

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re

Morgan Administration, Inc., *et al.* d/b/a Home Owners Bargain Outlet,¹

Debtors and Debtors in Possession.

Chapter 11

Case No. 18-30039

(Jointly administered)

Honorable Jacqueline P. Cox

FIRST AMENDED JOINT CHAPTER 11 LIQUIDATING PLAN

Jonathan Friedland (IL No. 6257902)
Mark Melickian (IL No. 6229843)
Elizabeth B. Vandesteeg (IL No. 6291426)
Jack O'Connor (IL No. 6302674)
SUGAR FELSENTHAL GRAIS & HELSINGER LLP
30 N. LaSalle St., Ste. 3000
Chicago, Illinois 60602
Telephone: 312.704.9400
Facsimile: 312.372.7951
jfriedland@SFGH.com
mmelickian@SFGH.com
evandesteeg@SFGH.com
joconnor@SFGH.com
Counsel to the Debtors

Shelly A. DeRousse (IL No. 6274798)
Devon J. Eggert (IL No. 6289425)
Elizabeth L. Janczak (IL No. 6302864)
FREEBORN & PETERS LLP
311 S. Wacker Dr., Ste. 3000
Chicago, Illinois 60606
Telephone: 312.360.6000
Facsimile: 312.360.6572
sderousse@freeborn.com
deggert@freeborn.com
ejanczak@freeborn.com

*Counsel to the Official Committee of
Unsecured Creditors*

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Morgan Administration, Inc. (4200); Belvidere Associates LLC (8559); FP Retail Associates LLC (0915); Hillcrest Enterprises, LLC (4581); Jular Media LLC (0805); KLS Acquisition Corp. (0925); Loomis Enterprises LLC (5451); North Avenue Associates LLC (3229); Oak Creek Distribution LLC (0634); OL Enterprises LLC (9401); and Deforab LLC (9348).

TABLE OF CONTENTS

I. DEFINITIONS AND RULES
OF CONSTRUCTION.....4
A. Defined Terms 4
B. Rules of Interpretation and Computation of Time 12

II. CLASSIFICATION AND TREATMENT OF CLAIMS 12
A. General Overview 12
B. Unclassified Claims 12
C. Classified Claims and Interest 13

III. ACCEPTANCE OR REJECTION OF THE PLAN 16
A. Voting Classes 16
B. Acceptance by Impaired Classes 16
C. Presumed Rejection of the Plan 17
D. Nonconsensual Confirmation 17
E. How to Vote 17

IV. MEANS FOR IMPLEMENTATION OF THE PLAN..... 18
A. Substantive Consolidation 18
B. Vesting of Assets in the Creditor Trust..... 19
C. Creditor Trust Administration..... 20
D. Estate Causes of Action 21
E. Distribution Under the Plan Made by the Creditor Trustee 23

V. RELEASES AND EXCULPATION 25
A. Releases by the Debtors 25
B. Exculpation 26
C. No Liability for Solicitation or Participation 26
D. Good Faith 26

VI. EFFECTIVENESS OF THE PLAN 27
A. Conditions Precedent 27
B. Effective Date 27
C. Confirmation Request 27
D. Termination of Committee..... 27

E.	Officers and Directors of Debtors.....	28
F.	Notice of Effective Date	28
VII.	EFFECT OF CONFIRMATION	28
A.	Discharge	28
B.	Withdrawal or Modification of Plan	29
C.	Final Decree.....	29
VIII.	MISCELLANEOUS PROVISIONS.....	29
A.	Executory Contracts and Unexpired Leases	29
B.	Administrative Expense and Priority Claim Bar Date.....	30
C.	Preservation of Causes of Action.....	30
D.	Exhibits	31
E.	Exemption from Stamp, Transfer, and Other Taxes	31
F.	Headings	31
G.	Binding Law	31
H.	Governing Law	31
I.	Other Documents and Actions.....	31
J.	Notice	32
K.	Severability of Plan Provisions.....	32
L.	Successors and Assigns	32
M.	Effectiveness of Court Orders.....	32
N.	No Waiver.....	32
O.	Other Documents and Actions.....	33
P.	Implementation of Section 1142 of the Bankruptcy Code.....	33
Q.	Setoffs and Recoupments.....	33
R.	Retention of Jurisdiction.....	34
S.	Waiver of Fourteen (14) Day Stay.....	34
T.	Substantial Consummation	35

FIRST AMENDED JOINT CHAPTER 11 LIQUIDATING PLAN

MORGAN ADMINISTRATION, INC., BELVIDERE ASSOCIATES LLC, FP RETAIL ASSOCIATES LLC, ENTERPRISES, LLC, JULAR MEDIA LLC, KLS ACQUISITION CORP., LOOMIS ENTERPRISES LLC, NORTH AVENUE ASSOCIATES LLC, OAK CREEK DISTRIBUTION LLC, OL ENTERPRISES LLC, and DEFORAB LLC (collectively d/b/a Home Owners Bargain Outlet), the debtors and debtors-in-possession in the above-captioned bankruptcy cases (collectively, the “**Debtors**”), and the Official Committee of Unsecured Creditors (the “**Committee**”), through their respective undersigned counsel, propose the following Chapter 11 Liquidating Plan (along with any amendments, supplements and exhibits hereto, collectively, the “**Plan**”) pursuant to section 1121(a) of the Bankruptcy Code for resolution of all Claims against and Interests in the Debtors and their Estates.

The Disclosure Statement, which accompanies the Plan, discusses the Debtors’ history, businesses, and Chapter 11 Cases. It also provides estimates of the distributions of the Debtors’ remaining assets to creditors and contains a summary and discussion of the Plan. Holders of Claims are encouraged to read the Disclosure Statement before voting to accept or reject the Plan.

Following solicitation of acceptances for the Plan, the Debtors will seek the Bankruptcy Court’s Confirmation of the Plan. No solicitation materials other than the Disclosure Statement and any schedules, exhibits or other documents attached thereto or referenced therein have been authorized by the Debtors or the Bankruptcy Court for use in soliciting acceptances or rejections of the Plan.

I. DEFINITIONS AND RULES OF CONSTRUCTION

A. Defined Terms

As used herein, the following terms have the respective meanings specified below (such meanings to be equally applicable to both the singular and plural, and masculine and feminine forms of the terms defined).

1. “**Administrative Expense**” means any cost or expense of administration of the Chapter 11 Cases under sections 503(b) and 507(a)(2) of the Bankruptcy Code, including, without limitation, any actual and necessary post-Petition Date expenses of preserving the Estates, any actual and necessary post-Petition Date expenses of administering the Estates, all Professional Fee Claims to the extent allowed by the Bankruptcy Court under sections 330, 331, 363 or 503 of the Bankruptcy Code, and any fees or charges assessed against the Estates under section 1930 of title 28 of the United States Code.

2. “**Administrative Expense and Priority Claim Bar Date**” means the applicable date on which an Administrative Expense Claim, including but not limited to any Claim under section 503(b)(9) of the Bankruptcy Code, a Class 1 Employee PTO Priority Claim, or a Class 2 Employee Health Care Priority Claim must be filed, as established by Section VIII.B. of the Plan.

3. “**Allowed**” means with respect to any Claim or Interest: (i) a Claim or -Interest that is evidenced by a proof of Claim or proof of Interest, as applicable, filed by the applicable Claims Bar Date (or for which Claim or Interest under the Plan, the Bankruptcy Code, or a Final Order of the

Bankruptcy Court, a proof of Claim is not required to be filed); (ii) that has been listed by the Debtors in the Schedules as liquidated in amount and not disputed or contingent, and with respect to which no contrary proof of Claim or proof of Interest has been Filed; or (iii) a Claim or Interest allowed pursuant to the Plan or a Final Order of the Bankruptcy Court. However, with respect to a Claim or Interest described in clauses (i) and (ii) above, such Claim or Interest shall be considered Allowed only if and to the extent that with respect to such Claim or Interest no objection to the allowance thereof has been interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or such an objection is so interposed and the Claim or Interest shall have been Allowed for voting purposes only by a Final Order. Any Claim or Interest that has been or is hereafter listed in the Schedules as contingent, unliquidated, or disputed, and for which no proof of Claim or proof of Interest is or has been timely filed shall be expunged on the Effective Date without further action by the Debtors and without further notice to any party or action, approval, or order of the Bankruptcy Court. Any portion of a Claim that is satisfied or released during the Chapter 11 Cases is not an Allowed Claim.

4. “**Allowed Class __ Claim**” means an Allowed Claim in the Class specified.

5. “**Assets**” means all assets of the Debtors’ Estates including “property of the estate” as described in section 541 of the Bankruptcy Code and shall, without limitation, include Cash, Estate Causes of Action, any and all claims and causes of action that may be asserted by the Debtors against any third party or third parties, proceeds of insurance and Insurance Policies, all rights and interests, all personal property, and all files, books and records of the Debtors’ Estates.

6. “**Avoidance Action**” means any claim or right under the following: sections 542, 544, 545, 547, 548, 549, 550, 551 and 553(b) of the Bankruptcy Code; all prevailing fraudulent conveyance and fraudulent transfer laws; all non-bankruptcy laws vesting in creditors’ rights to avoid, rescind, or recover on account of transfers, including, but not limited to, claims relating to illegal dividends; all preference laws; the Uniform Fraudulent Transfer Act, 740 ILCS 160/1, *et seq.*, and Wis. Stat. Ann. §§ 242.01, *et seq.*; and any other applicable federal, state, or common law, including fraudulent transfers, whether or not litigation has been commenced with respect to such Estate Causes of Action as of the Effective Date.

7. “**Ballot**” means the ballot upon which Holders of Impaired Claims shall indicate their acceptance or rejection of the Plan in accordance with the Plan and the Voting Instructions.

8. “**Bankruptcy Code**” means title 11 of the United States Code, 11 U.S.C. §§ 101, *et sec.*, as amended.

9. “**Bankruptcy Court**” means the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division or, in the event such court ceases to exercise jurisdiction over the Chapter 11 Cases, such other court that exercises jurisdiction over the Chapter 11 Cases.

10. “**Bankruptcy Rules**” means, collectively, (i) the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Chapter 11 Cases, and (ii) the Local Bankruptcy Rules applicable to cases pending before the Bankruptcy Court, as now in effect or hereafter amended.

