

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

<p>In re:</p> <p>DBSI, INC., <i>et al.</i>,</p> <p style="text-align: center;">Debtors.</p>	<p>Chapter 11</p> <p>Case No. 08-12687 (PJW)</p> <p>Jointly Administered</p>
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**TIC INVESTOR DISCLOSURE STATEMENT PURSUANT TO SECTION
1125 OF THE BANKRUPTCY CODE AND PLAN SUMMARY PURSUANT
TO FED.R.BANKR.P. 3017(d) WITH RESPECT TO SECOND AMENDED
JOINT CHAPTER 11 PLAN OF LIQUIDATION FILED BY THE
CHAPTER 11 TRUSTEE AND THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS**

<p>Dated: August 17, 2010</p> <p>GREENBERG TRAURIG, LLP</p> <p>Donald J. Detweiler (No. 3087) Dennis A. Meloro (No. 4435) The Nemours Building 1007 North Orange Street, Suite 1200 Wilmington, DE 19801 T (302) 661-7000 F (302) 661-7360 E-mail: detweilerd@gtlaw.com Email: melorod@gtlaw.com - and - Michael H. Goldstein Nathan A. Schultz 2450 Colorado Avenue, Suite 400 East Santa Monica, CA 90404 E-mail: goldsteinmh@gtlaw.com E-Mail: schultzn@gtlaw.com</p> <p><i>Attorneys for Official Committee of Unsecured Creditors</i></p>	<p>GIBBONS P.C.</p> <p>William R. Firth, III (Bar No. 4356) 1000 N. West Street, Suite 1200 Wilmington, DE 19801-1058 T (302) 295-4875 F (302) 295-4876 E-mail: wfirth@gibbonslaw.com</p> <p>- and -</p> <p>Karen A. Giannelli Mark B. Conlan Natasha M. Songonuga One Gateway Center Newark, NJ 07102-5310 E-mail: kgiannelli@gibbonslaw.com E-mail: mconlan@gibbonslaw.com E-mail: nsongonuga@gibbonslaw.com T (973) 596-4500 F (973) 596-0545</p> <p><i>Attorneys for James R. Zazzali, Chapter 11 Trustee</i></p>
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INTRODUCTION
- ABOUT THE DISCLOSURE STATEMENT AND VOTING -

WHAT IS THIS DOCUMENT? This document is a “Disclosure Statement” prepared specifically for persons or entities who made tenant-in-common investments in certain real properties that were managed by DBSI, Inc. and/or its affiliates under masterleases, operating agreements, or management agreements (“TIC Investors”). It contains (and constitutes) a summary of the Second Amended Joint Chapter 11 Plan of Liquidation dated August 17, 2010 (as it may have been or may be amended, the “Plan”).

WHAT IS THE PURPOSE OF THIS DISCLOSURE STATEMENT? The purpose of this Disclosure Statement is to provide TIC Investors with adequate information to make an informed judgment regarding whether they should vote to accept or reject the Plan.

WHAT DO I NEED TO DO WITH THIS DISCLOSURE STATEMENT? You should review this Disclosure Statement (and any additional information you find helpful) and decide whether you will vote to accept or reject the Plan.

HOW DO I VOTE TO ACCEPT OR REJECT THE PLAN?

To vote to accept or reject the Plan, you must fill out and return a Ballot. You should use only the Ballot sent to you with the Disclosure Statement to cast your vote for or against the Plan. If you are a member of one of the Voting Classes and did not receive a Ballot, or if your Ballot is damaged or lost you may request a replacement by contacting Kurtzman Carson Consultants, LLC (“KCC”) at Attn: Joe Morrow, Kurtzman Carson Consultants, LLC, email: jmorrow@kccllc.com.

To be counted, your vote indicating acceptance or rejection of the Plan must be properly completed in accordance with the instruction on the Ballot and returned to the Balloting Agent, Kurtzman Carson Consultants, LLC, no later than **5:00 p.m., prevailing Pacific Time, on September 23, 2010** (the “Voting Deadline”). Ballots received after that time will not be counted, except to the extent the Chapter 11 Trustee and the Creditors’ Committee so determine or as permitted by the Bankruptcy Court pursuant to Bankruptcy Rule 3018.

IN ORDER TO BE COUNTED, BALLOTS MUST BE COMPLETED, SIGNED, AND RECEIVED BY THE VOTING DEADLINE, AT THE FOLLOWING ADDRESS:

VIA U.S. MAIL OR OVERNIGHT DELIVERY
DBSI Ballot Processing
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, CA 90245

PLEASE CAREFULLY FOLLOW THE DIRECTIONS CONTAINED ON EACH ENCLOSED BALLOT. VOTES THAT ARE CAST IN ANY MANNER OTHER THAN BY USING A BALLOT WILL NOT BE COUNTED AND ONLY BALLOTS RETURNED WITH ORIGINAL SIGNATURES WILL BE COUNTED. FACSIMILE BALLOTS WILL NOT BE ACCEPTED.

WHERE CAN I GET A COPY OF THE PLAN AND MORE INFORMATION ABOUT THE PLAN? Article III of this TIC Investor Disclosure Statement identifies sources of additional information about the Plan,

including a where to get a copy of the Plan and a more detailed “Master Disclosure Statement.”

INTRODUCTION - ABOUT THE PLAN -

WHO FILED THE PLAN? The Plan was filed by (i) James R. Zazzali, as trustee for DBSI, Inc. and its affiliated debtors in the above-captioned jointly-administered Chapter 11 Cases (“Chapter 11 Trustee”), and (ii) the Official Committee of Unsecured Creditors (“Creditors’ Committee”). The Trustee and the Committee worked together over several months to develop the Plan. **See Article I(B)(3), below.**

WHAT WILL THE PLAN DO? The purpose of the Plan is to generate maximum value from the remaining DBSI assets and to distribute this value equitably and efficiently to TIC Investors and other investors and creditors. **See Article I(B)(3) and Article II below.**

HOW WILL THE PLAN DO THIS? The Plan will establish and fund various trusts, allocate the DBSI assets to these trusts, and provide for the assets in these trusts to be liquidated for the benefit of investors and creditors. **See Article II below.**

WHERE DO TIC INVESTORS FIT IN THE TRUST STRUCTURE? TIC Investors will be beneficiaries of the DBSI Liquidating Trust. TIC Investors also will have the option to elect to participate in a Private Actions Trust. **See Article II(A) below.**

WHAT WILL TIC INVESTORS RECEIVE AS BENEFICIARIES OF THE DBSI LIQUIDATING TRUST?

As beneficiaries of the DBSI Liquidating Trust, TIC Investors will receive distributions of cash realized from the assets allocated to the DBSI Liquidating Trust on a pro rata basis according to the allowed amount of their claims. The Chapter 11 Trustee and the Creditors’ Committee are estimating that distributions to TIC Investors will be approximately 6% of each TIC Investor’s allowed claim(s). This estimate does not include any amount for potential litigation recoveries, as such recoveries are exceedingly uncertain and difficult to predict. **See Article II(A) below.**

WHAT ASSETS WILL PROVIDE VALUE FOR DISTRIBUTION TO TIC INVESTORS? In addition to potential litigation recoveries, the primary assets that will provide value for distribution to TIC Investors are DBSI technology company assets. **See Article II(A) below.**

HOW WILL LITIGATION RECOVERIES BE OBTAINED AND DISTRIBUTED? A DBSI Estate Litigation Trust will be established under the Plan to litigate and/or settle claims of the Plan Debtors and certain other DBSI affiliates. A portion of any net recoveries will be distributed to TIC Investors (through the DBSI Liquidating Trust). **See Article II(B) below.**

WHAT IS THE PRIVATE ACTIONS TRUST? The Private Actions Trust is a trust that is established and funded under the Plan to litigate and/or settle claims of TIC Investors and other investors against certain third parties (i.e. entities other than DBSI). **See Article II(B) below.**

HOW DO I PARTICIPATE IN THE PRIVATE ACTIONS TRUST? Participation is completely voluntary. If you would like to participate, fill out the Election Form and return it with your Ballot.

WHY SHOULD I VOTE IN FAVOR OF THE PLAN? Your vote on the Plan is important. Without the votes of TIC Investors to accept the Plan, there may be protracted delays, increased expenses and/or a need to resolve some or all of the Chapter 11 Cases through a liquidation under Chapter 7 of the Bankruptcy Code. The Chapter 11 Trustee and the Creditors’ Committee believe that (i) the Plan provides the best available method for resolving the Chapter 11 Cases and maximizing the value of the DBSI assets for distribution to creditors and investors, and (ii) if the Plan is not confirmed, distributions to TIC Investors will be significantly less than the Plan would provide and most likely that no funds would be available to distribute to TIC Investors at all. **See Article III(B)(1) below.**

Accordingly, the Chapter 11 Trustee and the Creditors’ Committee urge you to vote to accept the

ARTICLE I BACKGROUND INFORMATION

A. The DBSI Enterprise

Prior to the Petition Date, DBSI¹ engaged in several different business ventures, including (1) property management, (2) commercial real estate investment/development, (3) residential real estate investment/development, (4) technology company investment, and (5) certain miscellaneous business ventures. The DBSI enterprise was conducted through hundreds of different affiliated corporate entities and partnerships. DBSI largely funded its business enterprise by soliciting investments from individual investors. The vast majority of these investments took the form of either a tenant-in-common investment (“TIC Investment”) or an investment in a bond, note or other interest issued by a DBSI funding entity (“Note/Bond/Fund Investment”).

1. TIC Investment

In the typical TIC Investment transaction, DBSI or one of its wholly-owned subsidiaries, acquired directly or contracted for the right to acquire real property improved by commercial or residential buildings (such as a retail shopping center, an office park or an apartment complex) (the “TIC Property”). A DBSI entity (typically a subsidiary of one of the Debtors) then located interested investors willing to purchase a fractional interest in the TIC Property to be owned by all such TIC Investors as a tenancy-in-common. The DBSI entity then sold the TIC Property to TIC Investors, and retained some portion of the proceeds.

Simultaneously with the sale, either DBSI, Inc. or another DBSI entity (in many instances formed solely for the purpose of the particular TIC transaction) (each, a “DBSI Masterlessee”) entered into a master lease agreement (each a “Masterlease”) with the TIC Investors pursuant to which the DBSI Masterlessee leased the TIC Property from the TIC Investors and sublet it to the commercial tenants. As of the Petition Date, there were approximately 200 TIC Properties subject to Masterleases in which thousands of TIC Investors (in the aggregate) held interests .

