

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

<b>In re:</b>	)	<b>Chapter 11</b>
	)	
<b>Quality Stores, Inc., et al.,<sup>1</sup></b>	)	<b>Case No. GG-01-10662</b>
	)	<b>(Jointly Administered)</b>
<b>Debtors.</b>	)	
	)	<b>Hon. James D. Gregg</b>

**ORDER CONFIRMING FIRST AMENDED JOINT PLAN OF  
REORGANIZATION OF THE DEBTORS UNDER  
CHAPTER 11 OF THE BANKRUPTCY CODE**

An involuntary petition (the "Involuntary Petition") having been filed on October 20, 2001 (the "Involuntary Date"), against Quality Stores, Inc. ("QSI") by Century Funding Ltd., Century Funding Corp., Triton CBO III Limited, Triton CBO IV Limited and Pacholder High Yield Fund, Inc. (the "Petitioning Creditors"). On November 1, 2001 (the "Commencement Date"), (i) QSI having answered the Involuntary Petition and consented to the entry of an order for relief and (ii) the remaining Debtors having commenced voluntary chapter 11 cases before this Court. Contemporaneously therewith, the Debtors filed a motion seeking to procedurally consolidate their chapter 11 cases for administrative purposes only.

The Debtors having filed the First Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code dated March 8, 2002 (the "Plan") and the First Amended Disclosure Statement for Joint Plan of Reorganization of the Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code dated as of March 8, 2002 (the "Disclosure Statement").

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<sup>1</sup> The Debtors are the following entities: QSI Holdings, Inc. (f/k/a CT Holdings, Inc.); Quality Stores, Inc. (f/k/a Central Tractor Farm & Country, Inc.); Country General, Inc.; F and C Holding, Inc.; FarmandCountry.com, LLC.; QSI Newco, Inc.; QSI Transportation, Inc.; Quality Farm & Fleet, Inc.; Quality Investments, Inc.; Quality Stores Services, Inc.; and Vision Transportation, Inc.

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The Debtors having distributed the Plan and the Disclosure Statement to all holders of Impaired Claims<sup>2</sup> against the Debtors, together with a solicitation of votes to accept or reject the Plan, beginning on or about March 10, 2002;

This Court, having entered an order (the "Scheduling Order") setting April 22, 2002 at 11:00 a.m. prevailing Eastern Time as the date and time of a hearing pursuant to Rules 3017 and 3018 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and sections 1126 and 1128 of the Bankruptcy Code to consider Confirmation of the Plan (the "Confirmation Hearing");

The Debtors having filed on April 2, 2002, the Supplemental Disclosure of Causes of Action of the Official Committee of Unsecured Creditors of Quality Stores, Inc., et al., as amended (the "Supplemental Disclosure");

The Debtors having filed on April 8, 2002, the Notice of Administrative Claims Reserve;

The Debtors having filed the Debtors' Response to Objections and Memorandum of Law in Support of Approval of the Plan on April 17, 2002 (the "Confirmation Memorandum");

The Declaration of Voting Agent Regarding Solicitation and Tabulation of Votes in Connection with Debtors' First Amended Joint Plan of Reorganization certifying the Solicitation and Tabulation of the Ballots Received for the Debtors' Plan having been filed with this Court on April 17, 2002 (collectively, the "Voting Affidavit");

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<sup>2</sup> Unless otherwise specified, capitalized terms and phrases used herein have the meanings assigned to them in the Plan. The rules of interpretation set forth in Article I of the Plan shall apply to these Findings of Fact, Conclusions of Law and Order (this "Confirmation Order"). In accordance with Section II.A of this Confirmation Order, if there is any direct conflict between the terms of the Plan and the terms of this Confirmation Order, the terms of this Confirmation Order shall control.

This Court having reviewed the above-listed pleadings and all filed objections and responses to, and statements and comments regarding, Confirmation;

This Court having heard the statements of counsel in support of and in opposition to Confirmation at the Confirmation Hearing;

This Court having considered all testimony presented and evidence admitted by affidavits or otherwise, and the Debtors' exhibits in support of confirmation presented at the Confirmation Hearing and any opposing exhibits<sup>3</sup>;

This Court having taken judicial notice of the papers and pleadings on file in the above-captioned Bankruptcy Cases; and

It appearing to this Court that (a) notice of the Confirmation Hearing and the opportunity of any party in interest to object to Confirmation were adequate and appropriate as to all parties to be affected by the Plan and the transactions contemplated thereby, and (b) the legal and factual bases set forth in the Confirmation Memorandum and presented at the Confirmation Hearing establish just cause for the relief granted herein.