11. “**Bar Date Order**” means the order entered by the Bankruptcy Court on December 7, 2018 [Dkt. No. 143], setting the Claims Bar Date and the Governmental Unit Bar Date.
12. “**Beneficiaries**” means the Holders of Allowed Claims, who are the beneficiaries of the Creditor Trust.
13. “**Business Day**” means any day that is not a Saturday, a Sunday, or a “legal holiday” as defined in Bankruptcy Rule 9006(a).
14. “**Cash**” means cash or cash equivalents.
15. “**Chapter 11 Cases**” means the cases under chapter 11 of the Bankruptcy Code, commenced by the Debtors on the Petition Date in the Bankruptcy Court, jointly administered as “*In re Morgan Administration, Inc.*” and assigned lead Case No. 18-30039.
16. “**Claim**” means (i) any right to payment from the Debtors’ Estates, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or (ii) any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from the Debtors’ Estates, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.
17. “**Claims Agent**” means BMC Group, which was appointed as the Debtors’ claims, notice, and balloting agent.
18. “**Claims Bar Date**” means January 28, 2019, which is the general deadline set pursuant to the Bar Date Order for filing proofs of claim for any Claims against the Debtors that arose prior to the Petition Date.
19. “**Class**” means one of the Classes of Claims or Interests designated in the Plan.
20. “**Committee**” means the Official Committee of Unsecured Creditors appointed in the Chapter 11 Cases on November 5, 2018, pursuant to section 1102 of the Bankruptcy Code.
21. “**Conditions Precedent**” shall have the meaning ascribed to such term in Section VI.A of the Plan.
22. “**Confirmation**” means the entry of the Final Order by the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.
23. “**Confirmation Date**” means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on its docket.
24. “**Confirmation Hearing**” means, collectively, the hearing or hearings held by the Bankruptcy Court on Confirmation of the Plan, as such hearing or hearings may be continued from time to time.

25. “**Confirmation Order**” means the order of the Bankruptcy Court confirming the Plan in accordance with the provisions of chapter 11 of the Bankruptcy Code.

26. “**Creditor**” means all creditors of the Debtors holding Claims for debts, liabilities, demands or other Claims of any character whatsoever.

27. “**Creditor Trust**” means a common law trust to be established pursuant to the Plan, the Creditor Trust Agreement and the Confirmation Order for the sole and exclusive benefit of the Holders of Allowed Claims. The Creditor Trust shall liquidate and distribute the Creditor Trust Assets, in accordance with the Creditor Trust Agreement.

28. “**Creditor Trust Agreement**” means the agreement to be executed as soon as reasonably practicable after the Confirmation Date among the Debtors, the Committee and the Creditor Trustee, which shall govern the obligations of the Creditor Trustee with respect to oversight of the Distribution of the Net Proceeds of the Creditor Trust Assets, as further set forth in the Creditor Trust Agreement and the Plan.

29. “**Creditor Trust Assets**” means the Assets to be transferred to and vested in the Creditor Trust pursuant to this Plan and the Confirmation Order, plus all proceeds, earnings and replacements arising from or relating to those Creditor Trust Assets and all assets acquired by the Creditor Trust at any time. The Creditor Trust Assets shall include (but not be limited to): (i) all Cash held by the Debtors; (ii) any remaining personal property owned by the Debtors as of the Effective Date; (iii) all Estate Causes of Action, including the Avoidance Actions and any pending proceedings initiated by the Committee pursuant to Bankruptcy Rule 2004; (iv) the Insurance Policies; and (v) the Net Proceeds.

30. “**Creditor Trustee**” means the Person or entity, including any replacements thereof or successors thereto, as may be designated by the Committee at least twenty-one (21) days in advance of the Confirmation Hearing, and approved by the Bankruptcy Court, as necessary or appropriate to serve as custodian for the Creditor Trust and to oversee the liquidation and Distribution of the Creditor Trust Assets held therein for the benefit of the holders of Allowed Claims, pursuant to the Plan, the Confirmation Order and the Creditor Trust Agreement.

31. “**Disallowed Claim**” means a Claim or any portion thereof that (i) has been disallowed by agreement with the Creditor, (ii) has been disallowed by Final Order, (iii) is listed in the Schedules in an unknown amount, as zero, as contingent, disputed, or unliquidated, or is not listed in the Schedules, and as to which no proof of Claim or Administrative Expense Claim has been Filed, or (iv) has been withdrawn by the applicable Creditor.

32. “**Disclosure Statement**” means that certain document entitled “Disclosure Statement in Support of the Joint Chapter 11 Liquidating Plan” filed in the Chapter 11 Cases, including the exhibits attached thereto, either in its present form or as it may be amended, modified or supplemented from time to time.

33. “**Disputed Claim**” means any Claim (i) which is listed in any of the Schedules of the Debtors as unliquidated, disputed, contingent, and/or unknown and for which no proof of Claim has been filed; (ii) as to which a proof of Claim has been filed and the dollar amount of such Claim is not specified in a fixed amount; or (iii) as to which the Debtors, Creditor Trustee or any other party in

interest have interposed a timely objection or request for estimation in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Plan and/or any order of the Bankruptcy Court, which objection or request for estimation has not been withdrawn or determined by a Final Order.

34. “**Distribution(s)**” means any transfer under the Plan of Cash or other property or instruments to a Holder of an Allowed Claim.

35. “**Effective Date**” means the date selected by the Plan Proponents which is a Business Day after the Confirmation Order on which: (i) no stay of the Confirmation Order is in effect, and (ii) all conditions specified in Section VI.A. of the Plan have been satisfied, unless waived by the Plan Proponents.

36. “**Employee Health Care Priority Claim**” means any Claim held by a former employee of the Debtors against the Debtors for obligations under the Paradigm Healthcare Plan to the extent such claim is entitled to priority under section 507(a)(5) of the Bankruptcy Code.

37. “**Employee PTO Priority Claim**” means a claim for accrued, unpaid “paid time off” (“PTO”) on the books and records of the Debtors as of December 31, 2018, to the extent such claim is entitled to priority under section 507(a)(4) of the Bankruptcy Code.

38. “**Estate Cause of Action**” shall mean any and all manner of causes of action, claims, obligations, suits, debts, judgments, demands, rights of offset or recoupment, damages (actual, compensatory or punitive), counterclaims or affirmative defenses, whatsoever, whether in law or in equity of the Debtors and Estates, whether asserted or could be asserted by the Debtors, the Committee or any other Person on behalf of the Estates, including, but not limited to, Avoidance Actions and any and all claims against the Debtors’ pre-Petition Date managers, officers, directors, employees and/or agents of the Debtors (except as such claims may be subject to release or exculpation under Section V.A.-B. of the Plan).

39. “**Estates**” shall mean the estates created under section 541(a) of the Bankruptcy Code on the Petition Date.

40. “**Exculpated Parties**” means the following: (i) Michael Goldman, (ii) Sugar Felsenthal Grais & Helsinger LLP, (iii) KCP Advisory Group, LLC, (iv) BMC Group, Inc., (v) Fuel Break Capital Partners LLC, and (vi) Freeborn & Peters LLP, and each of their respective partners, members, directors, and officers.

41. “**File,**” “**Filed,**” “**Files,**” or “**Filing**” means any document(s) properly and timely filed with the Bankruptcy Court in the Chapter 11 Cases, as reflected on the official docket of the Bankruptcy Court for the Chapter 11 Cases, and served on parties, as and to the extent that such filing and service are required pursuant to the Bankruptcy Code, Bankruptcy Rules and/or order of the Bankruptcy Court.

42. “**Final Distribution Date**” means the date of the last payment to Holders of Allowed Claims in accordance with the provisions of the Plan.

43. “**Final Order**” means an order or judgment of the Bankruptcy Court or other applicable court as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has

expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending; or as to which any right to appeal, reargue, rehear, or petition for certiorari shall have been waived in writing in form and substance satisfactory to the Plan Proponents prior to the Effective Date, or the Creditor Trustee after the Effective Date, or, in the event that an appeal, writ of certiorari, reargument or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court or other applicable court shall have been affirmed by the highest court to which such order or judgment was appealed or from which reargument or rehearing was sought, or certiorari shall have been denied, and the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall have expired.

44. **“General Unsecured Claim”** means any Claim that is not an Administrative Expense Claim, Priority Tax Claim, a Claim classified in Classes 1 through 4, or an Interest in the Debtors. General Unsecured Claims include, without limitation, Rejection Damage Claims.

45. **“Governmental Unit Bar Date”** means April 23, 2019, which is the deadline set pursuant to the Bar Date Order for filing proofs of Claim on behalf of any governmental unit, as defined in section 101(27) of the Bankruptcy Code, for any Claims against the Debtors that arose prior to the Petition Date.

46. **“Holder”** means the owner of a Claim or Interest.

47. **“Impaired”** has the meaning set forth in section 1124 of the Bankruptcy Code.

48. **“Insurance Policies”** mean any insurance policies under which the Debtors may be a beneficiary, including all insurance policies that may have expired prior to the Petition Date, all insurance policies in existence on the Petition Date, all insurance policies entered into by the Debtors after the Petition Date, and all insurance policies under which the Debtors hold rights to make, amend, prosecute and benefit from claims.

49. **“Intercompany Claim”** means any and all Claims of any one Debtor against any one or more of another Debtor.

50. **“Interests”** means any equity interest in the Debtors, including, without limitation, the membership interest(s) in the Debtors held directly or indirectly by Julie M. Traub, Kathleen M. Schmidt as Trustee of the Kathleen M. Schmidt Trust dated 1/20/98, Laura S. Werner, and Leo G. Schmidt as Trustee of the Leo G. Schmidt Trust dated 1/20/98.

51. **“Lien”** has the meaning set forth in section 101(37) of the Bankruptcy Code.

52. **“Net Proceeds”** means all Cash proceeds received by the Creditor Trustee from time to time from the sale or other disposition of the Creditor Trust Assets, net of the reasonable and necessary costs of such sale or other disposition, including reasonable fees and expenses of the Creditor Trustee’s legal counsel and other Professionals incurred in connection therewith.

53. **“Paradigm Health Plan”** means the health and welfare benefits plan provided by the Debtors to employees between November 1, 2017 and October 31, 2018.

54. “**Person**” means an individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, estate, unincorporated organization or other entity.

55. “**Petition Date**” means October 25, 2018, the date on which the Debtors filed their voluntary petitions commencing the Chapter 11 Cases.