In its role as masterlessee, the DBSI Masterlessee collected rent from the commercial tenants and paid, among other things, the operating expenses associated with the TIC Property, rent to the TIC Investors and a management fee to Debtor DBSI Realty. Under a typical TIC Masterlease, the DBSI Masterlessee’s obligations to the TIC Investors (the “TIC Rent”) included, among other things, a fixed monthly payment to the TIC Investors (i.e. a monthly investment return) and payment by the DBSI Masterlessee of the debt service due to the lending institution which financed the acquisition of the TIC Property (the “TIC Lender”), which debt service was typically secured by a mortgage on the TIC Property. Generally, amounts remaining

¹ As used in this TIC Investor Disclosure Statement, “DBSI” as a stand-alone term generally refers to the affiliated enterprise of companies and not to any specific entity. Other terms used but not defined herein have the meaning set forth in the Plan.

from the TIC Property subrent after payment of operating expenses, TIC Rent and management fees, represented the DBSI Masterlessee's and, in turn, DBSI's return on the Masterlease.

2. Note/Bond/Fund Investments

Prior to the Petition Date, certain of the Debtors and their affiliated non-debtors acquired, developed, improved and sold real properties. Since approximately 1999, these acquisition and development projects were largely funded through the sale of Note/Bond/Fund Investments. DBSI raised Note/Bond/Fund Investment proceeds from investors ("Note/Bond/Fund Investors") on an unsecured debt and/or equity investment basis through circulars or private placement memoranda issued by an entity formed by DBSI for the purpose of raising the particular funding. The advertised purpose of the DBSI funding entity was to loan or contribute investor funds to projects within the DBSI enterprise. In some instances, but not all, loans from the funding entity were required to be secured by real property owned by DBSI affiliates. In other instances, the projects in which funds were invested were permitted to be encumbered by liens in favor of third-party lenders. However, Note/Bond/Fund Investors did not receive an interest in real property to secure their investment. In addition, DBSI, Inc. guaranteed the Note/Bond/Fund Investment obligations of certain (but not all) funding entities to Note/Bond/Fund Investors. As of the Petition Date, there were approximately 13 DBSI funding entities with aggregate Note/Bond/Fund Investment obligations in excess of approximately \$435 million owed to thousands of Note/Bond/Fund Investors.

3. Commingling Of Funds

Investigation and diligence conducted during the Chapter 11 Cases have revealed that prior to the Petition Date, DBSI ran its businesses and entities as a unified enterprise under common ownership and control. A small group of insiders employed that control to raise cash from investors, commingle it, and then distribute it as needs presented, without regard for source or restrictions on use. DBSI used reserve monies obtained from TIC Investors (including funds referred to as "Accountable Reserves") to pay operational expenses. DBSI used cash raised through Note/Bond/Fund Investments to pay debts owed to TIC Investors. DBSI also used cash from the issuance of later Note/Bond/Fund Investments to meet obligations owed with respect to earlier Note/Bond/Fund Investments, and to purchase more properties, many of which were ultimately sold to TIC Investors to raise still more cash. Funds from TIC Investments and Note/Bond/Fund Investments were used to fund start-up technology companies in which the underlying investors had no interest. However, the global enterprise did not generate a profit for investors and was kept afloat for many years by an ever-increasing volume of new investor money and heavily-leveraged real estate transactions. This self-feeding cycle continued until the dislocation in the real estate, credit and other financial markets stymied the Debtors' ability to raise sufficient new capital from investors or obtain sufficient new lending from institutional lenders necessary to continue their real estate acquisition and sale operations. Despite raising over \$100,000,000 in new private placement funds in 2008, DBSI's rampant liquidity problems ultimately forced it to file for relief under chapter 11 of the Bankruptcy Code in late 2008.

B. The Chapter 11 Cases

Commencing on November 6, 2008, and various dates thereafter (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11, title 11, United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”). On November 12, 2008, the Bankruptcy Court entered an order authorizing the joint administration of the DBSI Chapter 11 Cases under the lead case *In re DBSI Inc.*, Case No. 08-12687 [Docket No. 34].² As of the date of this TIC Investor Disclosure Statement, there are 55 Debtors in these jointly administered Chapter 11 Cases, which excludes certain of the DBSI cases that have been converted to chapter 7 as described more fully below.

Pursuant to Section 1102(a)(1) of the Bankruptcy Code, on November 21, 2008, the Office of the United States Trustee for Region Three (the “U.S. Trustee”) appointed the Creditors’ Committee [Docket No. 138] as the representative of the Debtors’ unsecured creditor constituency in the Chapter 11 Cases. Since its formation, the Creditors’ Committee has participated in virtually every aspect of the Chapter 11 Cases. As of the date of this TIC Investor Disclosure Statement, the following creditors serve on the Creditors’ Committee: (i) Circle 1984 Family Trust; (ii) John Bohinski; (iii) Russell Firkins; (iv) Herman Builders; (v) 388 Midwood Executive Dr., LLC; (vi) Evans LLC-Avenue North; and (vii) Initial Building Maintenance Services, Inc. Three members of the Creditors’ Committee hold claims arising from TIC Investments, three members of the Creditors’ Committee hold claims arising from Note/Bond/Fund Investments, and one member of the Creditors’ Committee holds a trade claim.

The events transpiring during the Chapter 11 Cases broadly can be divided into three periods: (1) the TIC Investment/Masterlease wind-down; (2) the Examiner’s investigation; and (3) the development of the Plan.

1. The TIC Investment/Masterlease Wind-Down

Shortly after the Petition Date, DBSI management sought to restructure the DBSI Masterlease portfolio for a potential sale. Initially, DBSI management attempted to accomplish this restructuring by filing motions seeking to reject all or substantially all of the Masterleases, and by offering alternatives to the rejection of certain Masterleases, such as modification of the Masterlease or assignment of the Masterlease to the applicable TIC Investors. See [Docket Nos. 31, 63 and 88]. The Debtors’ rejection motions were met with vigorous objections by TIC Investors, TIC Lenders and other parties. In light of these objections, the Creditors’ Committee worked with the Debtors to develop a more organized and equitable process for the wind-down of the Masterlease portfolio.

The efforts of the Creditors’ Committee culminated in the implementation of a Masterlease wind-down process that was proposed by motion filed on December 19, 2008 [Docket No. 777] and approved by order entered on January 7, 2009 [Docket No. 1050]. This wind-down process included (i) certain procedures for the marketing and sale of the Debtors’ rights in the Masterleases, and (ii) options for TIC Investors to have their Masterleases (and/or the underlying subleases) rejected or assigned to the TIC Investors in an orderly fashion.

² Except as otherwise provided herein, references to docket numbers refer to the docket in the lead case.

In accordance with the Court approved wind-down process, an auction was conducted and concluded on January 29, 2009 wherein TIC Properties Management, LLC (“TICPM”) acquired certain rights to designate 88 Masterleases for assumption or rejection by the applicable DBSI Masterlessee, and certain *de minimis* fractional fee interests owned by certain of the Non-Debtor Affiliates in certain TIC Properties in return for cash and future consideration.

In addition to the TICPM transaction, approximately 19 TIC Investor groups elected to implement a consensual transaction with the Debtors’ estates, which generally required such TIC Investor groups to waive certain claims against the Debtors and/or pay a fee to DBSI. These transactions provide for an assumption and assignment of the Masterlease and subleases or a rejection of the Masterlease and assumption and assignment of the subleases, with the TIC Investors to pay a minimum per property price, and agree to the various claim allowances, waivers and reservations as set forth in the TIC Options filed with the Bankruptcy Court.

After the Masterleases either had been assumed and assigned or rejected, the Debtors and the Creditors’ Committee developed a settlement protocol for resolving certain issues regarding cash held by the Debtors with respect to TIC Properties. This settlement protocol was proposed by a motion filed on April 28, 2009 [Docket No. 3398] and approved by an order entered on May 13, 2009 [Docket No. 3525]. In accordance with the Bankruptcy Court approved protocol, the Debtors reached settlements with the TIC Investors for approximately __ TIC Properties. No settlement was reached with respect to 71 TIC Properties where DBSI, Inc. was the Masterlessee, and DBSI, Inc. continues to hold cash with respect to these 71 TIC Properties.

On June 17, 2009, the Debtors filed a motion [Docket No. 3784] seeking to convert the Chapter 11 Cases for the DBSI Masterlessees (other than DBSI, Inc.) to cases under Chapter 7 of the Bankruptcy Code. This motion was granted by Order entered on July 7, 2009 [Docket No. 3988]. The conversion of approximately 117 DBSI Masterlessee cases (the “Converted Affiliates”) to cases under Chapter 7 of the Bankruptcy Code is memorialized in certain notices or orders filed on the docket. See Docket Nos. 4171, 4596, 4863, 5020, 5314, and 5383.

2. The Examiner’s Investigation

On January 21, 2009, the State of Idaho Filed a motion [Docket No. 1276]³ seeking the appointment of an examiner pursuant to Section 1104(c) of the Bankruptcy Code. In the Examiner Motion, the State of Idaho argued that the appointment of an examiner was necessary to investigate fraudulent business practices alleged to have been committed by DBSI. Several other states joined in the State of Idaho’s motion. On March 13, 2009, after an evidentiary hearing, the Bankruptcy Court concluded that the appointment of an examiner was appropriate. The order for the appointment of an examiner was entered on March 25, 2009 [Docket No. 2974]. Pursuant to the Examiner Order, Joshua R. Hochberg (the “Examiner”) was appointed to: (a) investigate the circumstances surrounding (i) any and all of the Debtors’ intercompany transactions and transfers, (ii) any and all transactions and transfers between and among the Debtors and any Non-Debtor Affiliates, and (iii) any and all transactions and transfers between and among the Debtors and any insiders, officers, directors and principals of the Debtors; and

³ A motion for the appointment of an examiner was also Filed by certain TIC Investors [Docket No. 124], however that motion was subsequently withdrawn.

(b) otherwise perform the duties of an examiner set forth in Sections 1106(a)(3) and 1106(a)(4) of the Bankruptcy Code.

The Examiner issued his First Interim Report on August 3, 2009, [Docket No. 4159] and his Final Report on October 19, 2009 [Docket No. 4544], setting forth the results of his investigation into the affairs of the Debtors. In his reports, the Examiner found, *inter alia*, that the Debtors and their Non-Debtor Affiliates were run as a unified business by a control group of senior managers with conflicts of interest; that the Debtors' financial and accounting records are largely unreliable; and that DBSI's collective funds have been so commingled that it would be virtually impossible to trace their actual sources and uses, notwithstanding representations made to investors.

