Tucker Arensberg, P.C. ("**TAPC**"), and its financial advisor and investment banker, BDO Consulting Group, LLC to facilitate a sale of substantially all of its assets and to otherwise maximize the Estate assets for the benefit of the Debtor's creditors.

The Debtor is proposing a liquidating plan that establishes a Liquidating Trust and enables:

- The Purchaser of the Debtor's Assets to utilize the Liposomal Therapies to further pursue Debtor's research and clinical trials and, if certain Sale Milestones are reached, generate additional proceeds for the benefit of the creditors;

- Special counsel to pursue potential claims against Debtor's Prepetition Securities Advisors regarding the actions leading to NASDAQ's decision to delist the Debtor's stock;

- The Liquidating Trustee to investigate and, as appropriate, pursue other potential Causes of Action that could generate proceeds for the benefit of the Debtor's creditors and, if sufficient assets ultimately become available for a distribution to Class 3 in accordance with the Plan, Holders of Equity Interests; and

The Debtor strongly believes that the Plan is in the best interests of the Debtor's Estate and represents the best available recovery to parties in interest at this time. Accordingly, the Debtor strongly recommends that Holders of Claims that are entitled to vote to accept or reject the Plan vote to accept the Plan. The Debtor has proposed a solicitation and confirmation timeline to allow for Holders of Claims to vote on the Plan, as well as to allow other parties in interest to participate in the process in accordance with applicable law.

Proposed Solicitation and Confirmation Timeline

EVENT	PROPOSED DATE AND TIME
Hearing on Motion to Consolidate	October 2, 2026
Voting Record Date	[●], 2026
Solicitation Deadline	October 9, 2026
Deadline to Object to Proofs of Claims for Voting Purposes Only	October 14, 2026
Deadline to File Rule 3018(a) Motions	October 21, 2026
Hearing to Consider Rule 3018(a) Motions	October 27, 2026
Confirmation Objection Deadline	November 6, 2026, at 4:00 P.M. (Eastern Prevailing Time)
Voting Deadline	November 13, 2026, at 4:00 P.M. (Eastern Prevailing Time)
Deadline for Debtor to File Confirmation Brief and Ballot Report	November 18, 2026
Deadline to File Report of Ballots	November 18, 2026
Combined Hearing	November 24, 2026

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

A. What is Chapter 11?

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for creditors and similarly situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code. The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the date the chapter 11 case is commenced. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

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

B. Why is the Debtor sending me this Disclosure Statement?

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

C. Am I Entitled to Vote on the Plan?

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

Class	Claim/Interest	Status	Voting Rights
1	Non-Tax Priority Claim	Unimpaired	No
2	General Unsecured Claim	Impaired	Yes
3	Equity Interests	Impaired	No — Deemed to Reject

D. What Will I Receive From the Debtor if the Plan is Consummated?

The following chart provides a summary of the anticipated recovery to Holders of Allowed Claims or Allowed Interests under the Plan based upon the estimated (i) Cash on hand as of the Effective Date, and (ii) funding expected to be available to the Liquidating Trust. The funding of the Liquidating Trust is speculative at this time due to the unknown collectability of the Causes of Action, including Litigation Claims and whether any Sale Milestones will be achieved. Any estimates of Claims or Interests in this Disclosure Statement may vary from the final Allowed Amounts.

Your ability to receive distributions under the Plan depends upon the ability of the Debtor to obtain Confirmation and meet the conditions necessary to consummate the Plan.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND, THEREFORE, ARE SUBJECT TO CHANGE. REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN FOR A COMPLETE DESCRIPTION OF THE DEBTOR'S CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS.[1]

Except to the extent that the Debtor and a Holder of an Allowed Claim or Interest, as applicable, agree to a less favorable treatment, such Holder shall receive under the Plan the treatment described below in full and final satisfaction, compromise, and settlement of and in exchange for such Holder's Allowed Claim or Interest. Unless otherwise indicated, distributions on account of Allowed Claims shall be made at the times specified in the Plan. No distribution shall be made to Holders of Class 3 Equity Interests unless and until the Liquidating Trustee makes a Class 3 Distribution Determination in accordance with the Plan and the Liquidating Trust Agreement.

Class	Claim/Interest	Treatment of Claim or Interest	Projected Amount of Claims	Estimated Recovery Under Plan
1	Non-Tax Priority Claims	In full satisfaction of the Allowed Non-Tax Priority Claims, each Holder of an Allowed Non-Tax Priority Claim shall receive payment in full in Cash on the Effective Date.	$17,150	100%
2	General Unsecured Claims	On the Effective Date, each Holder of an Allowed General Unsecured Claim, other than an Allowed General Unsecured Claim held by an Insider, shall be paid 45% of the amount of its Allowed General Unsecured Claim. Holders of Allowed General Unsecured Claims that are Insiders shall not receive a distribution on the Effective Date. The unpaid balance of each Allowed General Unsecured Claim, including	$322,098	45%

[1] The recoveries set forth below may change based upon changes in the amount of Claims that are Allowed as well as other factors related to the funding available to the Liquidating Trust and general economic conditions.

		the full amount of each Allowed General Unsecured Claim held by an Insider, shall be transferred to the Liquidating Trust, and each Holder of an Allowed General Unsecured Claim shall receive its Pro Rata share of available funds from the Liquidating Trust as funds become available, up to the full amount of such Allowed General Unsecured Claim.		
3	Equity Interests	On the Effective Date, all Equity Interests shall be cancelled, extinguished, and of no further force or effect. Holders of Equity Interests shall not become beneficiaries of the Liquidating Trust solely by reason of holding such Equity Interests or the contingent right described herein. If and only if the Liquidating Trustee determines, in accordance with the Plan and the Liquidating Trust Agreement, that sufficient assets are available to make a distribution to Holders of Class 3 Equity Interests after satisfaction or appropriate provision for all Claims senior to Class 3 and all costs and obligations of the Liquidating Trust (the "Class 3 Distribution Determination"), Holders of Class 3 Equity Interests entitled to receive such distributions shall become beneficiaries of the Liquidating Trust solely for purposes of receiving and administering such distributions. Any	Unknown	TBD

		distributions to Class 3 shall be made in accordance with the Plan and the Liquidating Trust Agreement.		

E. What will I Receive From the Debtor if I Hold an Administrative Claim?

Administrative Claims have not been placed in a Class in the Plan consistent with section 1123(a)(1) of the Bankruptcy Code. Article II.A of the Plan sets forth the treatment for Administrative Claims and provides in part that such Claims will be satisfied in full in an amount of Cash equal to the amount of such Allowed Administrative Claim.

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

1. Administrative Claims

The Plan provides that except to the extent that an Administrative Claim has already been paid during the Chapter 11 Case, or a Holder of an Allowed Administrative Claim and the Debtor (or after the Effective Date, such Holder and the Liquidating Trustee) agree in writing to less favorable treatment, each Holder of an Allowed Administrative Claim shall be paid in full in Cash (i) if such Administrative Claim is Allowed as of the Effective Date, on the Effective Date; or (ii) if such Administrative Claim is not Allowed as of the Effective Date, upon entry of an order of the Bankruptcy Court Allowing such Claim, or as soon as reasonably practicable thereafter; provided, that, if an Allowed Administrative Claim arises from liabilities incurred by the Debtor's Estate in the ordinary course of business after the Petition Date, such Claim shall be paid in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Claim.

Except as otherwise provided in Article II of the Plan, requests for payment of Allowed Administrative Claims must be Filed and served on the Debtor pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order no later than the Administrative Claims Bar Date; provided, that, the Administrative Claims Bar Date shall not apply to Professional Fee Claims or Administrative Claims arising in the ordinary course of business and already paid.

The Debtor or Liquidating Trustee may settle Administrative Claims in the ordinary course of business without further Bankruptcy Court approval. Additionally, the Debtor may object to any Administrative Claim. Unless the Debtor or Liquidating Trustee objects to a timely-Filed and properly served Administrative Claim, such Administrative Claim will be deemed Allowed in the amount requested. In the event that the Debtor or Liquidating Trustee objects to an Administrative Claim, the parties may confer to try to reach a settlement and, failing that, the Bankruptcy Court will determine whether such Administrative Claim should be Allowed and, if so, in what amount.

HOLDERS OF ADMINISTRATIVE CLAIMS THAT ARE REQUIRED TO, BUT DO NOT, FILE AND SERVE A REQUEST FOR PAYMENT OF SUCH ADMINISTRATIVE CLAIMS BY THE ADMINISTRATIVE CLAIMS BAR DATE SHALL BE FOREVER BARRED, ESTOPPED, AND ENJOINED FROM ASSERTING SUCH ADMINISTRATIVE CLAIMS AGAINST THE DEBTOR, ITS ESTATE, THE LIQUIDATING TRUST, THE LIQUIDATING TRUSTEE, OR THEIR RESPECTIVE PROPERTY.

2. Priority Tax Claims

The Debtor does not believe that there are any outstanding Priority Tax Claims. To the extent that any Priority Tax Claim is Allowed, each Holder of an Allowed Priority Tax Claim shall receive, in full satisfaction of such Allowed Priority Tax Claim, treatment consistent with section 1129(a)(9)(C) of the Bankruptcy Code, unless such Holder and the Debtor agree in writing to different treatment. To the extent that any Allowed Priority Tax Claim is not required to be paid in full on or before the Effective Date pursuant to the Plan or a written agreement between the Holder of such Allowed Priority Tax Claim and the Debtor, such Claim shall become an obligation of the Liquidating Trust and shall be paid by the Liquidating Trustee in accordance with the Plan and the terms of any such written agreement.

F. Are Any Regulatory Approvals Required to Consummate the Plan?

There are no known U.S. regulatory approvals that are required to consummate the Plan.

G. What Happens to My Recovery if the Plan is not Confirmed or Does Not Go Effective?

If the Plan is not confirmed or does not go effective, there is no assurance that the Debtor will be able to confirm an alternative chapter 11 plan. It is possible that any alternative plan may provide Holders of Claims and Interests with less than they would have received pursuant to the Plan. For a more detailed description of the consequences of an extended chapter 11 case or a liquidation scenario see discussion of risk factors set forth in <u>Article X</u>, below.

H. If the Plan Provides That I Get a Distribution, Do I Get It Upon Confirmation or When the Plan Goes Effective, and What Do the Terms "Confirmation," "Effective Date," and "Consummation" Mean?

"Confirmation" of the Plan refers to the Bankruptcy Court's approval of the Plan. Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan, there are conditions that need to be satisfied or waived so that the Plan can go effective. Initial distributions to Holders of Allowed Claims will only be made on the date the Plan becomes effective—the "Effective Date"—or as soon as reasonably practicable thereafter, as specified in the Plan. Timing of distributions for creditors will also depend on, among other things, (1) when such claims become Allowed Claims, (2) the procedures for reserving distributions for Claims that are in the process of being reconciled and are neither

Allowed nor Disallowed under the Plan, and (3) the funding of the Liquidating Trust. *See* Articles VI and VII of the Plan. "Consummation" means the occurrence of the Effective Date.

I. What Are the Sources of Cash and Other Consideration Required to Fund the Plan?

On the Effective Date, or as close thereto as is reasonably possible, the Debtor shall pay Allowed Administrative Claims, Non-Tax Priority Claims, and a percentage of Allowed General Unsecured Claims from Cash on hand and the closing payment received from the Sale Transaction. Future distributions to Holders of Allowed General Unsecured Claims will be made by the Liquidating Trustee from the Liquidating Trust through any remaining Cash on hand, the net proceeds received from Sale Milestones after payment of any applicable BDO Success Fee in accordance with the Plan and the Liquidating Trust Agreement, and the net proceeds from the successful prosecution, settlement, or other resolution of any Causes of Action, including the Litigation Claims.. Distributions to Holders of Class 3 Equity Interests will be made only if the Liquidating Trustee makes a Class 3 Distribution Determination in accordance with the Plan and the Liquidating Trust Agreement. All such distributions will be made in accordance with the priorities, classifications, and distribution provisions of the Plan and the applicable provisions of the Liquidating Trust Agreement.

J. Is There Potential Litigation Related to the Plan?

Parties in interest may object to the approval of this Disclosure Statement and may also object to Confirmation of the Plan, which objections potentially could give rise to litigation. In the event that it becomes necessary to confirm the Plan over the objection of certain Classes, the Debtor may seek confirmation of the Plan notwithstanding the dissent of such objecting Classes.

The Bankruptcy Court may confirm the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code, which allow the Bankruptcy Court to confirm a plan that has been rejected by an impaired Class if it determines that the plan satisfies section 1129(b) of the Bankruptcy Code.

The Liquidating Trustee may pursue certain Causes of Action, including Litigation Claims against the Debtor's Prepetition Securities Advisors, related to certain prepetition securities transactions. Any proceeds from such litigation would be used to fund the Liquidating Trust.

K. Will There Be Releases and Exculpation Granted to Parties in Interest as Part of the Plan?

Yes, the Plan contains certain releases, as described more fully in Article VIII of this Disclosure Statement. The Released Parties under the Plan include (i) the Debtor; (ii) its Estate; (iii) the Liquidating Trustee; (iv) the officers and directors of the Debtor who served during any portion of the Chapter 11 Case; and (v) the Professionals retained in the Chapter 11 Case by the Debtor. For the avoidance of doubt, the Released Parties include, but are not limited to, the Former President, the Former Chief Financial Officer, and any Professional retained by the Debtor pursuant to section 327(a) or section 328 of the Bankruptcy Code; provided that, in each case, an

Entity shall be a Released Party only to the extent that it has performed necessary and valuable duties in connection with the Chapter 11 Case.

The Debtor believes that the Debtor's releases and exculpation provisions included in the Plan are an integral part of the transactions contemplated by the Plan and Debtor's overall liquidation efforts. Further, the Debtor asserts that many of the Released Parties and the Exculpated Parties have made substantial and valuable contributions to the Debtor's bankruptcy through efforts to negotiate and implement the Plan, which will maximize the value of the Estate for the benefit of all parties in interest. Accordingly, for all of these reasons, the Debtor believes that each of the Released Parties and the Exculpated Parties warrants the benefit of the release and exculpation provisions.

In sum, the Debtor believes that each of the Released Parties has made substantial and valuable contributions to the Debtor's efforts to implement the Plan, which will maximize and preserve the liquidation value of the Debtor's Estate for the benefit of all parties in interest. The Debtor believes that the releases are consistent with the law in this jurisdiction and appropriate under the facts and circumstances in this case.

L. What is the Deadline to Vote on the Plan?

The Voting Deadline is **November 13, 2026, at 4:00 P.M. (Eastern Prevailing Time)**.

M. How Do I Vote For or Against the Plan?

Detailed instructions regarding how to vote on the Plan are contained on the ballots distributed to Holders of Claims that are entitled to vote on the Plan. You must submit your ballot in accordance with the instructions provided on your Ballot and in Article V.D of this Disclosure Statement in order for your vote to be counted. **BALLOTS SENT BY EMAIL OR FAX ARE NOT ALLOWED AND WILL NOT BE COUNTED.**

N. Why is the Bankruptcy Court Holding a Confirmation Hearing?

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on confirmation of the Plan and recognizes that any party in interest may object to Confirmation of the Plan. The Confirmation Hearing will be **[●], 2026, at [●] A.M./P.M. (Eastern Prevailing Time)**; provided that the Bankruptcy Court or the Debtor may adjourn the Confirmation Hearing from time to time without further notice other than as indicated in a notice that is filed with the Bankruptcy Court or as may be announced in open court.

O. What is the Purpose of the Confirmation Hearing?

The purpose of the Confirmation Hearing is to permit the Bankruptcy Court to consider whether the Plan satisfies the applicable requirements of the Bankruptcy Code and should be confirmed. If the Plan is confirmed and becomes effective, the provisions of the Plan and the Confirmation Order will bind the Debtor and all Holders of Claims and Interests to the extent provided by the Bankruptcy Code, the Plan, and the Confirmation Order. The Plan provides for the liquidation and dissolution of the Debtor and the administration and distribution of the Debtor's remaining assets through the Liquidating Trust.

Any objections to the Plan must be filed with the Bankruptcy Court and served on the applicable notice parties so as to be actually received on or before **November 6, 2026, at 4:00 P.M. (Eastern Prevailing Time)**.

P. Who Do I Contact if I Have Additional Questions with Respect to this Disclosure Statement or the Plan?

If you have any questions regarding this Disclosure Statement or the Plan, please contact the Debtor at the following address:

Lipella Pharmaceuticals Inc.
c/o Tucker Arensberg, P.C.
1500 One PPG Place
Pittsburgh, Pennsylvania 15222
Attn: Michael A. Shiner, Esq.

or by emailing **mshiner@tuckerlaw.com**.

Copies of the Plan and the Disclosure Statement will be available for inspection for a fee on the Bankruptcy Court's website at http://www.pawb.uscourts.gov. Note that a PACER password is needed to access documents on the Court's website (a PACER password may be obtained by accessing the PACER website, http://www.pacer.gov).

Q. Does the Debtor Recommend Voting in Favor of the Plan?

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

IV. OVERVIEW OF THE PLAN

A. General Settlement of Claims and Interests

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims, Interests, Causes of Action and controversies resolved pursuant to the Plan. The Plan shall be deemed a motion to approve the good-faith compromise and settlement of all such Claims, Interests, Causes of Action, and controversies pursuant to Bankruptcy Rule 9019, 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, as well as a finding by the Bankruptcy Court that such settlement and compromise is fair, equitable, reasonable, and in the best interests of the Debtor and its Estate. Subject to Article VI of the Plan, all distributions made to Holders of Allowed Claims and Interests (as applicable) in any Class are intended to be and shall be final.

B. Sale Transaction

On June 4, 2026, the Court approved the sale of substantially all of the Debtor's assets, consisting of the LP Assets and MRI Assets, collectively referred to as the Purchased Assets, to XRAIY LLC, pursuant to the Sale Order. The Sale Order also approved the Asset Purchase Agreement by and among the Debtor and the Purchaser.

In consideration of the sale of the Purchased Assets to Purchaser, the Asset Purchase Agreement provided for a Purchase Price to be paid in accordance with the following initial payment and Sale Milestones:

(i) $205,000 in immediately available funds, paid at closing;

(ii) $200,000 upon the enrollment of the first patient in the Phase II(b) FDA Drug Trial for the LP-310 indication of the LP Assets;

(iii) $1,000,000 upon the enrollment of the first patient in the Phase III FDA registration Drug Trial for the LP-310 indication of the LP Assets; and

(iv) $2,000,000 upon submission of a New Drug Application with the FDA for any indication of the LP Assets.

The Sale Transaction closed on June 25, 2026, at which time the Purchaser remitted $205,000 to the Debtor.

Pursuant to BDO Consulting Group, LLC's engagement with the Debtor, BDO is entitled to a Success Fee in connection with the Sale Transaction. To the extent additional Purchase Price is received on account of a Sale Milestone after the Effective Date, the applicable BDO Success Fee attributable to such proceeds will be paid from such proceeds upon receipt by the Liquidating Trust, in accordance with the Plan and the Liquidating Trust Agreement, before the remaining net proceeds are available for distribution to Holders of Claims or Interests.

C. Recoveries to Certain Holders of Claims and Interests

The recoveries to Holders of Claims and Interests are described in Article III.C of the Plan and in Article III.D above, entitled "What Will I Receive from the Debtor if the Plan is Consummated?"

D. Liquidating Trust

As of the Effective Date, the Liquidating Trust shall be established and the Debtor's remaining assets, including its rights under the D&O Policies, shall be transferred to the

Liquidating Trust without further action of the Bankruptcy Court. The Liquidating Trust shall be funded by (i) the Cash on hand, (ii) all rights under the Asset Purchase Agreement, including, but not limited to, all proceeds from the Sale Transaction, including proceeds received from the Sale Milestones, and (iii) all proceeds received from any Cause of Action, including, but not limited to, the Litigation Claims. All proceeds held by the Liquidating Trust shall be administered and distributed in accordance with the priorities, classifications, and distribution provisions of the Plan and the applicable terms and conditions of the Liquidating Trust Agreement. Any proceeds received by the Liquidating Trust on account of a Sale Milestone will be subject to payment of the applicable BDO Success Fee in accordance with the Plan and the Liquidating Trust Agreement. Only the remaining net proceeds from such Sale Milestone, after payment of the applicable BDO Success Fee, will be available for distribution to Holders of Claims or Interests. Holders of Class 3 Equity Interests shall not become beneficiaries of the Liquidating Trust solely by reason of holding such Equity Interests or the contingent right to a distribution under the Plan and shall become beneficiaries only if and to the extent provided following a Class 3 Distribution Determination.

On the Effective Date, the Liquidating Trustee shall establish and separately maintain a Litigation Reserve in the amount of $172,000 from the Liquidating Trust Assets. The Litigation Reserve shall be used solely for the payment of out-of-pocket costs and expenses incurred in connection with the investigation, prosecution, pursuit, litigation, compromise, or settlement of the Litigation Claims. The Litigation Reserve may not be used to pay compensation, fees, costs, or expenses of the Liquidating Trustee, attorneys' fees or other professional fees, or any costs, expenses, Claims, liabilities, or obligations of the Liquidating Trust unrelated to the Litigation Claims. Any amount remaining in the Litigation Reserve following the final disposition of all Litigation Claims and payment or provision for payment of permitted litigation expenses shall be distributed in accordance with the Plan.

E. Liquidating Trustee

The Liquidating Trustee's retention shall commence on the Effective Date and shall continue until (i) the Bankruptcy Court enters an Order closing the Chapter 11 Case unless otherwise set forth in such Order, (ii) the Bankruptcy Court enters an Order removing the Liquidating Trustee for cause, or (iii) the Liquidating Trustee resigns, dies, dissolves, is incapacitated, or is removed in accordance with the Liquidating Trust Agreement and a successor Liquidating Trustee is appointed in accordance with the Liquidating Trust Agreement.

F. Dissolution of Debtor

On the Effective Date, the Former President and Former Chief Financial Officer of the Debtor, and any other officer or director of the Debtor, shall be discharged from their duties and terminated automatically without the need for any corporate action or approval and without the need for any corporate filings, and, unless subject to a separate agreement with the Liquidating Trustee, shall have no continuing obligations to the Debtor after the Effective Date.

The Debtor shall be deemed dissolved without further order of the Bankruptcy Court or action by the Debtor or the Liquidating Trustee; provided that the Liquidating Trustee is authorized to file a certificate of cancellation and any other documents with the Secretary of State of Delaware or in any other jurisdiction.

G. Cancellation of Existing Equity Interests

On the Effective Date, all Equity Interests shall be cancelled, extinguished, and of no further force or effect. Holders of Equity Interests shall not receive or become beneficiaries of any interest in the Liquidating Trust solely by reason of holding such Equity Interests or the contingent right to a distribution under the Plan.

If and only if the Liquidating Trustee makes a Class 3 Distribution Determination in accordance with the Plan and the Liquidating Trust Agreement, Holders of Class 3 Equity Interests entitled to receive distributions shall become beneficiaries of the Liquidating Trust solely for purposes of receiving and administering such distributions. Any such distributions shall be made by the Liquidating Trustee in accordance with the Plan and the Liquidating Trust Agreement.

H. Vesting of Assets in the Liquidating Trust

Except as otherwise provided in the Plan (including in Article III of the Plan), on the Effective Date, all property of the Estate and any property acquired by the Debtor pursuant to the Plan shall vest in the Liquidating Trust, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the Liquidating Trustee may use, acquire, or dispose of property and compromise or settle any Claims or Interests in accordance with the Liquidating Trust Agreement without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, including for the avoidance of doubt any restrictions on the use, acquisition, sale, lease, or disposal of property under section 363 of the Bankruptcy Code. Notwithstanding the foregoing, the Liquidating Trustee's authority with respect to the Litigation Reserve shall be subject to the restrictions set forth in the Plan and the Liquidating Trust Agreement, including the requirement that the Litigation Reserve be separately maintained and used solely for the permitted out-of-pocket costs and expenses of the Litigation Claims.

I. Preservation of Causes of Action

In accordance with section 1123(b) of the Bankruptcy Code, but subject to the releases set forth in this section and in Article VIII of the Plan, all Causes of Action that the Debtor may hold against any Entity, including but not limited to claims against the Prepetition Securities Advisors, shall vest in the Liquidating Trust on the Effective Date. Thereafter, the Liquidating Trust shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action, whether arising before or after the Petition Date, and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court. No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any specific Cause of Action as any indication that the Debtor or Liquidating Trust will not pursue any and all available Causes of Action. The Debtor and the Liquidating Trust expressly reserve all rights to prosecute any and all

Causes of Action against any Entity, except as otherwise expressly provided in the Plan, 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 any Cause of Action upon, after, or as a consequence of the Confirmation or the occurrence of the Effective Date.

Notwithstanding any provision in the Plan or any order entered in the Chapter 11 Case, the Debtor and the Liquidating Trust forever waive, relinquish, and release any and all Causes of Action the Debtor and its Estate had, have, or may have against any Released Party; provided, however, that nothing in the Plan, including the releases set forth herein or in Article VIII, shall release, waive, relinquish, impair, or otherwise affect any Litigation Claim or any other Cause of Action expressly retained by the Debtor or vested in the Liquidating Trust pursuant to the Plan against any Person or Entity that is not a Released Party.

J. Provisions Governing Distributions

1. Timing and Calculation of Amounts to Be Distributed

Except as otherwise provided in the Plan, on the Effective Date, the Debtor shall make the distributions required to be made on the Effective Date on account of Allowed Claims. Following the Effective Date, and subject to payment of any applicable BDO Success Fee from proceeds received on account of a Sale Milestone in accordance with the Plan and the Liquidating Trust Agreement, distributions from the Liquidating Trust shall be made by the Liquidating Trustee in accordance with the Plan and the Liquidating Trust Agreement. No distribution shall be made to Holders of Class 3 Equity Interests unless and until the Liquidating Trustee makes a Class 3 Distribution Determination in accordance with the Plan and the Liquidating Trust Agreement. 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, such payment or performance may be completed on the next Business Day and shall be deemed to have been completed as of the required date.