56. “**Plan**” means this chapter 11 liquidating plan, including all exhibits hereto, either in their present form or as they may be altered, amended, or modified from time to time.

57. “**Plan Objection Deadline**” means the deadline established by the Bankruptcy Court for filing and serving objections to Confirmation of the Plan.

58. “**Plan Proponents**” means the Debtors and the Committee.

59. “**Post-Effective Date Notice Party**” has the meaning set forth in Section VIII.J. of this Plan.

60. “**Priority Claim**” means any Claim, other than an Administrative Expense Claim or a Priority Tax Claim, to the extent entitled to priority under section 507(a) of the Bankruptcy Code.

61. “**Priority Tax Claim**” means a Claim of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

62. “**Professional Fee Claim**” means Claims of Professionals for compensation for services rendered in these Chapter 11 Cases pursuant to sections 327, 328, 330, 331, 363, 503 or 1103 of the Bankruptcy Code

63. “**Professionals**” means Persons, including attorneys, accountants and financial advisors retained by the Debtors, the Committee or the Creditor Trustee, or to be compensated pursuant to sections 327, 328, 330, 331, 363, 503 or 1103 of the Bankruptcy Code.

64. “**Pro Rata**,” “**Pro Rata Share**,” and “**Pro Rata Basis**” means, at any time, the proportion that the face amount of a Claim in a particular Class bears to the aggregate face amount of all Claims (including Disputed Claims, but excluding Disallowed Claims) in such Class; and “face amount,” as used herein, means (i) when used in reference to a Disputed Claim, the full stated liquidated amount claimed by the Holder of the Claim in any proof of Claim timely filed with the Bankruptcy Court or otherwise deemed timely filed by any Final Order of the Bankruptcy Court or other applicable bankruptcy law; and (ii) when used in reference to an Allowed Claim, the allowed amount of such Claim.

65. “**Quarterly Reports**” means the periodic reports required by this Plan to be filed with the Bankruptcy Court.

66. “**Rejection Damage Claim**” means a Claim for any obligations or damages arising under an unexpired real-property or personal-property lease or executory contract that the Estates reject under section 365 of the Bankruptcy Code or pursuant to the terms of this Plan.

67. “**Released Parties**” shall have the same meaning as the Exculpated Parties.

68. “**Schedules**” means the schedules of assets and liabilities, list of equity security holders, and statement of financial affairs filed by the Debtors as required by section 521(a)(1) of the Bankruptcy Code, Bankruptcy Rules 1007(a)(1) and (3) and (b)(1), and Official Bankruptcy Form Nos. 6 and 7, as amended from time to time.

69. “**Secured Claim**” means a Claim of a Creditor secured by a Lien on property of the Estates, or a Claim subject to set off under section 553 of the Bankruptcy Code, to the extent of the value of such Creditor’s interest in property of the Estates, or to the extent of the amount subject to set off, as the case may be.

70. “**Secured Creditor**” means the Holder of a Secured Claim.

71. “**Substantive Consolidation Order**” means the order, or provision of the Confirmation Order, substantively consolidating the Chapter 11 Cases as provided in Section IV.A. of the Plan.

72. “**Trustee’s Expenses**” means the reasonable fees, costs and expenses incurred by the Creditor Trustee and any Professionals retained by it in connection with the performance of its duties and responsibilities under the Plan and the Creditor Trust Agreement, as well as any other reasonable and necessary costs of administration of the Creditor Trust, including United States Trustee fees incurred during the post-Confirmation Date period, which may be paid from the Creditor Trust Assets.

73. “**Unimpaired**” means with respect to a Claim or a Class, a Claim or Class that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

74. “**Voting Deadline**” means 5:00 p.m. (prevailing Central Time) on the date established by order of the Bankruptcy Court for receipt of Ballots voting to accept or reject the Plan.

75. “**Voting Instructions**” means the instructions provided in Section III.E. of the Plan with respect to voting to accept or reject the Plan.

B. Rules of Interpretation and Computation of Time.

For purposes of the Plan, unless otherwise provided: (i) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural; (ii) any reference to any entity as a Holder of a Claim or Interest includes the entity’s successors and assigns; (iii) captions and headings to articles and sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (iv) the rules of construction set forth in section 102 of the Bankruptcy Code will apply; and (v) in computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) will apply.

II. CLASSIFICATION AND TREATMENT OF CLAIMS

A. General Overview

The chart below summarizes the Classes of Claims and Interests for all purposes, including voting, confirmation, and distribution purposes pursuant to the Plan.

Class	Status	Voting Rights
Class 1 – Employee PTO Priority Claims	Unimpaired	Not Entitled to Vote
Class 2 – Employee Health Care Priority Claims	Unimpaired	Not Entitled to Vote
Class 3 – Priority Claims	Unimpaired	Not Entitled to Vote
Class 4 – Secured Claims	Unimpaired	Not Entitled to Vote
Class 5 – General Unsecured Claims	Impaired	Entitled to Vote
Class 6 – Interests	Impaired	Not Entitled to Vote

B. Unclassified Claims

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims have not been classified. Holders of such Claims are not entitled to vote on the Plan. All such Claims are instead treated separately in accordance herewith and in accordance with the requirements set forth in section 1129(a)(9) of the Bankruptcy Code.

1. Administrative Expense Claims

Subject to the allowance procedures and deadlines provided herein, the Creditor Trustee shall pay to each Holder of an Allowed Administrative Expense Claim, on account of the Allowed Administrative Expense Claim, and in full satisfaction thereof, Cash equal to the amount of such

Allowed Administrative Expense Claim, unless the Holder agrees to other treatment. Except as otherwise provided herein or in a prior order of the Bankruptcy Court: (i) payment of an Administrative Expense Claim that is an Allowed Claim as of the Effective Date shall be made on the later of the Effective Date or the date such payment would have become due for payment of such Allowed Administrative Expense Claim in the absence of the Chapter 11 Cases, whether pursuant to contract or applicable non-bankruptcy law; and (ii) payment of an Administrative Expense Claim that becomes an Allowed Claim following the Effective Date shall be made on or before the date that is thirty (30) days after an order deeming such Administrative Expense Claim an Allowed Claim becomes a Final Order. Any person or entity asserting to be a Holder of an Administrative Expense Claim, including for final allowance of Professional Fee Claims, shall have the time period set forth in Section VIII.B. of the Plan in which to file requests for payment of such Claims in the Chapter 11 Cases.

2. Priority Tax Claims

Except as otherwise agreed to by the parties, or ordered by the Bankruptcy Court, as soon as practicable after the Effective Date, each holder of an unpaid Allowed Priority Tax Claim shall receive payment in full in an amount equal to the Allowed Priority Tax Claim.

Except as otherwise provided in section 503(b)(1)(D) of the Bankruptcy Code and 28 U.S.C. § 960, all requests for payment of Claims by a governmental unit (as defined under section 101(27) of the Bankruptcy Code) for taxes (and for interest and/or penalties related to such taxes) for any tax year or period, all or any portion of which occurs or falls within the period from and including the Petition Date through and including the Effective Date must be Filed with the Bankruptcy Court on or before the Governmental Unit Bar Date.

Except as otherwise provided in section 503(b)(1)(D) of the Bankruptcy Code and 28 U.S.C. § 960, any Holder of a Claim for taxes which does not File such a Claim by the applicable bar date shall be forever barred from asserting any such Claim against the Debtors, the Estates, the Creditor Trust, the Creditor Trustee, or any of their respective property, whether any such Claim is deemed to arise prior to, on, or subsequent to the Effective Date, and shall receive no Distribution under the Plan or otherwise on account of such Claim

C. Classified Claims and Interests

The treatment of Claims and Interests under this Plan is in full and complete satisfaction of the legal, contractual, and equitable rights that each Holder of a Claim or Interest may have in or against the Debtors or their Estates. This treatment supersedes and replaces any agreements or rights that those entities have in or against the Debtors or their Estates.

1. Class 1 – Employee PTO Priority Claims

- a) **Classification:** Class 1 consists of the Employee PTO Priority Claims against the Debtors arising on account of monetary claims for “paid time off” (“PTO”) accrued by employees under the Debtors’ employment policies and/or employment contracts, to the extent such Claims are entitled to priority under section 507(a)(4) of the Bankruptcy Code.

- b) **Treatment:** Allowed Class 1 Employee PTO Priority Claims are Unimpaired by the Plan and, solely to the extent not already paid in full by the Debtors either prior to or after the Petition Date, shall be paid by the Creditor Trustee in full in Cash as soon as practicable following the later of: (i) the Effective Date and (ii) the date such Class 1 Employee PTO Priority Claim becomes an Allowed Claim (or otherwise as permitted by law); *provided, however*, that any Person holding a Class 1 Employee PTO Priority Claim may be treated on such less favorable terms as may be agreed to in writing by such Person.

Any person or entity asserting to be a Holder of a Class 1 Employee PTO Priority Claim shall have the time period set forth in Section VIII.B. of the Plan in which to file requests for payment of such Claims in the Chapter 11 Cases.

To the extent an Employee PTO Priority Claim is Allowed but not entitled to priority under section 507(a)(4) of the Bankruptcy Code, such Claim shall be treated as a Class 5 Claim under this Plan.

- c) **Voting:** Class 1 is an Unimpaired Class and Holders of Class 1 Claims are not entitled to vote on the Plan.

2. Class 2 – Employee Health Care Priority Claims

- a) **Classification:** Class 2 consists of Employee Health Care Priority Claims against the Debtors, to the extent such Claims are entitled to priority under section 507(a)(5) of the Bankruptcy Code. Any person or entity asserting to be a Holder of a Class 2 Employee Health Care Priority Claim shall have the time period set forth in Section VIII.B. of the Plan in which to file requests for payment of such Claims in the Chapter 11 Cases. To the extent an Employee Health Care Priority Claim is Allowed but not entitled to priority under section 507(a)(5) of the Bankruptcy Code, such Claim shall be treated as a Class 5 Claim under this Plan.

- b) **Treatment:** Allowed Class 2 Employee Health Care Priority Claims are Unimpaired by the Plan and, solely to the extent not already satisfied in full, shall be paid by the Creditor Trustee in full in Cash as soon as practicable following the later of: (i) the Effective Date and (ii) the date such Class 2 Employee Health Care Priority Claim becomes an Allowed Claim (or otherwise as permitted by law); *provided, however*, that any Person holding a Class 2 Employee Health Care Priority Claim may be treated on such less favorable terms as may be agreed to in writing by such Person.