On August 3, 2009, the U.S. Trustee filed a motion [Docket 4170] seeking the appointment of a chapter 11 trustee for the DBSI Chapter 11 Cases. The U.S. Trustee's motion alleged, based on the Examiner's First Interim Report, that (i) certain of the Debtors' officers and directors, including Douglas L. Swenson, have engaged in misconduct, fraud and mismanagement which collectively caused damage to the Debtors' investors and creditors, and (ii) certain DBSI officers and directors used funds that were raised for specified purposes, including restricted proceeds from bond issuances, to cover operating shortfalls and to make payments on other outstanding debt. In response to the U.S. Trustee motion and at the urging of the Creditors' Committee, the Debtors stipulated to the appointment of a chapter 11 trustee. This stipulation was approved by Order dated August 14, 2009 [Docket No. 4240], and by order dated September 11, 2009 [Docket No. 4375], the Bankruptcy Court approved the appointment of James R. Zazzali as Chapter 11 trustee (the "Chapter 11 Trustee").

3. The Development of the Plan

Soon after the Chapter 11 Trustee was appointed, the Creditors' Committee and the Chapter 11 Trustee began to discuss how to resolve the Debtors' Chapter 11 Cases via a liquidating plan. Based on the Examiner's reports, it was clear that any such plan would need to address the issues of commingling and the potential for substantive consolidation. The Chapter 11 Trustee conducted months of factual investigation regarding these issues, and concluded that grounds existed to seek substantive consolidation of all of the Debtors' estates. On January 19, 2010, the Chapter 11 Trustee filed a motion seeking this relief together with supporting declarations (the "Sub Con Motion"). See [Docket Nos. 5094 - 5099].

Substantive consolidation is an equitable remedy. *In re Owens Corning*, 419 F.3d 195, 205 (3d Cir. 2005). It is used, essentially, to address the harms caused by debtors (and their related entities) disregarding their separateness and/or otherwise entangling their affairs. *See id.* "It treats separate legal entities as if they were merged into a single survivor left with all the cumulative assets and liabilities (save for inter-entity liabilities which are erased). The result is that claims of creditors against separate debtors morph to claims against the consolidated survivor." *Id.*

In the Sub Con Motion, the Chapter 11 Trustee contends that, consistent with the Examiner's First Interim and Final Reports, DBSI ran its businesses and entities as a unified enterprise under common ownership and control. A small group of insiders employed that

control to raise cash, commingle it, and then distribute it as needs presented, without regard for source or restrictions on use. The available evidence points to the fact that the practice of running DBSI as a unified enterprise caused investors to rely upon the purported financial strength and competence of the unified enterprise in deciding to invest in various DBSI projects. In further support of the Sub Con Motion, the Chapter 11 Trustee alleges that his factual investigation revealed transactions of fantastic and tortured complexity leading the Chapter 11 Trustee to conclude that the inter-entity transactions could not practically be unraveled. The Chapter 11 Trustee also determined that it was impossible to truly trace and separate cash obtained from Note/Bond/Fund Investments and cash obtained from TIC Investments, just as it is impossible to separate cash used to pay Note/Bond/Fund Investment obligations from cash used to pay TIC Investment obligations. Moreover, a great many transfers of cash and properties between DBSI entities were either constructively or actually fraudulent or otherwise gave rise to claims between the DBSI entities. The Chapter 11 Trustee determined that an attempt to trace all the different transfers and litigate the competing rights and claims among the DBSI entities would involve years of contentious litigation and, ultimately, administratively bankrupt most if not all of the estates.

Approximately 35 creditors, investors and investor groups filed objections to the Sub Con Motion. In particular, several parties who made Note/Bond/Fund Investments objected to the Sub Con Motion contending that grounds do not exist to substantively consolidate the DBSI funding entities in which their Note/Bond/Fund Investments were made. By the end of May 2010, extensive discovery was underway regarding the Sub Con Motion, and in June 2010 the litigation schedule for the Sub Con Motion was extended through December 20, 2010. See Docket No. 5527.

Following the filing of the Sub Con Motion, the Chapter 11 Trustee and the Creditors' Committee developed the Plan as an alternative to litigating the Sub Con Motion. The goal of the Chapter 11 Trustee and the Creditors' Committee in developing the Plan was to balance fair and equitable treatment of all investors and creditors with the practical realities of administering the inter-twined DBSI corporate structure, assets and claims in an efficient manner. The Plan accomplishes this goal by providing for substantive consolidation of the Debtors into two separate groups, rather than substantive consolidation of all Debtors as sought in the Sub Con Motion. The Plan also provides for a global settlement of claims among the Debtors and other affiliated entities, the allocation and payment of chapter 11 administrative expenses, the resolution of TIC Investment claims and Noted/Bond/Fund Investment claims, and the liquidation of real estate assets, technology company assets, litigation claims and other assets to cash for distribution to investors and other creditors of the DBSI estates.

The initial version of the Plan was filed on June 24, 2010. Based on the filing of the Plan, the Court granted the request of the Creditors' Committee to stay discovery in connection with the Sub Con Motion for a period of time to allow parties to review and evaluate the Plan. The Chapter 11 Trustee and the Creditors' Committee believe that acceptance of the Plan by TIC Investors (and other investors and creditors) and confirmation of the Plan by the Bankruptcy Court will produce better returns for investors and creditors on the whole than the other available alternatives, including litigation of the Sub Con Motion.

ARTICLE II SUMMARY OF THE PLAN

THE FOLLOWING SUMMARY OF CERTAIN PRINCIPAL PROVISIONS OF THE PLAN IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH IS ALSO SEPARATELY FILED AND ATTACHED AS EXHIBIT A TO THE MASTER DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS TIC INVESTOR DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS. IN THE EVENT OF ANY DISCREPANCY BETWEEN THIS TIC INVESTOR DISCLOSURE STATEMENT, INCLUDING THE FOLLOWING SUMMARY DESCRIPTION, AND ANY PROVISION OF THE PLAN, THE PLAN OR ORDER CONFIRMING THE PLAN WILL CONTROL.

The Plan provides for the satisfaction of claims against and interests in the Plan Debtors through an orderly liquidation of the assets of the Plan Debtors (and as well as certain of their Non-Debtor Affiliates). Specifically, the Plan Debtors' Assets (excluding litigation claims) will be allocated to two trusts: (i) a DBSI Liquidating Trust, for the benefit of the creditors of the DBSI Consolidated Debtors (which include all TIC Investors); and (ii) a DBSI Real Estate Liquidating Trust, for the benefit of the creditors of the Note/Fund Consolidated Debtors (i.e. parties who made Note/Bond/Fund Investments). The Plan also provides for the creation of two litigation trusts: (i) the DBSI Estate Litigation Trust, which will hold, prosecute and/or settle estate causes of action for the benefit of the DBSI Liquidating Trust and the DBSI Real Estate Liquidating Trust (and thereby for the benefit of TIC Investors, Note/Bond/Fund Investors and other creditors); and (ii) the Private Actions Trust, which will hold, prosecute and/or settle certain claims and rights against certain third parties that are voluntarily contributed by investors for the benefit of the contributing investors (and with a portion of the proceeds being paid to the DBSI Liquidating Trust, as part of the Global Claims Settlement, and the DBSI Real Estate Liquidating Trust in return for its facilitation and funding of the Private Actions Trust).

In order to accomplish the liquidation of the DBSI assets for distribution to investors and creditors, the Plan provides for: (i) the payment in full of Allowed Administrative Claims and Allowed Priority Claims; (ii) the satisfaction, in full, of Allowed Miscellaneous Secured Claims; (iii) the Distribution to Holders of Allowed Unsecured Claims of a Pro Rata Distribution from one of the Trusts; (iv) the funding of the Trusts to enable them to operate and pursue litigation claims; (v) a global settlement of various intercompany claims in order to streamline and maximize the recoveries to investors and other creditors; (vi) the substantive consolidation of the DBSI Consolidated Debtors together with certain Non-Debtor Affiliates, and the substantive consolidation of the Note/Fund Consolidated Debtors; and (vii) the vesting of authority in the Chapter 11 Trustee of the means to implement the foregoing.

Due to the complexity of the DBSI enterprise, as well as the legal requirements for confirmation of a Chapter 11 plan mandated by the Bankruptcy Code, the Plan is a lengthy document that contains very technical legal provisions. While it may be difficult for many TIC Investors to fully understand all of the various provisions of the Plan, the Chapter 11 Trustee and

the Creditors' Committee believe that the following key components of the Plan are the essential provisions to understand and consider in connection with a decision whether to vote to accept or reject the Plan:

- (A) The establishment and funding of the DBSI Liquidating Trust and the DBSI Real Estate Liquidating Trust as two separately substantively consolidated vehicles to liquidate non-litigation assets and distribute value to investors/creditors.**
- (B) The establishment and funding of the DBSI Estate Litigation Trust and the Private Actions Trust to liquidate litigation claims and distribute value to the two liquidating trusts and contributing creditors/investors.**
- (C) The implementation of the Global Claims Settlement to resolve claims between Plan Debtors, Non-Debtor Affiliates, Converted Affiliates and creditors/investors in light of the separation of the DBSI Liquidating Trust and the DBSI Real Estate Liquidating Trust.**
- (D) The implementation of various protocols to resolve the liquidation, allocation and payment of chapter 11 administrative expenses and TIC Investor Claims (both pre-petition and post-petition).**

A graphic illustration of these key Plan components is attached to this TIC Investor Disclosure Statement as Exhibit "1". The following summary highlights the basic terms of these key Plan components.

A. Establishment And Funding Of The DBSI Liquidating Trust And The DBSI Real Estate Liquidating Trust

The central component of the Plan is the establishment and funding of the DBSI Liquidating Trust and the DBSI Real Estate Liquidating Trust to liquidate non-litigation assets and distribute value to investors/creditors. Each of these two Trusts will be vested with its own separate assets, and each of these two Trusts will have its own universe of beneficiaries who will receive the net value realized from the Trusts' respective assets.

The DBSI Liquidating Trust beneficiaries primarily consist of the TIC Investors, along with certain other creditors (such as TIC Lenders) who hold claims against DBSI entities involved in the TIC Investments or other DBSI activity (other than Note/Bond/Fund Investments). The DBSI Real Estate Liquidating Trust beneficiaries consist of the Note/Bond/Fund Investors.