This Order is divided into two parts: (I) Findings of Fact and Conclusions of Law and (II) the Order.

## **I**

### **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

#### **1. Jurisdiction And Venue**

On the Involuntary Date, the Involuntary Petition was filed against QSI by the Petitioning Creditors. On the Commencement Date (i) QSI answered the Involuntary Petition

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<sup>3</sup> An index of exhibits that the Debtors will ask to be admitted into evidence is attached hereto as Exhibit I (the "Confirmation Exhibits"). Other exhibits were presented at the Confirmation Hearing.

and consented to the entry of an order for relief and (ii) the remaining Debtors commenced voluntary chapter 11 cases before this Court.

This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(a) and 1334. This is a core proceeding pursuant to 28 U.S.C. §§157(b)(2). The Debtors were and are qualified to be debtors under section 109 of the Bankruptcy Code. Venue in the Western District of Michigan was proper as of the Commencement Date and continues to be proper under 28 U.S.C. § 1408.

**2. Section 1129(a)(1) — Compliance of the Plan with Applicable Provisions of the Bankruptcy Code**

The Plan complies with all applicable provisions of the Bankruptcy Code as required by section 1129(a)(1) of the Bankruptcy Code, including, without limitation, sections 1122 and 1123 of the Bankruptcy Code. The Plan is dated and identifies the Debtors and the Creditors Committee as proponents of the Plan.

Pursuant to sections 1122(a) and 1123(a)(1) of the Bankruptcy Code, the Plan classifies Classes of Claims and Equity Interests, other than Administrative Expense Claims. As required by section 1122(a) of the Bankruptcy Code, each Class of Claims and Equity Interests contains only Claims or Equity Interests that are substantially similar to the other Claims or Equity Interests within that Class. A reasonable basis exists for the classification in the Plan.

Pursuant to sections 1123(a)(2) and 1123(a)(3) of the Bankruptcy Code, Article IV of the Plan specifies all Claims and Equity Interests that are not impaired and specifies the treatment of all Claims and Equity Interests that are impaired. Article IV of the Plan specifies that Class 1 (Lenders' Claims), Class 2 (Other Secured Claims), Class 4 (Unsecured Claims), and Class 5 (Equity Interests) are impaired under the Plan. Article IV of the Plan specifies the

treatment of each impaired class of Claims and Equity Interests as required by section 1123(a)(3) of the Bankruptcy Code.

Pursuant to section 1123(a)(4) of the Bankruptcy Code, the Plan provides for the same treatment for each Claim or Equity Interest within a particular Class. Pursuant to section 1123(a)(5) of the Bankruptcy Code, the Plan provides adequate means for the Plan's implementation. The Debtors will have, immediately upon the effectiveness of the Plan, sufficient Cash and other assets available to make all payments required to be made on the Effective Date pursuant to the terms of the Plan.

Section 1123(a)(6) of the Bankruptcy Code, which requires the inclusion of certain provisions in a reorganizing debtor's corporate charter, is inapplicable to these Chapter 11 cases. On the Effective Date of the Plan, the stock of QSI Holdings, Inc. will be canceled and new common stock will be distributed to a liquidating trust.

The Debtors have satisfied section 1123(a)(7) of the Bankruptcy Code. Under Article VII(B) of the Plan, an Oversight Committee will be formed on the Effective Date which will consist of two members - one selected by the Creditors Committee and one selected by the Prepetition Lenders. In addition, under Article VIII(B) of the Plan, a Chief Litigation Officer will be appointed by the Creditors Committee to pursue Chapter 5 causes of action on behalf of the holders of Unsecured Claims. Finally, the Debtors, the Creditors Committee, and the Prepetition Lenders will jointly select a trustee to administer the Trust, which will hold the new common stock of QSI Holdings, Inc. As a result of the selection process described above, the persons described above were selected in a manner consistent with the interests of the holders of Claims and Interests and with public policy.

**3. Section 1129(a)(2) — Compliance Of The Debtors With Applicable Provisions of The Bankruptcy Code**

The Debtors and the Creditors Committee, as proponents of the Plan, have complied with all applicable provisions of the Bankruptcy Code as required by section 1129(a)(2) of the Bankruptcy Code, including, without limitation, sections 1125 and 1126 of the Bankruptcy Code and Bankruptcy Rules 3017, 3018 and 3019. The solicitation of acceptance or rejection of the Plan was (i) in compliance with all applicable non-bankruptcy laws, rules, and regulations governing the adequacy of disclosure in connection with such solicitation, and (ii) solicited after disclosure to holders of claims or interests of adequate information as defined in section 1125(a) of the Bankruptcy Code.