If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII of the Plan. Except as specifically provided in the Plan, the Confirmation Order, or other Final Order of the Bankruptcy Court, Holders of Claims shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date.

2. Special Rules for Distributions to Holders of Disputed Claims and Interests

Except as otherwise set forth in the Plan, no partial payments and no partial distributions shall be made with respect to the Disputed portion of any Claim until all such disputes in connection with such Disputed Claim have been resolved by settlement or Final Order. Any dividends or other distributions arising from property distributed to Holders of Allowed Claims in a Class and paid to such Holders under the Plan shall also be paid, in the applicable amounts, to any Holder of a Disputed Claim in such Class that becomes an Allowed Claim after the date or dates that such dividends or other distributions were earlier paid to Holders of Allowed Claims in such Class.

3. Delivery of Distributions and Undeliverable or Unclaimed Distributions

a. Record Date for Distribution

On the Distribution Record Date, the Claims Register shall be closed, and any party responsible for making distributions shall be authorized and entitled, but not required, to recognize only those record Holders listed on the Claims Register as of the close of business on the Distribution Record Date.

b. Undeliverable Distributions and Unclaimed Property

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Debtor or Liquidating Trustee has used reasonable efforts to determine the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; provided, however, that such distribution shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code upon the expiration of one year from the time of such distribution. After such date, all such unclaimed property or interests in property shall become property of the Liquidating Trust, notwithstanding any applicable federal, state, or other jurisdiction's escheat, abandoned, or unclaimed property laws to the contrary, and any right or Claim of any Holder with respect to such property or interest in property shall be forever barred.

A distribution shall be deemed unclaimed if a Holder has not (i) accepted a particular distribution or, in the case of distributions made by check, negotiated such check; (ii) given notice to the Liquidating Trustee of an intent to accept a particular distribution; (iii) responded to the Liquidating Trustee's requests for information necessary to facilitate a particular distribution; or (iv) taken any other action necessary to facilitate such distribution.

4. Compliance with Tax Requirements

In connection with the Plan, to the extent applicable, the Debtor and, after the Effective Date, the Liquidating Trustee shall comply with all tax withholding and reporting requirements imposed by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. The Debtor or the Liquidating Trustee, as applicable, shall be authorized to take all actions necessary or appropriate to comply with such requirements, including withholding from distributions, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing other reasonable and appropriate mechanisms for compliance.

The Debtor or the Liquidating Trustee, as applicable, may require, as a condition to receipt of a distribution, that the Holder of an Allowed Claim or any Holder of a Class 3 Equity Interest entitled to receive a Distribution under the Plan provide any information necessary to allow the distributing party to comply with any applicable withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority. If the Debtor or the Liquidating Trustee, as applicable, makes such a request and the Holder fails to comply before the date that is 180 days after the request is made, the amount of such distribution shall irrevocably revert to the Debtor or, if after the Effective Date, the Liquidating Trust, and any right or Claim in respect of such distribution shall be forever barred from assertion against the Debtor, the Liquidating Trust, the Liquidating Trustee, or their respective property.

5. Distributions from the Liquidating Trust

All distributions to be made after the Effective Date shall be made by the Liquidating Trustee, subject to the applicable terms and conditions of the Liquidating Trust Agreement.

Notwithstanding the foregoing, if a Class 3 Distribution Determination is made, no distribution shall be made with respect to any Class 3 Equity Interest position that would otherwise be entitled to receive an aggregate distribution of $250 or less. Any amount that otherwise would have been distributed with respect to such position shall instead be reallocated among the remaining Class 3 Equity Interest positions entitled to receive distributions, in accordance with the Plan.

6. No Postpetition or Default Interest on Claims

Unless otherwise specifically provided for in the Plan, the Confirmation Order, or other order of the Bankruptcy Court, or required by applicable bankruptcy law, postpetition and default interest shall not accrue or be paid on any Claims and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any such Claim.

7. Setoff and Recoupment

Except as otherwise expressly provided in the Plan, the Debtor or, after the Effective Date, the Liquidating Trustee may, but shall not be required to, set off against or recoup from any Claim any claim, right, or Cause of Action of the Debtor, the Estate, or the Liquidating Trust against the Holder of such Claim, subject to applicable law. Neither the failure to exercise any such right of setoff or recoupment nor the Allowance of any Claim shall constitute a waiver or release of any such claim, right, or Cause of Action. In no event shall any Holder of a Claim be entitled to set off or recoup such Claim against any claim, right, or Cause of Action of the Debtor, the Estate, or the Liquidating Trust unless such setoff or recoupment is permitted under the Plan, the Confirmation Order, or applicable law.

V. SOLICITATION AND VOTING PROCEDURES

This Disclosure Statement, which is accompanied by a ballot (the "**Ballot**") to be used for voting on the Plan, is being distributed to the Holders of Claims in the Classes entitled to vote to accept or reject the Plan.

A. Holders of Claims Entitled to Vote on the Plan

Under the Plan, Class 2 (General Unsecured Claims) is Impaired and entitled to vote to accept or reject the Plan (the "**Voting Class**"). Class 1 (Non-Tax Priority Claims) is Unimpaired under the Plan and is therefore deemed to accept the Plan and is not entitled to vote. Class 3 (Equity Interests) is Impaired under the Plan and is deemed to reject the Plan and therefore is not entitled to vote.

B. Votes Required for Acceptance by a Class

Under the Bankruptcy Code, acceptance by a class of claims requires an affirmative vote of more than one-half in number of total allowed claims that have voted and an affirmative vote of at least two-thirds in dollar amount of the total allowed claims that have voted.

C. Certain Factors to Be Considered Prior to Voting

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

- Unless otherwise specifically indicated, the financial information contained in the Disclosure Statement has not been audited and is based on an analysis of data available at the time of the preparation of the Plan and the Disclosure Statement;

- Although the Debtor believes that the Plan complies with all applicable provisions of the Bankruptcy Code, the Debtor can neither assure such compliance nor that the Bankruptcy Court will confirm the Plan;

- The Debtor may seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code notwithstanding the rejection, or deemed rejection, of the Plan by an Impaired Class, provided that the applicable requirements for confirmation under section 1129(b) are satisfied; and

- Any delays of either Confirmation or Consummation could result in, among other things, increased Administrative Claims and Professional Fee Claims.

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

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

D. Solicitation Procedures

1. Solicitation Package

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

a. The order conditionally approving the Disclosure Statement and scheduling a combined hearing on final approval of the Disclosure Statement and confirmation of the Plan;

b. The Disclosure Statement;

c. The Plan;

d. An appropriate Ballot and voting instructions;

e. The Confirmation Hearing Notice;

f. A pre-addressed return envelope; and

g. Any other documents or materials required by the Court to be included in the Solicitation Package.

2. Distribution of the Solicitation Package and Plan Supplement

The Debtor will distribute the Solicitation Package to Holders of Claims in Class 2 three business days following entry of the Solicitation Order or as soon as reasonably practicable thereafter. The Solicitation Package (except the Ballots) may also be obtained from the Debtor the following address:

Lipella Pharmaceuticals Inc.
c/o Tucker Arensberg, P.C.
1500 One PPG Place
Pittsburgh, Pennsylvania 15222
Attn: Nichole Tepper (ntepper@tuckerlaw.com)

The Debtor will file any necessary Plan Supplement prior to the Confirmation Hearing. Once filed, parties may obtain a copy of the Plan Supplement on the Court's website, http://www.pawb.uscourts.gov. Note that a PACER password is needed to access documents on the Court's website (a PACER password may be obtained by accessing the PACER website, http://www.pacer.gov). Parties may also obtain a copy of the Plan Supplement by (i) emailing mshiner@tuckerlaw.com, or (ii) writing to the Debtor at the above address.

3. Voting on the Plan

The Voting Deadline is **November 13, 2026, at 4:00 P.M. (Eastern Prevailing Time)**. You may submit your Ballot via first class mail, overnight delivery, or hand delivery to the address listed below. In order to be counted as votes to accept or reject the Plan, all Ballots must be properly executed, completed, and delivered in accordance with the instructions on your Ballot so that the Ballots are actually received by the Debtor on or before the Voting Deadline:

DELIVERY OF BALLOTS BY MAIL

Lipella Pharmaceuticals Inc.
c/o Tucker Arensberg, P.C.
1500 One PPG Place
Pittsburgh, Pennsylvania 15222
Attn: Nichole Tepper

VI. OVERVIEW OF THE COMPANY

A. The Debtor's Organizational Structure

The Debtor is a corporation organized under the laws of the State of Delaware.

B. The Debtor's Prepetition Debt

The Debtor has no prepetition or postpetition secured debt. At the time of filing, the Debtor was current on all prepetition tax obligations and, accordingly, has no prepetition priority tax claims. Minimal postpetition non-priority tax debt is owed.

The aggregate amount of General Unsecured Claims against the Debtor is approximately $322,098. The Debtor intends to use the proof of claim process to reconcile the General Unsecured Claims and determine on a final and equitable basis the appropriate allowed amount of such Claims.

VII. OVERVIEW OF THE CHAPTER 11 CASE

A. Commencement of Chapter 11 Case

On March 30, 2026, the Debtor commenced the Chapter 11 Case. Post-petition, the Debtor continued to manage operations as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, but focused on a wind-down of the business.

B. First Day Motions

On or around the Petition Date, the Debtor filed motions with the Bankruptcy Court seeking various forms of relief designed to facilitate a smooth transition for the Debtor into chapter 11 (the

"**First Day Motions**"). The Bankruptcy Court granted substantially all of the relief requested in the First Day Motions and entered, among others, orders:

(i) authorizing the Debtor to pay certain wages and employee benefits [Doc. No. 18]; and

(ii) authorizing the Debtor to use existing bank accounts [Doc. No. 20];

C. Procedural Motions and Applications

Throughout the Chapter 11 Case, Debtor filed various motions and applications regarding procedural issues, many of which are typical in chapter 11 cases of similar size and complexity. The Bankruptcy Court granted the following motions:

(i) Debtor's Motion for Entry of an Order Modifying the Requirements for the List of Equity Security Holders and Modifying the Notice Requirements for Equity Security Holders [Order issued at Doc. No. 119]; and

(ii) Debtor's Motion for Entry of an Order (A) Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals and (B) Granting Related Relief [Order issued at Doc. No. 139].

D. Retention of Chapter 11 Professionals

The Debtor filed several applications and obtained authority to retain various professionals to assist the Debtor in carrying out its duties under the Bankruptcy Code during the Chapter 11 Case. The Debtor's professionals include:

(i) Tucker Arensberg P.C. as its bankruptcy counsel [Doc. No. 53];

(ii) BDO Consulting Group, LLC, its financial advisor and investment banker [Doc. No. 54]; and

(iii) Raines Feldman Littrell LLP, special litigation counsel [Doc. No. 99].

E. Statements and Schedules and Claims Bar Dates

On April 13, 2026, the Debtor filed its schedules of assets and liabilities (the "**Schedules**") and its statement of financial affairs (the "**SOFA**") [Doc. No. 29].

On April 14, 2026, the Bankruptcy Court set August 13, 2026, as the deadline for persons or entities (except governmental units) to file proofs of claim in the Chapter 11 Case (the "**General Bar Date**"). The Bankruptcy Court set September 28, 2026, as the deadline for governmental units to file proofs of claim in the Chapter 11 Case (the "**Governmental Bar Date**").

VIII. SUMMARY OF THE RELEASES, INJUNCTION, EXCULPATION, AND OTHER PROVISIONS CONTEMPLATED BY THE PLAN

A. Compromise and Settlement of Claims, Interests, and Controversies

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the Plan is and shall be deemed a good-faith compromise and settlement of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest, including, for the avoidance of doubt, with respect to the Released Claims.

Specifically, in consideration for the classification, distributions, releases and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan will constitute a good faith compromise and settlement between the Debtor and the Released Parties regarding, *inter alia*, the Released Claims held by (or that could be asserted by or on behalf of) the Debtor under the Plan (including the releases and related provisions provided herein).

The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, its Estate, and Holders of Claims and Interests and is fair, equitable, reasonable, and within the range of reasonableness. The compromises, settlements, and releases described herein shall be deemed nonseverable from each other and from all other terms of the Plan. In accordance with the provisions of the Plan, section 1123 of the Bankruptcy Code, and Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Liquidating Trustee may compromise and settle Claims against, and Interests in, the Debtor and its Estate and Causes of Action against other Entities.

B. Satisfaction of Claims and Termination of Interests

Except as otherwise specifically provided in the Plan or the Confirmation Order, the distributions, rights, and treatment provided under the Plan shall be in full and final satisfaction and settlement of Claims and Interests to the extent provided in the Plan. On the Effective Date, all Equity Interests shall be cancelled and extinguished in accordance with the Plan, subject solely to the contingent right of Holders of Class 3 Equity Interests to receive distributions if and to the extent a Class 3 Distribution Determination is made in accordance with the Plan and the Liquidating Trust Agreement.

The Debtor is a corporation and the Plan provides for the liquidation of all or substantially all of the property of the Estate and the dissolution of the Debtor. Accordingly, the Debtor shall not receive a discharge under section 1141(d) of the Bankruptcy Code. Nothing in the Plan or the Confirmation Order shall be construed as granting the Debtor a discharge.

C. Releases by the Debtor

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, the adequacy of which is hereby acknowledged and confirmed, as of the Effective Date, the Debtor, its Estate, the Liquidating Trustee, the officers and directors of the Debtor, and the Professionals retained in this Chapter 11 Case by the Debtor, on behalf of themselves and any successor, shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released, waived and discharged the Released Parties from the Released Claims, which include, for the avoidance of doubt, any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever (including any derivative Claims asserted or that may be asserted on behalf of the Debtor or its Estate), whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the formulation, preparation, dissemination, negotiation of the Plan, any Disclosure Statement, the Sale Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, the Disclosure Statement, the Chapter 11 Case, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing.

D. Exculpation

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur liability for, and each Exculpated Party is hereby released and exculpated from, any Cause of Action or any claim related to any act or omission from the Petition Date to the Effective Date in connection with, relating to, or arising out of, the Chapter 11 Case, in whole or in part, the Debtor, the formulation, preparation, dissemination, negotiation, of the Plan, the Disclosure Statement, any Definitive Document, the Sale Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, the Disclosure Statement, the filing of the Chapter 11 Case, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the distribution of property under the Plan, or any other related agreement, except for Claims or Causes of Action arising from an act or omission that is judicially determined in a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, but in all respects, such Exculpated Parties shall be entitled to the fullest extent permitted by law to reasonably rely upon the advice of counsel with respect to their duties and responsibilities, including the distribution of property under the Plan or any other related agreement, without the Bankruptcy Court (i) first determining, after notice and a hearing, that such claim or Cause of Action represents a colorable claim of any kind, including, but not limited to actual fraud, willful misconduct, or gross negligence against an Exculpated Party, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan, and (ii) specifically authorizing a party to bring such claim or cause of action against any

such Exculpated Party. The Exculpated Parties have, and upon Consummation of the Plan, shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of, and distribution of, consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

E. Bar Order

The Confirmation Order shall permanently enjoin the commencement or prosecution by any Entity whether directly, derivatively or otherwise, of any claims or Causes of Action released pursuant to this Plan, including but not limited to the Released Claims and the claims and Causes of Action released in Article VIII.C of the Plan. For the avoidance of doubt and subject to the following sentence, this injunction shall permanently bar, enjoin, and restrain (i) all persons and entities from commencing or prosecuting any litigation or asserting any claims against the Released Parties based on any Released Claims; (ii) to the maximum extent possible under applicable law, each person or entity from commencing, prosecuting, or asserting against any of the Released Parties any claims, actions or proceedings for contribution or indemnity, or otherwise, including any claims, actions or proceedings for contribution or indemnity or otherwise arising out of or in connection with any Released Claims.

F. Permanent Injunction

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN OR FOR DISTRIBUTIONS REQUIRED TO BE PAID OR DELIVERED PURSUANT TO THE PLAN OR THE CONFIRMATION ORDER, ALL ENTITIES THAT HAVE HELD, HOLD, OR MAY HOLD ANY CLAIMS OR INTERESTS THAT EITHER (1) HAVE BEEN RELEASED PURSUANT TO Article VIII.C, (2) HAVE BEEN SATISFIED, SETTLED, OR OTHERWISE TREATED PURSUANT TO Article VIII.B OF THE PLAN, OR (3) ARE SUBJECT TO EXCULPATION PURSUANT TO Article VIII.D, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST, AS APPLICABLE, THE RELEASED PARTIES (TO THE EXTENT OF THE RELEASES PROVIDED PURSUANT TO Article VIII.C WITH RESPECT TO THE RELEASED PARTIES), THE DEBTOR, THE LIQUIDATING TRUSTEE, OR THE EXCULPATED PARTIES (TO THE EXTENT OF THE EXCULPATION PROVIDED PURSUANT TO Article VIII.D WITH RESPECT TO THE EXCULPATED PARTIES): (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST SUCH ENTITY ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY LIEN OR ENCUMBRANCE OF ANY KIND AGAINST SUCH ENTITIES OR THE PROPERTY OF THE ESTATE OF SUCH ENTITY ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (IV) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION, OR

RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE FROM SUCH ENTITIES OR AGAINST THE PROPERTY OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH SETOFF RIGHT IN A DOCUMENT FILED WITH THE BANKRUPTCY COURT IN ACCORDANCE WITH THE TERMS OF THIS PLAN EXPLICITLY PRESERVING SUCH SETOFF, AND NOTWITHSTANDING AN INDICATION OF A CLAIM OR INTEREST OR OTHERWISE THAT SUCH ENTITY ASSERTS, HAS, OR INTENDS TO PRESERVE ANY RIGHT OF SETOFF PURSUANT TO APPLICABLE LAW OR OTHERWISE; AND (V) TAKING ANY OTHER ACTION OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED OR SETTLED PURSUANT TO THE PLAN.

G. Subordination Rights

The classification and manner of satisfying all Claims and Interests under the Plan take into consideration all subordination rights, whether arising under general principles of equitable subordination, contract, section 510(c) of the Bankruptcy Code, or otherwise, that a Holder of a Claim or Interest may have against other Claim or Interest Holders with respect to any distribution made pursuant to the Plan.

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

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN MAY BE COMPLEX. ALL HOLDERS OF CLAIMS OR EQUITY INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE PLAN, INCLUDING, AS APPLICABLE, THE CANCELLATION OF EQUITY INTERESTS, THE CONTINGENT RIGHT OF HOLDERS OF CLASS 3 EQUITY INTERESTS TO RECEIVE A DISTRIBUTION UNDER THE PLAN, AND THE RECEIPT, OWNERSHIP, OR DISPOSITION OF ANY DISTRIBUTIONS OR PROCEEDS. THE TAX CONSEQUENCES MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH EQUITY HOLDER.

THE TAX TREATMENT OF THE CANCELLATION OF CLASS 3 EQUITY INTERESTS, THE CONTINGENT RIGHT TO RECEIVE A DISTRIBUTION FOLLOWING A CLASS 3 DISTRIBUTION DETERMINATION, AND ANY SUBSEQUENT DISTRIBUTION TO A HOLDER OF A CLASS 3 EQUITY INTEREST MAY DEPEND UPON FACTS AND CIRCUMSTANCES SPECIFIC TO THE EQUITY HOLDER AND MAY BE UNCERTAIN. NOTHING IN THE PLAN OR THIS DISCLOSURE STATEMENT IS INTENDED TO REPRESENT OR GUARANTEE THAT ANY EQUITY HOLDER WILL BE ENTITLED TO CLAIM A PARTICULAR TAX TREATMENT, DEDUCTION, LOSS, OR OTHER TAX CONSEQUENCE.

MOREOVER, THE TAX CONSEQUENCES OF CERTAIN ASPECTS OF THE PLAN MAY BE UNCERTAIN DUE TO, IN SOME CASES, THE LACK OF APPLICABLE LEGAL

PRECEDENT AND THE POSSIBILITY OF CHANGES IN THE LAW. NO RULING HAS BEEN APPLIED FOR OR OBTAINED FROM THE IRS WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN, AND NO OPINION OF COUNSEL HAS BEEN REQUESTED OR OBTAINED BY THE DEBTOR WITH RESPECT THERETO.

THIS DISCUSSION DOES NOT CONSTITUTE TAX ADVICE OR A TAX OPINION. ACCORDINGLY, EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS STRONGLY ENCOURAGED TO CONSULT WITH HIS, HER, OR ITS OWN TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL, OR OTHER TAX CONSEQUENCES OF THE PLAN.

X. RISK FACTORS

Before voting to accept or reject the Plan, Holders of Claims entitled to vote should read and carefully consider the risk factors set forth below, in addition to the information set forth in this Disclosure Statement together with any attachments, exhibits, or documents incorporated by reference hereto. The factors below should not be regarded as the only risks associated with the Plan or its implementation.

A. Risks Related to Bankruptcy Law

1. Risk of Non-Confirmation of the Plan

Although the Debtor believes that the Plan satisfies all requirements necessary for the Bankruptcy Court to confirm the Plan, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that modifications to the Plan will not be required for confirmation or that such modifications would not necessitate re-solicitation of votes. Moreover, the Debtor can make no assurances that it will receive the requisite acceptances to confirm the Plan. Even if all Voting Classes vote in favor of the Plan or the requirements for confirmation under section 1129(b) of the Bankruptcy Code are satisfied with respect to any Class that rejects or is deemed to reject the Plan, there can be no assurance that the Plan will be confirmed. If the Plan is not confirmed, it is uncertain what distributions Holders of Claims or Interests would ultimately receive under any alternative chapter 11 plan, in a chapter 7 liquidation, or otherwise.

2. Non-Consensual Confirmation

If any Impaired Class of Claims or Interests does not accept or is deemed not to accept the Plan, the Bankruptcy Court may nevertheless confirm the Plan at the Debtor's request if at least one Impaired Class of Claims has accepted the Plan, determined without including any acceptance of the Plan by an Insider, and the Bankruptcy Court determines that the Plan does not discriminate unfairly and is fair and equitable with respect to each Impaired Class that has not accepted the Plan. If any Class votes to reject or is deemed to reject the Plan, these requirements must be satisfied with respect to such rejecting Class. The Debtor believes that the Plan satisfies these requirements.

3. Allowed Claims Could Exceed Estimates

There can be no assurance that the Allowed amount of Claims participating in distributions will not be significantly more than projected, which, in turn, could cause the value of distributions to Holders of Allowed Claims whose treatment is limited to distributions from a specified recovery source to be reduced. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect the ultimate results and total amount of Claims against the Debtor's Estate. Therefore, the actual amount of Allowed Claims may vary from what is contained in the Disclosure Statement or supporting documents, and the variation may be material.

4. Risk of Non-Occurrence of the Effective Date

Although the Debtor believes that the Effective Date will occur soon after the Confirmation Date, there can be no assurance as to the timing of the Effective Date. If the conditions precedent to the Effective Date set forth in the Plan have not occurred or have not been waived as set forth in Article IX of the Plan, then the Confirmation Order may be vacated, in which event no distributions would be made under the Plan, the Debtor and all Holders of Claims or Interests would be restored to the status quo as of the day immediately preceding the Confirmation Date, and the Debtor's obligations with respect to Claims and Interests would remain unchanged.

5. Conversion into a Chapter 7 Case

If the Plan cannot be confirmed or if the Bankruptcy Court otherwise determines that conversion would be in the best interests of creditors and the Estate, the Chapter 11 Case may be converted to a case under chapter 7 of the Bankruptcy Code. In such circumstances, a trustee would be appointed or elected to liquidate the Debtor's remaining assets for distribution in accordance with the priorities set forth in the Bankruptcy Code.

6. Parties in Interest May Object to the Plan's Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtor believes that the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtor created Classes of Claims and Interests each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims or Interests, as applicable, in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

7. The Debtor May Fail to Satisfy Vote Requirements

If votes are received in number and amount sufficient to satisfy the applicable requirements for confirmation of the Plan, the Debtor intends to seek Confirmation of the Plan as promptly as practicable. If sufficient votes are not received, the Debtor may seek confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code, propose or seek confirmation of an alternative chapter 11 plan, or consider other alternatives available under the Bankruptcy Code. There can be no assurance that any such alternative would result in distributions to Holders of Claims or Interests that are equal to or greater than those contemplated under the Plan.

8. Contingencies Could Affect Distributions Under the Plan

The distributions available to Holders of Allowed Claims under the Plan may be affected by a variety of contingencies, including the ultimate amount of Allowed Claims and the amount of assets ultimately available for distribution. The estimated Claims and recoveries set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may differ materially from those estimates. The Debtor cannot determine with certainty at this time the number or amount of Claims that will ultimately be Allowed or the amount of proceeds that ultimately will be realized by the Liquidating Trust. Such differences may materially affect distributions to Holders of Allowed Claims and whether sufficient assets ultimately become available for any distribution to Holders of Class 3 Equity Interests.

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

Article VIII of the Plan provides for certain settlement, release, exculpation, bar-order, and injunction provisions. These provisions are subject to approval by the Bankruptcy Court and may be subject to objection by parties in interest. There can be no assurance that the Bankruptcy Court will approve all such provisions as proposed. If the Bankruptcy Court determines that any such provision cannot be approved, the Debtor may be required to modify the Plan, and any such modification could affect the terms of the Plan or the Debtor's ability to obtain Confirmation.

10. The Debtor's Efforts to Confirm the Plan May Be Disrupted by a Competing Plan

At the outset of the Chapter 11 Case, the Bankruptcy Code gave the Debtor the exclusive right to propose and solicit acceptances of the Plan for initial periods of 120 and 180 days, respectively (the "**Exclusivity Periods**"), and prohibited creditors and other parties in interest from proposing a plan within the Debtor's Exclusivity Periods. If the Exclusivity Periods expire pursuant to statute and the Debtor fails confirm a Plan within that period or timely request an extension of the time to do so (should it become necessary), there could be a material adverse effect on the Debtor's ability to achieve confirmation of the Plan in order to achieve the Debtor's stated goals.