- c) **Voting:** Class 2 is an Unimpaired Class and Holders of Class 2 Claims are not entitled to vote on the Plan.

3. Class 3 – Other Priority Claims

- a) **Classification:** Class 3 consists of the Priority Claims against the Debtors, including those arising under sections 507(a)(4), (5), and (7) of the Bankruptcy Code, other than the Claims described in Class 1 and Class 2.

- b) **Treatment:** Allowed Class 3 Priority Claims are Unimpaired by the Plan and shall be paid by the Creditor Trustee in order of the priorities set forth in section 507 of the Bankruptcy Code in full in Cash as soon as practicable following the later of: (i) the Effective Date and (ii) the date such Class 3 Priority Claim becomes an Allowed Claim (or otherwise as permitted by law); *provided, however*, that any Person holding a Class 3 Priority Claim may be treated on such less favorable terms as may be agreed to in writing by such Person.
- c) **Voting:** Class 3 is an Unimpaired Class and Holders of Class 1 Claims are not entitled to vote on the Plan.

4. Class 4 – Secured Claims

- a) **Classification:** Class 4 consists of Secured Claims. Each Holder of a Class 4 Claim, if any, constitutes a separate subclass under the Plan.²
- b) **Treatment:** To the extent any Allowed Secured Claims exist, such Allowed Secured Claims shall be satisfied as follows (a) by the return of such creditor’s collateral, or (b) paid by the Creditor Trustee in full in Cash of the Allowed Secured Claim as soon as practicable following the later of: (i) the Effective Date, or (ii) the date such Class 4 Claim becomes an Allowed Claim (or otherwise as permitted by law); *provided, however*, that any Person holding a Class 4 Secured Claim may be treated on such less favorable terms as may be agreed to in writing by such Person.
- c) **Voting:** Class 4 is an Unimpaired Class and Holders of Class 4 Claims are not entitled to vote on the Plan.

5. Class 5 – General Unsecured Claims

- a) **Classification:** Class 5 consists of the Claims of Holders of General Unsecured Claims.³
- b) **Treatment:** Holders of Allowed Class 5 Claims shall be paid Pro Rata from the Net Proceeds distributed by the Creditor Trustee in accordance with the Creditor

² The Debtors’ primary secured lender, MB Financial, N.A. (“MB”), was owed approximately \$5,510,440.90 as of the Petition Date. The Secured Claim owing to MB was paid down pursuant to the orders granting Debtors’ Motion for Entry of Interim & Final Orders (I) Authorizing Use of Cash Collateral; (II) Granting Adequate Protection; (III) Modifying the Automatic Stay To Permit Implementation; (IV) Scheduling a Final Hearing; & (V) Granting Related Relief [Dkt. No. 123]. In addition, the Debtors conducted liquidation sales of all inventory and other assets as authorized by the orders granting Debtors’ Motion For Entry of Interim & Final Orders (I) Authorizing the Debtors To Assume the Agency Agreement; (II) Authorizing & Approving the Conduct of Store Closing or Similar Themed Sales, With Such Sales To Be Free & Clear of All Liens, Claims & Encumbrances; & (III) Granting Related Relief [Dkt. No. 117].

³ There are numerous and substantive Intercompany Claims between the Debtors. As set forth herein, it would be forensically difficult and inordinately costly to fully reconcile all such Intercompany Claims, which is in large part why the Debtors are seeking to substantively consolidate these Chapter 11 Cases. As a result of such substantive consolidation, all Intercompany Claims will be extinguished under the Plan.

Trust Agreement.

- c) **Voting:** Class 5 is an Impaired Class and Holders of Class 5 Claims are entitled to vote to accept or reject the Plan.

6. Class 6 – Interest Holders

- a) **Classification:** Class 6 consists of the Holders of the Debtors' Interests.
- b) **Treatment:** It is not anticipated there will be a Distribution of any amounts to Allowed Interest Holders. To the extent, however, any Cash remains after all Allowed Administrative Expense Claims, Allowed Priority Tax Claims, Allowed Class 1 Claims, Allowed Class 2 Claims, Allowed Class 3 Claims, Allowed Class 4 Claims, and Allowed Class 5 Claims are paid in full, then in such event, and in full and final satisfaction, settlement, and release of and in exchange for such Allowed Interests, Holders of Class 6 Interests shall receive their share share of the Cash available for Distribution from the Creditor Trust to be distributed in accordance with the provisions of the corporate governance documents controlling disposition and treatment of such Equity Interests. The Creditor Trustee shall be permitted to distribute such funds to an escrowee (such as a title company) in favor of Class 6, with costs for such escrow to be paid from the distributed funds, and in full satisfaction of the Creditor Trustee's obligations to Class 6 under the Plan.
- c) **Voting:** Given that it is not anticipated that Class 6 Interest Holders will receive or retain any Distribution under the Plan on account of their Interests, pursuant to section 1126(g) of the Bankruptcy Code, Class 6 is an Impaired Class and Holders of Class 6 Interests are conclusively presumed to reject the Plan and are not entitled to vote on the Plan.

III. ACCEPTANCE OR REJECTION OF THE PLAN

A. Voting Classes

Each Holder of an Allowed Claim in Class 5 is entitled to vote either to accept or to reject the Plan. Only those votes cast by Holders of Allowed Claims shall be counted in determining whether acceptances have been received in sufficient number and amount to obtain Confirmation.

B. Acceptance by Impaired Classes

An Impaired Class of Claims shall have accepted the Plan if (i) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan, and (ii) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan. Classes 1, 2 and 3 are each deemed to have accepted the Plan and are not entitled to vote thereon.

C. Presumed Rejection of the Plan

The Holders of Class 6 Interests are not expected to receive any Distribution under the Plan and are therefore deemed to reject the Plan and are not entitled to vote.

D. Nonconsensual Confirmation

Because Class 6 is deemed to reject the Plan by operation of law, the Debtors will request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code. Without limiting the foregoing, in the event that any Class of Claims entitled to vote on the Plan fails to accept the Plan as required by section 1129(a) of the Bankruptcy Code, the Plan may be amended and, in any event, the Debtors reserve the right to seek confirmation of the Plan over such rejection pursuant to section 1129(b) of the Bankruptcy Code.

E. How To Vote

A form of Ballot is being provided to Holders of Allowed Claims in Class 5, by which Creditors in such Class may vote their acceptance or rejection of the Plan. The Ballot for voting on the Plan gives Holders of Allowed Class 5 Claims one important choice to make with respect to the Plan to vote for or against this Plan.

To vote on the Plan, Holders of Allowed Claims in Class 5 shall complete the Ballot, as indicated thereon, by (i) indicating on the enclosed Ballot that (a) they accept the Plan or (b) reject the Plan, and (ii) signing their name and mailing the Ballot in the envelope provided for this purpose. The Claims Agent will count the Ballots.

IN ORDER TO BE COUNTED, BALLOTS MUST BE COMPLETED, SIGNED, AND RECEIVED NO LATER THAN 5:00 P.M. PREVAILING CENTRAL TIME ON [to be inserted upon approval of solicitation procedures] AT THE FOLLOWING ADDRESS:

If by first class mail:

BMC Group
Attn: Morgan/HOBO Ballot Processing
PO Box 90100
Los Angeles, CA 90009

If by overnight mail or hand delivery:

BMC Group
Attn: Morgan/HOBO Ballot Processing
3732 West 120th Street
Hawthorne, CA 90250

DO NOT SEND YOUR BALLOT BY FACSIMILE OR E-MAIL.

IF YOUR BALLOT IS NOT PROPERLY COMPLETED, SIGNED, AND RECEIVED AS DESCRIBED, IT WILL NOT BE COUNTED. IF YOUR BALLOT IS DAMAGED OR LOST, YOU MAY REQUEST A REPLACEMENT BY ADDRESSING A WRITTEN REQUEST TO THE ADDRESS SHOWN ABOVE. FACSIMILE OR ELECTRONICALLY SUBMITTED BALLOTS WILL NOT BE COUNTED.

IV. MEANS FOR IMPLEMENTATION OF THE PLAN

On or as soon as practicable after the Effective Date, the following shall occur with respect to the implementation of the Plan: (i) all acts, documents and agreements appropriate to implement the Plan shall be executed; (ii) the Creditor Trustee under the Plan, shall make all Distributions required to be made on or about the Effective Date of the Plan in accordance with the terms and conditions of the Plan; and (iii) the Creditor Trustee shall make all Distributions pursuant to the terms of the Creditor Trust Agreement.

Upon the Effective Date, all transactions and matters provided for under the Plan shall be deemed to have been authorized and approved by the Debtors without any requirement of further action by the Debtors; or Holders of Interests in the Debtors.

A. Substantive Consolidation

1. Effect/Extent of Substantive Consolidation

The Estates of Morgan Administration, Inc., Belvidere Associates LLC, FP Retail Associates LLC, Enterprises, LLC, Jular Media LLC, KLS Acquisition Corp., Loomis Enterprises LLC, North Avenue Associates LLC, Oak Creek Distribution LLC, OL Enterprises LLC, and Deforab LLC shall be “substantively consolidated” as of the Effective Date. “Substantive consolidation” means: (i) all Assets (and all proceeds thereof) and all liabilities of each of the Debtors are deemed merged or treated as though they were merged into and with the assets and liabilities of each other; (ii) no Distributions shall be made under the Plan on account of Intercompany Claims among the Debtors and all such Claims shall be eliminated and extinguished; (iii) all guaranties of the Debtors of the obligations of any other Debtor shall be deemed eliminated and extinguished so that any Claim against any Debtor and any guarantee thereof executed by any Debtor and any joint or several liability of any of the Debtors shall be deemed to be one obligation of the consolidated Debtors; (iv) each and every Claim filed or to be filed in any of the Chapter 11 Cases shall be treated as filed against the consolidated Debtors, and shall be treated as one Claim against and as one obligation of the consolidated Debtors; and (v) for purposes of determining the availability of the right of setoff under section 553 of the Bankruptcy Code, the Debtors shall be treated as one entity so that, subject to the other provisions of section 553 of the Bankruptcy Code, debts due to any of the Debtors may be set off against the debts of any of the other Debtors.