The Plan provides for substantive consolidation within the DBSI Liquidating Trust, and for substantive consolidation within the DBSI Real Estate Liquidating Trust. See § I(B)(3) above for a brief explanation of substantive consolidation. However, the Plan does not provide for the DBSI Liquidating Trust and the DBSI Real Estate Liquidating Trust to be substantively consolidated together. This means that all TIC Investors and other creditors (other than

Note/Bond/Fund Investors) will share pro rata in the recoveries from one pool of assets vested in the DBSI Liquidating Trust, whereas all Note/Bond/Fund Investors generally will share pro rata in recoveries from a different pool of assets vested in the DBSI Real Estate Liquidating Trust.

The assets to be vested in the DBSI Liquidating Trust consist primarily of: (i) any cash remaining for the DBSI Consolidated Debtors after funding a pro rata share of the Chapter 11 Costs and certain reserves; (ii) economic or beneficial interests in certain DBSI Non-Debtor Affiliates (which are believed to have minimal value); (iii) proceeds from the TICPM transaction; (iv) the DBSI technology company assets; (v) forty percent 40% of the DBSI Estate Litigation Trust Beneficial Interests (discussed below); and (vi) five percent (5%) of the total number of Private Actions Trust Beneficial Interests (discussed below). Because litigation recoveries are uncertain, the estimated unsecured claim recovery of 6% for TIC Investors set forth in the Plan is based primarily on the value of the DBSI technology company assets.

The assets to be vested in the DBSI Real Estate Liquidating Trust consist primarily of: (i) any cash remaining for the Note/Fund Consolidated Debtors after funding a pro rata share of the Chapter 11 Costs and certain reserves; (ii) ownership interests in certain special purpose entities with real estate assets and/or claims against such entities/assets; (iii) sixty percent (60%) of the DBSI Estate Litigation Trust Beneficial Interests (discussed below); and (iv) fifteen percent (15%) of the total number of Private Actions Trust Beneficial Interests (discussed below). Because litigation recoveries are uncertain, the estimated unsecured claim recovery of 18.5% for Note/Bond/Fund Investors set forth in the Plan is based primarily on the value of the real estate portfolio.

The two liquidating trusts will be administered by one trustee, proposed under the Plan to be Conrad Myers (whose firm Myers & Co. has provided financial and operational services to the DBSI estates since approximately October 2009). The trustee will be subject to oversight by a committee of creditors (the “Trust Oversight Committee”). The Trust Oversight Committee’s rights and duties will be set forth in full in the applicable Trust Agreement, and will include rights to review information, approve transactions, and remove or replace the trustee, subject to certain limitations and procedural requirements.

The bifurcated trust structure embodied in the Plan represents a mid-point between the two opposite extremes of (1) completely substantively consolidating all of the remaining DBSI assets into one pool to satisfy all investors/creditors on a pro rata basis, and (2) attempting to keep the assets attributable to each of the DBSI entities separate and using the assets of a particular entity only to satisfy claims against that entity. In contrast to these two extreme alternatives, the Chapter 11 Trustee and the Creditors’ Committee chose the Plan’s more balanced structure because, among other considerations:

- The TIC Investments and the Note/Bond/Fund Investments were structured in significantly different ways-- TIC Investors received fee title to real property, whereas Note/Bond/Fund Investors received only a payment obligation from a DBSI entity (who may have held debt or equity interests in other DBSI real estate owning entities).

- Due in large part to the difference in these investment structures, the implication and impact of the Chapter 11 Cases was significantly different for TIC Investors and Note/Bond/Fund Investors-- the TIC Investment business was wound down in a matter of months without the need for a chapter 11 plan, whereas a resolution of the Note/Bond/Fund Investments requires a much more involved process for realizing value and distributing it to investors.
- Despite the structural differences and the resultantly divergent impacts of the Chapter 11 Cases on TIC Investors and Note/Bond/Fund Investors, the Examiner's report and diligence conducted by the Chapter 11 Trustee and the Creditors' Committee have revealed that cash arising from both types of investments was extensively commingled and properties were routinely bounced back and forth between TIC Investment and Note/Bond/Fund Investment structures, often in conjunction with gross manipulations of value by DBSI management.
- Complete substantive consolidation would require extensive litigation of the Sub Con Motion (with approximately 35 parties having filed objections) that would not conclude before the end of 2010 at significant cost to the Debtors' estates and to the parties prosecuting objections.
- Absent any substantive consolidation (i.e. if all of the Debtors' estates were to remain separate), it does not appear possible to unwind the various interconnections, commingling of cash, property transfers, and related intercompany claims in a time and cost-effective manner (if at all)-- most (or all) value for distribution to investors and other creditors could be consumed with the investigation and litigation of these issues without producing any benefit to investors/creditors.

No representation can be, or is being, made with respect to whether the percentage recoveries set forth in this TIC Investor Disclosure Statement, the Master Disclosure Statement or otherwise will be realized by TIC Investors (or any other investors or creditor). **THERE IS NO GUARANTEED RECOVERY AND THERE ARE NO GUARANTEED AMOUNTS OF RECOVERY FOR ANY HOLDER OF A CLAIM OR INTEREST.**

In addition, the Plan provides for the establishment of reserves for claims that may be disputed. Interim distributions of cash may be made from time to time, with sufficient cash held in reserve to cover the disputed claims. As a result, the process of making distributions under the Plan will be completed over time and the timing and amount of such distributions is not yet known. See Exhibit "C" to the Master Disclosure Statement for distribution projections.

B. Establishment And Funding Of The DBSI Estate Litigation Trust And The Private Actions Trust

The practices of cash commingling, disregard for investment requirements and other irregularities revealed in the Examiner's report strongly suggest that there are various litigation

claims that can be asserted by the Plan Debtors' estates for the benefit of creditors and investors. In addition, investors may hold their own claims against third parties relating to their DBSI investments.

However, prosecution of the estate causes of action is complicated by (i) the difficulty in determining which Debtor's estate holds the cause of action (or if the cause of action is held by multiple Debtors' estates), and (ii) the lack of cash or other liquid assets available in many of the Debtors' estates to fund litigation. The prosecution of investor causes of action also has many challenges, particularly because there are thousands of investors who may have similar claims against the same parties, but who do not have the ability to organize themselves and/or the means to fund the litigation. The Plan address these challenges and complications by providing for the establishment and funding of the DBSI Estate Litigation Trust and the Private Actions Trust.

DBSI Estate Litigation Trust: Based on the substantive consolidation within each of the DBSI Liquidating Trust and the DBSI Real Estate Liquidating Trust, and based upon the Global Settlement (discussed below), the Plan is able to vest all of the potential litigation claims and causes of action of all of the Plan Debtors and Consolidated Non-Debtors in one single DBSI Estate Litigation Trust. This unified DBSI Estate Litigation Trust structure has several advantages, including:

- Allowing estate causes of action to be brought in an organized and coordinated fashion.
- Eliminating conflicts over which estate (and which investors/creditors) are entitled to the proceeds of a particular cause of action or claim.
- Allowing all investors and creditors to share in the proceeds of all estate litigation claims.

In addition, through partial substantive consolidation and the Global Settlement, the Plan is able to provide for initial funding of the DBSI Estate Litigation Trust via a loan from the DBSI Real Estate Liquidating Trust. The first dollars of any net litigation recoveries from the DBSI Estate Litigation Trust will be used to repay the loan to the DBSI Real Estate Liquidating Trust. After the loan repayment, the net litigation proceeds from the DBSI Estate Litigation Trust will be split 60% to the DBSI Real Estate Liquidating Trust and 40% of the DBSI Liquidating Trust. The DBSI Real Estate Liquidating Trust receives a higher percentage to compensate it for the use of its capital in making the loan to fund the DBSI Estate Litigation Trust.

Private Actions Trust: Similar benefits result from the Plan's establishment and funding of the Private Actions Trust, the purpose of which is to provide a means for the various investor litigation claims against parties other than DBSI to be asserted in an organized and well-equipped fashion. In connection with voting on the Plan, investors are given the option to contribute claims and causes of action against certain third parties that arise out of their TIC Investment or Note/Bond/Fund Investment. These claims could be against brokers, accountants, or other parties that are not part of the DBSI group of entities. All of the contributed claims will then be assessed, prosecuted (to the extent it is feasible and advisable to do so) and liquidated via settlement or judgment by the trustee for the Private Actions Trust.

The Plan also provides for the Private Actions Trust to be funded initially via a loan from the DBSI Real Estate Liquidating Trust. The first dollars of any net litigation recoveries from the Private Actions Trust will be used to repay the loan to the DBSI Real Estate Liquidating Trust. After the loan repayment, the net litigation proceeds from the DBSI Estate Litigation Trust will be divided 80% to the contributing investors (on a pro rata basis according to the amount of their allowed claims/interests), 15% to the DBSI Real Estate Liquidating Trust (to compensate it for the use of its capital in making the loan to fund the Private Actions Trust), and 5% to the DBSI Liquidating Trust (as part of the Global Claims Settlement).

In sum, all investors will share in the net proceeds of estate causes of action realized by the DBSI Estate Litigation Trust, and all contributing investors who elect to participate in the Private Actions Trust will share in its net litigation recoveries. Investors who choose not to participate in the Private Actions Trust will be free to pursue any litigation claims against third parties on their own.

The DBSI Estate Litigation Trust and the Private Actions Trust will be administered by one trustee, proposed under the Plan to be the current Chapter 11 Trustee, James R. Zazzali.

C. The Global Claims Settlement

The books and records of DBSI describe hundreds of millions of dollars in liquidated intercompany claims among the various DBSI entities. The liquidated intercompany claims run among the various Debtors and other entities involved with the Note/Bond/Fund Investments. The liquidated intercompany claims also run among the various Debtors and other entities involved with the TIC Investments and other DBSI business ventures. And the liquidated intercompany claims run between these two groups of DBSI entities.

In addition to these liquidated intercompany claims, the extensive cash commingling and frequent intercompany asset transfers made by DBSI could give rise to hundreds of millions of dollars in additional intercompany litigation claims, absent substantive consolidation and/or a global resolution of these claims. Moreover, various TIC Investors and Note/Bond/Fund Investors could assert various guaranty claims against DBSI, Inc., and the estates could assert claims against certain investors for the recovery of ordinary course payments made to such investors before the Petition Date (i.e. payments of TIC rent to TIC Investors or payments of interest to Note/Bond/Fund Investors).