B. Additional Factors

1. The Debtor Could Withdraw the Plan

Subject to and without prejudice to the rights of any party in interest, the Debtor may revoke or withdraw the Plan before the Confirmation Hearing.

2. The Debtor Has No Duty to Update

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

3. No Representations Outside this Disclosure Statement Are Authorized

No representations concerning or related to the Debtor, the Chapter 11 Case, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than those contained in or included with this Disclosure Statement should not be relied upon in making the decision to accept or reject the Plan.

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

The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each Holder of a Claim or Interest should consult its own legal counsel and accountant as to legal, tax, and other matters concerning their Claim or Interest. This Disclosure Statement is not legal advice to you. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

5. No Admission Made

Nothing contained herein or in the Plan shall constitute an admission of or shall be deemed evidence of the tax or other legal effects of the Plan on the Debtor or Holders of Claims or Interests.

XI. CONFIRMATION OF THE PLAN

The Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation are that the Plan is (a) accepted by all Impaired Classes of Claims and Interests entitled to vote or, if rejected or deemed rejected by an Impaired Class, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to such class, (b) in the "best interests" of the Holders of Claims and Interests impaired under the Plan, and (c) feasible.

A. Acceptance of the Plan

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that cast ballots for acceptance or rejection of the plan. Holders of Claims that fail to vote are not counted in determining the thresholds for acceptance of the Plan. Under the Plan, Class 2 General Unsecured Claims is the only Class entitled to vote to accept or reject the Plan. Class 3 Equity Interests is Impaired and deemed to reject the Plan and therefore is not entitled to vote. Accordingly, if Class 2 accepts the Plan, the Debtor intends to seek confirmation of the Plan notwithstanding the deemed rejection by Class 3 pursuant to section 1129(b) of the Bankruptcy Code. The "unfair discrimination" test applies to classes of claims or interests that are of equal priority and are receiving different treatment under the plan. A chapter 11 plan does not discriminate unfairly, within the meaning of the Bankruptcy Code, if the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are substantially similar to those of the dissenting class and if no class of claims or interests receives more than it legally is entitled to receive for its claims or interests. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair." The "fair and equitable" test applies to classes of different priority and status (e.g., secured versus unsecured; claims versus interests) and includes the general requirement that no class of claims receive more than 100% of the allowed amount of the claims in such class. As to the dissenting class, the test sets different standards that must be satisfied in order for the plan to be confirmed, depending on the type of claims or interests in such class. The following sets forth the "fair and equitable" test that must be satisfied as to each type of class for a plan to be confirmed if such class rejects the plan:

- Unsecured Creditors. Either (a) each holder of an impaired unsecured claim receives or retain under the plan, property of a value, as of the effective date of the plan, equal to the amount of its allowed claim or (b) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.

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

The Debtor believes the Plan satisfies the "fair and equitable" requirement with respect to any rejecting Class.

IF ALL OTHER CONFIRMATION REQUIREMENTS ARE SATISFIED AT THE CONFIRMATION HEARING, THE DEBTOR WILL ASK THE BANKRUPTCY COURT TO RULE THAT THE PLAN MAY BE CONFIRMED ON THE GROUNDS THAT THE SECTION 1129(B) REQUIREMENTS HAVE BEEN SATISFIED.

B. Best Interests of Creditors Test

The Bankruptcy Code requires that each holder of an impaired claim or interest either (1) accepts the plan or (2) receives or retains under the plan property of a value, as of the effective date, that is not less than the value such holder would receive if the debtor were liquidated under chapter 7 of the Bankruptcy Code. This requirement is customarily referred to as the "best interests of creditors" test. As demonstrated in the liquidation analysis attached hereto as Exhibit B, the Debtor believes that each Holder of an Impaired Claim or Interest will receive or retain under the Plan property of a value that is not less than the value such Holder would receive or retain if the Debtor were liquidated under chapter 7 of the Bankruptcy Code.

C. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan. The Plan expressly provides for the liquidation of the Debtor, the transfer of the Debtor's remaining assets to the Liquidating Trust, and the dissolution of the Debtor. Accordingly, the Debtor believes that the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code because the liquidation of the Debtor is expressly contemplated by the Plan and the Plan provides the mechanisms necessary to administer the Liquidating Trust Assets, resolve Claims, and make distributions in accordance with the Plan and the Liquidating Trust Agreement.

D. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a confirmation hearing upon appropriate notice to all required parties. The Confirmation Hearing will be held on **[●], 2026, at [●] A.M./P.M., (Eastern Prevailing Time)**. The Bankruptcy Court may adjourn the Confirmation Hearing without further notice except for the announcement of the continuation date made at the Confirmation Hearing, at any subsequent continued Confirmation Hearing, or pursuant to a notice filed on the docket for the Chapter 11 Case. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to the confirmation of a plan. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules and the local rules of the Bankruptcy Court, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the Debtor's estate or properties, the basis for the objection and the specific grounds therefor, and must be filed with the Bankruptcy Court and served no later than the Confirmation Objection Deadline.

XII. CONCLUSION AND RECOMMENDATION

The Debtor believes the Plan is in the best interests of all stakeholders and urges the Holders of Claims entitled to vote on the Plan to vote in favor thereof.

Respectfully submitted,

Date: September 21, 2026

TUCKER ARENSBERG, P.C.

<u>/s/ Michael A. Shiner</u>

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EXHIBIT A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

In re:	:	
	:	Case No. 26-20879-JAD
LIPELLA PHARMACEUTICALS INC.,	:	
	:	Chapter 11
Debtor.	:	
	:	

CHAPTER 11 PLAN OF LIQUIDATION
OF LIPELLA PHARMACEUTICALS INC.

Dated: September 21, 2026

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INTRODUCTION

Lipella Pharmaceuticals Inc., the debtor and debtor in possession, proposes this Plan pursuant to chapter 11 of the Bankruptcy Code. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed them in Article I hereof. Holders of Claims and Interests should refer to the Disclosure Statement for a discussion of the Debtor's history, assets, and financial information, as well as a summary and description of the Plan. The Debtor is the proponent of the Plan within the meaning of section 1129 of the Bankruptcy Code.

The Debtor is proposing a Plan that provides for payment in full of Allowed Priority Claims, an initial distribution to Holders of Allowed General Unsecured Claims other than Insiders equal to approximately 45% of the amount of such Allowed Claims, no initial distribution to Holders of Allowed General Unsecured Claims that are Insiders, and additional distributions from the Liquidating Trust to Holders of Allowed General Unsecured Claims, including Insiders, up to the full amount of such Allowed Claims as funds become available, with potential distributions to Holders of Class 3 Equity Interests thereafter. The Debtor proposes to effectuate its Plan through (i) the Sale of substantially all of its Assets, which Sale closed on June 25, 2026, with additional Sale consideration dependent on the achievement of certain Milestones set forth in the Asset Purchase Agreement dated May 14, 2026, and (ii) the pursuit of Litigation Claims arising from certain prepetition securities transactions. The Plan provides for the establishment of a Liquidating Trust, which will be funded from Sale proceeds and proceeds of the Litigation Claims. The funds in the Liquidating Trust will be utilized to satisfy Claims and Interests entitled to distributions under the Plan in accordance with the priority and distribution provisions described in greater detail herein and in the Disclosure Statement.

ALL HOLDERS OF CLAIMS AND INTERESTS (WHETHER ENTITLED TO VOTE ON THE PLAN OR OTHERWISE) ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN OR TAKING ANY OTHER ACTION WITH RESPECT TO THE PLAN. SUBJECT TO CERTAIN RESTRICTIONS AND REQUIREMENTS SET FORTH IN SECTION 1127 OF THE BANKRUPTCY CODE, RULE 3019 OF THE BANKRUPTCY RULES, AND Article X OF THE PLAN, THE DEBTOR RESERVES THE RIGHT TO ALTER, AMEND, MODIFY, SUPPLEMENT, REVOKE, OR WITHDRAW THE PLAN PRIOR TO ITS CONSUMMATION.

WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ALL HOLDERS OF CLAIMS AND INTERESTS (WHETHER ENTITLED TO VOTE ON THE PLAN OR OTHERWISE) ARE ENCOURAGED TO READ THE RELEASE, INJUNCTION, AND EXCULPATION PROVISIONS SET FORTH UNDER Article VIII OF THE PLAN.

ARTICLE I.
DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW

A. Defined Terms

"***Administrative Claim***" means a Claim (other than a Professional Fee Claim or Priority Tax Claim) against the Debtor for costs and expenses of administration of the Debtor's Estate pursuant to sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including (i) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Estate and its property, including wages, salaries, or commissions for services rendered after the Petition Date and (ii) U.S. Trustee Fees.

"***Administrative Claims Bar Date***" means the first Business Day that is 30 days following the Effective Date, except as specifically set forth in the Plan or a Final Order.

"***Allowed***" means, with respect to any Claim or Interest, except as otherwise provided herein, such Claim or Interest (or any portion thereof) that is not Disallowed and (i) to which no objection to the allowance thereof or request for estimation has been Filed by the Claims Objection Deadline; (ii) has been expressly Allowed under the Plan, any stipulation approved by the Bankruptcy Court, or a Final Order of the Bankruptcy Court; (iii) is both not Disputed and either (a) evidenced by a Proof of Claim timely Filed by the Claims Bar Date (or for which Claim under the Plan, the Bankruptcy Code, or a Final Order of the Bankruptcy Court a Proof of Claim is not or shall not be required to be Filed) or (b) listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim has been timely Filed; (iv) is allowed by a Final Order; or (v) is compromised, settled, or otherwise resolved by the Debtor and the Holder of such Claim or Interest; provided, that, except as otherwise expressly provided herein, the amount of any Allowed Claim or Allowed Interest shall be determined in accordance with any Final Orders of the Bankruptcy Court and the Bankruptcy Code, including sections 502(b), 503(b) and 506 of the Bankruptcy Code. "Allow", "Allowance", and "Allowing" shall have correlative meanings.

"***Asset Purchase Agreement***" means the Asset Purchase Agreement among Lipella Pharmaceuticals Inc. and XRAIY LLC, or its designee(s), dated as of May 14, 2026, and in either instance, the ancillary documents referred to therein.

"***Assumed Liabilities***" has the meaning set forth in Section 2.3 of the Asset Purchase Agreement (or such other similar term as may be used in the Asset Purchase Agreement).

"***Ballot***" means the form(s) distributed to Holders of Claims and Interests entitled to vote on the Plan to indicate their acceptance or rejection of the Plan.

"***Bankruptcy Code***" means title 11 of the United States Code, 11 U.S.C. § 101, *et seq.*, as now in effect or as may be amended hereafter and applicable to the Chapter 11 Case.

"***Bankruptcy Court***" means (i) the United States Bankruptcy Court for the Western District of Pennsylvania having jurisdiction over the Chapter 11 Case; or (ii) to the extent any reference made under section 157 of title 28 of the United States Code is withdrawn or the Bankruptcy Court is determined not to have authority to enter a Final Order on an issue, the United States District Court for the Western District of Pennsylvania.

"***Bankruptcy Rules***" means the Federal Rules of Bankruptcy Procedure, as applicable to the Chapter 11 Case, and the Bankruptcy Court's local rules and chambers procedures.

"***Board of Directors***" means the board of directors of the Debtor.

"***BDO Success Fee***" means the Success Fee payable to BDO Consulting Group, LLC pursuant to its Court-approved engagement with the Debtor in connection with the Sale Transaction, including any Success Fee attributable to proceeds received on account of the Sale Milestones.

"***Business Day***" means any day, other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)), or a day on which banking institutions in New York, New York are authorized by law or other governmental action to close.

"***Cash***" means the legal tender of the United States of America or equivalents thereof.

"***Cause of Action***" means any action, claim, proceeding, cause of action, controversy, demand, right, action, Lien, indemnity, interest, guarantee, suit, obligation, liability, damage, judgment, account, defense, offset, power, privilege, license, or franchise of any kind or character whatsoever, whether known, unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law, or in equity or pursuant to any other theory of law that remains as of the Confirmation Hearing and has not otherwise been adjudicated or settled. For the avoidance of doubt, "Cause of Action" includes (i) any right of setoff, counterclaim, or recoupment and any claim for breach of contract or for breach of duties imposed by law or in equity; (ii) any Claim based on or relating to, or in any manner arising from, in whole or in part, tort, breach of contract, breach of fiduciary duty, violation of state or federal law or breach of any duty imposed by law or in equity; (iii) the right to object to or to otherwise contest, recharacterize, reclassify, subordinate, or disallow any Claims or Interests; (iv) any Claim pursuant to section 362 of the Bankruptcy Code; (v) any claim or defense, including fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code; (vi) the Litigation Claims and (vii) any and all actual or potential claims of the Debtor and its Estate and Causes of Action to avoid a transfer of property or an obligation incurred by the Debtor and any recovery, subordination, or other remedies that may be brought by or on behalf of the Debtor and its Estate under the Bankruptcy Code or applicable non-bankruptcy law, including under sections 502, 544, 545, 547, 548, 549, 550, 551, 553(b) and 724(a) of the Bankruptcy Code, chapter 5 of the Bankruptcy Code, or applicable non-bankruptcy law.

"***Chapter 11 Case***" means the Debtor's pending chapter 11 case in the Bankruptcy Court which is styled as *In re Lipella Pharmaceuticals Inc.*, Case No. 26-20879-CMB.

"***Claim***" shall have the meaning set forth in section 101(5) of the Bankruptcy Code.

"***Claims Bar Date***" means, either, the General Claims Bar Date, the Governmental Claims Bar Date, or the Administrative Claims Bar Date, as applicable, or such other date(s) as may be designated by the Bankruptcy Court, including pursuant to Article II.A of this Plan.

"***Claims Objection Deadline***" means 45 days after the later of (a) the Governmental Bar Date or (b) the Effective Date.

"***Claims Register***" means the official register of Claims maintained by the Clerk of the Bankruptcy Court in the Chapter 11 Case.

"***Class***" means a category of Holders of Claims or Interests as set forth in Article III of this Plan pursuant to section 1122(a) of the Bankruptcy Code.

"Class 3 Distribution Determination" means a determination by the Liquidating Trustee, in accordance with the Plan and the Liquidating Trust Agreement, that all Allowed Claims and other obligations entitled to payment before any Distribution on account of Class 3 Equity Interests have been paid in full or adequately reserved for and that funds are available for a Distribution on account of Class 3 Equity Interests.

"Class 3 Equity Interests" means all outstanding Common Stock.

"Class 3 Equity Interests Record Date" means the Effective Date, immediately prior to the cancellation of the Class 3 Equity Interests pursuant to the Plan, for purposes of determining the Holders of Class 3 Equity Interests entitled to receive Distributions, if any, under the Plan.

"Common Stock" means (a) all issued and outstanding shares of common stock of the Debtor and (b) all issued and outstanding shares of Series B Preferred Stock of the Debtor, treated on an as-converted-to-common-stock basis in accordance with the applicable conversion provisions of the certificate of designation governing the Series B Preferred Stock, in each case solely for purposes of the Plan and without requiring any actual conversion of the Series B Preferred Stock.

"***Confirmation***" means the entry of the Confirmation Order on the docket of the Chapter 11 Case.

"***Confirmation Date***" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Case, within the meaning of Bankruptcy Rules 5003 and 9021.

"***Confirmation Hearing***" means the hearing held by the Bankruptcy Court to consider Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code.

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

"***Consummation***" means the date on which the Plan is substantially consummated within the meaning of section 1101 of the Bankruptcy Code.

"***Creditor***" means any Person who holds a Claim against the Debtor.

"***D&O Policies***" means all insurance policies (including any "tail policy") issued at any time to the Debtor for certain liabilities of the Debtor and/or its current or former directors, managers, members and officers, and all agreements, documents or instruments related thereto.

"***Debtor***" means Lipella Pharmaceuticals Inc.

"***Definitive Document***" means all definitive documents and agreements to which the Debtor will be party as contemplated hereby and thereby.

"***Disallowed***" means any Claim, or any portion thereof, that (i) has been disallowed by Final Order or settlement; (ii) is listed on the Schedules at an amount of $0.00 or as contingent, disputed, or unliquidated and as to which a Claims Bar Date has been established but no Proof of Claim has been timely Filed, deemed timely Filed pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court, or otherwise deemed timely Filed under applicable law; or (iii) is not listed on the Schedules and as to which a Claims Bar Date has been established but no Proof of Claim has been timely Filed or deemed timely Filed with the Bankruptcy Court pursuant to the Bankruptcy Code or any Final Order of the Bankruptcy Court, or otherwise deemed timely Filed under applicable law. "Disallow" and "Disallowance" shall have correlative meanings.

"***Disclosure Statement***" means the Disclosure Statement to Accompany Chapter 11 Plan of Liquidation of Lipella Pharmaceuticals Inc. (as amended, modified, or supplemented from time to time in accordance with its terms), including all exhibits and schedules thereto and references therein that relate to the Plan.

"***Disclosure Statement Order***" means that certain Order approving the Disclosure Statement (as amended, modified, or supplemented by order of the Bankruptcy Court from time to time) issued by the Court at Doc. No. [●].

"***Disputed***" means, with respect to a Claim or Interest, any portion thereof that is not yet Allowed or Disallowed.

"Distribution Record Date" means the date for determining which Holders of Allowed Claims are eligible to receive distributions under the Plan, which date shall be five Business Days after the Effective Date, as set forth in the Disclosure Statement Order.

"***Effective Date***" means, with respect to the Plan, the date that is a Business Day on which (i) no stay of the Confirmation Order is in effect; (ii) all conditions precedent specified in Article

IX.A of this Plan have been satisfied or waived (in accordance with Article IX.B); and (iii) the Plan is declared effective by the Debtor. Without limiting the foregoing, any action to be taken on the Effective Date may be taken on or as soon as reasonably practicable after the Effective Date.

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

"***Estate***" means the Debtor's estate in its Chapter 11 Case as created under sections 301 and 541 of the Bankruptcy Code.

"***Excluded Assets***" means the Seller's Assets that are not Purchased Assets as set forth in Section 2.2 of the Asset Purchase Agreement.

"***Exculpated Parties***" means (i) the Debtor; (ii) the officers and directors of the Debtor who served during any portion of this Chapter 11 Case; and (iii) the Professionals retained in this Chapter 11 Case by the Debtor. For the avoidance of any doubt, the term "Exculpated Parties" shall include but not be limited to the Former President, Former Chief Financial Officer, and any Professional retained by the Debtor pursuant to section 327(a) or section 328 of the Bankruptcy Code; provided that, in each case, an Entity shall be an "Exculpated Party" only to the extent that it has performed necessary and valuable duties in connection with the Chapter 11 Case.

"***Executory Contract***" means a prepetition contract to which the Debtor is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

"***File***", "***Filed***", or "***Filing***" means file, filed, or filing in the Chapter 11 Case with the Bankruptcy Court.

"***Final Order***" means, as applicable, an order or judgment of the Bankruptcy Court or other court of competent jurisdiction with respect to the relevant subject matter, which has not been reversed, stayed, modified, or amended, including any order subject to appeal but for which no stay of such order has been entered, and as to which the time to appeal or seek certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be Filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought; provided, that, the possibility that a request for relief under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, the local rules of the Bankruptcy Court or applicable non-bankruptcy law, may be Filed relating to such order shall not prevent such order from being a Final Order.

"***Former Chief Financial Officer***" means Mr. Doug Johnston in his capacity as the former (following the Effective Date) Chief Financial Officer of the Debtor.

"***Former President***" means Mr. Jonathan Kaufman in his capacity as the former (following the Effective Date) President and Chief Executive Officer of the Debtor.

“***General Claims Bar Date***” means August 13, 2026, or such other date established by the Bankruptcy Court by which Proofs of Claim must have been Filed by Entities except for Governmental Units, as set forth in the Notice of Bar Date.

“***General Unsecured Claims***” means all Unsecured Claims against the Debtor, that are not (i) Administrative Claims; (ii) Professional Fee Claims; (iii) Priority Tax Claims; or (iv) Non-Tax Priority Claims.

“***Governmental Claims Bar Date***” means September 28, 2026, or such other date established by the Bankruptcy Court by which Proofs of Claim must have been Filed by a Governmental Unit, as set forth in the Notice of Bar Date.

“***Governmental Unit***” shall have the meaning set forth in section 101(27) of the Bankruptcy Code.

“***Holder***” means an Entity holding a Claim or an Interest, as applicable, each solely in its capacity as such.

“***Impaired***” means, when used in reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

“Insider” shall have the meaning set forth in section 101(31) of the Bankruptcy Code.

“***Insurance Policies***” means any and all known and unknown insurance policies or contracts that have been issued at any time to, or that provide coverage in any capacity to, the Debtor or any predecessor, subsidiary, or past or present Affiliate of the Debtor, as an insured (whether as the first named insured, a named insured or an additional insured), or otherwise alleged to afford the Debtor insurance coverage, and all agreements, documents or instruments related thereto, and/or any agreements with third-party administrators.

“***Insured Claim***” means any Claim against the Debtor for which the Debtor is entitled to coverage, indemnification, reimbursement, contribution or other payment under an Insurance Policy.

“***Insurer***” means any company or other entity that issued any Insurance Policies, any third-party administrators of claims against the Debtor or asserted under the Insurance Policies, and any respective predecessors and/or affiliates thereof.

“***Interest***” means any common stock, limited liability company interest (including any Shareholder Interests), equity security (as defined in section 101(16) of the Bankruptcy Code), equity, ownership, profit interests, unit, share, or equitable interest in the Debtor (including all issued, unissued, authorized, or outstanding shares of capital stock of the Debtor and any other rights, options, warrants, stock appreciation rights, phantom stock rights, restricted stock units, redemption rights, repurchase rights, convertible, exercisable, or exchangeable securities or other agreements, arrangements or commitments of any character relating to, or whose value is related to, any such interest or other ownership interest in the Debtor), whether or not arising under or in connection with any employment agreement and whether or not certificated, transferable, preferred, common, voting, or denominated "stock" or a similar security.

"***Lien***" shall have the meaning set forth in section 101(37) of the Bankruptcy Code.

"***Litigation Claims***" means the pursuit of litigation against certain defendants related to Causes of Action arising from certain prepetition securities transactions or any other causes of action identified by the Debtor or its Professionals.

"***Liquidating Trust***" means the trust created pursuant to the Plan for the purpose of carrying out certain provisions of the Plan.

"***Liquidating Trust Agreement***" means that certain Liquidating Trust Agreement to be entered into by the Debtor and the Liquidating Trustee on the Effective Date, which agreement shall govern the Liquidating Trust. The Liquidating Trust Agreement shall be substantially in the form contained in the Plan.

"***Liquidating Trust Funding***" means collectively all monies allocated to fund the activities of the Liquidating Trust as set forth in Article IV.C of this Plan, including, *inter alia*, the proceeds from the Litigation Claims and the proceeds from the Sale Transaction.

"***Liquidating Trustee***" means the trustee under the Liquidating Trust Agreement. The Liquidating Trustee shall be Michael T. Von Lehman on behalf of Meridian Management Partners.

"***Shareholder Interests***" means the equity Interests of the Debtor, including all Common Stock.

"***Notice of Bar Date***" means the notice of the General Claims Bar Date and the Governmental Claims Bar Date issued by the Clerk of the Bankruptcy Court and served upon all parties in interest by the Debtor on May 13, 2026 [Docket No. 32].

"***Person***" shall have the meaning set forth in section 101(41) of the Bankruptcy Code.

"***Petition Date***" means March 30, 2026.

"***Plan***" means the Chapter 11 Plan of Liquidation of Lipella Pharmaceuticals Inc., as the same may be amended, modified, supplemented or amended and restated from time to time.

"***Plan Objection Deadline***" means the date by which objections to Confirmation of the Plan must be Filed as established by an Order of the Bankruptcy Court.

"***Priority Tax Claim***" means any Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

"***Professional***" means an Entity (i) employed pursuant to a Bankruptcy Court order in accordance with sections 327, 363, or 1103 of the Bankruptcy Code and to be compensated for services rendered before or on the Effective Date, pursuant to sections 327, 328, 329, 330, 331, or 363 of the Bankruptcy Code; or (ii) awarded compensation and reimbursement by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

"***Professional Fee Claims***" means all Claims for fees and expenses (including transaction and success fees) incurred by a Professional on or after the Petition Date through the Effective Date.

"***Proof of Claim***" means a proof of Claim or Interest that is Filed against the Debtor in the Chapter 11 Case.

"Pro Rata" means (a) with respect to Claims, the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in such Class, and (b) with respect to Class 3 Equity Interests, the proportion that the number of Class 3 Equity Interests attributable to an applicable position as of the Class 3 Equity Interests Record Date bears to the aggregate number of Class 3 Equity Interests outstanding as of such date.

"***Purchased Assets***" means all of the Debtor's right, title and interest in and to the LP Assets and MRI Assets as those terms are defined in the Asset Purchase Agreement.

"***Purchaser***" means XRAIY, LLC, the third-party purchaser under the Asset Purchase Agreement, together with its successors and permitted assigns (including any and all of its wholly-owned Affiliates to which it assigns any of its rights or obligations under the Asset Purchase Agreement), pursuant to the Asset Purchase Agreement.

"***Released Claims***" means, solely with respect to the Released Parties, any and all claims, obligations (contractual or otherwise), suits, judgments, damages, rights, liabilities, or Causes of Action, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, including direct and derivative claims, relating to any actions, transactions, events, dealings, or omissions taking place on or before the Effective Date arising out of, or in any way related to in any manner, the Debtor, its operations, the Plan, any Definitive Document, the Disclosure Statement, the Sale Transaction, any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, the Disclosure Statement, the Chapter 11 Case, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing; provided, that, for the avoidance of doubt, the Released Claims do not include the proposed treatment of Claims held by the Released Parties under this Plan.