In summary, all the Assets of the Debtors shall be combined into one pool of assets, and similarly, all of the liabilities of the Debtors shall be combined into one pool of liabilities for purposes of making Distributions to the Holders of Allowed Claims under the Plan. Accordingly, all of the Debtors’ Creditors shall be treated as if they are Creditors of one and the same entity, that being a consolidated Debtor entity.

Due to the single entity treatment and nature of the Debtors, substantive consolidation will achieve a fair result for all Creditors and Interest Holders of the Debtors and will enable the assets of the Debtors to be administered in an efficient manner. If the Estates are not substantively consolidated, the Debtors believe that significant administrative expenses will be incurred in order to allocate assets and liabilities between Estates.

Upon the substantive consolidation of each Estate into the Estate of Morgan Administration, Inc., the Chapter 11 Cases of all Debtors other than Morgan Administration, Inc. shall be closed. Upon such event, the Creditor Trustee may file all Estate Causes of Action and objections to Claim in the Morgan Administration, Inc. Chapter 11 Case, and not in any other individual Debtor Chapter 11 Case, notwithstanding the fact that the transferring Debtor (in an Avoidance Action) or the Debtor against whom the Claim was filed (in a Claim objection proceeding) may be a Debtor other than Morgan Administration, Inc.

2. Substantive Consolidation Order

The Plan shall serve as a motion seeking entry of an order substantively consolidating these Chapter 11 Cases for distribution and voting purposes. Unless an objection to substantive consolidation is made in writing by any Creditor affected by the Plan as herein provided on or before the Plan Objection Deadline, an order substantively consolidating these Chapter 11 Cases for distribution and voting purposes may be entered by the Bankruptcy Court, which order may be the Confirmation Order. In the event any such objections are timely Filed, a hearing with respect thereto shall be held by the Bankruptcy Court, which hearing may, but need not, coincide with the Confirmation Hearing.

3. Reservation of Rights

In the event that the Bankruptcy Court does not approve the substantive consolidation of all of the Estates, the Debtors reserve the right, pursuant to Section VII.B. of the Plan, to revoke or withdraw this Plan as to any Debtor(s) whose Estate(s) cannot be substantively consolidated. The Debtors further reserve the right at any time up to the conclusion of the Confirmation Hearing to withdraw their request for substantive consolidation of these Chapter 11 Cases, to seek Confirmation of the Plan as if there were no substantive consolidation, and to seek Confirmation of the Plan with respect to one Debtor even if Confirmation with respect to the other Debtors is denied.

B. Vesting of Assets in the Creditor Trust

As of the Effective Date, all remaining Assets of the Debtors and the Estates shall be transferred to and vest in the Creditor Trust and be deemed contributed thereto, subject to the terms of the Plan. The Assets include, without limitation, (i) all Cash held by the Debtors; (ii) any remaining personal property owned by the Debtors as of the Effective Date; (iii) all Estate Causes of Action, including Avoidance Actions and any pending proceedings initiated by the Committee pursuant to Bankruptcy Rule 2004; (iv) the Insurance Policies; and (v) the Net Proceeds. For the avoidance of doubt, all property held for distribution pursuant to the Plan shall be held by the Creditor Trust solely in trust for the holders of Allowed Claims and shall not be deemed property of the Debtors. Nothing in the Plan shall preclude payment of: (i) statutory fees under 28 U.S.C.

§ 1930 to the extent unpaid on the Confirmation Date; and (ii) the Trustee's Expenses in accordance with this Plan and the Creditor Trust Agreement from any other assets held by the Creditor Trust. The Debtors are hereby authorized and directed to take such steps as may be necessary or appropriate to confirm such transfer and contribution of their property to the Creditor Trust, subject to oversight from the Creditor Trustee.

C. Creditor Trust Administration

The Creditor Trustee shall administer the Creditor Trust Assets pursuant to the Plan and the Creditor Trust Agreement from and after the Effective Date. The Creditor Trustee shall be responsible for liquidating the Creditor Trust Assets, analyzing and reconciling Claims (including filing and pursuing objections to the extent required), pursuing the Avoidance Actions and other Estate Causes of Action, making Distributions of Net Proceeds to the Beneficiaries of the Creditor Trust and all other activities typically related to trust administration.

1. Case Administration

From and after the Effective Date and continuing through the date that a final decree closing the Chapter 11 Cases is entered pursuant to section 350 of the Bankruptcy Code and Bankruptcy Rule 3022, the Creditor Trustee shall possess the rights of a party in interest pursuant to section 1109(b) of the Bankruptcy Code for all matters arising in, arising under or related to the Chapter 11 Cases. In addition to the foregoing, for all matters arising in, arising under or related to the Chapter 11 Cases, the Creditor Trustee shall: (i) have the right to appear and be heard on matters brought before the Bankruptcy Court or other courts of competent jurisdiction; (ii) have the right to obtain records of, or related to, the Debtors (including, without limitation, bank statements and cancelled checks); (iii) be entitled to notice and opportunity for hearing; (iv) be entitled to participate in all matters brought before the Bankruptcy Court, including, but not limited to, adversary proceedings; (v) have exclusive standing (including derivative standing to pursue Estate Causes of Action on behalf of the Debtors) to commence Avoidance Actions and other Estate Causes of Action; (vi) have exclusive standing to pursue any proceedings initiated by the Committee pursuant to Bankruptcy Rule 2004; (vii) be entitled to seek an order authorizing the sale of any Creditor Trust Asset free and clear of liens pursuant to the provisions of section 363(f) of the Bankruptcy Code; (viii) be entitled to request the Bankruptcy Court to enter a final decree closing the Chapter 11 Cases; and (ix) receive notice of all applications, motions and other papers and pleadings set before the Bankruptcy Court in these Chapter 11 Cases.

2. Creditor Trustee's Professionals

Upon the later to occur of the Confirmation Date and acceptance by the Creditor Trustee of its appointment in accordance with this Plan and the Creditor Trust Agreement, the Creditor Trustee may retain such law firms, accounting firms, experts, advisors, consultants, investigators or other Professionals as it may deem necessary, in accordance with the Creditor Trust Agreement, to aid in the performance of its responsibilities pursuant to the terms of the Plan, including, without limitation, the liquidation and Distribution of assets of the Creditor Trust. The Professionals retained by the Creditor Trustee are not required to be "disinterested" as that term is defined in the Bankruptcy Code and may include, without limitation, counsel and financial advisors of any party in these Chapter 11 Cases, and the Creditor Trustee shall be permitted to retain any such

Professional in light of the efficiencies implicit in continuity. The Creditor Trustee's retention of any such Professionals is deemed not to pose any conflict of interest, and no conflict shall exist by virtue of the filing of applications by Professionals for allowance of Administrative Expense Claims in accordance with the provisions of this Plan.

3. Quarterly Reports

The Creditor Trustee shall prepare and file with the Bankruptcy Court, a Quarterly Report within thirty (30) days after the conclusion of each calendar quarter setting forth: (i) all Distributions to Creditors during the calendar quarter; (ii) a summary of the Creditor Trust deposits and disbursements during the calendar quarter; and (iii) a summary of the Creditor Trust Assets. The Quarterly Reports shall be filed within thirty (30) days after March 31, June 30, September 30 and December 31 of each calendar year during the term of the Creditor Trust Agreement following the Effective Date. The first Quarterly Report shall be due within thirty (30) days of the passage of the first of the dates listed above to occur after the Effective Date.

4. United States Trustee Fees

All outstanding amounts due under 28 U.S.C. § 1930 that have not been paid shall be paid by the Debtors on or before the Effective Date. Thereafter, the Creditor Trustee shall pay any statutory fees due pursuant to 28 U.S.C. § 1930(a)(6) and such fees shall be paid until entry of a Final Order or decree converting, dismissing, or closing the Chapter 11 Cases.

5. Dissolution of the Debtors

Promptly after completing their wind-down, the Creditor Trustee will allow the applicable Secretary of State to involuntarily dissolve each of the Debtors. The Creditor Trustee shall thereafter have standing to assert claims or pursue matters on behalf of the Debtors to the extent necessary to preserve, protect and liquidate the Creditor Trust Assets or otherwise necessary to administer the Creditor Trust.

D. Estate Causes of Action

Unless an Estate Cause of Action is expressly waived, relinquished, released, compromised, or settled in the Plan or in any Final Order, such Estate Cause of Action is expressly reserved for later adjudication by the Creditor Trustee (including, without limitation, claims covered by the Committee's demand on the Debtors' insurance carrier, any Estate Causes of Action of which the Debtors presently may be unaware, or which may arise or exist by reason of facts or circumstances unknown to the Debtors at this time, or facts or circumstances which may change or be different from those which the Debtors now believe to exist) and, therefore, no preclusion doctrine, including, without limitation, the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable, or otherwise), or laches shall apply to the Creditor Trustee's prosecution of Estate Causes of Action based on the Disclosure Statement, the Plan, or the Confirmation Order. Without limiting the generality of the foregoing, any Person with respect to which the Debtors have incurred an obligation (whether on account of services, purchase or sale of property, or otherwise), or who has received services from the Debtors or a transfer of money or property of the Debtor, or who has transacted business with the Debtors, their pre-Petition Date managers, officers, directors, employees and/or agents, should

assume that such obligation, transfer, or transaction may be evaluated by the Creditor Trustee subsequent to the Effective Date and may be the subject of an Avoidance Action, other Estate Cause of Action or other action or proceeding filed after the Effective Date.

The Plan Proponents have not completed their investigation into the existence of Estate Causes of Action, and there may be Estate Causes of Actions that currently exist, or may subsequently arise, in addition to the matters identified in the Disclosure Statement and herein. Any existing or potential Estate Causes of Action that have not yet been pursued are not waived. Under the Plan, the Creditor Trust retains all rights to pursue any and all Estate Causes of Action to the extent the Creditor Trustee deems appropriate (under any theory of law or equity, including, without limitation, the Bankruptcy Code and any applicable local, state, or federal law, in any court or other tribunal, including, without limitation, in an adversary proceeding filed in the Chapter 11 Cases).