The Chapter 11 Trustee and the Creditors' Committee do not believe it would be possible to effectively unwind all of the potential intercompany claims among the DBSI entities. The Chapter 11 Trustee and the Creditors' Committee also do not believe that attempting to do so, and/or asserting claims against investors for recovery of ordinary course payments would serve the interests of all investors and creditors. Accordingly, the Chapter 11 Trustee and the Creditors' Committee incorporated a Global Claims Settlement in the Plan to efficiently and equitably deal with these intercompany claims issues. The primary terms of the Global Claims Settlement are:

- The distributions under the Plan will not give effect to intercompany claims among the DBSI entities other than as provided in the Global Claims Settlement.

- The DBSI Liquidating Trust (and its corresponding Plan Debtors, Consolidated Non-Debtors and beneficiaries) will waive and release all claims against the DBSI Real Estate Liquidating Trust (and its corresponding Plan Debtors, beneficiaries and assets).
- The DBSI Real Estate Liquidating Trust (and its corresponding Plan Debtors and beneficiaries) will waive and release all claims against the DBSI Liquidating Trust (and its corresponding Plan Debtors, Consolidated Non-Debtors, beneficiaries and assets).
- The DBSI technology company assets and all future proceeds from the TICPM transaction will be vested in the DBSI Liquidating Trust (free of any claims from the DBSI Real Estate Liquidating Trust, its corresponding Plan Debtors and beneficiaries).
- If necessary, a loan will be made from the cash that would otherwise be vested in the DBSI Real Estate Liquidating Trust to ensure that all payments of expenses necessary for the Plan to become effective can be made, which borrowing shall be: (i) documented by a promissory note; (ii) carry a then market rate of interest; (iii) be payable as an expense of the DBSI Liquidating Trust when funds become available or as otherwise provided in the loan documents; and (iv) be secured by the DBSI Liquidating Trust Assets.
- The DBSI Real Estate Liquidating Trust will fund the DBSI Estate Litigation Trust and the Private Actions Trust with interest free loans in the amount of \$1,000,000 each.
- No claims will be asserted by DBSI entities or any trust created under the Plan against any TIC Investor or any Note/Bond/Fund Investor for recovery of (i) payments of TIC rent under a Masterlease, or (ii) payments of principal or interest for any Bond/Note/Fund Investment, and all such claims shall be waived and extinguished on the effective date of the Plan.

In addition to eliminating the need for extensive (and likely prohibitively expensive) investigation and litigation of intercompany claims, the Global Claims Settlement is what enables the Plan to (i) bifurcate the DBSI Real Estate Liquidating Trust and the DBSI Liquidating Trust, and (ii) establish and fund the DBSI Litigation Trust and the Private Actions Trust.

D. Claim Protocols

Several thousands of claims totaling billions of dollars were filed in the Chapter 11 Cases. The vast majority in number of these claims were filed by TIC Investors and Note/Bond/Fund Investors. In order to avoid expending millions of dollars reconciling these thousands of investor claims, the Plan implements certain protocols for the liquidation and allowance of the various kinds of investor claims.

For TIC Investors, there are two protocols-- one with respect to TIC rent and TIC Property expense claims asserted as administrative expenses where DBSI, Inc. was the Masterlessee, and one with respect to pre-petition TIC Investor claims. In addition, there is also a protocol for allocating the administrative costs and professional fees of the Chapter 11 Cases.

1. Administrative TIC Rent/Expense Claims Protocol

The Administrative TIC Rent/Expense Claims Protocol set forth in Article VI(I)(2) of the Plan, governs the allowability of Administrative TIC Rent Claims and Administrative TIC Expense Claims for all purposes in the Chapter 11 Cases, including voting and distribution. Upon the Effective Date, Administrative TIC Rent Claims shall automatically be Allowed in accordance with this protocol in the amounts set forth in Schedule 2 to the Master Disclosure Statement without any further notice, filing or Order of the Bankruptcy Court. In contrast, in order to be entitled to a distribution, Administrative TIC Expense Claims must be allowable under this protocol and timely filed by the General Administrative Claim Bar Date. Any allowable and timely filed Administrative TIC Expense Claim shall be deemed Allowed or Disallowed according to the Administrative TIC Rent/Expense Claims Protocol without the need for any objection thereto to be filed with the Bankruptcy Court or any further hearing or Order.

a) Relevant Background

The Bankruptcy Court entered three separate orders in November, 2008, December, 2008 and January, 2009 (collectively, the “Cash Collateral Orders”) authorizing and approving the use of cash collateral with respect to the TIC Property Assets. [Docket Nos. 294, 519 and 1005]. The Cash Collateral Orders provided for two distinct “waterfall” protocols to be followed in the payment of post-petition claims related to the TIC Properties, as follows: (A) the November, 2008 Cash Collateral Order provided for payment of post-petition Claims in the following order of priority: (i) property operating expenses, (ii) debt service, (iii) Chapter 11 expenses, (iv) Taxes, and (v) asset management fees, before payment of post-petition rent to TIC Investors; and (B) the December, 2008 and January, 2009 Cash Collateral Orders provided for payment of post-petition Claims in the following order of priority: (i) property operating expenses, Chapter 11 expenses, (iii) debt service, (iv) Taxes, (v) asset management fees, and (vi) tenant improvements, before payment of post-petition rent to TIC Investors. As illustrated above, regardless of which waterfall protocol governed, the post-petition rent due to the TIC Investors had the lowest payment priority after payment of (i) property operating costs, (ii) debt service, (iii) Chapter 11 expenses, (iv) Taxes, (v) asset management fees, and (vi) tenant improvement costs.

On or before January 30, 2009, with approval from the Bankruptcy Court, the Debtors either assumed and assigned or rejected all of their Masterleases. In connection with certain of the Masterleases under which DBSI, Inc. was the Masterlessee, and which were rejected by DBSI, Inc., DBSI, Inc. and the affected TIC Investors entered into settlement agreements, the form of which was approved by the Bankruptcy Court (the “Settlement Agreements”). Under the Settlement Agreements, the settling TIC Investors’ post-petition rent claims were waived and any unpaid property operating costs, debt service, taxes, third party asset management fees and tenant improvement costs (the “TIC Expenses”) were assumed by the TIC Investors. However, in connection with 71 of the Masterleases that were rejected and under which DBSI, Inc. was the

Masterlessee, no settlement was consummated (the “Unsettled TIC Properties”). With respect to the Unsettled TIC Properties, several TIC Investors have filed motions and/or claims against the DBSI, Inc. estate for payment of their post-petition rent claims (herein the Administrative TIC Rent Claims). In addition, certain unpaid TIC Expense Claims (herein the Administrative TIC Expense Claims) may exist related to the Unsettled TIC Properties.

b) Description of the Administrative TIC Rent/Expense Claims Protocol

The Administrative TIC Rent Claims and any Administrative TIC Expense Claims are limited under Section 503(b) of the Bankruptcy Code to the amount of the benefit received by the DBSI, Inc. estate subsequent to the Petition Date. The DBSI, Inc. estate, unlike a debtor-occupant or beneficial user of real property, gained no benefit from use or enjoyment of the respective properties other than the excess cash flow, if any, accruing from its “sandwich” tenancy during the post-petition period. Therefore, the benefit to the DBSI, Inc. estate can, in respect to each Unsettled TIC Property, be measured in discreet financial terms -- that being the amount by which each respective Unsettled TIC Property’s cash balance increased after the Petition Date, after giving effect to the payments made from each such TIC Property’s cash under the Cash Collateral Orders.

In accordance with Section 503(b) of the Bankruptcy Code and the mandates of the Cash Collateral Orders, the Chapter 11 Trustee undertook the following analysis to determine the amount, if any, of allowable Administrative TIC Rent Claims and Administrative TIC Expense Claims:

(i) first, the Unsettled TIC Properties were segregated into two groups according to which of the two waterfall protocols governed the use of their cash under the governing Cash Collateral Order;

(ii) second, the bank account for each Unsettled TIC Property was reviewed and the cash balance for each such Property as of the Petition Date was compared to the cash balance of that same Unsettled TIC Property as of January 30, 2009 (the “Rejection Date Balance”);

(iii) third, where the Rejection Date Balance was greater than the Petition Date cash balance, DBSI, Inc., as Masterlessee, was deemed to have received a net benefit in the amount of such increase, and the allowability of any Administrative TIC Rent Claims and Administrative TIC Expense Claims was then determined by application of the waterfall protocol under the governing Cash Collateral Order; and

(iv) fourth, where the Rejection Date Balance is equal to or less than the Petition Date cash balance, DBSI, Inc. was deemed to have received no net benefit and all Administrative TIC Expense Claims and/or Administrative TIC Rent Claims are deemed to be Disallowed.

c) Application of the Administrative TIC Rent/Expense Claims Protocol

(i) Where there is a decrease in an Unsettled TIC Property’s cash balance as between the Petition Date and the Rejection Date Balance, the DBSI, Inc. estate is deemed to have received no benefit and, therefore, no distribution will be made on account of any Administrative

TIC Expense Claims and Administrative TIC Rent Claims asserted in connection with such Unsettled TIC Property (“Protocol Result 1”);

(ii) Where there is an increase in an Unsettled TIC Property’s cash balance as between the Petition Date and the Rejection Date Balance and, such increase is sufficient to pay all Allowed Administrative TIC Expense Claims and all Allowed Administrative TIC Rent Claims related to such TIC Property, holders of such Allowed Administrative TIC Expense Claims and Allowed Administrative TIC Rent Claims shall receive a cash payment equal to the Allowed amount of such Claims (“Protocol Result 2”);

(iii) Where there is an increase in an Unsettled TIC Property’s cash balance as between the Petition Date and the Rejection Date Balance and, such increase is sufficient to pay all Allowed Administrative TIC Expense Claims but is insufficient to pay all Allowed Administrative TIC Rent Claims in full, holders of Allowed Administrative TIC Expense Claims shall receive a cash payment equal to the Allowed amount of their Claims and holders of Allowed Administrative TIC Rent Claims shall receive a cash payment equal to the amount of the increase in the cash balance after payment of all Allowed Administrative TIC Expense Claims (“Protocol Result 3”); and

(iv) Where there is an increase in an Unsettled TIC Property’s cash balance as between the Petition Date and the Rejection Date Balance, and such increase is insufficient to pay all Allowed Administrative TIC Expense Claims, holders of Allowed Administrative TIC Expense Claims shall receive a Pro-Rata payment from such cash balance in full satisfaction of their Allowed Claims and no distribution will be made on account of any Administrative TIC Rent Claims asserted in connection with such Unsettled TIC Property (“Protocol Result 4”).