"***Released Parties***" means (i) the Debtor; (ii) its Estate, (iii) the Liquidating Trustee; (iv) the officers and directors of the Debtor who served during any portion of this Chapter 11 Case; and (v) the Professionals retained in this Chapter 11 Case by the Debtor. For the avoidance of any doubt, the term "Released Parties" shall include but not be limited to the Former President, Former Chief Financial Officer, and any Professional retained by the Debtor pursuant to section 327(a) or section 328 of the Bankruptcy Code; provided that, in each case, an Entity shall be a "Released

Party" only to the extent that it has performed necessary and valuable duties in connection with the Chapter 11 Case.

"***Sale Assets***" means all assets of the Debtor other than Excluded Assets.

"***Sale Milestones***" means the three conditions set forth in the Asset Purchase Agreement upon the satisfaction of which the Purchaser is obligated to remit additional consideration to the Debtor or the Liquidating Trust for the Purchased Assets.

"***Sale Transaction***" means the sale of the Purchased Assets of the Debtor which closed on June 25, 2026, to the Purchaser, pursuant to the Asset Purchase Agreement.

"***Purchase Price***" has the meaning ascribed thereto <u>in Article IV.B</u> of this Plan.

"***Schedules***" means, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases, and statements of financial affairs Filed by the Debtor on April 13, 2026, as the same may be further amended, modified, or supplemented from time to time.

"***Special Counsel***" means Raines Feldman Littrell LLP.

"***Special Counsel Retention Order***" means the Order Granting Application to Employ Raines Feldman Littrell LLP as Special Counsel for the Debtor [Doc. No. 99] granting the retention of Special Counsel to pursue the Litigation Claims.

"***U.S. Trustee***" means the Office of the United States Trustee for the Western District of Pennsylvania.

"***U.S. Trustee Fees***" means all fees and charges assessed against the Estate of the Debtor under 28 U.S.C. § 1930.

"***Unexpired Lease***" means a prepetition lease to which the Debtor is a party that is subject to assumption or rejection by the Debtor under section 1123 of the Bankruptcy Code.

"***Unimpaired***" means, with respect to a Claim or a Class of Claims or Interests, a Claim or an Interest that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

"***Unpaid Professional Fees***" means that portion of Professional Fee Claims that has not been paid pursuant to <u>Article II.B</u> of the Plan after such Professional Fee Claims are Allowed by entry of an order of the Bankruptcy Court.

"***Unsecured***" means, with respect to any Claim, a Claim that is not a Secured Claim or Priority Claim.

"Voting Record Date" means the record date for purposes of determining which Holders of Interests are entitled to vote on the Plan, as established by the Disclosure Statement Order.

B. Rules of Interpretation

For purposes herein: (i) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (ii) except as otherwise provided herein, any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (iii) except as otherwise provided, any reference herein to an existing document or exhibit having been Filed or to be Filed shall mean that document or exhibit, as it may thereafter be amended, restated, supplemented, or otherwise modified in accordance with the Plan; (iv) unless otherwise specified herein, all references herein to "Articles" are references to Articles of the Plan or hereto; (v) unless otherwise stated herein, the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (vi) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (vii) the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, and shall be deemed to be followed by the words "without limitation"; (viii) unless otherwise specified, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply to the Plan; (ix) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be; (x) any docket number references in the Plan shall refer to the docket number of any document Filed with the Bankruptcy Court in the Chapter 11 Case; (xi) references to "Proofs of Claim," "Holders of Claims," "Disputed Claims," and the like shall include "Proofs of Interest," "Holders of Interests," "Disputed Interests," and the like as applicable; (xii) references to "shareholders," "directors," and/or "officers" shall also include "members" and/or "managers," as applicable, as such terms are defined under the applicable state limited liability company laws; (xiii) any immaterial effectuating provisions may be interpreted by the Debtor in such a manner that is consistent with the overall purpose and intent of the Plan all without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity, and such interpretation shall control, provided, that, no effectuating provision shall be immaterial or deemed immaterial if it has any substantive legal or economic effect on any party; and (xiv) except as otherwise provided, any references to the Effective Date shall mean the Effective Date or as soon as reasonably practicable thereafter.

C. Computation of Time

Unless otherwise specifically stated herein, the provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein. If the date on which a transaction may occur pursuant to the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next Business Day.

D. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated herein, the laws of the

Commonwealth of Pennsylvania, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control).

E. Reference to Monetary Figures

All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided herein. Any conversion required to convert foreign currency to United States dollars shall be done using the applicable exchange rates on the Petition Date.

F. Controlling Document

In the event of an inconsistency between the Plan, the Disclosure Statement and the Liquidating Trust Agreement, the terms of the Plan shall control in all respects. In the event of an inconsistency between the Confirmation Order, the Plan, the Disclosure Statement, or the Liquidating Trust Agreement, the Confirmation Order shall control.

ARTICLE II.
ADMINISTRATIVE CLAIMS, PROFESSIONAL FEE CLAIMS AND PRIORITY CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, (i) Administrative Claims; (ii) Professional Fee Claims; and (iii) Priority Tax Claims have not been classified and, thus, are excluded from the classification of Claims and Interests set forth in Article III of this Plan.

A. Administrative Claims

Except to the extent that an Administrative Claim has already been paid during the Chapter 11 Case, or a Holder of an Allowed Administrative Claim and the Debtor agree in writing to less favorable treatment, each Holder of an Allowed Administrative Claim shall be paid in full in Cash (i) if such Administrative Claim is Allowed as of the Effective Date, on the Effective Date; or (ii) if such Administrative Claim is not Allowed as of the Effective Date, upon entry of an order of the Bankruptcy Court Allowing such Claim, or as soon as reasonably practicable thereafter; provided, that, if an Allowed Administrative Claim arises from liabilities incurred by the Debtor's Estate in the ordinary course of the operation of its business after the Petition Date, such Claim shall be paid in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Claim.

Except as otherwise provided in this Article II, requests for payment of Allowed Administrative Claims must be Filed and served on the Debtor pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order no later than the Administrative Claims Bar Date; provided, that, the Administrative Claims Bar Date shall not apply to Professional Fee Claims or Administrative Claims arising in the ordinary course of business and already paid.

The Debtor may settle Administrative Claims in the ordinary course of business without further Bankruptcy Court approval. Additionally, the Debtor may object to any Administrative Claim. Unless the Debtor objects to a timely-Filed and properly served Administrative Claim, such Administrative Claim will be deemed Allowed in the amount requested. In the event that the Debtor objects to an Administrative Claim, the parties may confer to try to reach a settlement and, failing that, the Bankruptcy Court will determine whether such Administrative Claim should be Allowed and, if so, in what amount.

HOLDERS OF ADMINISTRATIVE CLAIMS THAT ARE REQUIRED TO, BUT DO NOT, FILE AND SERVE A REQUEST FOR PAYMENT OF SUCH ADMINISTRATIVE CLAIMS BY THE ADMINISTRATIVE CLAIMS BAR DATE SHALL BE FOREVER BARRED, ESTOPPED, AND ENJOINED FROM ASSERTING SUCH ADMINISTRATIVE CLAIMS AGAINST THE DEBTOR OR ITS PROPERTY, AND SUCH ADMINISTRATIVE CLAIMS SHALL BE DEEMED DISCHARGED AS OF THE EFFECTIVE DATE.

B. Professional Fee Claims

1. Final Fee Applications

All final requests for payment of Professional Fee Claims for services rendered and reimbursement of expenses incurred prior to the Effective Date must be filed by the date that is not later than 45 days after the Effective Date, absent an extension granted by the Bankruptcy Court. The Bankruptcy Court shall determine the Allowed amounts of such Professional Fee Claims after notice and a hearing in accordance with the procedures established by the Bankruptcy Code, Bankruptcy Rules, and prior Bankruptcy Court orders. The Debtor shall pay the amount of the Allowed Professional Fee Claims owing to the Professionals in Cash to such Professionals when such Professional Fee Claims are Allowed by entry of an order of the Bankruptcy Court, unless otherwise agreed upon in writing by and between such Professional and the Debtor.

All final requests for allowance and payment of Professional Fee Claims must be Filed with the Bankruptcy Court no later than the first Business Day that is 45 days after the Effective Date unless otherwise ordered by the Bankruptcy Court. Any objections to Professional Fee Claims shall be Filed and served no later than 14 days after the Filing of final requests for allowance and payment of Professional Fee Claims.

2. Post-Effective-Date Fees and Expenses

Except as otherwise specifically provided in the Plan, on and after the Effective Date, the Liquidating Trustee may, in the ordinary course of administering the Liquidating Trust and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable and documented legal, professional, or other fees and expenses incurred in connection with the implementation of the Plan, administration of the Liquidating Trust, and Consummation.

As of the Effective Date, any requirement that Professionals comply with sections 327 through 331, 363, and 1103 of the Bankruptcy Code in seeking retention, compensation for services rendered, or reimbursement for expenses incurred on or after such date shall terminate, and the Liquidating Trustee may retain and compensate professionals in connection with the administration of the Liquidating Trust and implementation of the Plan without any further notice to or action, order, or approval of the Bankruptcy Court, subject to the terms of the Liquidating Trust Agreement.

3. BDO Success Fee

Notwithstanding anything to the contrary in the Plan, to the extent any portion of the Purchase Price becomes payable pursuant to a Sale Milestone after the Effective Date, the applicable BDO Success Fee attributable to such proceeds shall be paid from such proceeds upon receipt by the Liquidating Trust, in accordance with the terms of BDO's Court-approved engagement, before the remaining net proceeds from such Sale Milestone are available for distribution to Holders of Claims or Interests under the Plan.

C. Priority Tax Claims

The Debtor does not believe that there are any outstanding Priority Tax Claims. To the extent that any Priority Tax Claim is Allowed, each Holder of an Allowed Priority Tax Claim shall receive, in full satisfaction of such Allowed Priority Tax Claim, treatment consistent with section 1129(a)(9)(C) of the Bankruptcy Code, unless such Holder and the Debtor agree in writing to different treatment.

To the extent that any Allowed Priority Tax Claim is not required to be paid in full on or before the Effective Date pursuant to the Plan or a written agreement between the Holder of such Allowed Priority Tax Claim and the Debtor, such Claim shall become an obligation of the Liquidating Trust and shall be paid by the Liquidating Trustee in accordance with the Plan and the terms of any such written agreement.

D. United States Trustee Statutory Fees

The Debtor shall pay all quarterly fees due to the United States Trustee under 28 U.S.C § 1930(a)(6), plus any interest due and payable under 31 U.S.C. § 3717 on all disbursements, including Plan payments and disbursements in and outside the ordinary course of the Debtor's business (or such amount agreed to with the United States Trustee or ordered by the Bankruptcy Court), for each quarter (including any fraction thereof) until the Chapter 11 Case is converted, dismissed, or closed, whichever occurs first.

ARTICLE III.
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. Summary of Classification

All Claims and Interests, except for Administrative Claims, Professional Fee Claims, and Priority Tax Claims, are classified in the Classes set forth in this Article III for all purposes, including voting, Confirmation, and distributions pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is classified in a particular Class only to the extent that such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of such Claim or Interest qualifies within the description of such other Classes. A Claim or Interest also is classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

The classification of Claims and Interests pursuant to the Plan is as follows:

Class	Claim / Interest	Status	Voting Right
1	Non-Tax Priority Claims	Unimpaired	No
2	General Unsecured Claims	Impaired	Yes
3	Equity Interests	Impaired	No

B. Treatment of Claims and Interests

1. Class 1 – Non-Tax Priority Claims

a. *Classification:* Class 1 consists of the Non-Tax Priority Claims.

b. *Treatment:* Except to the extent that a Holder of an Allowed Non-Tax Priority Claim and the Debtor agree in writing to different treatment, in full satisfaction of the Allowed Non-Tax Priority Claims, each Holder of an Allowed Non-Tax Priority Claim shall receive payment in full in Cash on the Effective Date.

c. *Voting:* Class 1 is Unimpaired under the Plan. Each Holder of an Allowed Non-Tax Priority Claim is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Allowed Non-Tax Priority Claims are not entitled to vote to accept or reject the Plan.

2. Class 2 – General Unsecured Claims

a. *Classification:* Class 2 consists of all General Unsecured Claims.

b. *Allowance:* General Unsecured Claims shall be Allowed in amounts to be determined pursuant to Article VII.A of this Plan.

c. *Treatment:* On the Effective Date of the Plan, each Holder of an Allowed General Unsecured Claim, other than an Allowed General Unsecured Claim held by an Insider, shall be paid 45% of the amount of its Allowed General Unsecured Claim. Holders of Allowed General Unsecured Claims that are Insiders shall not receive a distribution on the Effective Date. The unpaid balance of each Allowed General Unsecured Claim, including the full amount of each Allowed General Unsecured Claim held by an Insider, shall be transferred to the Liquidating Trust, and each Holder of an Allowed General Unsecured Claim shall receive its Pro Rata share of available funds from the Liquidating Trust as funds become available, up to the full amount of such Allowed General Unsecured Claim.

d. *Voting:* Class 2 is Impaired under the Plan, and each Holder of an Allowed General Unsecured Claim is entitled to vote to accept or reject the Plan.

3. Class 3 Equity Interests

a. *Classification:* Class 3 consists of all Holders of Class 3 Equity Interests.

b. *Treatment:* On the Effective Date, all Class 3 Equity Interests shall be cancelled, extinguished, and shall cease to have any force or effect, except solely for the contingent right of Holders of Class 3 Equity Interests as of the Class 3 Equity Interests Record Date to receive a Distribution in accordance with the Plan if a Class 3 Distribution Determination subsequently occurs. Holders of Class 3 Equity Interests shall not become beneficiaries of the Liquidating Trust solely by reason of the occurrence of the Effective Date or the preservation of such contingent distribution right. If and when a Class 3 Distribution Determination occurs, the Holders of Class 3 Equity Interests as of the Class 3 Equity Interests Record Date entitled to receive such Distribution shall become beneficiaries of the Liquidating Trust solely to the extent necessary to receive and administer Distributions on account of Class 3 Equity Interests in accordance with the Plan and the Liquidating Trust Agreement. Distributions on account of Class 3 Equity Interests shall be made by the Liquidating Trustee as funds become available in the Liquidating Trust, in accordance with the distribution procedures set forth in Article VI of the Plan. For each distribution on account of Class 3 Equity Interests, the Liquidating Trustee shall first calculate the Pro Rata share attributable to each Class 3 Equity Interest position as of the Class 3 Equity Interests Record Date without regard to the de minimis distribution threshold. No distribution shall be made on account of any position whose otherwise-calculated distribution is $250 or less. The aggregate amount otherwise distributable on account of such positions shall instead be reallocated and distributed Pro Rata among the Class 3 Equity Interest positions whose otherwise-calculated distributions exceed $250. Eligibility to receive such reallocated amounts shall be determined based on the initial calculation of distributions and shall not be redetermined as a result of such reallocation.

c. *Voting:* Class 3 is Impaired under the Plan. Holders of Class 3 Equity Interests are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan. Accordingly, votes of Holders of Class 3 Equity Interests shall not be solicited.

C. Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect, diminish, or impair the rights of the Debtor with respect to any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

D. Acceptance or Rejection of the Plan

1. Presumed Acceptance of Plan

Claims in Class 1 are Unimpaired under the Plan and, therefore, its Holders are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Claims in Class 1 are not entitled to vote on the Plan and the votes of such Holders shall not be solicited.

2. Presumed Rejection of Plan

Class 3 is Impaired under the Plan. To preserve Estate resources and because no Distribution to Holders of Class 3 Equity Interests is projected or anticipated, Class 3 is deemed to reject the Plan, and no votes will be solicited from Holders of Class 3 Equity Interests. Notwithstanding the deemed rejection of the Plan by Class 3, the Debtor intends to seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code.

3. Voting Class

Class 2 is Impaired under the Plan, and Holders of Allowed Class 2 General Unsecured Claims are entitled to vote to accept or reject the Plan.

E. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code

If Class 2 accepts the Plan, determined for purposes of section 1129(a)(10) of the Bankruptcy Code without including any acceptance of the Plan by an Insider, the requirement of section 1129(a)(10) shall be satisfied. Class 3 is deemed to have rejected the Plan. The Debtor intends to seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to Class 3 and any other rejecting Class of Claims or Interests, subject to satisfaction of the applicable requirements of section 1129 of the Bankruptcy Code.

F. Elimination of Vacant Classes

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

G. Voting Classes; Presumed Acceptance by Non-Voting Classes

The failure of any Holder of a Claim entitled to vote on the Plan to submit a Ballot shall not constitute an acceptance or rejection of the Plan by such Holder. Acceptance or rejection of the Plan by a Class entitled to vote shall be determined in accordance with section 1126 of the Bankruptcy Code and applicable Bankruptcy Rules.

ARTICLE IV.
MEANS FOR IMPLEMENTATION OF THE PLAN

A. General Settlement of Claims and Interests

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims, Interests, Causes of Action and controversies resolved pursuant to the Plan. The Plan shall be deemed a motion to approve the good-faith compromise and settlement of all such Claims, Interests, Causes of Action, and controversies pursuant to Bankruptcy Rule 9019, 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, as well as a finding by the Bankruptcy Court that such settlement and compromise is fair, equitable, reasonable, and in the best interests of the Debtor and its Estate. Subject to Article VI hereof, all distributions made to Holders of Allowed Claims and Interests (as applicable) in any Class are intended to be and shall be final.

B. Sale Transaction

On June 4, 2026, the Court approved the sale of substantially all of the Debtor's assets, consisting of the LP Assets and MRI Assets, collectively referred to as the Purchased Assets, to XRAIY LLC, pursuant to the Sale Order. The Sale Order also approved the Asset Purchase Agreement by and among the Debtor and the Purchaser.

In consideration of the sale of the Purchased Assets to Purchaser, the Asset Purchase Agreement provided for a Purchase Price to be paid in accordance with the following payment at closing and subsequent Sale Milestones:

(i) $205,000 in immediately available funds, paid at closing;

(ii) $200,000 upon the enrollment of the first patient in the Phase II(b) FDA Drug Trial for the LP-310 indication of the LP Assets;

(iii) $1,000,000 upon the enrollment of the first patient in the Phase III FDA registration Drug Trial for the LP-310 indication of the LP Assets; and

(iv) $2,000,000 upon submission of a New Drug Application with the FDA for any indication of the LP Assets.

The Sale Transaction closed on June 25, 2026, at which time the Purchaser remitted $205,000 to the Debtor.

C. Liquidating Trust

As of the Effective Date, the Liquidating Trust shall be established and any remaining assets of the Debtor, including, the Debtor's rights and interests under the D&O Policies, shall transfer to the Liquidating Trust without further action of the Bankruptcy Court. The Liquidating Trust shall be funded by (i) the Cash on hand, (ii) all rights under the Asset Purchase Agreement, including but not limited to all proceeds from the Sale Transaction (inclusive of the Purchase Price received from the initial payment and Sale Milestones), and (iii) any and all proceeds received from any Cause of Action including but not limited to the Litigation Claims. All proceeds held by the Liquidating Trust shall be distributed to Holders of Allowed Claims and Interests entitled to receive distributions from the Liquidating Trust in accordance with the terms and conditions of the Liquidating Trust Agreement, subject to the applicable terms and conditions of the Plan. Holders of Class 3 Equity Interests shall not become beneficiaries of the Liquidating Trust on the Effective Date solely by reason of their former ownership of Class 3 Equity Interests or the preservation of their contingent rights to receive Distributions under the Plan. Such Holders shall become beneficiaries of the Liquidating Trust only if and when a Class 3 Distribution Determination occurs and only as provided in Article III.B.3 of the Plan and the Liquidating Trust Agreement. Any Allowed Administrative Claim, Professional Fee Claim, Priority Tax Claim, or Non-Tax Priority Claim that, pursuant to the Plan or a written agreement between the Holder of such Allowed Claim and the Debtor, is not required to be paid in full on or before the Effective Date shall become an obligation of the Liquidating Trust and shall be paid by the Liquidating Trustee in accordance with the Plan and the terms of any such written agreement. The Liquidating Trustee shall be authorized to establish and maintain such reserves as the Liquidating Trustee determines are reasonably necessary for the payment of such Claims. A copy of the Liquidating Trust Agreement is attached hereto and incorporated herein as **Exhibit A** to the Plan.

Notwithstanding the foregoing, any proceeds received by the Liquidating Trust on account of a Sale Milestone shall be subject to payment of the applicable BDO Success Fee in accordance with Article II.B.3 of the Plan. Only the remaining net proceeds from such Sale Milestone, after payment of the applicable BDO Success Fee, shall be available for distributions to Holders of Claims or Interests under the Plan.

Notwithstanding anything in the Plan, the Confirmation Order, the Liquidating Trust Agreement, or any other Definitive Document to the contrary, nothing herein shall terminate, impair, diminish, modify, assign, or otherwise adversely affect the rights of any current or former director, officer, employee, or other Insured Person under the D&O Policies or to the proceeds thereof. Any transfer or vesting of the Debtor's rights or interests under the D&O Policies in the Liquidating Trust shall be subject to, and shall not limit or impair, the rights of any Insured Person under such D&O Policies. The Liquidating Trustee shall not cancel, terminate, amend, modify, release, waive, assign, settle, or otherwise take any action with respect to the D&O Policies that would impair or adversely affect the coverage or rights of any Insured Person thereunder.

On the Effective Date, the Liquidating Trustee shall establish and separately maintain a Litigation Reserve in the amount of $172,000 from the Liquidating Trust Assets. The Litigation Reserve shall be used solely for the payment of out-of-pocket costs and expenses incurred in connection with the investigation, prosecution, pursuit, litigation, compromise, or settlement of the Litigation Claims, as further provided in the Liquidating Trust Agreement. No portion of the Litigation Reserve shall be used to pay compensation, fees, costs, or expenses of the Liquidating Trustee, attorneys' fees or other professional fees, or any other costs, expenses, Claims, liabilities, or obligations of the Liquidating Trust unrelated to the Litigation Claims. Upon the final resolution, settlement, abandonment, dismissal, or other final disposition of all Litigation Claims, any amount remaining in the Litigation Reserve after payment or provision for payment of all unpaid out-of-pocket costs and expenses properly chargeable thereto shall be distributed in accordance with the priorities, classifications, and distribution provisions of the Plan.

D. Liquidating Trustee

The Liquidating Trustee's retention shall commence on the Effective Date and shall continue until (i) the Bankruptcy Court enters an Order closing the Chapter 11 Case unless otherwise set forth in such Order, (ii) the Bankruptcy Court enters an Order removing the Liquidating Trustee for cause, or (iii) the Liquidating Trustee resigns, dies, dissolves, is incapacitated, or is removed in accordance with the Liquidating Trust Agreement and a successor Liquidating Trustee is appointed in accordance with the Liquidating Trust Agreement.

E. Dissolution of Debtor

On the Effective Date, the Former President and Former Chief Financial Officer of the Debtor, and any other officer or director of the Debtor, shall be discharged from their duties and terminated automatically without the need for any corporate action or approval and without the need for any corporate filings, and, unless subject to a separate agreement with the Liquidating Trustee, shall have no continuing obligations to the Debtor after the Effective Date.

The Debtor shall be deemed dissolved without further order of the Bankruptcy Court or action by the Debtor or the Liquidating Trustee; provided that the Liquidating Trustee is authorized to file a certificate of cancellation and any other documents with the Secretary of State of Delaware or in any other jurisdiction.

Notwithstanding the foregoing, the Liquidating Trustee may utilize Jonathan Kaufman as an unpaid consultant to the Liquidating Trust in accordance with the terms of the Liquidating Trust Agreement.

F. Cancellation of Equity Interests and Other Interests

All Class 3 Equity Interests, and all rights of any Holder in respect thereof, shall be cancelled, extinguished, and of no further force or effect upon the Effective Date. Holders of Class 3 Equity Interests shall only become beneficiaries of the Liquidating Trust if and when a Class 3 Distribution Determination occurs and only as provided in Article III.B.3 of the Plan and the Liquidating Trust Agreement.

For the avoidance of doubt, all other Interests in the Debtor, including any options, warrants, stock appreciation rights, phantom stock rights, restricted stock units, conversion rights, exchange rights, or other rights to acquire or receive any equity security or ownership interest in the Debtor, shall be cancelled and extinguished on the Effective Date without any distribution or other consideration on account thereof, unless expressly provided otherwise in the Plan.

G. Vesting of Assets in the Liquidating Trust

Except as otherwise provided in the Plan (including in Article III of this Plan), on the Effective Date, all property of the Estate and any property acquired by the Debtor pursuant to the Plan shall vest in the Liquidating Trust, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the Liquidating Trustee may use, acquire, or dispose of property and compromise or settle any Claims or Interests in accordance with the Liquidating Trust Agreement without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, including for the avoidance of doubt any restrictions on the use, acquisition, sale, lease, or disposal of property under section 363 of the Bankruptcy Code.

H. Sources for Plan Distributions

Cash distributions to be made under the Plan on the Effective Date shall be funded from (i) Cash on hand and (ii) proceeds from the Sale Transaction. Distributions to be made after the Effective Date by the Liquidating Trust shall be funded from the assets and proceeds of the Liquidating Trust, including proceeds from the Sale Transaction, including any Sale Milestone payments, and proceeds from Causes of Action, including the Litigation Claims, in each case subject to the applicable terms and conditions of the Plan and the Liquidating Trust Agreement.

I. Effectiveness of Instruments and Agreements.

On the Effective Date, all agreements entered into or documents or securities/interests issued pursuant to the Plan, including, without limitation: (i) the Liquidating Trust Agreement; and/or (ii) any agreement entered into or instrument issued in connection with any of the foregoing shall become effective and binding in accordance with their respective terms and conditions upon the parties thereto and shall be deemed to become effective simultaneously.

J. Corporate/Governance Action

Upon the Effective Date, or as soon thereafter as is reasonably practicable, all actions contemplated by the Plan (whether to occur before, on, or after the Effective Date) shall be deemed authorized and approved by the Bankruptcy Court in all respects. Upon the Effective Date, all matters provided for in the Plan involving the business structure of the Debtor, and any governance action required by the Debtor in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by any Person or Entity. On or before the Effective Date, as applicable, the appropriate officers or other authorized representatives of the Debtor shall be authorized to issue, execute or deliver the agreements, documents, Interests, 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 Debtor, to the extent not previously authorized by the Bankruptcy Court. The authorizations and approvals contemplated by this Article IV shall be effective notwithstanding any requirements under non-bankruptcy law.