Existing or potential Estate Causes of Action that may be pursued by the Creditor Trustee after the Effective Date, include, without limitation, (i) any and all Estate Causes of Action pursuant to any applicable section of the Bankruptcy Code, including, but not limited to, (a) any claims of the Debtors arising under section 362 of the Bankruptcy Code; (b) turnover claims arising under section 542 or 543 of the Bankruptcy Code; and (c) any Avoidance Actions; (ii) objections to Claims; (iii) claims that the Estates are entitled to set off or recoup against parties with Claims against the Estates; and (iv) any action for equitable subordination of any Claim against the Estates pursuant to section 510 of the Bankruptcy Code.

Moreover, the Creditor Trustee may pursue existing or potential Estate Causes of Action related to any other litigation or Estate Causes of Action, whether legal, equitable, or statutory in nature, arising out of, or in connection with, the Debtors' business, assets, or operations, or otherwise affecting the Debtors, including without limitation, possible claims against the following types of parties for the following types of claims: (i) possible claims against vendors, customers, or suppliers for warranty, indemnity, charge-back/set-off issues, overpayment or duplicate payment issues, and collections/accounts receivable matters; (ii) possible claims against Persons or parties for wrongful or improper termination of services or goods to the Debtors; (iii) failure of any Persons or parties to fully perform under contracts with the Debtors before the assumption or rejection of such contracts; (iv) possible claims for deposits or other amounts owed by any creditor, lessor, supplier, vendor, factor, or other Person; (v) actions against insurance carriers relating to coverage, indemnity, or other matters; (vi) counterclaims and defenses relating to Claims against the Debtors; (vii) possible claims against local, state, and federal taxing authorities (including, without limitation, any claims for refunds of overpayments, challenges to audits, assessments, penalties, interest or any other obligations imposed by governmental agencies); (viii) possible claims against the Debtors' officers, directors, or insiders as defined by section 101(31) of the Bankruptcy Code; (ix) except as otherwise previously released or settled, possible claims against Secured Creditors, including, without limitation, claims relating to the inclusion of improper charges, fees, interest, penalties in any alleged Secured Claim and the nature, extent, priority and validity of any Lien; and (x) contract, tort, or equitable claims that may exist or subsequently arise.

THE CREDITOR TRUSTEE WILL DECIDE WHETHER TO PURSUE ESTATE CAUSES OF ACTION. THE CREDITOR TRUSTEE MAY SEEK TO RETAIN COUNSEL ON AN HOURLY OR CONTINGENCY BASIS TO PROSECUTE SOME OR ALL OF SUCH

ESTATE CAUSES OF ACTION OR MAY DECIDE NOT TO PURSUE THEM AT ALL. THE CREDITOR TRUSTEE, ITS PROFESSIONALS, EMPLOYEES, CONTRACTORS, OFFICERS, DIRECTORS, SUCCESSORS, AND ASSIGNS SHALL NOT HAVE ANY LIABILITY ARISING OUT OF THE CREDITOR TRUSTEE'S GOOD FAITH DETERMINATION OF WHETHER OR NOT TO PURSUE PROSECUTION OF ANY ESTATE CAUSE OF ACTION.

E. Distributions Under the Plan Made by the Creditor Trustee

1. In General

Except as otherwise provided herein, or as may be ordered by the Bankruptcy Court, Distributions to be made on account of Unclassified Claims and Allowed Priority Claims in Classes 1, 2, and 3, and Allowed Secured Claims in Class 4 shall be made on or soon as reasonably practicable after the Effective Date (or the date such Claims become Allowed Claims) by the Creditor Trustee. Distributions to be made on account of Allowed Class 5 Claims shall be made as set forth in the Creditor Trust Agreement.

2. Manner of Payment Under the Plan

Any payment of Cash made by the Creditor Trustee pursuant to the Plan may be made either by check drawn on a domestic bank or by wire transfer from a domestic bank, at the option of the Creditor Trustee.

3. Manner of Distribution of Other Property

Any Distribution under the Plan of property other than Cash, if any, shall be made by the Creditor Trustee in accordance with the terms of the Plan.

4. Set-offs

The Creditor Trustee may set off against any Claim and the payments to be made pursuant to the Plan in respect of such Claim, any claims of any nature whatsoever that the Debtors, Estates, or the Creditor Trust may have against the Holder of such Claim; *provided, however*, that neither the failure to effect such set-off nor the allowance of any Claim that otherwise would be subject to setoff, shall constitute a waiver or release by the Debtors, Estates, or Creditor Trust of any such claim that the Debtors, Estates, or Creditor Trust may have against such Holder.

5. Distribution of Unclaimed Property

Except as otherwise provided in the Plan, any Distribution of property (Cash or otherwise) under the Plan which is unclaimed after the later of (i) one hundred eighty (180) days following the Effective Date and (ii) ninety (90) days after such Distribution has been remitted to the Holder of the Allowed Claim, shall be remitted to the Creditor Trustee for Distribution to the Beneficiaries of the Creditor Trust pursuant to the Creditor Trust Agreement.

6. *De Minimus* Distributions; Unclaimed Funds

No cash payment of less than twenty dollars (\$20.00) shall be made by the Creditor Trustee to any Holder of an Allowed Claim, except for an Allowed Claim for pre-Petition Date wages less than twenty dollars (\$20.00), unless a request therefor is made in writing to the Creditor Trustee. Notwithstanding anything to the contrary herein, the Creditor Trustee shall not be required to make a Distribution to any Creditor if the dollar amount of the Distribution is so small that the cost of making that Distribution exceeds the dollar amount of such Distribution. At the Final Distribution Date, if, in the reasonable judgment of the Creditor Trustee, the cost of calculating and making the final Distribution of the remaining funds is excessive in relation to the benefits to the Creditors who would otherwise be entitled to such Distributions, the Creditor Trustee shall deposit such funds with the Clerk of the Bankruptcy Court as unclaimed funds pursuant to Bankruptcy Rule 3011.

7. Rounding

Whenever a payment of a fraction of a cent would otherwise be called for, the actual Distribution shall reflect a rounding of such fraction down to the nearest cent.

8. Saturday, Sunday, or Legal Holiday

If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day but shall be deemed to have been completed as of the required date.

9. Delivery of Distributions/Address of Holder

For purposes of all notices and Distributions under the Plan, the Creditor Trustee shall be entitled to rely on, and Distributions to Holders of Unclassified Claims and Holders of Allowed Claims in Classes 1 through 6 shall be made by regular U.S. first class mail to, the following name and address for the Holder of each such Claim: (i) the address set forth in the proof of Claim Filed by such Holder; or (ii) the address set forth in any written notice of address change delivered by the Holder to the Debtors or the Creditor Trustee after the date on which any related proof of Claim was Filed. In the event that a Distribution is returned undeliverable or otherwise unclaimed, the Creditor Trustee shall undertake a reasonable search and inquiry to attempt to locate the party entitled to such unclaimed Distribution.

10. Creditors' Payment Obligations/Turnover of Property to Creditor Trustee

As a condition to obtaining Distributions under the Plan, any Holder of a Claim from which property is recoverable pursuant to a Final Order of the Bankruptcy Court under sections 542, 543, 550 or 553 of the Bankruptcy Code, or otherwise, or that is a transferee of a transfer avoidable pursuant to a Final Order of the Bankruptcy Court under sections 522, 544, 545, 547, 548 or 549 of the Bankruptcy Code or otherwise, shall pay to the Creditor Trustee the amount, or turn over to the Creditor Trustee any such property, for which such Holder of a Claim is liable to the Debtors.

11. Creditor Trustee Claim Objection Deadline

The Creditor Trustee shall have standing to file objections to Administrative Expenses and Claims even if such Administrative Expenses or Claims were scheduled by the Debtors as undisputed, liquidated and non-contingent. Notwithstanding any prior order of the Bankruptcy Court to the contrary, the Creditor Trustee shall have until one hundred eighty (180) days after the Effective Date (unless extended by an order of the Bankruptcy Court or by stipulation between the parties) to file objections to Claims and the time period set forth in Section VIII.B. of the Plan to file objections to Administrative Expenses, Class 1 Priority Claims or Class 2 Priority Claims. If the Creditor Trustee has objected to an Administrative Expense or Claim, payment will be withheld only with respect to the amount actually in dispute, and such objection shall not affect payments or Distributions under the Plan on the undisputed portion of the Administrative Expense or Claim. Notwithstanding the deadline to file objections to Claims provided under the Plan, the Creditor Trustee may file objections to Claims within ninety (90) days of the filing of an amended Claim.

12. No Distributions on Late-Filed Claims

Except as otherwise provided in a Final Order of the Bankruptcy Court or by agreement between the Debtors or the Creditor Trustee, and the affected Holder of such Claim, any Claim as to which a proof of claim was first Filed after the applicable Bar Date shall be a Disputed Claim, and the Creditor Trustee shall not make any Distribution to a Holder of such a Claim; *provided, however*, that to the extent such Claim was listed in the Schedules (other than as contingent, disputed, or unliquidated) and would be an Allowed Claim but for the lack of a timely proof of Claim, the Creditor Trustee shall treat such Claim as an Allowed Claim in the amount in which it was so listed.

V. RELEASES AND EXCULPATION

A. Releases by the Debtors

In consideration for services rendered to the Estates and for the consideration as more fully set forth herein, to the greatest extent permissible by law, and except as otherwise specifically provided in this Plan, as of the Effective Date, the Debtors shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever released and discharged each of the Released Parties of and from any and all past, present and future legal actions, causes of action, choses in action, rights, demands, suits, claims, liabilities, encumbrances, lawsuits, adverse consequences, amounts paid in settlement, costs, fees, damages, debts, deficiencies, diminution in value, disbursements, expenses, losses and other obligations of any kind, character or nature whatsoever, whether in law, equity or otherwise (including, without limitation, those arising under Chapter 5 of the Bankruptcy Code and applicable non-bankruptcy law, and any and all alter-ego, lender liability, indemnification or contribution theories of recovery, and interest or other costs, penalties, legal, accounting and other professional fees and expenses, and incidental, consequential and punitive damages payable to third parties), whether known or unknown, fixed or contingent, direct, indirect, or derivative, asserted or unasserted, foreseen or unforeseen, suspected or unsuspected, now existing, heretofore existing or which may heretofore accrue against the Debtors or the Released Parties (in each case, solely in their capacities as such) occurring from the Petition Date to and

including the Effective Date related in any way directly or indirectly, arising out of, and/or connected with any or all of the Debtors or the Estates; provided, however, that notwithstanding the foregoing or any other provision of this Plan, nothing in this Plan, or any order confirming this Plan shall affect any causes of action, claims, or counterclaims that may be asserted in connection with an objection to a Claim that has not been Allowed, in each case as determined by a court of competent jurisdiction; provided further, however, that the foregoing provisions shall not affect the liability of the Released Parties that would result solely from any such act or omission to the extent that act or omission is determined by a Final Order of the Bankruptcy Court or other court of competent jurisdiction to have constituted willful misconduct or gross negligence or breach of fiduciary duty. Notwithstanding anything to the contrary in this Plan, this paragraph does not release any post-Effective Date obligations of any party under this Plan or any document, instrument, or agreement executed to implement this Plan. Furthermore, nothing in this Plan shall affect the liability of any Claims held by any third party against any of the Released Parties.

