

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re: ) Chapter 11  
)  
DG LIQUIDATION CORP., *et al.*,<sup>1</sup> ) Case No. 08-10601 (CSS)  
)  
Debtors. ) Jointly Administered  
)  
) Hearing Date: September 19, 2008 at 2:00 p.m. (ET)  
)  
) Ref. Docket No. 485

**FILING OF EXHIBIT 2 (LIQUIDATION ANALYSIS) TO FIRST  
AMENDED DISCLOSURE STATEMENT PURSUANT TO SECTION 1125  
OF THE BANKRUPTCY CODE WITH RESPECT TO THE  
DEBTORS' FIRST AMENDED CHAPTER 11 PLAN OF LIQUIDATION**

On September 17, 2008, the above-captioned debtors and debtors in possession (together, the "Debtors") filed with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") their *First Amended Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code with Respect to the Debtors' First Amended Chapter 11 Plan of Liquidation* (the "Amended Disclosure Statement") [Docket No. 485]. Annexed hereto is Exhibit 2 to the Amended Disclosure Statement (Liquidation Analysis). The Debtors intend to present the Amended Disclosure Statement for approval at the hearing scheduled in these cases on September 19, 2008 at 2:00 p.m.

Dated: Wilmington, Delaware      Michael P. Richman (NY 2004646, admitted *pro hac vice*)  
September 18, 2008                  Mark A. Salzberg (FL 965741, admitted *pro hac vice*)  
   Erica L. Morabito (VA 44369, admitted *pro hac vice*)  
   FOLEY & LARDNER LLP  
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-and-

YOUNG CONAWAY STARGATT & TAYLOR, LLP

  
Michael R. Nestor (No. 3526)

<sup>1</sup> The Debtors in these proceedings are: DG Liquidation Corp., f/ka/ Diamond Glass, Inc. (Tax ID No. XX-XXX8853); and DT Subsidiary Corp., a wholly owned subsidiary of DG Corp. (Tax ID No. XX-XXX3494), each with a mailing address of 220 Division Street, Kingston, PA 18704.

Joseph M. Barry (No. 4221)  
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*Attorneys for the Debtors and Debtors in Possession*

**DG LIQUIDATION CORP., ET AL.**  
**LIQUIDATION ANALYSIS<sup>1</sup>**  
**AS OF SEPTEMBER 17, 2008**

<b>SOURCES OF FUNDS</b>	<u>Chapter 11</u>	<u>Chapter 7</u>
<u>Assets</u>		
<sup>2</sup> Cash - Estimated Book Balance as of 10/24/08	\$ 10,546,307	\$ 10,546,307
<sup>3</sup> Proceeds from Avoidance Actions/Litigation	<u>1,225,000</u>	<u>1,225,000</u>
Total Assets	11,771,307	11,771,307
<b>USES OF FUNDS</b>		
<u>Liquidation Costs - Post 10/24/08</u>		
Plan Administrator	100,000	-
<sup>4</sup> Professional Fees	240,000	280,000
Taxes	10,000	10,000
Insurance	25,000	25,000
Miscellaneous	25,000	25,000
U.S. Trustee Fees	40,000	40,000
Chapter 7 Trustee Fee	<u>-</u>	<u>369,639</u>
Total Liquidation Costs	440,000	749,639
Funds Available For Claims	11,331,307	11,021,668
<sup>5</sup> Estimated Administrative Claims	420,000	420,000
<sup>6</sup> Estimated Secured Claims	-	-
Estimated Priority Claims	<u>25,000</u>	<u>25,000</u>
Funds Available for Unsecured Claims	<u>\$ 10,886,307</u>	<u>\$ 10,576,668</u>

**Notes**

<sup>1</sup> This analysis assumes the duration of the case will be one year from the effective date.

<sup>2</sup> See Cash Reconciliation Tab

<sup>3</sup> Assumes 30% recovery from action against insurance company for reimbursement of fees, net of additional costs; and 25% recovery, net of additional costs, from avoidance actions

<sup>4</sup> See Plan Professional Fees Tab

<sup>5</sup> Consists of professional fees included post-sale, but pre-confirmation. 503(b)(9) claims have been assumed by Belron US, Inc. and are therefore not incurred.

<sup>6</sup> Assumes that claim # 631, in the amount of \$10,555,310, is not allowed as a secured claim. The funds available for unsecured claims will decrease to the extent that claim #631 is allowed as a secured claim.

**DG LIQUIDATION CORP., ET AL.**  
**LIQUIDATION ANALYSIS**  
**CASH RECONCILIATION**

Book Cash Balance as of 9/8/08	\$ 11,296,745
<sup>1</sup> Estimated Administrative Expenses Paid in September and October 2008	(110,000)
Estimated Pre-Sale Professional Fees Paid (Holdback)	(422,438)
<sup>1</sup> Estimated Post-Sale Professional Fees Paid in September and October 2008	<u>(218,000)</u>
Estimated Book Cash Balance - 10/24/08	\$ 10,546,307

<sup>1</sup> See Post-Sale Expenses Tab



**DG LIQUIDATION CORP.  
LIQUIDATION ANALYSIS  
ESTIMATED ESTATE EXPENSES AND DISBURSEMENTS  
ESTIMATED UNPAID PROFESSIONAL FEES AND ADMINISTRATIVE CLAIMS  
FOR THE JULY - OCTOBER 2008 PERIOD**

<b>ESTIMATED EXPENSES</b>	<b>July<sup>1</sup></b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>Total</b>
<b>Professional Fees</b>					
Foley & Lardner	\$ 61,000	\$ 30,000	\$ 30,000	\$ 40,000	\$ 161,000
Young Conaway	23,000	20,000	20,000	20,000	83,000
Getzler Henrich	15,000	15,000	15,000	15,000	60,000
Garden City Group	60,000	33,000	25,000	25,000	143,000
Cozen O'Connor	52,000	20,000	20,000	30,000	122,000
FTI	24,000	15,000	15,000	15,000	69,000
Total Professional Fees	<u>235,000</u>	<u>133,000</u>	<u>125,000</u>	<u>145,000</u>	<u>638,000</u>
<b>Administrative Expenses</b>					
Miscellaneous Administrative Expenses	95,050	38,350	10,000	100,000	243,400
Total Administrative Expenses	<u>95,050</u>	<u>38,350</u>	<u>10,000</u>	<u>100,000</u>	<u>243,400</u>
<b>Total Estate Expenses</b>	<u>\$ 330,050</u>	<u>\$ 171,350</u>	<u>\$ 135,000</u>	<u>\$ 245,000</u>	<u>\$ 881,400</u>

**ESTIMATED DISBURSEMENTS PRIOR TO CONFIRMATION**

<b>Estimated Disbursements</b>					
Professional Fees	\$ -	\$ -	\$ 130,000	\$ 88,000	\$ 218,000
Administrative Expenses	95,050	38,350	10,000	100,000	243,400
Total	<u>\$ 95,050</u>	<u>\$ 38,350</u>	<u>\$ 140,000</u>	<u>\$ 188,000</u>	<u>\$ 461,400</u>

**ESTIMATED ADMINISTRATIVE CLAIMS AS OF CONFIRMATION DATE**

<b>Estimated Claims</b>					
Unpaid Professional Fees	\$ -	\$ -	\$ -	\$ 420,000	\$ 420,000
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420,000</u>	<u>\$ 420,000</u>

<sup>1</sup> July fees are actuals