K. Board of Directors and Officers

Upon the Effective Date, the officers and directors of the Debtor existing prior to the Effective Date shall be relieved of any and all duties with respect to the Debtor and shall be deemed to have resigned without the requirement of having to take any further action.

L. Exemption from Certain Taxes and Fees

To the maximum extent permitted pursuant to section 1146 of the Bankruptcy Code, (i) the issuance, transfer or exchange of any securities, instruments, or documents, (ii) the creation of any Lien, mortgage, deed of trust or other security interest, and (iii) any transfers (directly or indirectly) of property pursuant to the Asset Purchase Agreement or the Plan, and (iv) the issuance, renewal, modification or securing of indebtedness by such means, and the making, delivery or recording of any deed or other instrument of transfer in furtherance of, or in connection with, the Plan, the Confirmation Order, and/or the Sale Transaction, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, sale or use tax, mortgage recording tax, or other similar tax or governmental assessment, whether assertable against or imposed upon the buyer or the seller, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents pursuant to such transfers of property without the payment of any such tax, recordation fee, or governmental assessment.

M. Preservation of Causes of Action

In accordance with section 1123(b) of the Bankruptcy Code, but subject to the releases set forth in this section and in Article VIII below, all Causes of Action that the Debtor may hold against any Entity, including the Litigation Claims, shall vest in the Liquidating Trust on the Effective Date. Thereafter, the Liquidating Trust shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action, whether arising before or after the Petition Date, and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court. No Entity may rely on the absence of a specific reference in the Plan, or the Disclosure Statement to any specific Cause of Action as any indication that the Debtor or Liquidating Trust will not pursue any and all available Causes of Action. The Debtor and the Liquidating Trust expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan, 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 any Cause of Action upon, after, or as a consequence of the Confirmation or the occurrence of the Effective Date.

Notwithstanding any provision in the Plan or any order entered in the Chapter 11 Case, the Debtor and the Liquidating Trust forever waive, relinquish, and release any and all Causes of Action the Debtor and its Estate had, have, or may have against any Released Party; provided, however, that nothing in the Plan, including the releases set forth herein or in Article VIII, shall release, waive, relinquish, impair, or otherwise affect any Litigation Claim or any other Cause of Action expressly retained by the Debtor or vested in the Liquidating Trust pursuant to the Plan against any Person or Entity that is not a Released Party.

ARTICLE V.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption of Executory Contract

On the Effective Date, the Executory Contract by and between the Debtor and Definiti LLC shall be deemed assumed, without the need for any further notice to or action, order, or approval of the Bankruptcy Court, as of the Effective Date under section 365 of the Bankruptcy Code.

Entry of the Confirmation Order shall constitute an order of the Bankruptcy Court approving the assumption of such Executory Contract as set forth in the Plan, pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

Each Executory Contract assumed pursuant to the Plan but not assigned to a third party before the Effective Date shall be transferred to the Liquidating Trust and shall be fully enforceable by the Liquidating Trustee in accordance with its terms, except as such terms may have been modified by an order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law (in each case, in accordance with applicable law, including by consent of the counterparty to such Executory Contract or Unexpired Lease).

To the maximum extent permitted by law, to the extent any provision in the Executory Contract assumed or assumed and assigned pursuant to the Plan restricts, conditions or prevents, or purports to restrict, condition or prevent, or is breached or deemed breached by, the assumption or assumption and assignment of such Executory Contract (including any "anti-assignment," "change of control," consent right, or similar provision), then such provision shall be deemed modified such that the transaction contemplated by the Plan shall not entitle the non-Debtor party thereto to terminate such Executory Contract or to exercise any other default-related rights with respect thereto. The Consummation of the Plan is not intended to, and shall not, constitute a "change of control," "change in control," or other similar event under any lease, contract, or agreement to which the Debtor is a party.

B. Rejection of Executory Contracts and Unexpired Leases

On the Effective Date, except as otherwise provided in the Plan or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, all Executory Contracts and Unexpired Leases shall be deemed rejected, without the need for any further notice to or action, order, or approval of the Bankruptcy Court, as of the Effective Date under section 365 of the Bankruptcy Code, unless such Executory Contract or Unexpired Lease: (a) was previously assumed or rejected by the Debtor, pursuant to a Final Order of the Bankruptcy Court; (b) previously expired or terminated pursuant to its own terms or by agreement of the parties thereto; or (c) is the subject of a motion to reject filed by the Debtor on or before the date of entry of the Confirmation Order; provided, that, nothing in the Plan or Confirmation Order shall constitute an admission or finding that any contract or agreement referenced in the immediately preceding clauses constitutes an Executory Contract. The terms of any Final Order entered by the Bankruptcy Court prior to the entrance of the Confirmation Order that provide for the rejection of nonresidential real property shall control over the terms of the Plan and Confirmation Order.

Entry of the Confirmation Order shall constitute an order of the Bankruptcy Court approving the rejections of such Executory Contracts or Unexpired Leases as set forth in the Plan, pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Except as otherwise specifically set forth herein, rejections of Executory Contracts and Unexpired Leases pursuant to the Plan are effective as of the Effective Date.

Subject to applicable law, including section 365(d)(4) of the Bankruptcy Code, any motions to reject Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by a Final Order of the Bankruptcy Court on or after the Effective Date but may be withdrawn, settled, or otherwise prosecuted by the Debtor, with any such disposition to be deemed to effect a rejection as of the Effective Date.

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

Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be Filed with the Bankruptcy Court by the later of 30 days from (i) the date of service of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection, and (ii) the effective date of the rejection of such Executory Contract or Unexpired Lease. **Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not Filed within such time shall be Disallowed pursuant to the Confirmation Order, forever barred from assertion, and shall not be enforceable against, as applicable, the Debtor, the Estate, or property of the foregoing parties, without the need for**

any objection by the Debtor or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules, if any, or a Proof of Claim to the contrary.

Claims arising from the rejection of the Debtor's Executory Contracts or Unexpired Leases are General Unsecured Claims and shall be treated in accordance with Article III.B.2 of this Plan, and such Claims may be objected to in accordance with this Plan.

D. Reservation of Rights

Nothing contained in the Plan shall constitute an admission by the Debtor that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtor, or, after the Effective Date, the Liquidating Trustee, shall have 30 days following entry of a Final Order resolving such dispute to alter its treatment of such contract or lease. For the avoidance of doubt, to the extent not expressly altered herein, the Debtor reserves all rights with respect to any Causes of Action or other right with respect to any Executory Contract or Unexpired Lease.

E. Nonoccurrence of Effective Date; Bankruptcy Code Section 365(d)(4)

If the Effective Date fails to occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to further extend the deadline for assuming or rejecting Unexpired Leases under section 365(d)(4) of the Bankruptcy Code.

ARTICLE VI.
PROVISIONS GOVERNING DISTRIBUTIONS

A. Timing and Calculation of Amounts to Be Distributed

Except as otherwise provided in the Plan, distributions shall be made at the times and in the amounts provided for in Article III of the Plan. As soon as reasonably practicable after the Distribution Record Date, the Debtor or the Liquidating Trustee, as applicable, shall make the initial distributions required to be made pursuant to the Plan. After the Effective Date, distributions from the Liquidating Trust shall be made by the Liquidating Trustee in accordance with the Plan and the Liquidating Trust Agreement. The Debtor and, after the Effective Date, the Liquidating Trustee, as applicable, shall be authorized to establish such reserves and procedures as are reasonably necessary to make distributions while Claims or Interests remain Disputed.

If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII below. Except as specifically provided in the Plan, the Confirmation Order, or other Final Order of the Bankruptcy Court, Holders of Claims shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date.

B. Special Rules for Distributions to Holders of Disputed Claims and Interests

Except as otherwise set forth in the Plan, no partial payments or distributions shall be made with respect to the Disputed portion of any Claim or Interest until such dispute has been resolved by settlement or Final Order. Any distributions made to Holders of Allowed Claims or Allowed Interests in a Class under the Plan shall also be made, in the applicable amounts, to any Holder of a Disputed Claim or Disputed Interest in such Class that subsequently becomes an Allowed Claim or Allowed Interest, as applicable.

C. Delivery of Distributions and Undeliverable or Unclaimed Distributions

1. Record Date for Distribution

On the Distribution Record Date, the Claims Register shall be closed with respect to Claims, and any party responsible for making distributions on account of Allowed Claims shall be authorized and entitled, but not required, to recognize only those record Holders listed on the Claims Register as of the close of business on the Distribution Record Date.

With respect to Class 3 Equity Interests, the Debtor shall coordinate with the Debtor's transfer agent, The Depository Trust Company, and other applicable securities intermediaries and recordkeepers to establish the ownership positions in Class 3 Equity Interests, including the number of Class 3 Equity Interests represented by each such position, as of the Class 3 Equity Interests Record Date and to obtain and preserve a Security Position Report and such other records and information necessary to permit Distributions, if any, on account of Class 3 Equity Interests in accordance with the Plan. As part of the transactions occurring on the Effective Date, the Debtor shall transfer or cause to be transferred such records and information to the Liquidating Trustee.

The Liquidating Trustee is authorized to rely upon such records and information and to coordinate with the Debtor's transfer agent, The Depository Trust Company, and other applicable securities intermediaries and recordkeepers in determining the Class 3 Equity Interests outstanding as of the Class 3 Equity Interests Record Date, the number of Class 3 Equity Interests attributable to each applicable position, and the amount of any Distribution attributable to each such position. The Liquidating Trustee shall be authorized to make such Distributions through The Depository Trust Company, brokers, nominees, securities intermediaries, or other applicable recordkeepers for further distribution or credit to the beneficial owners of Class 3 Equity Interests in accordance with the Plan.

2. Undeliverable Distributions and Unclaimed Property

With respect to Distributions on account of Class 3 Equity Interests made through The Depository Trust Company, brokers, nominees, securities intermediaries, or other applicable recordkeepers pursuant to Article VI.C.1 of the Plan, the provisions of this Section shall apply only to the extent applicable, and the Liquidating Trustee may establish such additional procedures as are reasonably necessary or appropriate to effectuate such Distributions.

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Debtor or Liquidating Trustee has used reasonable efforts to determine the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; provided, that, such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one year from the time of such distribution. After such date, all unclaimed property or interests in property shall be property of the Liquidating Trust, notwithstanding any applicable federal, provincial, state, or other jurisdiction's escheat, abandoned, or unclaimed property laws to the contrary, and the Claim of any Holder to such property or Interest in property shall be forever barred.

A distribution shall be deemed unclaimed if a Holder has not (i) accepted a particular distribution or, in the case of distributions made by check, negotiated such check; (ii) given notice to the Liquidating Trustee of an intent to accept a particular distribution; (iii) responded to the Liquidating Trustee's requests for information necessary to facilitate a particular distribution; or (iv) taken any other action necessary to facilitate such distribution.

D. Compliance with Tax Requirements

In connection with the Plan, to the extent applicable, the Debtor and Liquidating Trustee shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Debtor and Liquidating Trustee shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions or establishing any other mechanisms they believe are reasonable and appropriate. The Debtor and Liquidating Trustee reserve the right to allocate all distributions made under the Plan in compliance with applicable wage garnishments, alimony, child support, and other spousal awards, Liens, and encumbrances.

The Debtor or Liquidating Trustee may require, as a condition to receipt of a distribution, that the Holder of an Allowed Claim or Interest provide any information necessary to allow the distributing party to comply with any such withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority. If the Debtor or Liquidating Trustee makes such a request and the Holder fails to comply before the date that is 180 days after the request is made, the amount of such distribution shall irrevocably revert to the Debtor or, if after the Effective Date, the Liquidating Trust, and any Claim or Interest in respect of such distribution shall be forever barred from assertion against the Debtor, the Liquidating Trust, or its respective property.

E. Distributions from the Liquidating Trust

All distributions to be made after the Effective Date shall be made by the Liquidating Trustee, subject to the applicable terms and conditions of the Liquidating Trust Agreement.

F. No Postpetition or Default Interest on Claims

Unless otherwise specifically provided for in the Plan, the Confirmation Order, or other order of the Bankruptcy Court, or required by applicable bankruptcy law, postpetition and default interest shall not accrue or be paid on any Claims and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any such Claim.

G. Setoffs and Recoupment

Except as otherwise expressly provided in the Plan, the Debtor or, after the Effective Date, the Liquidating Trustee may, but shall not be required to, set off against or recoup from any Claim any claim, right, or Cause of Action of the Debtor, the Estate, or the Liquidating Trust against the Holder of such Claim, subject to applicable law. Neither the failure to exercise any such right of setoff or recoupment nor the Allowance of any Claim shall constitute a waiver or release of any such claim, right, or Cause of Action. In no event shall any Holder of a Claim be entitled to set off or recoup such Claim against any claim, right, or Cause of Action of the Debtor, the Estate, or the Liquidating Trust unless such setoff or recoupment is permitted under the Plan, the Confirmation Order, or applicable law. Notwithstanding anything set forth in this paragraph, any set off right with respect to a reinstated Claim or an assumed Executory Contract or Unexpired Lease shall be governed by applicable non-bankruptcy law, including the terms of such assumed Executory Contract or Unexpired Lease.

ARTICLE VII.
PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

A. Allowance of Claims

After the Effective Date, except to the extent expressly waived and/or released herein, the Liquidating Trustee shall have and retain any and all rights and defenses that the Debtor had with respect to any Claim immediately before the Effective Date. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Case before the Effective Date (including the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed pursuant to the Plan, to a stipulation by and between the Debtor and such Holder, or to a Final Order, including the Confirmation Order (when it becomes a Final Order), Allowing such Claim.

For purposes of determining the amount of an Allowed Claim, there shall be deducted therefrom an amount equal to the amount of any Claim that the Debtor may hold against the Holder thereof, to the extent such Claim may be offset, recouped, or otherwise reduced under applicable law. Any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated, or Disputed, and for which no Proof of Claim is or has been timely Filed, is not considered Allowed and shall be expunged without further action by the Debtor and without further notice to any party or action, approval, or order of the Bankruptcy Court.

Notwithstanding anything to the contrary herein, no Claim of any Entity subject to section 502(d) of the Bankruptcy Code shall be deemed Allowed unless and until such Entity pays in full the amount that it owes. For the avoidance of doubt, except as otherwise provided herein or otherwise agreed by the Debtor, a Proof of Claim Filed after the Claims Bar Date shall not be Allowed for any purposes whatsoever absent entry of a Final Order allowing such late-Filed Claim.

B. Estimation of Claims

Prior to the Effective Date, the Debtor may at any time request that the Bankruptcy Court estimate any Disputed Claim that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim, including during the litigation of any objection to any Claim or during the appeal relating to such objection; provided, that, for the avoidance of doubt, no Claim Allowed under this Plan shall be considered a Disputed Claim. In the event that the Bankruptcy Court estimates any Disputed, contingent, or unliquidated Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of distributions), and the Debtor may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such Holder has Filed a motion requesting the right to seek such reconsideration on or before 21 days after the date on which such Claim is estimated. All of the aforementioned Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court. If the Debtor determines, in its reasonable discretion, that (i) one or more Disputed Claims are capable of estimation by the Bankruptcy Court, (ii) estimation will materially improve Effective Date distributions to Holders of Allowed Claims, and (iii) estimation is otherwise in the best interests of the Estate, the Debtor may File one or more motions to estimate such Disputed Claims, which motion(s) shall be Filed and noticed to be heard by the Bankruptcy Court before the Effective Date (or such other date as determined by the Bankruptcy Court).

C. Adjustment to Claims Register Without Objection

Any duplicate Claim, any Claim (Filed or scheduled) that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Debtor upon stipulation or any agreement in writing, including email correspondence, between the parties in interest without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

D. Disallowance of Claims

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

Except as otherwise provided herein or otherwise agreed by the Debtor, any and all Proofs of Claim Filed after the Claims Bar Date shall be deemed Disallowed and expunged as of the Effective Date without any further notice or action, order, or approval of the Bankruptcy Court, and Holders of such Claims may not receive any distributions on account of such Claims, unless the Bankruptcy Court shall have determined by a Final Order, on or before the Confirmation Hearing, that cause exists to extend the Claims Bar Date as to such Proof of Claim on the basis of excusable neglect.

E. Amendments to Proofs of Claim

On or after the Effective Date, except as provided in the Plan or the Confirmation Order, a Claim or Proof of Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court, and any such new or amended Claim or Proof of Claim Filed after the Effective Date shall be deemed Disallowed in full and expunged without any further action or notice to the Bankruptcy Court; provided, that, the filing of an unauthorized amendment shall not affect the underlying Claim or Proof of Claim. Nothing in this paragraph shall remove any claimant's ability to seek leave from the Bankruptcy Court to amend a Claim or Proof of Claim.

F. Reimbursement or Contribution

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent such Claim is contingent as of the time of allowance or disallowance, such Claim shall be forever Disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless before the Confirmation Date: (i) such Claim has been adjudicated as non-contingent; or (ii) the relevant Holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered before the Confirmation Date determining such Claim is no longer contingent.

G. No Distributions Pending Allowance

Except as otherwise set forth herein, if an objection to a Claim or portion thereof is Filed no payment or distribution provided under the Plan shall be made on account of such Disputed

Claims or portion thereof unless and until such Disputed Claim or portion thereof becomes an Allowed Claim.

H. Distributions After Allowance

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of a court of competent jurisdiction allowing any Disputed Claim becomes a Final Order, the Liquidating Trustee shall make to the Holder of such Allowed Claim the distribution (if any) to which such Holder is entitled under the Plan.

I. Single Satisfaction of Claims

In no case shall the aggregate value of all property received or retained under the Plan on account of any Allowed Claim exceed 100% of the underlying Allowed Claim plus applicable interest, if any.

ARTICLE VIII.
SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS

A. Compromise and Settlement of Claims, Interests, and Controversies

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the Plan is and shall be deemed a good-faith compromise and settlement of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest, including, for the avoidance of doubt, with respect to the Released Claims.

Specifically, in consideration for the classification, distributions, releases and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan will constitute a good faith compromise and settlement between the Debtor and the Released Parties regarding, *inter alia*, the Released Claims held by (or that could be asserted by or on behalf of) the Debtor under the Plan (including the releases and related provisions provided herein).

The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, its Estate, and Holders of Claims and Interests and is fair, equitable, reasonable, and within the range of reasonableness. The compromises, settlements, and releases described herein shall be deemed nonseverable from each other and from all other terms of the Plan. In accordance with the provisions of the Plan, section 1123 of the Bankruptcy Code, and Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the

Effective Date, the Liquidating Trustee may compromise and settle Claims against, and Interests in, the Debtor and its Estate and Causes of Action against other Entities.

B. Satisfaction of Claims and Termination of Interests

Except as otherwise specifically provided in the Plan or the Confirmation Order, the distributions, rights, and treatment provided under the Plan shall be in full and final satisfaction and settlement of Claims and Interests to the extent provided in the Plan. On the Effective Date, all Equity Interests shall be cancelled and extinguished in accordance with the Plan, subject solely to the contingent right of Holders of Class 3 Equity Interests to receive distributions if and to the extent a Class 3 Distribution Determination is made in accordance with the Plan and the Liquidating Trust Agreement.

The Debtor is a corporation and the Plan provides for the liquidation of all or substantially all of the property of the Estate and the dissolution of the Debtor. Accordingly, the Debtor shall not receive a discharge under section 1141(d) of the Bankruptcy Code. Nothing in the Plan or the Confirmation Order shall be construed as granting the Debtor a discharge.

C. Releases by the Debtor

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, the adequacy of which is hereby acknowledged and confirmed, as of the Effective Date, the Debtor, its Estate, the Liquidating Trustee, the officers and directors of the Debtor, and the Professionals retained in this Chapter 11 Case by the Debtor, on behalf of themselves and any successor, shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released, waived and discharged the Released Parties from the Released Claims, which include, for the avoidance of doubt, any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever (including any derivative Claims asserted or that may be asserted on behalf of the Debtor or its Estate), whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the formulation, preparation, dissemination, negotiation of the Plan, any Disclosure Statement, the Sale Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, the Disclosure Statement, the Chapter 11 Case, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing.

D. Exculpation

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur liability for, and each Exculpated Party is hereby released and exculpated from, any Cause of Action or any claim related to any act or omission from the Petition Date to the Effective Date in connection with, relating to, or arising out of, the Chapter 11 Case, in whole or in part, the Debtor, the formulation, preparation, dissemination, negotiation, of the Plan, the Disclosure

Statement, any Definitive Document, the Sale Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, the Disclosure Statement, the filing of the Chapter 11 Case, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the distribution of property under the Plan, or any other related agreement, except for Claims or Causes of Action arising from an act or omission that is judicially determined in a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, but in all respects, such Exculpated Parties shall be entitled to the fullest extent permitted by law to reasonably rely upon the advice of counsel with respect to their duties and responsibilities, including the distribution of property under the Plan or any other related agreement, without the Bankruptcy Court (i) first determining, after notice and a hearing, that such claim or Cause of Action represents a colorable claim of any kind, including, but not limited to actual fraud, willful misconduct, or gross negligence against an Exculpated Party, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan, and (ii) specifically authorizing a party to bring such claim or cause of action against any such Exculpated Party. The Exculpated Parties have, and upon Consummation of the Plan, shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of, and distribution of, consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

E. Bar Order

The Confirmation Order shall permanently enjoin the commencement or prosecution by any Entity whether directly, derivatively or otherwise, of any claims or Causes of Action released pursuant to this Plan, including but not limited to the Released Claims and the claims and Causes of Action released in Article VIII.C herein. For the avoidance of doubt and subject to the following sentence, this injunction shall permanently bar, enjoin, and restrain (i) all persons and entities from commencing or prosecuting any litigation or asserting any claims against the Released Parties based on any Released Claims; (ii) to the maximum extent possible under applicable law, each person or entity from commencing, prosecuting, or asserting against any of the Released Parties any claims, actions or proceedings for contribution or indemnity, or otherwise, including any claims, actions or proceedings for contribution or indemnity or otherwise arising out of or in connection with any Released Claims.

F. Permanent Injunction

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN OR FOR DISTRIBUTIONS REQUIRED TO BE PAID OR DELIVERED PURSUANT TO THE PLAN OR THE CONFIRMATION ORDER, ALL ENTITIES THAT HAVE HELD, HOLD, OR MAY HOLD ANY CLAIMS OR INTERESTS THAT EITHER (1) HAVE BEEN RELEASED PURSUANT TO Article VIII.C, (2) HAVE BEEN SATISFIED, SETTLED, OR OTHERWISE TREATED PURSUANT TO Article VIII.B OF THE PLAN, OR (3) ARE SUBJECT TO EXCULPATION PURSUANT TO Article VIII.D, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING

ACTIONS AGAINST, AS APPLICABLE, THE RELEASED PARTIES (TO THE EXTENT OF THE RELEASES PROVIDED PURSUANT TO Article VIII.C WITH RESPECT TO THE RELEASED PARTIES), THE DEBTOR, THE LIQUIDATING TRUSTEE, OR THE EXCULPATED PARTIES (TO THE EXTENT OF THE EXCULPATION PROVIDED PURSUANT TO Article VIII.D WITH RESPECT TO THE EXCULPATED PARTIES): (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST SUCH ENTITY ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY LIEN OR ENCUMBRANCE OF ANY KIND AGAINST SUCH ENTITIES OR THE PROPERTY OF THE ESTATE OF SUCH ENTITY ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (IV) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION, OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE FROM SUCH ENTITIES OR AGAINST THE PROPERTY OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH SETOFF RIGHT IN A DOCUMENT FILED WITH THE BANKRUPTCY COURT IN ACCORDANCE WITH THE TERMS OF THIS PLAN EXPLICITLY PRESERVING SUCH SETOFF, AND NOTWITHSTANDING AN INDICATION OF A CLAIM OR INTEREST OR OTHERWISE THAT SUCH ENTITY ASSERTS, HAS, OR INTENDS TO PRESERVE ANY RIGHT OF SETOFF PURSUANT TO APPLICABLE LAW OR OTHERWISE; AND (V) TAKING ANY OTHER ACTION OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED OR SETTLED PURSUANT TO THE PLAN.

G. Subordination Rights

The classification and manner of satisfying all Claims and Interests under the Plan take into consideration all subordination rights, whether arising under general principles of equitable subordination, contract, section 510(c) of the Bankruptcy Code, or otherwise, that a Holder of a Claim or Interest may have against other Claim or Interest Holders with respect to any distribution made pursuant to the Plan.

ARTICLE IX.
CONDITIONS PRECEDENT TO CONSUMMATION OF THE PLAN

A. Conditions Precedent to the Effective Date

It shall be a condition to Consummation of the Plan that the following conditions shall have been satisfied or occur in conjunction with the occurrence of the Effective Date (or shall be waived pursuant to Article IX.B):

1. The Bankruptcy Court shall have entered the Confirmation Order, in form and substance materially consistent with the Plan and otherwise reasonably acceptable to the Debtor and such order shall not have been stayed pending appeal; and

2. Each of the Definitive Documents and any exhibits, schedules, amendments, or modifications thereto, shall have been executed.

3. The Debtor shall have obtained, purchased, bound, or otherwise secured all discovery period, extended reporting period, runoff, tail, or similar coverage determined by the Debtor to be necessary or appropriate with respect to the D&O Policies, and such coverage shall be in full force and effect, with all premiums required to maintain such coverage having been paid or otherwise provided for.

B. Waiver of Conditions

Other than entry of the Confirmation Order and the condition set forth in Article IX.A.3 regarding the D&O Policies, the conditions to the Effective Date of the Plan set forth in this Article IX may be waived in writing by the Debtor or by order of the Bankruptcy Court, subject to the terms of the Bankruptcy Code and the Bankruptcy Rules.