B. Exculpation

None of the Exculpated Parties shall have or incur any liability for any act or omission in connection with, related to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, implementation, confirmation, or approval of this Plan, the administration of this Plan, or any contract, instrument, release, or other agreement or document provided for or contemplated in connection with the consummation of the transactions set forth in this Plan; provided, however, that the foregoing provisions shall not affect the liability of any Person that would result solely from any such act or omission to the extent that act or omission is determined by a Final Order of the Bankruptcy Court to have constituted willful misconduct or gross negligence or breach of fiduciary duty; provided further, however, that this provision shall not limit the Debtors' obligations under this Plan; provided further, however, that notwithstanding the foregoing or any other provision of this Plan, nothing in this Plan, or any order confirming this Plan shall affect any causes of action, claims, or counterclaims that may be asserted in connection with an objection to a Claim that has not been Allowed, in each case as determined by a court of competent jurisdiction.

C. No Liability for Solicitation or Participation

As specified in section 1125(e) of the Bankruptcy Code, Persons that solicit acceptances or rejections of this Plan, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, shall not be liable, on account of such solicitation or participation, for violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan.

D. Good Faith

Confirmation of this Plan shall constitute a finding that the Plan was proposed, and that acceptances of the Plan were solicited, in good faith and in compliance with applicable provisions of the Bankruptcy Code.

VI. EFFECTIVENESS OF THE PLAN

A. Conditions Precedent

The Effective Date shall not occur until the following conditions (the “**Conditions Precedent**”) have been satisfied or waived:

1. the Bankruptcy Court shall have entered an order granting approval of the Disclosure Statement and finding that it contains adequate information pursuant to section 1125 of the Bankruptcy Code and that order shall have become a Final Order;
2. the Bankruptcy Court shall have entered a Confirmation Order that is in form and substance satisfactory to the Debtors and the Committee;
3. the Creditor Trust Agreement, in form and substance satisfactory to the Committee, shall be executed and delivered, and all conditions precedent to the effectiveness thereof shall have been satisfied;
4. the Confirmation Order shall have become a Final Order; and
5. no stay of the Confirmation Order is in effect.

Notwithstanding the foregoing, the Conditions Precedent set forth herein may be waived by the Debtors and the Committee (such waiver shall not require any notice, Bankruptcy Court order, or any further action).

B. Effective Date

The Effective Date of the Plan will be the date selected by the Plan Proponents which is a Business Day after the entry of the Confirmation Order on which: (i) no stay of the Confirmation Order is in effect, and (ii) all Conditions Precedent specified in Section VI.A. of the Plan have been satisfied, unless waived by the Plan Proponents. Any action to be taken on the Effective Date may be taken on or as soon as reasonably practicable after the Effective Date.

C. Confirmation Request

If necessary, the Plan Proponents will request that the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code with respect to any Class that rejects the Plan.

D. Termination of Committee

The Committee shall terminate automatically upon the Effective Date. Upon its termination, the Committee shall be dissolved and its members shall be deemed released of their duties and responsibilities in connection with the Chapter 11 Cases and the Plan and its implementation, and the retention or employment of the Committee’s counsel shall terminate, except for ministerial duties or any duties imposed by the Plan (including filing applications for allowance and payment of Professional Fee Claims).

E. Officers and Directors of Debtors

Upon the Effective Date, all officers and directors of the Debtors, as the case may be, shall be automatically deemed to have resigned from such positions, without further act, notice, deed or court order and its implementation, and the retention or employment of the Debtors' Professionals shall terminate, except for ministerial duties or any duties imposed by the Plan (including filing applications for allowance and payment of Professional Fee Claims).

F. Notice of Effective Date

As soon as practicable after the Effective Date has occurred, the Creditor Trustee shall file with the Bankruptcy Court an informational notice specifying the Effective Date, as a matter of record.

VII. EFFECT OF CONFIRMATION

A. Discharge

1. Injunction Enjoining Holders of Claims Against Debtors

The Plan is the sole means for resolving, paying or otherwise dealing with Claims and Interests. To that end, except as expressly provided in the Plan, at all times on and after the Effective Date, all Persons who have been, are, or may be holders of Claims against or Interests in the Debtors, arising prior to the Effective Date, will be permanently enjoined from taking any of the following actions, on account of any such Claim or Interest, against the Debtors, the Estates, the Creditor Trust or ~~the~~ the Creditor Trustee, their successors, or their respective property or assets (other than actions brought to enforce any rights or obligations under the Plan):

a. commencing, conducting or continuing in any manner, directly or indirectly any suit, action, or other proceeding of any kind against the Debtors and/or Estates, the Creditor Trust, or the Creditor Trustee, their successors, or their respective property or assets (including, without limitation, all suits, actions, and proceedings that are pending as of the Effective Date which will be deemed to be withdrawn or dismissed with prejudice);

b. enforcing, levying, attaching, executing, collecting, or otherwise recovering by any manner or means whether directly or indirectly any judgment, award, decree, or order against the Debtors, the Estates, the Creditor Trust, or the Creditor Trustee, their successors, or their respective property or assets;

c. creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Lien, security interest or encumbrance against the Debtors, the Estates, the Creditor Trust, or the Creditor Trustee, their successors, or their respective property or assets; and

d. proceeding in any manner in any place whatsoever against the Debtors, the Estates, the Creditor Trust, or the Creditor Trustee, their successors, or their respective property or assets that does not conform to or comply with the provisions of the Plan.

2. Non-Discharge of Debtors

In accordance with section 1141(d)(3) of the Bankruptcy Code, the Confirmation Order will not discharge the Debtors. However, no Holder of a Claim may receive any payment from, or seek recourse against, any Assets that are to be distributed under the Plan other than Assets required to be distributed to that Holder pursuant to the Plan. As of the Confirmation Date, all Persons are enjoined from asserting against any property that is to be distributed under the Plan, any Claims, rights, causes of action, liabilities, or Interests based upon any act, omission, transaction, or other activity that occurred before the Confirmation Date except as expressly provided in the Plan or the Confirmation Order.

B. Withdrawal or Modification of Plan

Prior to the Effective Date, the Plan may be withdrawn as to one or more of the Debtors or may be altered, amended, or modified pursuant to section 1127 of the Bankruptcy Code by the Plan Proponents. After the Effective Date, the Creditor Trustee shall have, subject to Bankruptcy Court order, the sole authority and power to alter, amend, or modify the Plan pursuant to section 1127 of the Bankruptcy Code.

C. Final Decree

Pursuant to Bankruptcy Rule 3022, a final decree closing the Chapter 11 Cases may not be entered until a bankruptcy case is fully administered. The Bankruptcy Court may, however, allow a final decree to be entered on an earlier date for cause shown.

VIII. MISCELLANEOUS PROVISIONS

A. Executory Contracts and Unexpired Leases

1. Assumptions/Rejections

To the extent that any agreements executed by the Debtors before the Effective Date constitute executory contracts or unexpired leases under section 365 of the Bankruptcy Code, other than agreements that were previously either assumed and assigned or rejected either by a Final Order or under section 365 of the Bankruptcy Code, such agreements shall be deemed rejected on the Effective Date. The Confirmation Order shall constitute a Final Order approving this rejection. All Rejection Damage Claims shall be treated as Class 5 General Unsecured Claims under the Plan.

2. Bar Date for Rejection Damage Claims

Any Rejection Damage Claims arising from rejection under the Plan of an executory contract or unexpired lease must be filed with the Bankruptcy Court and served on the Creditor Trustee and its counsel within thirty (30) days after the Effective Date. Any Rejection Damage Claims that are not timely filed and served will be forever barred and unenforceable against the Debtors, the Estates, the Creditor Trust, the Creditor Trustee, and their property, and the entities holding these Claims will be barred from receiving any distributions under the Plan on account of their Rejection Damage Claims. The Creditor Trustee shall have the right to object to any such

Rejection Damage Claims; *provided, however*, that any such objections must be served and filed not later than one hundred eighty (180) days after the Effective Date.

3. Insurance Policies

For the avoidance of doubt, all of the Debtors' rights with respect to all Insurance Policies are retained according to their respective terms and will be transferred or assigned to the Creditor Trust pursuant to the Plan. Furthermore, all of the Debtors' rights with respect to Insurance Policies owed by the Debtors in which a third party is a beneficiary (including all Insurance Policies related to the liability of directors and officers) are retained according to their respective terms and will be transferred or assigned to the Creditor Trust pursuant to the Plan, so long as such transfer and assignment does not impair such policies, with the Creditor Trustee having authority to settle any such claims.

B. Administrative Expense and Priority Claim Bar Date

All Persons requesting payment of Administrative Expense Claims, including, but not limited to Claims under section 503(b)(9) of the Bankruptcy Code, Class 1 Priority Claims or Class 2 Priority Claims shall file a request for payment of Administrative Expense Claims, Class 1 Priority Claims or Class 2 Priority Claims with the Bankruptcy Court no later than the Administrative Expense and Priority Claim Bar Date, which shall be thirty (30) days after the Effective Date. The Administrative Expense and Priority Claim Bar Date shall not apply to Professionals requesting payment of Professional Fee Claims, who shall be entitled to file an application for allowance of such Professional Fee Claims until not later than sixty (60) days after the Effective Date. Nor shall the Administrative Expense and Priority Claim Bar Date apply to United States Trustee fees. Objections to such applications for payment (whether by Professionals requesting payment of Professional Fee Claims or Persons requesting payment of Administrative Expense Claims or Priority Claims in Class 1 or Class 2), if any, must be written, filed with the Bankruptcy Court and served on the applicable parties within twenty-one (21) days after such application is filed.