HOLDERS OF ADMINISTRATIVE TIC RENT CLAIMS SHOULD REFER TO SCHEDULE 2 TO THE MASTER DISCLOSURE STATEMENT FOR DETAILS BY PROPERTY AND BY TIC INVESTOR REGARDING THE APPLICATION OF THE ADMINISTRATIVE TIC RENT/EXPENSE CLAIMS PROTOCOL AND THE DEEMED ALLOWABLE AMOUNT OF ADMINISTRATIVE RENT CLAIMS.

d) Illustration

An example of Protocol Results 1 through 4 is presented in the table below for illustrative purposes only.

Unsettled TIC Property	Cash Balance			Unpaid Non-Rent Admin. Claims	Unsettled Admin. Rent Claim	Deemed Allowable Non-Rent Admin. Claims	Deemed Allowable Unsettled Admin. Rent Claims	Protocol Results
	Petition Date	Rejection Date	Inc/Dec					
Property A	\$100,000	\$70,000	(\$30,000)	\$25,000	\$35,000	\$0	\$0	Protocol Result 1
Property B	\$100,000	\$180,000	\$80,000	\$25,000	\$35,000	\$25,000	\$35,000	Protocol Result 2
Property C	\$100,000	\$150,000	\$50,000	\$25,000	\$35,000	\$25,000	\$25,000	Protocol Result 3

Property D	\$100,000	\$120,000	\$20,000	\$25,000	\$35,000	\$20,000	\$0	Protocol Result 4
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2. TIC Claims Protocol

This protocol governs the allowability of Unsettled TIC Claims, Settled TIC Claims and Proforma/Land Bank Accountable Reserves Claims. Upon the Effective Date, Unsettled TIC Claims, Settled TIC Claims and Proforma/Land Bank Accountable Reserves Claims shall automatically be Allowed or Disallowed in accordance with this TIC Claims Protocol in the amounts set forth in Schedule 3 to the Master Disclosure Statement without any further notice, filing, objection or Order of the Bankruptcy Court.

a) Relevant Background

Under the Settlement Agreements resolving distribution of cash for certain TIC Properties, among other things, the settling TIC Investors' rejection damage claims and pre-petition rent Claims were waived. However, under the Settlement Agreements, the settling TIC Investors' claims for Accountable Reserves were preserved. Accordingly, the Settled TIC Claims are the Unsecured Claims of the settling TIC Investors, which were not waived under the Settlement Agreements, consisting of claims for Accountable Reserves.

The Unsettled TIC Claims are the unsecured claims of the TIC Investors who did not consummate a settlement (pursuant to a Settlement Agreement) of their pre-petition claims, including pre-petition rent claims, rejection damage claims, and claims for Accountable Reserves. The Unsettled TIC Claims are voluminous and vary in nature and amount. Given the large number, vastly different assertions of value and complexity of the Unsettled TIC Claims, coupled with the likely prohibitive cost of examining and reconciling such Claims individually, the Chapter 11 Trustee and the Creditors' Committee developed the protocol described below to estimate the Unsettled TIC Claims for all purposes in the Chapter 11 Cases, including voting, allowance and distribution.

The Proforma/Land Bank Accountable Reserves Claims are the unsecured claims for Accountable Reserves of TIC Investors for real properties which were managed by DBSI under an asset management agreement but as to which real properties there were no Masterlease agreements with DBSI or any of its Affiliates.

b) Description of the TIC Claims Protocol

(i) The Unsettled TIC Claims

To the extent there are claims of the TIC Investors for damages resulting from the termination of a Masterlease with DBSI, Inc. or one of its affiliates, the Unsettled TIC Claims are limited under Section 502(b)(6) of the Bankruptcy Code to: (i) the rent reserved by such lease, without acceleration, for the greater of one year, or 15 percent, not to exceed three years, following the earlier of (A) the Petition Date, and (B) the date on which such TIC Investors repossessed or the DBSI Masterlessee surrendered the Unsettled TIC Property (the "Rejection Damage Claim"); and (ii) any unpaid rent due under such Masterlease, without acceleration, on the earlier of such dates. The protocol incorporates the mandates of Section 502(b)(6) as to all

Unsettled TIC Claims and provides for each holder of an Unsettled TIC Claim to receive an Allowed Claim in the amount of their Pro Rata share of the sum of (i) the Rejection Damage Claim, and (ii) the unpaid rent due on the Petition Date. In addition, the protocol adds to such Allowed Claim the holder's Pro Rata share of the Accountable Reserves.

(ii) **The Settled TIC Claims**

The protocol provides for the allowance of an Unsecured Settled TIC Claim in the amount equal to the holder's Pro Rata share of the Accountable Reserves. All other claims asserted by the Holders of Settled TIC Claims, including claims based upon fraud, shall be deemed Disallowed.

(iii) **The Proforma/Land Bank Accountable Reserve Claims**

The protocol provides for the allowance of an Unsecured Proforma/Land Bank Accountable Reserves Claim in an amount equal to the holder's Pro Rata share of the Accountable Reserves. Except for claims, if any, for damages resulting from the rejection of their asset management agreements (the "Management Rejection Claims"), all other claims asserted by the holders of Proforma/Land Bank Accountable Reserves Claims, including claims based upon fraud, shall be deemed Disallowed. Any Management Rejection Claims, which are timely filed and Allowed, shall be treated as General Unsecured Claims against the applicable Plan Debtor.

c) Application of the TIC Claims Protocol

(i) Each holder of a Settled TIC Claim shall have a deemed allowable Unsecured Settled TIC Claim equal to its Pro Rata share of the Accountable Reserves;

(ii) Each holder of an Unsettled TIC Claim shall have a deemed allowable Unsecured Unsettled TIC Claim equal to its Pro Rata share of the sum of the (A) Rejection Damage Claim, (B) unpaid rent due on the Petition Date, and (C) Accountable Reserves; and

(iii) Each holder of an Proforma/Land Bank Accountable Reserves Claim shall have a deemed allowable Unsecured Proforma/Land Bank Accountable Reserves Claim equal to its Pro Rata share of the Accountable Reserves; and

(iv) Except for Management Rejection Claims, all claims asserted by the Holders of Settled TIC Claims, Unsettled TIC Claims or Proforma/Land Bank Accountable Reserves Claims that are not Allowed pursuant to this protocol shall be deemed Disallowed and expunged upon the Effective Date.

HOLDERS OF SETTLED TIC CLAIMS, UNSETTLED TIC CLAIMS AND PROFORMA/LAND BANK ACCOUNTABLE RESERVES CLAIMS SHOULD REFER TO SCHEDULE 3 TO THE MASTER DISCLOSURE STATEMENT FOR DETAILS BY PROPERTY REGARDING THE APPLICATION OF THE TIC CLAIMS PROTOCOL AND THE DEEMED ALLOWED AMOUNT OF THEIR CLAIMS.

3. Cost Allocation and Professional Fees Protocol

From the beginning, the issue of how to pay for the administrative costs and professionals fees incurred as a result of the DBSI Chapter 11 Cases has been an extremely contentious issue. Chapter 11 Apportionment Costs for TIC Properties were the subject of extensive discussion and negotiation in the early stages of the cases. The Bankruptcy Court then approved a preliminary allocation of costs and professional fees after an evidentiary hearing in early 2009. The Bankruptcy Court later approved a further allocation of costs after another evidentiary hearing in early 2010. However, both of the prior allocations were subject to further revision, and none of the costs or fees after May 31, 2009 have been allocated.

The Chapter 11 Trustee and the Creditors' Committee do not believe it is feasible (or even possible) to allocate chapter 11 costs and professional fees on a task-by-task, entity-by-entity basis. Accordingly, the Plan incorporates a global protocol for allocating these costs and fees, which is primarily based on (i) adjusting the existing allocation through May 31, 2009 to a ratio of 70% for the DBSI Liquidating Trust and 30% for the DBSI Real Estate Liquidating Trust, which more accurately reflects the level of activity related to TIC Investments in the spring of 2009, and (ii) pro rata allocation based on the estimated realizable liquidation values of the respective assets to be placed in the DBSI Liquidating Trust (20%) and the DBSI Real Estate Liquidating Trust (80%), respectively, for the period from June 1, 2009 to the confirmation date of the Plan.

ARTICLE III GUIDE TO FURTHER EVALUATION

In addition to background information and a summary of plan terms, a disclosure statement typically contains certain additional information to assist creditors in their evaluation of plan. This additional information often includes a list of risks factors for the plan and an explanation of the Bankruptcy Code requirements that the plan must satisfy in order to be confirmed (i.e. approved) by the Bankruptcy Court. Set forth below are: (1) an outline of the Plan's risk factors; (2) an outline of the Bankruptcy Code requirements to confirm the Plan; (3) a list of sources of additional information that may be helpful for evaluation of the Plan; and (4) important disclaimers regarding this TIC Investor Disclosure Statement.

A. Risk Factors

TIC Investors should read and consider carefully the factors set forth below, as well as the other information set forth in this TIC Investor Disclosure Statement, prior to voting to accept or reject the Plan. These risk factors should not, however, be regarded as constituting the only risks involved in connection with the Plan and its implementation.

Non-Confirmation of the Plan. Even if sufficient investors and creditors in the various classes vote to accept the Plan, the Court may not confirm the Plan if it does not satisfy all of the Bankruptcy Code requirements. Although the Chapter 11 Trustee and the Committee believe that the Plan will meet all applicable tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion. If objections are asserted to the Plan, the resolution of any such

objection through litigation or otherwise may require delay and additional expense of a degree that cannot be predicted at this time.

Non-Occurrence or Delayed Occurrence of the Effective Date. Even if the Plan is confirmed, it might not become effective or its effectiveness might be delayed. Delay could result in additional administrative costs.