C. Substantial Consummation

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

D. Effect of Non-Occurrence of Conditions to the Effective Date

If the Effective Date does not occur and circumstances make clear that the Effective Date will not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall (i) constitute a waiver or release of any Claims by or Claims against or Interests in the Debtor; (ii) prejudice in any manner the rights of the Debtor, any Holders of a Claim or Interest or any other Entity; or (iii) constitute an admission, acknowledgment, offer, or undertaking by the Debtor, any Holders, or any other Entity in any respect.

ARTICLE X.
MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

A. Modification and Amendments

The Debtor reserves the right to modify the Plan and seek Confirmation consistent with the Bankruptcy Code and the Bankruptcy Rules and, as appropriate, not resolicit votes on such modified Plan. Subject to the restrictions and requirements set forth in section 1127 of the Bankruptcy Code, Bankruptcy Rule 3019, and those restrictions on modifications set forth in the Plan, the Debtor expressly reserves its rights to alter, amend, or modify materially the Plan one or more times after Confirmation and, to the extent necessary, may initiate proceedings in the

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

B. Effect of Confirmation on Modifications

Entry of the Confirmation Order shall mean that all modifications or amendments to the Plan occurring after 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.

C. Effect of Confirmation

Upon entry of the Confirmation Order, the Bankruptcy Court shall be deemed to have made and issued on the Confirmation Date the findings of fact and conclusions of law as though made after due deliberation and upon the record at the Confirmation Hearing. Upon entry of the Confirmation Order, any and all findings of fact in the Plan shall constitute findings of fact even if they are stated as conclusions of law, and any and all conclusions of law in the Plan shall constitute conclusions of law even if stated as findings of fact.

D. Revocation or Withdrawal of the Plan

The Debtor reserves the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Debtor revokes or withdraws the Plan, in accordance with the preceding sentence, or if Confirmation and Consummation do not occur, then (i) the Plan shall be null and void in all respects; (ii) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (iii) nothing contained in the Plan shall (a) constitute a waiver or release of any Claims or Interests, (b) prejudice in any manner the rights of the Debtor or any other Entity, including the Holders of Claims, or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtor or any other Entity.

ARTICLE XI.
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall (other than, in the case of disputes related to reinstated Claims based on events, conduct, or Claims arising after the Effective Date, to the extent necessary to render such Claims Unimpaired) retain jurisdiction over the Chapter 11 Case and all matters arising out of, or related to, the Chapter 11 Case and the Plan, including jurisdiction to:

1. Allow, Disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or Unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to status, priority, amount, or Allowance of Claims or Interests; provided, that, for the avoidance of doubt, the Bankruptcy Court's retention of jurisdiction with respect to such matters shall not preclude the Debtor from seeking relief from any other court, tribunal, or other legal forum of competent jurisdiction with respect to such matters;

2. Decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. Resolve any matters related to (i) the rejection of any Executory Contract or Unexpired Lease to which the Debtor is a party or with respect to which the Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Claims related to the rejection of an Executory Contract or Unexpired Lease or any other matter related to such Executory Contract or Unexpired Lease; and (ii) any dispute regarding whether a contract or lease is or was executory or unexpired.

4. Adjudicate controversies, if any, with respect to distributions to Holders of Allowed Claims or Interests;

5. Adjudicate, decide, or resolve any motions, adversary proceedings, contested, or litigated matters, and any other matters, and grant or deny any applications involving the Debtor that may be pending on the Effective Date;

6. Adjudicate, decide, or resolve any and all matters related to Causes of Action;

7. Adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

8. Enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan, and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;

9. Enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

10. Resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

11. Hear and determine disputes regarding Liquidating Trust Claims and/or the administration and/or activities of the Liquidating Trust;

12. Issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;

13. Resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, discharges, releases, injunctions, exculpations, and other provisions contained in Article VIII and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;

14. Resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions made pursuant to the Plan and the recovery of any amounts improperly distributed or otherwise required to be returned pursuant to the Plan;

15. Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

16. Determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, or the Confirmation Order;

17. Adjudicate any and all disputes arising from or relating to distributions under the Plan or any transactions contemplated therein, including, without limitation, the Sale Transaction;

18. Consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

19. Determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;

20. Hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including the expedited determination of taxes under section 505(b) of the Bankruptcy Code);

21. Hear and determine matters concerning exemptions from state and federal registration requirements in accordance with section 1145 of the Bankruptcy Code;

22. Hear and determine all disputes involving the existence, nature, or scope of the release or exculpation provisions set forth in the Plan, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

23. Interpret any orders related to the approval or implementation of the Sale Transaction after the Effective Date;

24. Hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Sale Transaction after the Effective Date;

25. Enforce all orders previously entered by the Bankruptcy Court;

26. Hear any other matter not inconsistent with the Bankruptcy Code;

27. Enter an order concluding or closing the Chapter 11 Case;

28. Enforce the compromise, settlement, injunction, release, and exculpation provisions set forth in Article VIII.

Notwithstanding the foregoing, the Bankruptcy Court shall not retain jurisdiction over disputes concerning documents that have a jurisdictional, forum selection, or dispute resolution clause that requires actions to be brought in a court other than the Bankruptcy Court and any disputes concerning documents contained in any Definitive Document that contain such clauses shall be governed in accordance with the provisions of such documents.

ARTICLE XII.
MISCELLANEOUS PROVISIONS

A. Immediate Binding Effect

Subject to Article IX.A and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, on the Effective Date, upon the effectiveness of the Plan, the terms of the Plan and the Confirmation Order shall be immediately effective and enforceable and deemed binding upon Debtor, and any and all Holders of Claims or Interests (regardless of whether the Holders of such Claims or Interests are deemed to have accepted or rejected the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, and injunctions described in the Plan, each Entity acquiring property under the Plan or the Confirmation Order, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtor. All Claims shall be as fixed, adjusted, or compromised, as applicable, pursuant to the Plan regardless of whether any Holder of a Claim or debt has voted on the Plan.

B. Additional Documents

On or before the Effective Date, the Debtor may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtor and all Holders of Claims or Interests receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

C. Reservation of Rights

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order in accordance with Article IX.A hereof. Neither the Plan, any statement or provision contained in the Plan, nor any action taken or not taken by the Debtor with respect to the Plan, the Disclosure Statement, or the Confirmation Order, shall be or shall be deemed to be an admission or waiver of any rights of the Debtor with respect to the Holders of Claims or Interests prior to the Effective Date.

D. Successors and Assigns

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

E. Service of Documents

Any pleading, notice, or other document required by the Plan to be served on or delivered to the Debtor prior to the Effective Date shall be sent to:

Upon the Debtor:

Lipella Pharmaceuticals, Inc.
Attn: Jonathan Kaufman
1159 S Negley Ave
Pittsburgh, PA 15217

With a copy to:

Michael A. Shiner, Esq.
Tucker Arensberg, P.C.
One PPG Place, Suite 1500
Pittsburgh, PA 15222

On and after the Effective Date, any pleading, notice, or other document required by the Plan to be served on or delivered to the Debtor or the Liquidating Trust shall instead be served on or delivered to the Liquidating Trustee at the address set forth in the Liquidating Trust Agreement, with a copy to counsel to the Liquidating Trust, if any.

F. Term of Injunctions or Stays

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

G. Entire Agreement

The Plan and Confirmation Order supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan and Confirmation Order.

H. Nonseverability of Plan Provisions

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall be prohibited from altering or interpreting such term or provision to make it valid or enforceable; provided, that, at the request of the Debtor, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable, 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 provided, that, any such alteration or interpretation shall be acceptable to the Debtor. 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 (i) valid and enforceable pursuant to its terms; (ii) integral to the Plan and may not be deleted or modified without consent from the Debtor; and (iii) nonseverable and mutually dependent.

I. Expedited Tax Determination

The Debtor or Liquidating Trustee may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns Filed for or on behalf of the Debtor for all taxable periods through the Effective Date.

Dated: September 21, 2026

By: */s/ Jonathan Kaufman*
Jonathan Kaufman

LIQUIDATING TRUST AGREEMENT

This Liquidating Trust Agreement (the "**Agreement**") is made this [●]th day of [●], 2026 by and among the Debtor, LIPELLA PHARMACEUTICALS INC. (the "**Debtor**"), in the chapter 11 case pending in the United States Bankruptcy Court for the Western District of Pennsylvania (the "**Bankruptcy Court**") at Case Number 26-20879-CMB (the "**Chapter 11 Case**") and MERIDIAN MANAGEMENT PARTNERS, LLC, as the Liquidating Trustee (together, with any successor appointed under the terms hereof, the "**Liquidating Trustee**" and collectively with the Debtor, the "**Parties**"). Capitalized terms used in this Agreement but not defined herein shall have the meanings ascribed to them in the *Chapter 11 Plan of Liquidation of Lipella Pharmaceuticals Inc.* (the "**Plan**").[1]

RECITALS

A. On [●], 2026, the Bankruptcy Court entered an order confirming the Plan;

B. The Liquidating Trust (as defined below) is established pursuant to the Plan as a liquidating trust in accordance with Treasury Regulation Section 301.7701-4(d) with no objective to continue or engage in the conduct of a trade or business except, to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidating Trust and the Plan;

C. The Liquidating Trust is established for the purpose of liquidating the Liquidating Trust Assets in an expeditious but orderly manner for the benefit of the Liquidating Trust Beneficiaries; and

D. The Liquidating Trust is intended to qualify as a "grantor trust" for U.S. federal income tax purposes pursuant to Sections 671-677 of the Internal Revenue Code of 1986, as amended, (the "Tax Code") with the Liquidating Trust Beneficiaries treated as the grantors and owners of the trust.

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements contained herein and in the Plan, the Debtor and the Liquidating Trustee agree as follows:

ARTICLE I
DEFINITIONS

1.1 Definitions.

"Allowed" means, with respect to any Claim or Interest, except as otherwise provided herein, such Claim or Interest (or any portion thereof) that is not Disallowed and (i) to which no objection to the allowance thereof or request for estimation has been Filed by the Claims Objection Deadline; (ii) has been expressly Allowed under the Plan, any stipulation approved by the Bankruptcy Court, or a Final Order of the Bankruptcy Court; (iii) is both not Disputed and either

[1] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed in the Plan.

(a) evidenced by a Proof of Claim timely Filed by the Claims Bar Date (or for which Claim under the Plan, the Bankruptcy Code, or a Final Order of the Bankruptcy Court a Proof of Claim is not or shall not be required to be Filed) or (b) listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim has been timely Filed; (iv) is allowed by a Final Order; or (v) is compromised, settled, or otherwise resolved by the Debtor or the Liquidating Trustee, as applicable, and the Holder of such Claim or Interest; provided, that, except as otherwise expressly provided herein, the amount of any Allowed Claim or Allowed Interest shall be determined in accordance with any Final Orders of the Bankruptcy Court and the Bankruptcy Code, including sections 502(b), 503(b) and 506 of the Bankruptcy Code. "Allow", "Allowance", and "Allowing" shall have correlative meanings.

"Bankruptcy Code" means title 11 of the United States Code, 11 U.S.C. § 101, *et seq.*, as now in effect or as may be amended hereafter and applicable to the Chapter 11 Case.

"Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as applicable to the Chapter 11 Case, and the Bankruptcy Court's local rules and chambers procedures.

"BDO Success Fee" means the Success Fee payable to BDO Consulting Group, LLC pursuant to its Court-approved engagement with the Debtor in connection with the Sale Transaction, including any Success Fee attributable to proceeds received on account of the Sale Milestones.

"Business Day" means any day, other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)), or a day on which banking institutions in New York, New York are authorized by law or other governmental action to close.

"Cash" means the legal tender of the United States of America or equivalents thereof.

"Cause of Action" means any action, claim, proceeding, cause of action, controversy, demand, right, action, Lien, indemnity, interest, guarantee, suit, obligation, liability, damage, judgment, account, defense, offset, power, privilege, license, or franchise of any kind or character whatsoever, whether known, unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law, or in equity or pursuant to any other theory of law that remains as of the Confirmation Hearing and has not otherwise been adjudicated or settled. For the avoidance of doubt, "Cause of Action" includes (i) any right of setoff, counterclaim, or recoupment and any claim for breach of contract or for breach of duties imposed by law or in equity; (ii) any Claim based on or relating to, or in any manner arising from, in whole or in part, tort, breach of contract, breach of fiduciary duty, violation of state or federal law or breach of any duty imposed by law or in equity; (iii) the right to object to or to otherwise contest, recharacterize, reclassify, subordinate, or disallow any Claims or Interests; (iv) any Claim pursuant to section 362 of the Bankruptcy Code; (v) any claim or defense, including fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code; (vi) the Litigation Claims and (vii) any and all actual or potential claims of the Debtor and its Estate and Causes of Action to avoid a transfer of property or an obligation incurred by the Debtor and any recovery, subordination, or other remedies that may be brought by or on behalf of the Debtor and its Estate under the Bankruptcy

Code or applicable non-bankruptcy law, including under sections 502, 544, 545, 547, 548, 549, 550, 551, 553(b) and 724(a) of the Bankruptcy Code, chapter 5 of the Bankruptcy Code, or applicable non-bankruptcy law.

"Claim" shall have the meaning set forth in section 101(5) of the Bankruptcy Code.

"Confirmation Date" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Case, within the meaning of Bankruptcy Rules 5003 and 9021.

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

"Disputed" means, with respect to a Claim or Interest, any portion thereof that is not yet Allowed or Disallowed.

"Distribution Date" means the Initial Distribution Date or any of the Periodic Distribution Dates, as applicable.

"Effective Date" has the meaning ascribed to it in the Plan.

"Final Order" means, as applicable, an order or judgment of the Bankruptcy Court or other court of competent jurisdiction with respect to the relevant subject matter, which has not been reversed, stayed, modified, or amended, including any order subject to appeal but for which no stay of such order has been entered, and as to which the time to appeal or seek certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be Filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought; provided, that, the possibility that a request for relief under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, the local rules of the Bankruptcy Court or applicable non-bankruptcy law, may be Filed relating to such order shall not prevent such order from being a Final Order.

"Liquidating Trust" means the trust created pursuant to this Agreement on the Effective Date in accordance with the Plan and the Confirmation Order.

"Liquidating Trust Assets" means all assets and property transferred to or vested in the Liquidating Trust pursuant to the Plan, including, without limitation, the Liquidating Trust Funding, all rights under the Asset Purchase Agreement and rights to receive Sale proceeds, including any future payments thereunder, the Causes of Action (including the Litigation Claims), and all other remaining property and assets of the Debtor or the Estate transferred to or vested in the Liquidating Trust pursuant to the Plan; provided, however, that any proceeds received on account of a Sale Milestone shall be subject to payment of the applicable BDO Success Fee in accordance with the Plan and Section 3.2 of this Agreement.

"Liquidating Trust Beneficiaries" means (i) the Holders of Allowed Administrative Claims, Professional Fee Claims, Priority Tax Claims, and non-Tax Priority Claims entitled to receive distributions from the Liquidating Trust pursuant to the Plan; (ii) the Holders of Allowed General Unsecured Claims entitled to receive distributions from the Liquidating Trust pursuant to the Plan and (iii) following the occurrence of a Class 3 Distribution Determination, the Holders of Class 3 Equity Interests entitled to receive distributions from the Liquidating Trust pursuant to the Plan; provided, however, that no Holder of a Class 3 Equity Interest shall be a Liquidating Trust Beneficiary solely by reason of having held such Interest on the Effective Date or by reason of the preservation of the contingent right to receive future distributions pursuant to the Plan.

"Liquidating Trust Causes of Action" means, collectively, the Causes of Action of the Debtor, including the Litigation Claims, transferred to or vested in the Liquidating Trust pursuant to the Plan and any defense or counterclaim to any Disputed Claim, but excluding any and all Causes of Action released pursuant to the terms of the Plan or an order of the Bankruptcy Court.

"Litigation Reserve" means $172,000 of Cash included in the Liquidating Trust Assets that shall be separately reserved and maintained by the Liquidating Trustee solely for the payment of out-of-pocket costs and expenses incurred in connection with the investigation, prosecution, pursuit, litigation, compromise, or settlement of the Litigation Claims. Amounts held in the Litigation Reserve shall not be used to pay (i) any compensation, fees, or expenses of the Liquidating Trustee, including any compensation attributable to time spent by the Liquidating Trustee in connection with the Litigation Claims, (ii) any attorneys' fees, including any fees payable to counsel prosecuting the Litigation Claims, or (iii) any other costs, expenses, Claims, liabilities, or obligations of the Liquidating Trust unrelated to the Litigation Claims.

"Person" shall have the meaning set forth in section 101(41) of the Bankruptcy Code.

"Petition Date" means March 30, 2026.

"Schedules" means, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases, and statements of financial affairs Filed by the Debtor on April 13, 2026, as the same may be further amended, modified, or supplemented from time to time.

ARTICLE II
TRUSTEE

2.1 Appointment.

The Debtor hereby designates Meridian Management Partners, LLC, to serve as the initial Liquidating Trustee under the Plan, and Meridian Management Partners, LLC hereby accepts such appointment and agrees to serve in such capacity, effective upon the Effective Date of the Plan.

2.2 Generally.

The Liquidating Trustee's powers are exercisable solely in a fiduciary capacity consistent with, and in furtherance of, the purpose of the Liquidating Trust and not otherwise. The Liquidating Trustee shall have the authority to bind the Liquidating Trust, but shall for all purposes hereunder be acting in the capacity as Liquidating Trustee, and not individually.

2.3 Scope of Authority.

Subject to the provisions of the Plan and this Agreement, the Liquidating Trustee shall:

(i) have the power and authority to hold, manage, convert to Cash or non-Cash Liquidating Trust Assets obtained through the exercise of its power and authority, and distribute the Liquidating Trust Assets, including prosecuting and resolving the Liquidating Trust Causes of Action;

(ii) hold the Liquidating Trust Assets for the benefit of the Liquidating Trust Beneficiaries entitled to distributions therefrom pursuant to the Plan and this Agreement, whether their Claims or Interests, as applicable, become Allowed or otherwise entitled to distribution on or after the Effective Date;

(iii) have the power and authority to object to, prosecute objections to, compromise and settle Disputed Claims; and

(iv) have such other responsibilities as are vested in the Liquidating Trustee on behalf of the Liquidating Trust pursuant to the Plan or Bankruptcy Court order or as may be necessary and proper to carry out the provisions of the Plan. In all circumstances, the Liquidating Trustee shall act in the best interests of the Liquidating Trust Beneficiaries and in good faith with respect to the Liquidating Trust Beneficiaries, and in furtherance of the purpose of the Liquidating Trust.

2.4 Retention of Professionals and Non-Professionals.

The Liquidating Trustee may retain and compensate attorneys and other professionals and non-professionals to assist in its duties as Liquidating Trustee on such terms as the Liquidating Trustee deems appropriate without Bankruptcy Court approval; provided, however, that no attorneys' fees or other professional fees shall be paid from or charged against the Litigation Reserve, and the Litigation Reserve may be used only for out-of-pocket costs and expenses properly chargeable thereto in accordance with Section 3.2 of this Agreement. Without limiting the foregoing, the Liquidating Trustee may retain any professional who represented parties in interest in the Chapter 11 Case.

The Liquidating Trustee has chosen Tucker Arensberg, P.C. as its primary counsel. Such retention is made without any further approval by any court.

2.5 Other Activities.

The Liquidating Trustee, other than in its capacity as Liquidating Trustee, shall be entitled to perform services for and be employed by third parties; *provided*, *however*, that such performance or employment affords the Liquidating Trustee sufficient time to carry out its responsibilities as Liquidating Trustee. The Liquidating Trustee may delegate the performance of services and responsibilities under this Agreement to other persons as the Liquidating Trustee deems appropriate; provided, however, that no such delegation shall relieve the Liquidating Trustee of its duties and responsibilities under the Plan and this Agreement. Such persons shall be entitled to reasonable compensation and reimbursement of reasonable out-of-pocket expenses from the Liquidating Trust Assets.

Notwithstanding the foregoing, the Liquidating Trustee may utilize Jonathan Kaufman, the Debtor’s former Chief Executive Officer, as an unpaid consultant to the Liquidating Trust and to assist, at the request and direction of the Liquidating Trustee, with administrative, transition, claims, litigation, and other matters relating to the Liquidating Trust Assets, including the Litigation Claims. Mr. Kaufman shall receive no compensation for any services provided in such capacity, but shall be entitled to reimbursement from the Liquidating Trust Assets for reasonable and necessary out-of-pocket expenses incurred in connection with such services and approved by the Liquidating Trustee. To the extent any such approved out-of-pocket expense is incurred in connection with the investigation, prosecution, pursuit, litigation, compromise, or settlement of the Litigation Claims and is otherwise properly chargeable to the Litigation Reserve under Section 3.2 of this Agreement, such expense may be reimbursed from the Litigation Reserve. Mr. Kaufman shall have no independent authority to bind the Liquidating Trust, direct the Liquidating Trustee or its professionals, compromise or settle any Claim or Cause of Action, or exercise any power vested in the Liquidating Trustee under the Plan or this Agreement. Mr. Kaufman’s service as an unpaid consultant shall not create an employment relationship with the Liquidating Trust or cause Mr. Kaufman to become an officer, director, trustee, or fiduciary of the Liquidating Trust, and nothing in this Agreement shall be construed as imposing upon Mr. Kaufman any of the duties or responsibilities of the Liquidating Trustee. In performing services in such capacity at the request and direction of the Liquidating Trustee, Mr. Kaufman shall be deemed an agent and representative of the Liquidating Trust and shall be entitled to the protections, exculpation, and indemnification provided therein to the same extent as other agents and representatives of the Liquidating Trust, subject to the limitations set forth in such Sections. In connection with such services, and subject to the direction of the Liquidating Trustee and appropriate confidentiality protections, Mr. Kaufman may be provided access to the books, records, documents, communications, and other information of the Debtor and the Liquidating Trust reasonably necessary to perform such services, including information relating to the Liquidating Trust Causes of Action and the Litigation Claims. Any disclosure to Mr. Kaufman of information subject to the attorney-client privilege, work-product protection, or any other applicable privilege, protection, or immunity shall be made solely in connection with his services to the Liquidating Trust and shall not constitute or be construed as a waiver thereof, subject to Section 10.2 of this Agreement. Mr. Kaufman shall maintain the confidentiality of all non-public information obtained in connection with his services to the Liquidating Trust and shall use such information solely for purposes of performing such services, except to the extent disclosure is authorized by the Liquidating Trustee or required by applicable law, subpoena, or court order. This confidentiality obligation shall survive the termination of Mr. Kaufman’s services and the dissolution of the Liquidating Trust. The Liquidating Trustee shall keep Mr. Kaufman reasonably informed, from time to time, regarding material developments concerning the administration of the Liquidating Trust and the Litigation Claims to the extent the Liquidating Trustee determines such information is reasonably relevant to Mr. Kaufman’s services as an unpaid consultant.

2.6 Limitation of the Liquidating Trustee's Authority.

(a) The Liquidating Trustee shall not and is not authorized to engage in any trade or business with respect to the Liquidating Trust Assets or any proceeds therefrom and shall engage only in activity reasonably necessary to, and consistent with, the liquidating purpose of the Liquidating Trust and shall take such actions consistent with the expeditious but orderly liquidation of the Liquidating Trust Assets as is required by applicable law and consistent with the treatment of the Liquidating Trust as a liquidating trust under Treasury Regulation Section 301.7701-4(d), and such actions permitted therein.

(b) The Liquidating Trustee may invest Cash (including any earnings thereon or proceeds therefrom) as permitted by section 345 of the Bankruptcy Code ("**Permitted Investments**"), *provided*, *however*, that such investments are investments permitted to be made by a liquidating trust within the meaning of Treasury Regulation section 301.7701-4(d), as reflected therein, or under applicable Internal Revenue Service guidelines, rulings, or other controlling authorities. Any Permitted Investment made as provided for herein must have a maturity date not in excess of three months from the date of the acquisition of the Permitted Investment. The Liquidating Trustee shall deposit all Cash comprising the Liquidating Trust Assets in interest-bearing accounts maintained with a domestic bank or other financial institution having a shareholders' equity or equivalent capital of not less than $500,000,000. The Liquidating Trustee shall not be liable for interest or obligated to produce income on any moneys received by the Liquidating Trust hereunder and held for distribution or payment, except as such interest or other income shall actually be received by the Liquidating Trustee.

2.7 Liability of Liquidating Trustee.

Except as otherwise specifically provided herein, the Liquidating Trustee, the Liquidating Trustee's employees, the Liquidating Trust's employees, and the Liquidating Trustee's or Liquidating Trust's professionals or representatives shall not be held personally liable for any claim asserted against the Liquidating Trust, the Liquidating Trustee, the Liquidating Trustee's employees, the Liquidating Trust's employees or any of the Liquidating Trustee's or Liquidating Trust's professionals or representatives. Without limiting the generality of the foregoing, the Liquidating Trustee, the Liquidating Trustee's employees, the Liquidating Trust's employees and any of the Liquidating Trustee's or Liquidating Trust's professionals or representatives shall not be liable for any error of judgment made in good faith, or with respect to any action taken or omitted to be taken in good faith, except to the extent that the action taken or omitted to be taken by the Liquidating Trustee, the Liquidating Trustee's employees, the Liquidating Trust's employees or any of the Liquidating Trustee's or Liquidating Trust's professionals or representatives are determined by a final order of the Bankruptcy Court to be due to their own respective gross negligence or willful misconduct.

2.8 Reliance by Liquidating Trustee.

Except as otherwise provided in Section 2.7 hereof: (i) the Liquidating Trustee may rely, and shall be protected in acting upon, any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties; (ii) the Liquidating Trustee may consult with legal counsel, financial or accounting advisors and other professionals to be selected by it and may rely, in good-faith, on the advice thereof, and the Liquidating Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the advice thereof; and (iii) persons dealing with the Liquidating Trustee shall look only to the applicable Liquidating Trust Assets to satisfy any liability incurred by the Liquidating Trustee to such person in carrying out the terms of this Agreement and neither the Liquidating Trustee nor its employees or the Liquidating Trustee's professionals or representatives shall have any personal obligation to satisfy any such liability.