C. Preservation of Causes of Action

Except to the extent any rights, claims, defenses, and counterclaims are expressly and specifically released in connection with this Plan or in any settlement agreement approved during the Chapter 11 Cases: (i) any and all Estate Causes of Action accruing to the Debtors' Estates (including, without limitation, Avoidance Actions, pending proceedings pursuant to Bankruptcy Rule 2004 and claims covered by the Committee's demand on the Debtors' insurance carrier) shall vest in the Creditor Trust on the Effective Date, whether or not litigation relating thereto is pending on the Effective Date, and whether or not any such Estate Causes of Action have been listed or referred to in this Plan, the Disclosure Statement, or any other document filed with the Bankruptcy Court and (ii) the Debtors' Estates do not waive, release, relinquish, forfeit, or abandon (and it shall not be estopped or otherwise precluded or impaired from asserting) any Estate Cause of Action that constitutes property of the Debtors' Estates: (i) whether or not such Estate Cause of Action has been listed or referred to in this Plan, the Disclosure Statement, or any other document filed with the Bankruptcy Court, (ii) whether or not such Estate Cause of Action is currently known to the Debtors or the Creditor Trustee, and (iii) whether or not a defendant in any litigation relating

to such Estate Cause of Action filed a proof of Claim in the Chapter 11 Cases, filed a notice of appearance or any other pleading or notice in the Chapter 11 Cases, voted for or against this Plan, or received or retained any consideration under this Plan.

D. Exhibits

All exhibits attached to this Plan, the Disclosure Statement, or the Creditor Trust Agreement are, by this reference, hereby incorporated into the Plan, and the final version of all exhibits will be substantially in the form attached hereto or thereto. The Plan Proponents reserve the right to make non-substantive changes and corrections to such exhibits in advance of the Confirmation Hearing. If any exhibits are changed or corrected, the replacement exhibits will be Filed with the Bankruptcy Court prior to the commencement of the Confirmation Hearing.

E. Exemption from Stamp, Transfer, and Other Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of assets under the Plan by the Debtors, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or instrument of transfer under, in furtherance of, or in connection with the Plan, will not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

F. Headings

Headings are used in the Plan for convenience and reference only and shall not constitute a part of the Plan for any other purpose.

G. Binding Law

The Plan shall be binding upon and inure to the benefit of the Debtors' Estates, Holders of Claims, Holders of Interests, and their respective successors or assign.

H. Governing Law

Unless a rule of law or procedure is supplied by (i) federal law (including the Bankruptcy Code and Bankruptcy Rules), or (ii) an express choice of law provision in any agreement, contract, instrument or document provided for, or executed in connection with, this Plan, the rights and obligations arising under the Plan and any agreements, contracts, documents and instruments executed in connection with this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Illinois without giving effect to the principles of conflict of laws thereof.

I. Other Documents and Actions

The Debtors on and prior to the Effective Date, and the Creditor Trustee after the Effective Date, may execute such other documents and take such other actions as may be necessary or appropriate to effectuate the transactions contemplated under this Plan.

J. Notices

Any notice required or permitted to be provided under the Plan after the Effective Date shall be in writing and served by either (i) certified mail, return receipt requested, postage prepaid, (ii) hand delivery, or (iii) reputable overnight delivery service, freight prepaid, to be addressed to the Creditor Trustee and to the Creditor Trustee's counsel of record, to be identified on the court docket.

K. Severability of Plan Provisions

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

L. Successors and Assigns

The rights, benefits, and obligations of any entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors, and assigns of such entity.

M. Effectiveness of Court Orders

All orders and judgments, including injunctions, entered by the Bankruptcy Court during the Chapter 11 Cases, and in existence on the Confirmation Date, shall remain in full force and effect from and after the Effective Date, to the extent not inconsistent with the provisions of this Plan or the Confirmation Order.

N. No Waiver

Neither the failure to list a Claim in the Schedules filed by the Debtors, the failure to object to any Claim for purposes of voting, the failure to object to a Claim or Administrative Expense Claim prior to the Effective Date, the failure to assert an Estate Cause of Action prior to the Effective Date, nor any action or inaction with respect to a Claim, Administrative Expense Claim, or Estate Cause of Action, other than a legally effective express waiver or release, shall be deemed to be a waiver or release of the right of the Creditor Trustee to object to or examine such Claim or Administrative Expense Claim, in whole or in part, or retain and assert, pursue, prosecute, litigate, or otherwise enforce any Estate Cause of Action.

O. Other Documents and Actions

The Plan Proponents and the Creditor Trustee may execute such other documents and take such other actions as may be necessary or appropriate to effectuate the transactions contemplated under this Plan.

P. Implementation of Section 1142 of the Bankruptcy Code

Pursuant to section 1142(a) of the Bankruptcy Code, the Plan Proponents and the Creditor Trustee are authorized to carry out the terms of this Plan. Pursuant to section 1142(b) of the Bankruptcy Code, all Holders of Claims and Interests shall execute and deliver, or join in the execution and delivery of, any instrument or document appropriate to effectuate this Plan, and perform any other act that is appropriate for the consummation of this Plan. To the extent that any Holder of a Claim or Interest fails to comply with these provisions, the Plan Proponents and the Creditor Trustee shall be entitled to seek, on an expedited basis, an order of the Bankruptcy Court compelling such Holder's compliance with these provisions, and, during the time period encompassed by such Holder's non-compliance, no payment shall be made to such Holder under this Plan.

Q. Setoffs and Recoupments

The Debtors may, but shall not be required to, set off against or recoup from the payments to be made pursuant to this Plan in respect of a Claim, any claim of any nature whatsoever that the Debtors may have against the Holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release of any such claim by the Debtors against such Holder.

R. Retention of Jurisdiction

The Plan shall not in any way limit the Bankruptcy Court's post Confirmation jurisdiction as provided under the Bankruptcy Code. The Bankruptcy Court will retain and have exclusive jurisdiction to the fullest extent permissible over any proceeding (i) arising under the Bankruptcy Code or (ii) arising in or related to the Chapter 11 Cases or the Plan, including but not limited to the following:

- a. To hear and determine pending motions for the assumption, assumption and assignment, or rejection of executory contracts or unexpired leases, if any are pending as of the Effective Date, the determination of any cure payments related thereto, and the allowance or disallowance of Claims resulting therefrom;
- b. To determine any and all adversary proceedings, applications, motions, and contested matters instituted prior to the closing of the Chapter 11 Cases;
- c. To ensure that Distributions to holders of Allowed Claims are accomplished as provided in the Plan;
- d. To hear and determine any objections to Administrative Expense Claims and to proofs of Claim filed both before and after the Effective Date (including, without limitation, whether

all or any part of any Claim set forth in any such proof of Claim or Administrative Expense Claim is subject to partial or complete subordination pursuant to applicable law), and to allow or disallow any Disputed Claim in whole or in part; *provided, however*, that, for the avoidance of doubt, the Creditor Trustee may settle or compromise (including by set-off) any Disputed Claim without further Order of the Bankruptcy Court;

- e. To hear and determine all applications for Professional Fee Claims under sections 330, 331, and 503(b) of the Bankruptcy Code;
- f. To hear and determine any disputes arising in connection with the interpretation, implementation, execution, or enforcement of the Plan, the Creditor Trust Agreement, the Confirmation Order, or any other order of the Bankruptcy Court;
- g. To hear or determine any action to recover Assets of the Estates, wherever located;
- h. To hear and determine any actions or matters related to Estate Causes of Action, whether or not such actions or matters are pending on the Effective Date;
- i. To hear and determine any matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
- j. To hear and determine any objections to the allowance of Claims or Administrative Expense Claims, whether filed before or after the Confirmation Date, including any objections to the classification of any Claim, and any proceedings to allow, disallow, determine, liquidate, estimate, or establish the priority or the secured or unsecured status of any Claim, or to establish reserves pending the resolution of Disputed Claims;
- k. To hear and determine any proceeding to modify the Plan, after confirmation of the Plan, and, if in the best interests of Holders of Claims, modification of the Plan even after the Plan has been substantially consummated;
- l. To consider the issuance of injunctions or other orders as may be necessary or appropriate to aid in the implementation of the Plan or to restrain interference by any entity with the consummation or the enforcement of the Plan;
- m. To hear any request by the Creditor Trustee to sell assets pursuant to Section 363(f) of the Bankruptcy Code;
- n. To hear any other matter not inconsistent with the Bankruptcy Code;
- o. To hear any other matter deemed relevant by the Bankruptcy Court; and
- p. To enter a final decree closing the Chapter 11 Cases.

S. Waiver of Fourteen (14) Day Stay

The Plan Proponents request as a part of the Confirmation Order a waiver from the Bankruptcy Court of the fourteen (14) day stay under Bankruptcy Rule 3020(e).

T. Substantial Consummation

On the Effective Date, the Plan shall be deemed substantially consummated for voting and distribution purposes under sections 1101 and 1127(b) of the Bankruptcy Code.

Remainder of Page Intentionally Blank

Dated: August 8, 2019

Respectfully Submitted,

Morgan Administration, Inc.

By: /s/ Michael Goldman
Its: Chief Restructuring Officer

FP Retail Associates LLC

By: /s/ Michael Goldman
Its: Chief Restructuring Officer

Jular Media LLC

By: /s/ Michael Goldman
Its: Chief Restructuring Officer

Loomis Enterprises LLC

By: /s/ Michael Goldman
Its: Chief Restructuring Officer

North Avenue Associates LLC

By: /s/ Michael Goldman
Its: Chief Restructuring Officer

Deforab LLC

By: /s/ Michael Goldman
Its: Chief Restructuring Officer

Belvidere Associates LLC

By: /s/ Michael Goldman
Its: Chief Restructuring Officer

Hillcrest Enterprises, LLC

By: /s/ Michael Goldman
Its: Chief Restructuring Officer

KLS Acquisition Corp.

By: /s/ Michael Goldman
Its: Chief Restructuring Officer

OL Enterprises LLC

By: /s/ Michael Goldman
Its: Chief Restructuring Officer

Oak Creek Distribution LLC

By: /s/ Michael Goldman
Its: Chief Restructuring Officer

**The Official Committee of Unsecured Creditors
of Morgan Administration Inc., et al.**

By: /s/ Devon Eggert
Its: One of its Attorneys

SUPPORTING EXHIBITS

Exhibit A..... Creditor Trust Agreement