B. Bankruptcy Code Requirements

The Bankruptcy Code requires that, in order to confirm the Plan, the Bankruptcy Court must make a series of findings concerning the Plan and its proponents, including that (i) the Plan has classified claims in a permissible manner; (ii) the Plan complies with applicable provisions of the Bankruptcy Code; (iii) the Plan proponents have complied with applicable provisions of the Bankruptcy Code; (iv) the Plan proponents have proposed the Plan in good faith and not by any means forbidden by law; (v) the disclosure required by Section 1125 of the Bankruptcy Code has been made; (vi) the Plan has been accepted by the requisite votes of creditors or interest holders in each class (except to the extent that cramdown is available under Section 1129(b) of the Bankruptcy Code); (vii) the Plan is feasible and confirmation is not likely to be followed by further financial restructuring of the Plan Debtors; (viii) the Plan is in the “best interests” of all holders of claims or interests in an impaired class; and (ix) all fees and expenses payable under 28 U.S.C. Section 1930, as determined by the Bankruptcy Court at the hearing on confirmation, have been paid or the Plan provides for the payment of such fees on the Effective Date. The Chapter 11 Trustee and the Creditors’ Committee believe that the Plan satisfies all the requirements for confirmation. A few of the confirmation requirements that are most often the focus of discussion regarding a chapter 11 plan are discussed below.

1. Best Interests Test

As the holder of a claim or interest in an impaired class, each TIC Investor must either (i) accept the Plan or (ii) receive or retain under the Plan cash or property of a value, as of the Effective Date of the Plan, that is not less than the value such TIC Investor would receive or retain if the Plan Debtors were liquidated under chapter 7 of the Bankruptcy Code. The Bankruptcy Court will determine whether the cash and property issued under the Plan to TIC Investors equals or exceeds the value that would be allocated to the TIC Investors in a liquidation under chapter 7 of the Bankruptcy Code (the “Best Interests Test”).

To determine the value that TIC Investors would receive if the Plan Debtors were liquidated under chapter 7, the Bankruptcy Court must determine the aggregate dollar amount that would be generated from the liquidation of the assets available to satisfy TIC Investor claims if the Plan Debtors’ Chapter 11 Cases had been converted to a chapter 7 liquidation case and the Plan Debtors’ assets were liquidated by a chapter 7 trustee (the “Liquidation Value”). The Liquidation Value would consist of the net proceeds from distribution of the Plan Debtors’ assets, augmented by cash held by the estates and reduced by certain increased costs and claims that arise in a chapter 7 liquidation case that do not arise in a chapter 11 case.

As explained in the hypothetical chapter 7 liquidation analysis (the “Liquidation Analysis”) attached to the Master Disclosure Statement as Exhibit D, the Liquidation Value

available for TIC Investors would be reduced by: (a) the costs, fees and expenses of the liquidation under chapter 7, which would include disposition expenses and the compensation of one or more trustees and their counsel and other retained professionals, (b) the fees of the chapter 7 trustee(s) and (c) certain other costs arising from conversion of the Chapter 11 Cases to chapter 7.

For the reasons set forth in the Liquidation Analysis, the Chapter 11 Trustee and the Creditors' Committee believe that the Plan provides a superior recovery for the Holders of Claims, and the Plan meets the requirements of the Best Interests Test. **Indeed, the Chapter 11 Trustee and the Creditors' Committee believe that TIC Investors may not receive ANY distribution in a conversion of the Plan Debtors' cases to a chapter 7 liquidation.**

2. Financial Feasibility Test

In order to confirm a plan, the Bankruptcy Code requires the Bankruptcy Court to find that confirmation of the plan is not likely to be followed by liquidation or the need for further financial reorganization of the debtors (the "Feasibility Test"), unless such liquidation or further financial reorganization is proposed in the plan. Because a form of liquidation is proposed in the Plan and no further financial reorganization of the Plan Debtors will be possible, and because the estates will be able to satisfy all secured, administrative and priority claims in accordance with the requirements of the Bankruptcy Code, the Chapter 11 Trustee and the Creditors' Committee believe that the Plan meets the feasibility requirement.

3. Classification

In accordance with Section 1122 of the Bankruptcy Code, the Plan provides for the classification of claims. Section 1122(a) permits a plan to place a claim or equity interest in a particular class only if the claim or equity interest is substantially similar to the other claims or interests in that class. The 11 Trustee and the Creditors' Committee believe that the classification of claims and interests under the Plan is appropriate and consistent with applicable law.

4. Acceptance by Impaired Classes

Section 1129(a) of the Bankruptcy Code requires that each class of claims or interests that is impaired under a plan accept the plan (subject to the "cramdown" exception contained in Section 1129(b) of the Bankruptcy Code. Under Section 1129(b) of the Bankruptcy Code, if any one (but not all) impaired class does not accept the Plan, the Bankruptcy Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner required by the Bankruptcy Code. The process by which non-accepting classes are forced to be bound by the terms of the Plan is commonly referred to as "cramdown." The Bankruptcy Code allows the Plan to be "crammed down" on non-accepting classes of claims or interests if (i) the Plan meets all confirmation requirements except the requirement of Section 1129(a)(8) of the Bankruptcy Code that the Plan be accepted by each class of claims or interests that is impaired and (ii) the Plan does not "discriminate unfairly" and is "fair and equitable" toward each impaired class that has not voted to accept the Plan, as referred to in Section 1129(b) of the Bankruptcy Code and applicable case law.

A class of claims under a plan “accepts” the plan if the plan is accepted by creditors that hold at least two-thirds in amount and more than one-half in number of the allowed claims in the class that actually vote on the plan. A class of interests accepts the plan if the plan is accepted by holders of interests that hold at least two-thirds in amount of the allowed interests in the class that actually vote on a plan.

A class that is not “impaired” under a plan is conclusively presumed to have accepted the plan. Solicitation of acceptances from such a class is not required. A class is “impaired” unless (i) the legal, equitable and contractual rights to which a claim or interest in the class entitles the holder are not modified or (ii) the effect of any default is cured and the original terms of the obligation are reinstated. Under the Plan, the claims of TIC Investors are impaired, and TIC Investors are entitled to vote to accept or reject the Plan.

The Plan provides fair and equitable treatment of TIC Investor claims because no holder of a claim or interest junior to the claims of TIC Investors receives or retains any property under the Plan.

If any impaired class fails to accept the Plan, the Chapter 11 Trustee and the Creditors’ Committee intend to request that the Bankruptcy Code confirm the Plan pursuant to Section 1129(b) of the Bankruptcy Code with respect to those classes.

C. Additional Information.

In addition to this TIC Investor Disclosure Statement, the Chapter 11 Trustee and the Creditors’ Committee prepared the Master Disclosure Statement, which contains a great deal of additional detail and information regarding the Plan and the DBSI enterprise. The Master Disclosure Statement is available at www.kccllc.net/DBSI. The Master Disclosure Statement has several schedules and exhibits attached.

A complete copy of the Plan is available at www.kccllc.net/DBSI. The Plan contains detailed provisions for how the DBSI assets will be liquidated for the benefit of investors and creditors.

Copies of certain supplemental documents related to the Plan, including the Trust Agreements for the four trusts to be formed pursuant to the Plan, will be filed no later than September 13, 2010 and made available at www.kccllc.net/DBSI.

Copies of the Examiner’s reports are available at www.kccllc.net/DBSI. The Examiner’s reports contain a great deal of information about the commingling of cash, disregard of investment requirements, manipulations of value and other irregularities in DBSI’s business practices.

Copies of the Chapter 11 Trustee’s Sub Con Motion and the supporting evidence filed by the Chapter 11 Trustee is available at www.kccllc.net/DBSI. The Sub Con Motion and supporting evidence set forth in great detail the factual and legal basis for substantive consolidation of the DBSI estates.

You may also contact Kurtzman Carson Consultants LLC at (888) 830-4648 to obtain copies of these documents.

PLEASE NOTE-- THERE ARE SIGNIFICANT TAX CONSEQUENCES OF THE PLAN. THE MASTER DISCLOSURE STATEMENT CONTAINS EXTENSIVE DISCUSSION OF THESE TAX CONSEQUENCES. THE TAX CONSEQUENCES DISCUSSION IN THE MASTER DISCLOSURE STATEMENT IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN, AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE DISCUSSION THEREIN IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A TIC INVESTOR'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, EACH TIC INVESTOR IS STRONGLY URGED TO CONSULT ITS TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, AND LOCAL INCOME TAX CONSEQUENCES, AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

D. Important Disclaimers

THIS TIC INVESTOR DISCLOSURE STATEMENT IS PRESENTED TO TIC INVESTORS IN ACCORDANCE WITH THE REQUIREMENTS OF SECTION 1125 OF THE BANKRUPTCY CODE. SECTION 1125 OF THE BANKRUPTCY CODE REQUIRES THAT A DISCLOSURE STATEMENT PROVIDE INFORMATION SUFFICIENT TO ENABLE A HYPOTHETICAL AND REASONABLE INVESTOR, TYPICAL OF A PLAN DEBTOR'S CREDITORS AND EQUITY HOLDERS, TO MAKE AN INFORMED JUDGMENT WHETHER TO ACCEPT OR REJECT A PLAN. THIS TIC INVESTOR DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN THAT DESCRIBED ABOVE. THIS TIC INVESTOR DISCLOSURE STATEMENT DOES NOT CONSTITUTE FINANCIAL OR LEGAL ADVICE. TIC INVESTORS SHOULD CONSULT THEIR OWN ADVISORS IF THEY HAVE QUESTIONS ABOUT THE PLAN OR THIS TIC INVESTOR DISCLOSURE STATEMENT.

WHILE THIS TIC INVESTOR DISCLOSURE STATEMENT DESCRIBES CERTAIN BACKGROUND MATTERS AND THE MATERIAL TERMS OF THE PLAN, IT IS INTENDED AS A SUMMARY DOCUMENT ONLY AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ATTACHED TO THE PLAN, AND THE MASTER DISCLOSURE STATEMENT. SIMILARLY, DESCRIPTIONS IN THIS TIC INVESTOR DISCLOSURE STATEMENT OF PLEADINGS, ORDERS, AND PROCEEDINGS IN THE CHAPTER 11 CASES ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE RELEVANT DOCKET ITEMS. YOU SHOULD READ THE PLAN AND THE EXHIBITS TO OBTAIN A FULL UNDERSTANDING OF THEIR PROVISIONS. ADDITIONAL COPIES OF THIS TIC INVESTOR DISCLOSURE STATEMENT, THE MASTER DISCLOSURE STATEMENT AND THE EXHIBITS ATTACHED TO THE MASTER DISCLOSURE STATEMENT, AS WELL AS ANY DOCKET ITEMS FROM THE CHAPTER 11 CASES, ARE AVAILABLE FOR INSPECTION DURING REGULAR BUSINESS HOURS AT THE OFFICE OF THE CLERK OF THE BANKRUPTCY COURT, UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 5TH FLOOR, 824 MARKET STREET, WILMINGTON, DELAWARE 19801. IN ADDITION, COPIES MAY BE OBTAINED FOR A CHARGE THROUGH DELAWARE DOCUMENT RETRIEVAL, 230 NORTH MARKET STREET, P.O. BOX 27, WILMINGTON, DELAWARE 19801, (302) 658-9971, OR VIEWED ON THE INTERNET AT THE BANKRUPTCY COURT'S WEBSITE ([HTTP://WWW.DEB.USCOURTS.GOV/](http://www.deb.uscourts.gov)) BY FOLLOWING THE DIRECTIONS FOR ACCESSING THE ECF SYSTEM ON SUCH WEBSITE. COPIES ARE ALSO AVAILABLE FREE OF CHARGE ON KURTZMAN CARSON CONSULTANTS' DEDICATED WEB PAGE RELATED TO THESE CASES ([HTTP://WWW.KCCLLC.NET/DBSI](http://www.kccllc.net/dbsi)).