2.9 Compensation of the Trustee and Other Employees.

The Liquidating Trustee shall be entitled to receive the following compensation:

(a) Hourly billable rates ranging from $400 to $550 per hour, depending upon the professional performing the services;

(b) Reimbursement of reasonable costs and expenses.

The compensation set forth above shall be payable from the Liquidating Trust Assets; provided, however, that no compensation, fees, costs, or expenses of the Trustee, including any compensation attributable to time spent by the Trustee in connection with the Litigation Claims, shall be paid from or charged against the Litigation Reserve. Costs and expenses of the Liquidating Trust shall include (i) reasonable fees and expenses incurred in connection with the prosecution and settlement of any Liquidating Trust Causes of Action, (ii) reasonable fees and expenses incurred in connection with the Claims resolution process, and (iii) actual reasonable out-of-pocket fees and expenses of the Liquidating Trustee and its retained professionals including, without limitation, office rent, necessary travel, travel lodging, postage, personal computers and printers, photo copying, telephone and facsimile charges upon receipt of periodic billings.

2.10 Exculpation; Indemnification.

The Liquidating Trustee and the Liquidating Trustee's employees, agents and professionals shall be and hereby are exculpated by all Persons, including without limitation, all of the Liquidating Trust Beneficiaries, from any and all claims, causes of action and other assertions of liability arising out of the discharge of the powers and duties conferred upon such Liquidating Trustee by the Plan, this Agreement or any order of the Bankruptcy Court entered pursuant to or in furtherance of the Plan, or applicable law or otherwise, except for actions or omissions to act that are determined by Final Order of the Bankruptcy Court to have arisen out of gross negligence or willful misconduct after the Effective Date. No holder of a Claim or other party in interest, including a holder of a General Unsecured Claim, will have or be permitted to pursue any claim or cause of action against the Trustee, the Liquidating Trust or the employees, professionals or representatives of either the Trustee or the Liquidating Trust for making payments in accordance with the Plan or for implementing the provisions of the Plan. To the fullest extent permitted by applicable law, the Liquidating Trust shall, (i) indemnify, defend and hold harmless the Trustee and the Trustee's employees, agents and professionals from and against any and all of its actions or inactions in its capacity as, or on behalf of, the Trustee, except for actions or inactions involving fraud, willful misconduct, or gross negligence and (ii) reimburse the Trustee and the Trustee's agents and professionals for fees and expenses in defending any and all of its actions or inactions in its capacity as, or on behalf of, the Trustee, except for actions or inactions involving fraud, willful misconduct, or gross negligence. Any action taken or omitted to be taken with the express approval of the Bankruptcy Court will conclusively be deemed not to constitute gross negligence or willful misconduct. Notwithstanding anything to the contrary in this Section 2.10, no indemnification obligation, defense cost, reimbursement obligation, attorneys' fee, professional fee, or other amount payable pursuant to this Section 2.10 shall be paid from or charged against the Litigation Reserve.

2.11 Termination.

The duties, responsibilities and powers of the Trustee will terminate on the date the Liquidating Trust is dissolved pursuant to Article VIII of this Agreement, under applicable law in accordance with the Plan, or by an Order of the Bankruptcy Court; *provided that* Sections 2.9 and 2.10 above shall survive such termination and dissolution.

2.12 No Bond.

The Trustee shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court and, in the event that the Trustee is so otherwise ordered, all reasonable costs and expenses of procuring any such bond or surety shall be borne by the Liquidating Trust Assets; provided, however, that no such costs or expenses shall be paid from or charged against the Litigation Reserve.

ARTICLE III
ESTABLISHMENT OF THE LIQUIDATING TRUST

3.1 Transfer of Assets to Liquidating Trust.

(a) Pursuant to the Plan, the Debtor and the Trustee hereby establish the Liquidating Trust on the Effective Date. The Trustee agrees, subject to the terms of the Plan and this Agreement, to accept and hold the Liquidating Trust Assets in the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries entitled to distributions pursuant to the Plan and this Agreement. For the avoidance of doubt, no Holder of a Class 3 Equity Interest shall become a Liquidating Trust Beneficiary on the Effective Date solely by reason of having held such Interest or by reason of the preservation of the contingent right to receive future distributions pursuant to the Plan.

(b) Pursuant to Revenue Procedure 94-45, for all U.S. federal income tax purposes, all parties (including, without limitation, the Debtor, the Liquidating Trustee and the Liquidating Trust Beneficiaries) shall treat the transfer of the Liquidating Trust Assets to the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries, whether their Claims are Allowed on or after the Effective Date as (i) a transfer of the Liquidating Trust Assets (subject to any obligations relating to those assets) directly to the Liquidating Trust Beneficiaries, in exchange for those

Liquidating Trust Beneficiaries relinquishing their claims, followed by (ii) the transfer by each such class of Liquidating Trust Beneficiaries to the Liquidating Trust of the Liquidating Trust Assets (other than the Liquidating Trust Assets allocable to any disputed ownership fund) in exchange for beneficial interests in the Liquidating Trust to which such assets relate. The Liquidating Trust shall be considered a grantor trust for U.S. federal income tax purposes. Accordingly, the Liquidating Trust Beneficiaries shall be treated for U.S. federal income tax purposes as the grantors and owners of their shares of the Liquidating Trust Assets. The foregoing treatment shall also apply, to the extent permitted by applicable law, for state and local income tax purposes. Notwithstanding the foregoing, no Holder of a Class 3 Equity Interest shall be treated as a Liquidating Trust Beneficiary, grantor or owner of any portion of the Liquidating Trust or the Liquidating Trust Assets solely by reason of having held such Class 3 Equity Interest on the Effective Date or by reason of the preservation of the contingent right to receive future distributions pursuant to the Plan. The treatment of Holders of Class 3 Equity Interests following the occurrence of a Class 3 Distribution Determination shall be determined in accordance with the Plan, this Agreement and applicable tax law.

3.2 Funding the Liquidating Trust.

On the Effective Date, the Debtor shall transfer or cause to be transferred to the Liquidating Trust the Liquidating Trust Assets in accordance with the Plan. The Liquidating Trust shall be funded with the Liquidating Trust Assets and any proceeds thereof, including any amounts received after the Effective Date pursuant to the APA or from the prosecution, settlement, or other disposition of the Liquidating Trust Causes of Action. Upon receipt of the Liquidating Trust Assets, the Trustee shall establish and separately maintain the Litigation Reserve in the amount of $172,000. The Litigation Reserve shall be segregated from all other Cash and Liquidating Trust Assets and shall be used solely for the payment of out-of-pocket costs and expenses incurred in connection with the Litigation Claims, as provided in this Agreement. The Trustee shall have no authority to use, borrow, advance, transfer, or otherwise apply any amount held in the Litigation Reserve for any other purpose, including payment of compensation, fees, or expenses of the Trustee, attorneys' fees, or any other costs, expenses, Claims, liabilities, or obligations of the Liquidating Trust. Upon the final resolution, settlement, abandonment, dismissal, or other final disposition of all Litigation Claims, and after payment or provision for payment of all unpaid out-of-pocket costs and expenses properly chargeable to the Litigation Reserve, any Cash remaining in the Litigation Reserve shall be distributed to Holders of Claims and Interests entitled to distributions under the Plan, in accordance with the priorities, classifications, and distribution provisions of the Plan. Such remaining Cash shall not be available for payment of compensation, fees, costs, expenses, Claims, liabilities, or other obligations of the Liquidating Trust before such distribution, except for any amounts required to effectuate such distribution.

Notwithstanding anything to the contrary in this Agreement, any proceeds received by the Liquidating Trust on account of a Sale Milestone shall be subject to payment of the applicable BDO Success Fee in accordance with Article II.B.3 of the Plan. The Liquidating Trustee shall pay the applicable BDO Success Fee from such proceeds upon receipt by the Liquidating Trust, and only the remaining net proceeds from such Sale Milestone shall thereafter be available for distributions to Holders of Claims or Interests in accordance with the Plan and this Agreement.

3.3 Valuation of Assets.

As soon as practicable after the Effective Date, the Trustee shall in good faith and using reasonable efforts, determine the value of the Liquidating Trust Assets, and such valuation shall be made available from time to time, in writing, to the Liquidating Trust Beneficiaries and shall be used consistently by all parties (including, without limitation the Trustee and the Liquidating Trust Beneficiaries) for all federal income tax purposes. In connection with the preparation of the valuation contemplated by the Plan and the Liquidating Trust Agreement, the Liquidating Trust shall be entitled to retain such professionals and advisors as the Liquidating Trust shall determine to be appropriate or necessary, and the Trustee shall take such other actions in connection therewith as it determines to be appropriate or necessary. The Liquidating Trust shall bear all of the reasonable costs and expenses incurred in connection with determining such value, including the fees and expenses of any professionals retained in connection therewith.

3.4 Powers.

The powers of the Trustee shall, without any further Bankruptcy Court approval, but as limited by the Plan and this Agreement, include the authority:

1. to receive, manage, invest, supervise, protect, and liquidate the Liquidating Trust Assets, withdraw and make distributions from and pay taxes and other obligations owed by the Liquidating Trust from funds held by the Trustee and/or the Liquidating Trust in accordance with the Plan, as long as such management is consistent with the Liquidating Trust's status as a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d) and which actions are merely incidental to its liquidation and dissolution;

2. to execute, deliver, file, and record such contracts, instruments, releases, indentures, certificates, and other agreements or documents, and take such actions, as it may deem to be reasonably necessary or appropriate to effectuate and implement the terms and conditions of the Plan;

3. to calculate and implement distributions of the Liquidating Trust Assets contemplated by the Plan and in accordance with the interests of the Liquidating Trust Beneficiaries and to make distributions in accordance with the Plan;

4. to object to, prosecute objections to, compromise and settle Disputed Claims and Causes of Action on behalf of or against the Liquidating Trust in accordance with Section 3.5 hereof and in the interests of the applicable Liquidating Trust Beneficiaries;

5. to vote any Claim or interest held by the Liquidating Trust in a case under the Bankruptcy Code and receive any distribution therefrom for the benefit of the Liquidating Trust;

6. to protect and enforce the rights to the Liquidating Trust Assets vested in the Liquidating Trust by this Agreement by any method deemed appropriate including, without limitation, by judicial proceedings or pursuant to any applicable bankruptcy, insolvency, moratorium or similar law and general principles of equity;

7. to compromise, adjust, arbitrate, sue on or defend, abandon, or otherwise resolve or settle, in accordance with the terms hereof, claims in favor of or against the Liquidating Trust as the Liquidating Trust shall deem advisable;

8. to determine and satisfy any and all liabilities created, incurred or assumed by the Liquidating Trust;

9. to file, if necessary, any and all tax and information returns with respect to the Liquidating Trust and pay taxes properly payable by the Liquidating Trust, if any;

10. prepare and file (or cause to be prepared and filed), on behalf of the Debtor, all other tax returns required to be filed or that the Liquidating Trustee otherwise deems appropriate;

11. request any appropriate tax determination, including, without limitation, a determination pursuant to section 505 of the Bankruptcy Code;

12. to pay all reasonable expenses and make all other payments relating to the Liquidating Trust Assets; provided, however, that no payment from or charge against the Litigation Reserve shall be made except for out-of-pocket costs and expenses properly chargeable thereto in accordance with Section 3.2 hereof;

13. to obtain, to the extent necessary, insurance coverage with respect to the liabilities and obligations of the Trustee and the Liquidating Trust (in the form of an errors and omissions policy, fiduciary policy or otherwise);

14. to obtain, to the extent necessary, insurance coverage with respect to real and personal property which may become Liquidating Trust Assets, if any;

15. to retain and pay such law firms as counsel to the Liquidating Trust to aid the prosecution of any claims that constitute the Liquidating Trust Assets, and to perform such other functions relating thereto as may be appropriate; provided, however, that no attorneys' fees or other professional fees shall be paid from or charged against the Litigation Reserve, and the Litigation Reserve may be used only for out-of-pocket costs and expenses properly chargeable thereto in accordance with Section 3.2 hereof;

16. to retain and pay a public accounting firm to perform such reviews and/or audits of the financial books and records of the Liquidating Trust as may be appropriate in the Trustee's reasonable discretion or otherwise required hereby, and to prepare and file any tax returns or informational returns for the Liquidating Trust. The Trustee

may commit the Liquidating Trust to, and the Liquidating Trust shall pay, such accounting firm's reasonable compensation for services rendered and expenses incurred;

17. to retain and pay such third parties, including, without limitation, one or more paying agents, as the Trustee may deem necessary or appropriate to assist the Liquidating Trust in carrying out its powers and duties under this Agreement. The Trustee may commit the Liquidating Trust to and shall pay all such Persons compensation for services rendered and expenses incurred, as well as commit the Liquidating Trust to indemnify any such parties in connection with the performance of services;

18. to invest any moneys held as part of the Liquidating Trust Assets in accordance with the terms of Section 2.6(b) hereof;

19. in the event that the Liquidating Trust shall fail or cease to qualify as a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d), to take such actions as the Liquidating Trustee deems necessary or appropriate, subject to the Plan and applicable law, with respect to the federal income tax classification and treatment of the Liquidating Trust; and

20. to exercise such other powers as may be vested in or assumed by the Liquidating Trust or the Trustee pursuant to the Plan, Bankruptcy Court order or as may be necessary and proper to carry out the provisions of the Plan.

Subject to the express provisions of this Agreement and the Plan, the Trustee shall have absolute discretion to pursue or not to pursue any and all claims, rights, or causes of action, or defenses as it determines is in the best interests of the Liquidating Trust Beneficiaries and consistent with the purposes of the Liquidating Trust, and shall have no liability for the outcome of its decision. The Trustee may incur any reasonable and necessary expenses in liquidating and converting the Liquidating Trust Assets to Cash. Neither the Trustee nor its successors or assigns shall fund or be obligated to fund (whether directly or indirectly) the costs of pursuing any Claim. No person dealing with the Liquidating Trust shall be obligated to inquire into the authority of the Trustee in connection with the protection, conservation or disposition of Liquidating Trust Assets.

Notwithstanding anything to the contrary in this Section 3.4 or elsewhere in this Agreement, the Trustee's authority with respect to the Litigation Reserve shall be limited to the payment of out-of-pocket costs and expenses properly chargeable to the Litigation Reserve in accordance with Section 3.2, and the Trustee shall have no authority to use, borrow, transfer, pledge, encumber, or otherwise apply any portion of the Litigation Reserve for any other purpose.

3.5 Prosecution of Liquidating Trust Causes of Action.

(a) Authority to Prosecute and Settle Liquidating Trust Causes of Action. After the Effective Date, only the Trustee shall have the authority to maintain, prosecute, settle, dismiss, abandon, or otherwise dispose of the Liquidating Trust Causes of Action, including the Litigation

Claims., The Trustee may enter into and consummate settlements and compromises of the Liquidating Trust Causes of Action, including the Litigation Claims, without notice to or approval by the Bankruptcy Court, except as otherwise provided in the Plan, this Agreement, or an order of the Bankruptcy Court.

(b) Standard of Conduct. The Trustee shall, including in prosecuting and settling any Liquidating Trust Cause of Action, act in the best interests of the Liquidating Trust Beneficiaries and in good faith with respect to the Liquidating Trust Beneficiaries.

(c) Estimation of Claims. With respect to Claims to receive distributions from the Liquidating Trust, including Professional Fee Claims, Administrative Claims, U.S. Trustee Fees, Priority Tax Claims, Non-Tax Priority Claims, and General Unsecured Claims, in each case to the extent such Claims are entitled to payment from the Liquidating Trust under the Plan, the Trustee may at any time request that the Bankruptcy Court estimate any contingent Claim, unliquidated Claim, or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether any of the Debtor or any other Person previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will 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 Claim, unliquidated Claim or Disputed 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 Trustee 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.

3.6 Rights of Debtor.

The Debtor shall have no Claim to or right or interest in, whether direct, residual, contingent or otherwise, in the Liquidating Trust Assets once such assets have been transferred to or vested in the Liquidating Trust.

ARTICLE IV
LIQUIDATING TRUST BENEFICIARIES

4.1 Rights of Beneficiaries.

Each Liquidating Trust Beneficiary will be entitled to participate in the rights due to a Liquidating Trust Beneficiary hereunder. Each Liquidating Trust Beneficiary shall take and hold its uncertificated beneficial interest subject to all of the terms and provisions of this Agreement, the Confirmation Order, and the Plan. The interest of a Liquidating Trust Beneficiary in the Liquidating Trust is in all respects personal property, and the death, insolvency, or incapacity of an individual Beneficiary, shall not terminate or affect the validity of this Agreement. A Liquidating Trust Beneficiary shall have no title to, right to, possession of, management of, or control of, the Liquidating Trust Assets except as herein expressly provided. No surviving spouse, heir or devisee of any deceased Liquidating Trust Beneficiary shall have any right of dower, homestead, or inheritance, or of partition, or any other right, statutory or otherwise, in the Liquidating Trust Assets, but the whole title to all the Liquidating Trust Assets shall be vested in the Trustee and the sole interest of the Liquidating Trust Beneficiaries shall be the rights and benefits given to such persons under this Agreement. For the avoidance of doubt, no Holder of a Class 3 Equity Interest shall acquire or hold an uncertificated beneficial interest in the Liquidating Trust on the Effective Date solely by reason of having held such Class 3 Equity Interest or by reason of the preservation of the contingent right to receive future distributions pursuant to the Plan.

4.2 Limit on Transfer of Interests of Beneficiaries.

The interest of the Liquidating Trust Beneficiaries in the Liquidating Trust, which are reflected only on the records of the Liquidating Trust maintained by the Trustee, are not negotiable and shall not be transferable except: (a) pursuant to applicable laws of descent and distribution (in the case of a deceased individual Liquidating Trust Beneficiary) or (b) by operation of law. The Trustee shall not be required to record any transfer in favor of any transferee who, in the sole discretion of the Trustee, is or might be construed to be ambiguous, or to create uncertainty as to the holder of the interest in the Liquidating Trust. Until a transfer is in fact recorded on the books and records maintained by the Trustee for the purpose of identifying Liquidating Trust Beneficiaries, the Trustee, whether or not in receipt of documents of transfer or other documents relating to the transfer, may nevertheless make distributions and send communications to Liquidating Trust Beneficiaries, as though it has no notice of any such transfer, and in so doing the Trustee shall be fully protected and incur no liability to any purported transferee or any other Person.

4.3 Identification of Beneficiaries.

In order to determine the identities, addresses, tax identification numbers, or other information concerning the Liquidating Trust Beneficiaries, the Trustee shall be entitled to conclusively rely on the Debtor's Schedules, filed proofs of claim, the books and records of the Debtor or the Liquidating Trust, and, with respect to Class 3 Equity Interests, the applicable securities position report or other records of The Depository Trust Company ("DTC"), its participants, other securities intermediaries, or any paying or distribution agent utilized pursuant to the Plan. Each Liquidating Trust Beneficiary, other than a Holder of a Class 3 Equity Interest receiving a distribution through DTC, its participants, other securities intermediaries, or a paying or distribution agent, shall furnish in writing its name, address, and tax identification number to the Trustee within 30 days after a written request from the Trustee. In the event that any such Liquidating Trust Beneficiary fails to provide the information required by the preceding sentence before the date that is 180 days after such request, such Liquidating Trust Beneficiary shall forfeit its right to receive the applicable distribution, and any amount otherwise distributable to such Liquidating Trust Beneficiary shall revert to the Liquidating Trust (notwithstanding any otherwise applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary) for redistribution in accordance with the Plan and this Agreement or for payment of ordinary-course expenses of the Liquidating Trust. Each distribution by the Trustee to the Liquidating Trust Beneficiaries shall be made in accordance with the terms set forth in the Plan, any order of the

Bankruptcy Court, and this Agreement. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall govern.

ARTICLE V
PURPOSE, AUTHORITY, LIMITATIONS AND DISTRIBUTIONS

5.1 Purpose of the Liquidating Trust.

The Liquidating Trust shall be established for the sole purpose of liquidating, administering and distributing its assets, in accordance with Treasury Regulation Section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business and shall engage only in activities reasonably necessary to, and consistent with, the liquidating purpose of the Liquidating Trust. Accordingly, the Trustee, in an expeditious but orderly manner, shall liquidate and convert to cash the Liquidating Trust Assets, make timely distributions and not unduly prolong the duration of the Liquidating Trust. The liquidation of the Liquidating Trust Assets may be accomplished either through the prosecution, compromise and settlement, abandonment or dismissal of any or all Claims, rights, Causes of Action, or otherwise. The Liquidating Trust shall not be deemed a successor-in-interest of the Debtor for any purpose other than as specifically set forth in the Plan or in this Agreement.

5.2 Books and Records.

The Trustee shall maintain, in respect of the Liquidating Trust estate and the Liquidating Trust Beneficiaries and all others to receive distributions under this Agreement, books and records relating to the assets and income of the Liquidating Trust and the payment of expenses of, and liabilities of, claims against or assumed by, the Liquidating Trust in such detail and for such period of time as may be necessary to enable it to make full and proper accounting in respect thereof in accordance with Article VII hereof and to comply with applicable provisions of law, *provided that* books and records shall be maintained with respect to the Liquidating Trust Assets. Except as provided in Section 7.1 hereof, nothing in this Agreement requires the Trustee to file any accounting or seek approval of any court with respect to the administration of the Liquidating Trust, or as a condition for making any payment or distribution out of the Liquidating Trust Assets. Liquidating Trust Beneficiaries shall have the right upon 30 days' prior written notice delivered to the Trustee to inspect such books and records, that relate to the assets for which such Liquidating Trust Beneficiary is a beneficiary, *provided that*, if so requested, such Liquidating Trust Beneficiary shall have entered into a confidentiality agreement satisfactory in form and substance to the Trustee.

5.3 Payment of Distribution Amounts. Subject to the payment of any applicable BDO Success Fee pursuant to Section 3.2 of this Agreement and Article II.B.3 of the Plan, the Trustee shall make distributions to the applicable Liquidating Trust Beneficiaries of all Cash on hand from the Liquidating Trust Assets that relate to such Liquidating Trust Beneficiaries, in accordance with this Agreement (including any Cash received from the Debtor on the Effective Date, and treating as Cash for purposes of this section any permitted investments under the Plan), except such amounts (i) that would be distributable to a holder of a Disputed Claim if such Disputed Claim had been Allowed prior to the time of such distribution (but only until such Claim is resolved), (ii) that are reasonably necessary to meet contingent liabilities and to maintain the value of the assets of the Liquidating Trust during liquidation, (iii) that are necessary to pay reasonable expenses of the Liquidating Trust (including, but not limited to, any taxes imposed on the Liquidating Trust or in respect of its assets), (iv) that are necessary to satisfy other liabilities incurred by the Liquidating Trust in accordance with the Plan or this Agreement, and (v) that are not required to be distributed pursuant to the Class 3 distribution provisions of the Plan. Notwithstanding anything to the contrary in this Section 5.3, while any Litigation Claim remains unresolved, the Trustee shall retain the Litigation Reserve in the amount required by Section 3.2, and no portion of the Litigation Reserve shall be available for distribution to any Holder of a Claim or Interest except as expressly provided in Section 3.2 following the final resolution, settlement, abandonment, dismissal, or other final disposition of all Litigation Claims.

5.4 Payment of Compensation of Trustee. The Trustee may pay the compensation of the Trustee and other costs and expenses of the Liquidating Trust before approving or making distributions to or for the Liquidating Trust Beneficiaries; provided, however, that the Litigation Reserve shall not be available for the payment of any such compensation, costs, or expenses and shall be used solely for the purposes expressly provided in this Agreement.

5.5 Administration of Distributions.

(a) Manner of Payment. At the option of the Trustee, any Cash payment to be made hereunder may be made by a check or wire transfer.

(b) Class 3 Distributions. In connection with the cancellation of the Class 3 Equity Interests, the Debtor shall obtain and preserve the applicable securities position report or other records of The Depository Trust Company ("DTC") reflecting the positions in the Class 3 Equity Interests as of the Class 3 Equity Interests Record Date and shall provide such report and records to the Trustee. Following the occurrence of a Class 3 Distribution Determination, the Trustee shall be entitled to rely on such report and records, together with the records of DTC, its participants, and other applicable securities intermediaries, for purposes of determining the Holders entitled to Class 3 distributions and the amounts distributable to them in accordance with the Plan. The Trustee may make or cause Class 3 distributions to be made through DTC, its participants, other applicable securities intermediaries, or one or more paying or distribution agents and may take such actions and execute such documents as the Trustee determines are reasonably necessary or appropriate to effectuate such distributions in accordance with the Plan.

(c) Interest on Claims. Unless otherwise specifically provided for in the Plan or the Confirmation Order, no post-petition interest shall accrue or be paid on any Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim.

(d) Setoffs and Recoupment. The Trustee may, but shall not be required to, set off against or recoup from any Claim any claims, rights, or Causes of Action of the Liquidating Trust against the Holder of such Claim, provided, however, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release of any such claim, right, or Cause of Action.

(e) Unclaimed Distributions. In the event that any distribution to any Liquidating Trust Beneficiary is returned as undeliverable, the Trustee shall use commercially reasonable efforts to determine the current address of such Liquidating Trust Beneficiary, but no distribution to such Liquidating Trust Beneficiary shall be made unless and until the Trustee has determined the then-current address of such Liquidating Trust Beneficiary, at which time such distribution shall be made without interest; provided that any such distribution remaining unclaimed for one year after the date on which the Trustee first attempted to make such distribution shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code. Thereafter, such unclaimed distribution shall revert to the Liquidating Trust (notwithstanding any otherwise applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary) for redistribution in accordance with the Plan and this Agreement or for payment of ordinary-course expenses of the Liquidating Trust, and the Liquidating Trust Beneficiary's right to receive such distribution shall be forever barred.

(f) Compliance with Laws. Any and all distributions of Liquidating Trust Assets shall be in compliance with applicable laws, including but not limited to, applicable federal and state securities and tax laws.

(g) Abandonment. The Trustee may abandon in any commercially reasonable manner (including abandonment or donation to a charitable organization of the Trustee's choice) any property that the Trustee reasonably concludes is of inconsequential value or benefit to the Liquidating Trust or the Liquidating Trust Beneficiaries; provided, however, that no Cash or other property comprising the Litigation Reserve may be abandoned, donated, or otherwise disposed of pursuant to this Section 5.5(g), and any amount remaining in the Litigation Reserve shall be administered and distributed solely in accordance with Section 3.2 of this Agreement.

5.6 Periodic Evaluation.

(a) Claims Analysis and Claims Reconciliation Process. On the first anniversary of the Effective Date, and every six months thereafter, the Trustee shall, with respect to each Liquidating Trust Cause of Action, (i) estimate the potential recovery relating to such Liquidating Trust Cause of Action, (ii) estimate the cost to the Liquidating Trust to achieve such recovery, (iii) estimate the time required to obtain such recovery, and prepare a report containing such information. Every six months after the Effective Date, the Trustee shall also prepare a report containing an update with respect to the Claims reconciliation process.

ARTICLE VI
SUCCESSOR TRUSTEE

6.1 Resignation.

The Trustee may resign by giving not less than ninety (90) days' prior written notice by filing such notice with the Bankruptcy Court; provided, however, that such resignation shall not become effective until a successor Trustee has been appointed and has accepted such appointment pursuant to Section 6.3.

6.2 Removal.

The Trustee may be removed for cause by order of the Bankruptcy Court upon motion of any party in interest and after notice and an opportunity for a hearing. In the event of the removal of the Trustee, the Trustee shall be entitled to payment of all compensation earned and reimbursement of all allowable expenses incurred through and including the effective date of such removal, subject to the terms of this Agreement.

6.3 Appointment and Acceptance of Successor Trustee.

In the event of the resignation, removal, death, dissolution, incapacity, or other inability of the Trustee to serve, a successor Trustee shall be appointed by order of the Bankruptcy Court . Any successor Trustee appointed hereunder shall execute an instrument accepting such appointment and shall file such acceptance with the Liquidating Trust records. Upon such acceptance, the successor Trustee shall, without any further act, become vested with all of the estates, properties, rights, powers, trusts, and duties of its predecessor with respect to the Liquidating Trust with like effect as if originally named herein; provided, however, that a removed or resigning Trustee shall, when reasonably requested in writing by the successor Trustee, execute and deliver such instruments as may be reasonably necessary to convey and transfer to the successor Trustee all such estates, properties, rights, powers, and trusts.

ARTICLE VII
TAX MATTERS

7.1 Tax Reporting.

(a) Tax Returns and Statements. The Trustee shall file tax returns for the Liquidating Trust treating the Liquidating Trust as a grantor trust pursuant to Treasury Regulation section 1.671-4(a) and in accordance with this Section 7.1 and the Plan, for the benefit of the Liquidating Trust Beneficiaries. The Trustee also will annually send to each Liquidating Trust Beneficiary a separate statement setting forth the Liquidating Trust Beneficiary's share of items of income, gain, loss, deduction or credit (including the receipts and expenditures of the Liquidating Trust) as relevant for U.S. federal income tax purposes and will instruct all such holders to use such information in preparing their U.S. federal income tax returns or to forward the appropriate information to such holder's underlying beneficial holders with instructions to utilize such information in preparing their U.S. federal income tax returns. The Trustee shall also file (or cause to be filed) any other statement, return or disclosure relating to the Liquidating Trust that is required by any governmental unit. For the avoidance of doubt, no Holder of a Class 3 Equity Interest shall be treated as a Liquidating Trust Beneficiary, grantor, or owner of any portion of the Liquidating Trust or the Liquidating Trust Assets solely by reason of having held such Class 3 Equity Interest on the Effective Date or by reason of the preservation of the contingent right to receive future distributions pursuant to the Plan.

(b) Allocations of Liquidating Trust Taxable Income. Subject to the provisions of Section 7.2 hereof, allocations of Liquidating Trust taxable income among the Liquidating Trust Beneficiaries shall be determined by reference to the manner in which an amount of Cash equal to such taxable income would be distributed (without regard to any restrictions on distributions described herein) if, immediately prior to such deemed distribution, the Liquidating Trust had distributed all its assets (valued at their tax book value) to the Liquidating Trust Beneficiaries, in each case up to the tax book value of the assets treated as contributed by the Liquidating Trust Beneficiaries, adjusted for prior taxable income and loss and taking into account all prior and concurrent distributions from the Liquidating Trust. Taxable loss of the Liquidating Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the Liquidating Trust Assets. The tax book value of the Liquidating Trust Assets for this purpose shall equal their fair market value on the Effective Date, adjusted in accordance with tax accounting principles prescribed by the Tax Code, the applicable tax regulations, and other applicable administrative and judicial authorities and pronouncements.

(c) Payment of Taxes. The Trustee shall be responsible for payments, out of the Liquidating Trust Assets, of any taxes imposed on the trust or its assets including any Disputed Claims reserve with respect to Liquidating Trust Assets. In the event, and to the extent, any Cash retained on account of Disputed Claims in a Disputed Claims reserve is insufficient to pay the portion of any such taxes attributable to the taxable income arising from the assets allocable to, or retained on account of, Disputed Claims, such taxes shall be (i) reimbursed from any subsequent Cash amounts retained on account of Disputed Claims, or (ii) to the extent such Disputed Claims have subsequently been resolved, deducted from any amounts distributable by the Trustee as a result of the resolutions of such Disputed Claims; *provided*, *however*, that any taxes that reduce distributions pursuant to the foregoing clauses (i) and (ii) shall, for all purposes of this Agreement, be treated as amounts distributed to those holders of Claims whose distributions are so reduced.

7.2 Tax Treatment of Disputed Claims Reserve. Subject to contrary definitive guidance from the Internal Revenue Service or a court of competent jurisdiction (including the receipt by the Trustee of a private letter ruling if the Trustee so requests, or the receipt of an adverse determination by the Internal Revenue Service upon audit if not contested by the Trustee), the Trustee may (A) timely elect to treat any Disputed Claims reserve as a "disputed ownership fund" governed by Treasury Regulation section 1.468B-9 and (B) to the extent permitted by applicable law, report consistently with the foregoing for state and local income tax purposes. All parties (including the Trustee and the Liquidating Trust Beneficiaries) shall report for U.S. federal, state and local income tax purposes consistently with the foregoing.

7.3 Withholding. The Trustee may withhold from amounts otherwise distributable to any entity any and all amounts, determined in the Trustee's sole discretion, required by the Liquidating Trust Agreement, any law, regulation, rule, ruling, directive, treaty, or other governmental requirement. Notwithstanding the above, each holder of an Allowed Claim that is to receive a distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any taxes imposed on such holder by any governmental unit, including income, withholding and other tax obligations, on account of such distribution. Any party issuing any instrument or making any distribution under the Plan has the right, but not the obligation, to not make a distribution until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations and, if any party issuing any instrument or making any distribution under the Plan fails to withhold with respect to any such holder's distribution, and is later held liable for the amount of such withholding, the holder shall reimburse such party. The Trustee may require, as a condition to the receipt of a distribution, that the applicable holder complete the appropriate Form W-8 or Form W-9, as applicable. If such holder fails to comply with such a request within 180 days after the date of such request, such holder shall forfeit its right to receive the applicable distribution, and the amount otherwise distributable to such holder shall be treated in accordance with Section 5.5(e) of this Agreement.

7.4 Valuation. The valuation of the Liquidating Trust Assets determined pursuant to Section 3.3 of this Agreement shall be used consistently by all parties (including the Trustee and the Liquidating Trust Beneficiaries) for all federal income tax purposes, except as otherwise required by applicable law.

7.5 Expedited Determination of Taxes. The Trustee may request an expedited determination of taxes of the Debtor or the Liquidating Trust, including any Disputed Claims reserve, under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Debtor or the Liquidating Trust for all taxable periods through the dissolution of the Liquidating Trust.

ARTICLE VIII
DISSOLUTION

8.1 Dissolution of Liquidating Trust.

The Liquidating Trust shall be dissolved, in accordance with this section and at such time as (i) all of the Liquidating Trust Assets have been distributed pursuant to the Plan and this Agreement, (ii) the Trustee determines that the administration of any remaining Liquidating Trust Assets is not likely to yield sufficient additional proceeds to justify further pursuit, or (iii) all distributions required to be made by the Trustee under the Plan and this Agreement have been made and no Liquidating Trust Assets remain that the Trustee determines should continue to be administered; provided, however, that in no event shall the Liquidating Trust be dissolved later than five years from the Effective Date unless the Bankruptcy Court determines that a fixed period extension (not to exceed two years, including any prior extensions) is necessary to facilitate or complete the recovery and liquidation of the Liquidating Trust Assets.

Notwithstanding anything to the contrary in this Agreement, the Liquidating Trust shall not be dissolved until (i) all Litigation Claims have been finally resolved, settled, abandoned, dismissed, or otherwise finally disposed of, (ii) all out-of-pocket costs and expenses properly chargeable to the Litigation Reserve have been paid or provided for, and (iii) any Cash remaining in the Litigation Reserve has been distributed to Holders of Claims and Interests entitled to distributions under the Plan in accordance with Section 3.2 of this Agreement.

If at any time the Trustee determines, in reliance upon such professionals as the Trustee may retain, that the expense of administering the Liquidating Trust so as to make a final distribution to the Liquidating Trust Beneficiaries is likely to exceed the value of the remaining Liquidating Trust Assets, the Trustee may apply to the Bankruptcy Court for authority to (i) reserve any amount necessary to dissolve the Liquidating Trust, (ii) donate any balance, other than any amount comprising or remaining in the Litigation Reserve, to a charitable organization (A) described in section 501(c)(3) of the Tax Code, (B) exempt from U.S. federal income tax under section 501(a) of the Tax Code, (C) not a "private foundation" as defined in section 509(a) of the Tax Code, and (D) that is unrelated to the Debtor, the Liquidating Trust, and any insider of the Trustee, and (iii) dissolve the Liquidating Trust.

ARTICLE IX
AMENDMENT AND WAIVER

9.1 Amendment; Waiver.

(a) The Trustee may amend, supplement, or waive any provision of this Agreement without notice to or the consent of any Liquidating Trust Beneficiary or the approval of the Bankruptcy Court (i) to cure any ambiguity, omission, defect or inconsistency in this Agreement; *provided that* such amendments, supplements or waivers shall not adversely affect the distributions to be made under this Agreement to any of the Liquidating Trust Beneficiaries, or adversely affect the U.S. federal income tax status of the Liquidating Trust as a "liquidating trust;" (ii) to comply with any requirements in connection with the U.S. federal income tax status of the Liquidating Trust as a "liquidating trust"; (iii) to comply with any requirements in connection with maintaining that the Liquidating Trust is not subject to registration or reporting requirements of the Exchange Act, or the Investment Company Act; (iv) to make the Liquidating Trust a reporting entity and, in such event, to comply with or seek relief from any requirements in connection with satisfying the registration or reporting requirements of the Exchange Act or the Investment Company Act; and (v) to evidence and provide for the acceptance of appointment hereunder by a successor trustee in accordance with the terms of this Agreement and the Plan.

(b) Any substantive provision of this Agreement may be amended or waived by the Trustee with the approval of the Bankruptcy Court upon notice and an opportunity for a hearing; *provided*, *however*, that no change may be made to this Agreement that would adversely affect the distributions to be made under this Agreement to any of the Liquidating Trust Beneficiaries, or adversely affect the U.S. federal income tax status of the Liquidating Trust as a "liquidating trust." Notwithstanding this Section 9.1, any amendments to this Agreement shall not be inconsistent with the purpose and intention of the Liquidating Trust to liquidate in an expeditious but orderly manner the Liquidating Trust Assets in accordance with Treasury Regulation Section 301.7701-4(d). Notwithstanding anything to the contrary in this Section 9.1, no amendment, supplement, or waiver of this Agreement may reduce the amount of the Litigation Reserve, expand the permitted uses of the Litigation Reserve, or otherwise modify the restrictions applicable to the Litigation Reserve under this Agreement, except to the extent necessary to permit the payment of out-of-pocket costs and expenses of the Litigation Claims expressly permitted by this Agreement.

ARTICLE X
MISCELLANEOUS PROVISIONS

10.1 Intention of Parties to Establish Grantor Trust.

This Agreement is intended to create a grantor trust with respect to the Liquidating Trust Beneficiaries for United States federal income tax purposes, for the benefit of the Liquidating Trust Beneficiaries to the extent provided by law.

10.2 Preservation of Privilege.

In connection with the Liquidating Trust Causes of Action, any applicable privilege or immunity of the Debtor, including but not limited to any attorney-client privilege or work-product privilege attaching to any documents or communications (whether written or oral), and all defenses, claims, counterclaims, and rights of setoff or recoupment shall vest in the Liquidating Trust and may be asserted by the Trustee. Notwithstanding the Debtor's providing any privileged information to the Trustee, the Liquidating Trust, or any party or person associated with the Liquidating Trust, such privileged information shall remain privileged. With respect to the Liquidating Trust Causes of Action, the Trustee shall have the exclusive authority, on behalf of the Liquidating Trust, to assert or waive any attorney-client privilege, work-product protection, or other applicable privilege, protection, or immunity of the Debtor. .

10.3 Debtor's Cooperation and Supply of Information and Documentation.

Prior to the dissolution of the Debtor, upon written request from the Trustee, the Debtor shall provide commercially reasonable cooperation and shall supply, at the Liquidating Trust's sole expense and subject to reasonable confidentiality protections, all information, books, records, and documentation reasonably available to the Debtor that the Trustee reasonably requires to evaluate, prosecute, settle, or otherwise administer the Liquidating Trust Causes of Action. Prior to its dissolution, the Debtor shall also use commercially reasonable efforts to facilitate the Trustee's access to former directors, officers, employees, and other personnel having information relevant to the Liquidating Trust Causes of Action. The dissolution of the Debtor shall not impair the Trustee's ownership, possession, custody, or control of any books, records, documents, information, or other materials previously transferred or made available to the Liquidating Trust pursuant to the Plan or this Agreement.

10.4 Prevailing Party.

If the Trustee or the Liquidating Trust, as the case may be, is the prevailing party in a dispute regarding the provisions of this Agreement or the enforcement thereof, the Trustee or the Liquidating Trust, as the case may be, shall be entitled to collect any and all costs, expenses, and fees, including attorneys' fees, from the nonprevailing party incurred in connection with such dispute or enforcement action.

10.5 Laws as to Construction.

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to rules governing the conflict of law which would require the application of the law of another jurisdiction. In the event of any conflict between the terms of this Agreement and the Plan, the Plan shall control. To the maximum extent allowed by law, the Bankruptcy Court shall have exclusive jurisdiction of matters arising out of or in connection with this Agreement.

10.6 Severability.

If any provision of this Agreement or application thereof to any person or circumstance shall be finally determined by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and such provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

10.7 Notices.

Any notice or other communication hereunder shall be in writing and shall be deemed sufficiently given for all purposes if delivered by nationally recognized overnight courier, deposited in the United States mail, postage prepaid, or transmitted by electronic mail, in each case to the person for whom such notice is intended at the address or electronic mail address set forth below, or at such other address or electronic mail address as may be designated by notice in accordance with this Section:

If to the Trustee, then to:

Michael Von Lehman
Meridan Management Partners
39 Newgate Road
Pittsburgh, PA 15202
mvonlehman@meridianmp.com

10.8 Notices if to a Liquidating Trust Beneficiary.

Any notice or other communication hereunder to a Liquidating Trust Beneficiary shall be in writing and shall be deemed sufficiently given for all purposes if sent to such Liquidating Trust Beneficiary at the most recent mailing address or electronic mail address reflected in the books and records of the Liquidating Trust or otherwise provided by such Liquidating Trust Beneficiary to the Trustee. In the absence of such information, the Trustee may rely on the name and address reflected in the Debtor's Schedules, any proof of claim, or other applicable records available to the Trustee. Notice may be provided by any other means reasonably calculated under the circumstances to apprise the Liquidating Trust Beneficiary of the applicable matter. Notwithstanding the foregoing, for any Holder of a Class 3 Equity Interest whose entitlement to a distribution is determined through the records of The Depository Trust Company, its participants, or other securities intermediaries pursuant to the Plan, the Trustee may provide notices and communications through such entities or by such other procedures as the Trustee determines are reasonably appropriate and consistent with the Plan.

10.9 Headings.

The section headings contained in this Agreement are solely for convenience of reference and shall not affect the meaning or interpretation of this Agreement or any term or provision hereof.

10.10 Actions Taken on Other Than Business Day.

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.

IN WITNESS WHEREOF, the parties hereto have either executed and acknowledged this Agreement, or caused it to be executed and acknowledged on their behalf by their duly authorized officers all as the date of the first above written.

LIPELLA PHARMACEUTICALS INC.,
Debtor

By: ______________________________

Name: ____________________________

Title: _____________________________

MERIDIAN MANAGEMENT PARTNERS, LLC, Liquidating Trustee

By: ______________________________

Name: Michael T. Von Lehman

Title: _____________________________

EXHIBIT B

LIQUIDATION ANALYSIS

Introduction

Pursuant to section 1129(a)(7) of the Bankruptcy Code, each holder of an impaired claim or equity interest must either (a) accept a chapter 11 plan or (b) receive or retain under a chapter 11 plan property of a value, as of the plan effective date, that is not less than the value such nonaccepting holder would receive or retain if the Debtor was liquidated under chapter 7 of the Bankruptcy Code (often referred to as the "Best Interests Test"). To demonstrate that the proposed Plan satisfies the Best Interests Test, the Plan Proponents, have prepared the following hypothetical liquidation analysis (the "Liquidation Analysis"), which is based upon certain assumptions discussed in the Disclosure Statement (as defined herein) and in the accompanying notes to the Liquidation Analysis.

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan and Disclosure Statement, as applicable.

Methodology

The Liquidation Analysis has been prepared assuming that the Debtor's Chapter 11 Case is converted to a chapter 7 liquidation on August 31, 2026 (the "Chapter 7 Conversion Date").

The values set forth therein are assumed to be representative of the Debtor's approximate assets and liabilities as of the Chapter 7 Conversion Date. It is assumed that, on the Chapter 7 Conversion Date, the Bankruptcy Court would appoint a chapter 7 trustee (the "Chapter 7 Trustee").

Global Notes &Assumptions

1. **Chapter 7 Liquidation Costs and Length of Liquidation Process** —The Plan Proponents have assumed that liquidation pursuant to chapter 7 of the Bankruptcy Code would require approximately the same amount of time as it would if the Chapter 11 Case was not converted to Chapter 7. In an actual liquidation, the wind down process and time period could vary significantly, thereby impacting recoveries. Accordingly, there can be no assurance that the values reflected in this Liquidation Analysis would be realized in a chapter 7 liquidation.

Pursuant to section 726 of the Bankruptcy Code, the allowed administrative expenses incurred by the Chapter 7 Trustee would be entitled to payment in full prior to any distributions to chapter 11 Allowed Administrative Claims and Allowed Priority Claims. The estimates used in the Liquidation Analysis for these expenses include estimates for operational expenses and the fees and costs for certain legal, accounting, and other professionals, as well as an estimated fee payable to the Chapter 7 Trustee (calculated in accordance with 11 U.S.C. § 326(a)) based on the amount of assets distributed to creditors.

2. **Distribution of Net Proceeds** —The assumed distributions to creditors as reflected in the Liquidation Analysis are estimated in accordance with the absolute priority rule pursuant to section 1129(b)(2) of the Bankruptcy Code or section 726 of the Bankruptcy Code, as applicable.

CONFIDENTIAL

Lipella Pharmaceuticals Inc.
Best Interest of Creditors Test

	Projected Book Value	%	Chapter 7 - Low Adjusted Value	%	Chapter 7 - High Adjusted Value	%	Chapter 11 - Low Adjusted Value	%	Chapter 11 - High Adjusted Value	Notes
Assets										
Cash of the Estate as at August 31, 2026	$ 649,085	*100%*	$ 649,085	*100%*	$ 649,085	*100%*	$ 649,085	*100%*	$ 649,085	*1*
Total Assets	**$ 649,085**		**$ 649,085**		**$ 649,085**		**$ 649,085**		**$ 649,085**	
Liabilities										
Professional Fees payable through to Effective Date			$ 294,000		$ 294,000		$ 130,000		$ 130,000	*2*
CEO/CFO Costs through to Effective Date			69,213		69,213		30,380		30,380	*3*
2025 Tax Returns and UST Fees for 11 proceedings			12,616		12,616		12,616		12,616	
D&O Liability Coverage Cost			170,000		170,000		170,000		170,000	
Other			13,522		13,522		13,522		13,522	*4*
Total			**$ 559,351**		**$ 559,351**		**$ 356,518**		**$ 356,518**	
Recovery %			*100%*		*100%*		*100%*		*100%*	
Estimated Cash at Effective Date (November 15, 2026):			**$ 89,734**		**$ 89,734**		**$ 292,567**		**$ 292,567**	
Potential Recoveries from:	**Gross Recovery**									
Lab Equipment	$ 63,500	*0%*	$ -	*25%*	$ 15,875	*0%*	$ -	*25%*	$ 15,875	*5*
Proceeds from Milestone 1 Payment under the APA	$ 200,000	*0%*	$ -	*100%*	$ 200,000	*0%*	$ -	*100%*	$ 200,000	*6*
Proceeds from Milestones 2 under the APA	$ 1,000,000	*0%*	$ -	*0%*	$ -	*0%*	$ -	*50%*	$ 500,000	*7*
Proceeds from Milestones 3 under the APA	$ 2,000,000	*0%*	$ -	*0%*	$ -	*0%*	$ -	*25%*	$ 500,000	*7*
Fees on SH APA Proceeds			-		(40,000)		-		(199,500)	*8*
Potential Litigation Proceeds	-		-		-		-		-	*9*
Total Net Recoveries	**$ 3,263,500**		**$ -**		**$ 175,875**		**$ -**		**$ 1,016,375**	
Estimated Cash Available Incl. Potential Recoveries			**$ 89,734**		**$ 265,609**		**$ 292,567**		**$ 1,308,942**	
<u>Trustee Fees and Incremental Professional Fees</u>										
Chapter 7 Trustee Fee (3%)			$ 2,692		$ 7,968		$ -		$ -	*10*
Chapter 7 Trustee Professional Fee and Costs			300,000		300,000		-		-	*11*
Chapter 11 Liquidating Trustee Fees and Costs			-		-		282,000		282,000	*11*
Total			$ 302,692		$ 307,968		$ 282,000		$ 282,000	
Cash Available to Priority Claims:			**$ (212,958)**		**$ (42,360)**		**$ 10,567**		**$ 1,026,942**	
Priority Claims			$ 17,150		$ 17,150		$ -		$ -	*12*
% Recovery			*-1242%*		*-247%*		*#DIV/0!*		*#DIV/0!*	
Cash Available to Non-Insider GUC Claims:			**$ (230,108)**		**$ (59,510)**		**$ 10,567**		**$ 1,026,942**	
Non-Insider Claims			$ 23,748		$ 23,748		$ 23,748		$ 23,748	*13*

	Projected Book Value	%	Chapter 7 - Low Adjusted Value	%	Chapter 7 - High Adjusted Value	%	Chapter 11 - Low Adjusted Value	%	Chapter 11 - High Adjusted Value	Notes
% Recovery			*-969%*		*-251%*		*44%*		*100%*	
Cash Available for Remaining Deferred Claims			**$ (253,857)**		**$ (83,258)**		**$ (13,181)**		**$ 1,003,194**	
Unsecured Deferred Claims			$ -		$ -		$ 219,983		$ 219,983	14
% Recovery			*#DIV/0!*		*#DIV/0!*		*-6%*		*100%*	
Cash Available for Remaining Insider Claims			**$ (253,857)**		**$ (83,258)**		**$ (233,165)**		**$ 783,210**	
Unsecured Insider Claims			$ 298,350		$ 298,350		$ 298,350		$ 298,350	15
% Recovery			*-85%*		*-28%*		*-78%*		*100%*	
Cash Available for Equity Claims			**$ (552,207)**		**$ (381,608)**		**$ (531,515)**		**$ 484,860**	
# of Equity Claims			4,500,000		4,500,000		4,500,000		4,500,000	
Equity $/ Claim			*$ (0.12)*		*$ (0.08)*		*$ (0.12)*		*$ 0.11*	

Notes	
1	Cash at August 31, 2026 per the August 31, MOR.
2	Debtor's Counsel fees from August 31, 2026 through to Effective Date, net of deferred professional fees of $160,000 under the 11 scenarios.
3	Compensation costs for J. Kauffman (CEO) and D. Johnson for services performed from Petition Date through to August 31, 2026. Net of deferred compensation of CEO.
4	Post filing AP and additional $10K costs in Chapter 11 and Chapter 7 for Broadridge costs.
5	All of the Debtor's lab equipment was provided to the University of Pittsburgh / Pittsburgh Surplus for sale on consignment.
6	Under the terms of the SH APA, upon achievement of Milestone 1, the Purchaser is to remit $200,000 to the Debtor. The figure included above is net of fees owing to BDO Consulting Group LLC in the amount of $40,000 in accordance with their SOW and their retention order.
7	Under the terms of the SH APA, the Debtor is owed $1 million and $2 million, respectively, if the Purchaser is able to achieve Milestones 2 and 3.
8	Fees as stipulated under the court approved Retention Order.
9	The Debtor intends to puruse legal action against its former pre-filing professioanl advisors as it relates to the NASDAQ compliance issues.
	The Debtor cannot, at this time, reasonably project the damages and therefore potenital proceeds from this pending litigation.
10	Statutory rate.
11	Assumes trustee hires own counsel and other professionals and will incur costs and time to get up to speed.
11	Estimated Chapter 11 Liquidating Trustee Fee are expected to be less than the total Chapter 7 Trustee and incremental professional fees.
12	Priority Claim of the CEO have been deferred in the Chapter 11 Plan.