THE STATEMENTS AND INFORMATION CONCERNING THE PLAN DEBTORS AND THE PLAN SET FORTH IN THIS TIC INVESTOR DISCLOSURE STATEMENT AND OTHER COURT APPROVED DISCLOSURE STATEMENTS CONSTITUTE THE ONLY STATEMENTS OR INFORMATION CONCERNING SUCH MATTERS THAT HAVE BEEN APPROVED BY THE BANKRUPTCY COURT FOR THE PURPOSE OF SOLICITING ACCEPTANCES OR REJECTIONS OF THE PLAN.

THE STATEMENTS CONTAINED IN THIS TIC INVESTOR DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN. NEITHER DELIVERY OF THIS TIC INVESTOR DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE IN CONNECTION WITH THE PLAN WILL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE THIS TIC INVESTOR DISCLOSURE STATEMENT AND THE MATERIALS RELIED UPON IN PREPARATION OF THIS TIC INVESTOR DISCLOSURE STATEMENT WERE COMPILED. THE PLAN PROPONENTS ASSUME NO DUTY TO UPDATE OR SUPPLEMENT THE DISCLOSURES CONTAINED HEREIN AND DO NOT INTEND TO UPDATE OR SUPPLEMENT THE DISCLOSURES, EXCEPT TO THE EXTENT, IF ANY, NECESSARY AT THE HEARING ON CONFIRMATION OF THE PLAN.

THIS TIC INVESTOR DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE IN FAVOR OF OR AGAINST THE PLAN. CERTAIN OF THE INFORMATION CONTAINED IN THIS TIC INVESTOR DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD-LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE RESULTS. THERE CAN BE NO ASSURANCE THAT ANY FORECASTED OR PROJECTED RESULTS CONTAINED HEREIN WILL BE REALIZED, AND ACTUAL RESULTS MAY VARY FROM THOSE SHOWN HEREIN, POSSIBLY BY MATERIAL AMOUNTS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THIS TIC INVESTOR DISCLOSURE STATEMENT. PURSUANT TO THE PLAN, ANY SECURITIES ISSUED TO ANY PARTY UNDER, PURSUANT TO, OR IN EFFECTUATING THE PLAN, AND THE OFFERING AND ISSUANCE THEREOF BY ANY PARTY, ARE EXEMPT FROM SECTION 5 OF THE SECURITIES ACT OF 1933, IF APPLICABLE, AND FROM ANY STATE OR FEDERAL SECURITIES LAWS REQUIRING REGISTRATION FOR THE OFFER OR SALE OF A SECURITY OR REGISTRATION OR LICENSING OF AN ISSUER OR UNDERWRITER OF, OR BROKER OR DEALER IN, A SECURITY, AND OTHERWISE ENJOY ALL EXEMPTIONS AVAILABLE FOR DISTRIBUTIONS OF SECURITIES UNDER A PLAN IN ACCORDANCE WITH ALL APPLICABLE LAW, INCLUDING, WITHOUT LIMITATION, SECTION 1145 OF THE BANKRUPTCY CODE.

THE INFORMATION CONTAINED IN THIS TIC INVESTOR DISCLOSURE STATEMENT AND ANY OTHER DISCLOSURE STATEMENT, INCLUDING ANY EXHIBITS CONCERNING THE FINANCIAL CONDITION OF THE PLAN DEBTORS AND THE OTHER INFORMATION CONTAINED HEREIN, OR IN THE EXHIBITS, HAVE NOT BEEN SUBJECT TO AN AUDIT OR INDEPENDENT REVIEW EXCEPT AS EXPRESSLY SET FORTH HEREIN.

THIS TIC INVESTOR DISCLOSURE STATEMENT IS NOT INTENDED TO BE AND SHOULD NOT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN. EACH CREDITOR AND INTEREST HOLDER SHOULD, THEREFORE, CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THIS SOLICITATION, THE PLAN OR THE TRANSACTIONS CONTEMPLATED THEREBY.

THE PLAN AND THE GLOBAL CLAIMS SETTLEMENT EMBODIED IN THE PLAN REPRESENT A PROPOSED COMPROMISE RESOLUTION OF THE RELIEF SOUGHT BY THE CHAPTER 11 TRUSTEE OUTSIDE THE CONTEXT OF THE PLAN IN THE SUB CON MOTION. BOTH THE TRUSTEE'S PROPOSAL OF THE PLAN AND THE GLOBAL CLAIMS SETTLEMENT ARE MADE IN THEIR ENTIRETY WITHOUT PREJUDICE TO THE TRUSTEE'S POSITION, AND ANY POSITION THE CREDITORS' COMMITTEE MAY CHOOSE TO TAKE, IN CONNECTION WITH THE SUB CON MOTION IN THE EVENT THE PLAN IS NOT CONFIRMED.

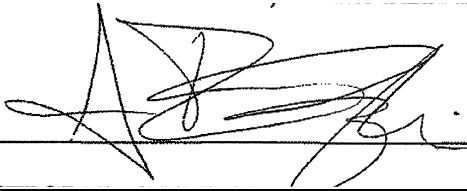
**ARTICLE IV
RECOMMENDATION AND CONCLUSION**

The Chapter 11 Trustee and the Creditors' Committee believe that confirmation and consummation of the Plan is in the best interests of TIC Investors and that the Plan should be confirmed. The Chapter 11 Trustee and the Creditors' Committee strongly recommend that all TIC Investors vote in favor of the Plan.

Respectfully submitted,

Dated: August 17, 2010

JAMES R. ZAZZALI, CHAPTER 11 TRUSTEE



**OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF DBSI, INC. ET AL.**

BY: *Russell Firkin (by permission N/S)*
NAME: Russell Firkins
TITLE: Member of the Committee

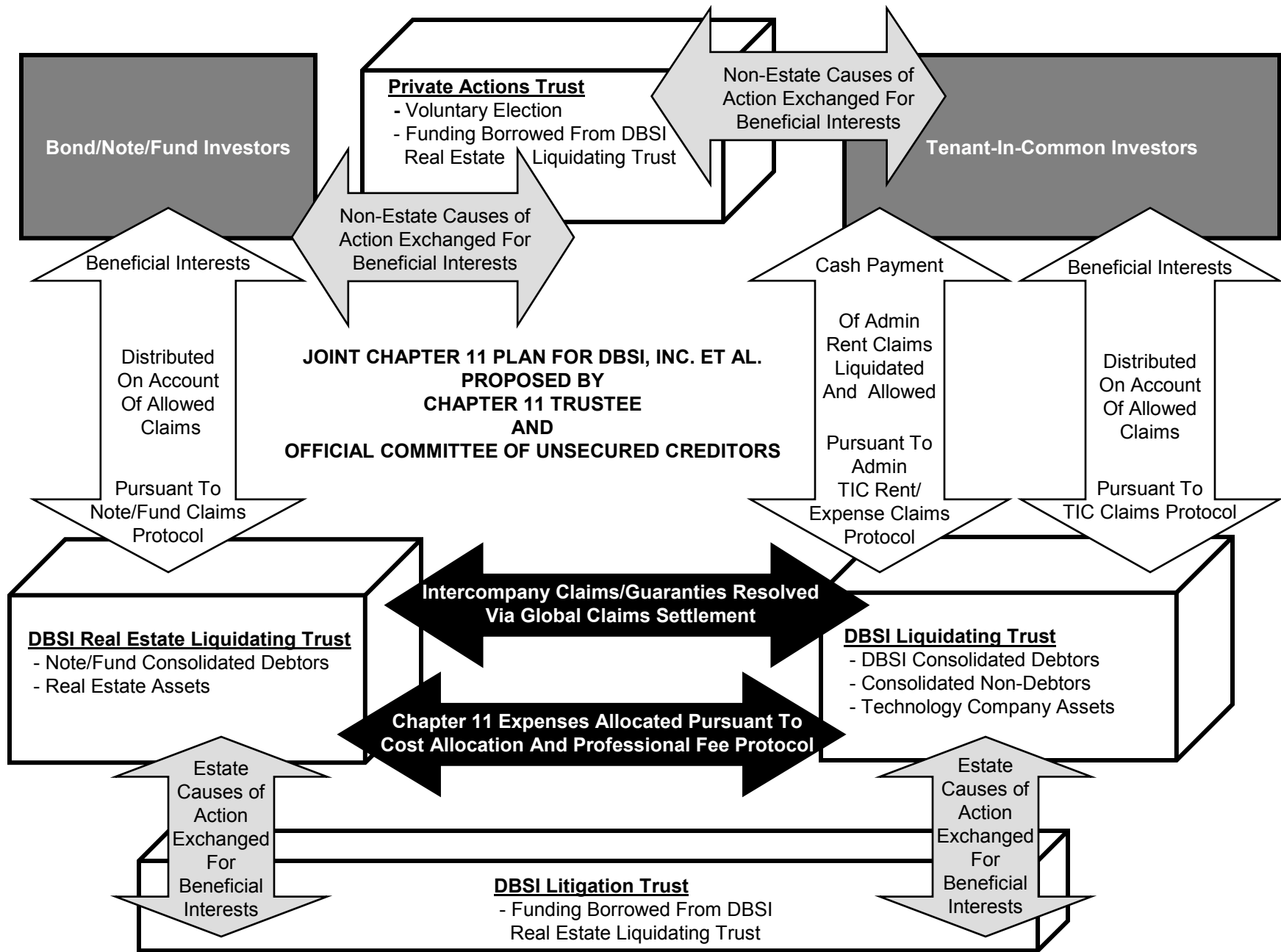


Exhibit "1"