The Debtors, the Lenders, the Creditors Committee and their respective directors, officers, employees, agents, members, affiliates and Professionals (acting in such capacity) have acted in good faith with respect to the solicitation of acceptance or rejection of the Plan and participation regarding the Plan and therefore are entitled to the liability limitations set forth in section 1125(e) of the Bankruptcy Code.

**4. Section 1129(a)(3) — Proposal Of Plan In Good Faith**

The Debtors and the Creditors Committee proposed the Plan in good faith and not by any means forbidden by law. Consistent with the overriding purpose of chapter 11 of the Bankruptcy Code, the Plan will place the Debtors' assets into a liquidating trust to be administered by the Debtors with the review of the Oversight Committee to pay the holders of allowed claims against the Debtors. The Plan itself, and the formulation process, which embodies the terms of a global settlement that was extensively negotiated between the Debtors, the Creditors Committee and the Prepetition Lenders, provides independent evidence of the Debtors' good faith.

**5. Section 1129(a)(4) — Bankruptcy Court Approval Of Certain Payments As Reasonable**

Pursuant to section 1129(a)(4) of the Bankruptcy Code, any payment made or promised by the Debtors or by any person issuing securities or acquiring property under the Plan, for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Bankruptcy Cases, has been, or will be before payment, disclosed to this Court. Any such payment made before the Confirmation Hearing is reasonable. Any such payment to be fixed after the Confirmation Hearing is subject to the approval of this Court as reasonable.

**6. Section 1129(a)(5) — Disclosure Of Identity And Affiliations Of Proposed Management, Compensation Of Insiders And Consistency Of Management Proposals With The Interests Of Creditors And Public Policy**

Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors, in the (A) Notice of the Identification of the (i) Members of the Oversight Committee; (ii) Chief Litigation Officer and (iii) Trustee and (B) Notice of Employment Agreement for Thomas J. Reinebach, the Debtors have disclosed the two members of the Oversight Committee, the Trustee, the Chief Litigation Officer and the employment of Thomas J. Reinebach for the Debtors. The appointment of the two members of the Oversight Committee, the Trustee, the Chief Litigation Officer and the employment of Thomas J. Reinebach is consistent with the interests of the Holders of Claims and Equity Interests and public policy.

**7. Section 1129(a)(6) — Approval of Rate Changes**

After the Plan is confirmed, no governmental regulatory commission will have jurisdiction over the rates of the Debtors.

**8. Section 1129(a)(7) — Best Interests Of Creditors And Equity Interest Holders**

With respect to each Impaired Class of Claims or Equity Interests of the Debtors, each Holder of a Claim or Equity Interest in such Class has accepted the Plan or will receive or retain under the Plan on account of such Claim or Equity Interest property of a value, as of the

Effective Date, that is not less than the amount such Holder would receive or retain if the respective Debtor was liquidated on the Effective Date under chapter 7 of the Bankruptcy Code.

**9. Section 1129(a)(8) — Acceptance Of The Plan By Each Impaired Class**

Class 3 (Priority Claims) is unimpaired under the Plan and is not entitled to vote on the Plan and pursuant to section 1126(f) of the Bankruptcy Code is conclusively deemed to have accepted the Plan.

As indicated in the Voting Affidavit, every impaired class that was entitled to vote, and that actually did vote, voted in favor of the Plan. Class 1 (Lenders' Claims), Class 2 (Other Secured Claims) and Class 4 (Unsecured Claims) voted to accept the Plan.

Because the Plan provides that Class 5 (Equity Interests) (the "Deemed Rejecting Class") will not receive or retain any property, the Deemed Rejecting Class is deemed not to have accepted the Plan pursuant to section 1126(g) of the Bankruptcy Code. Notwithstanding the deemed rejection of the Plan by the Deemed Rejecting Class, the Plan is confirmable because the Plan satisfies section 1129(b)(1) of the Bankruptcy Code with respect to the Deemed Rejecting Class. The Plan does not discriminate unfairly and is fair and equitable with respect to the Deemed Rejecting Class. There is no Holder of a Claim or Equity Interest junior to the Deemed Rejecting Class who will receive or retain any property under the Plan on account of such junior Claim or Equity Interest.

**10. Section 1129(a)(9) — Treatment Of Claims Entitled To Priority Pursuant To Section 507(a) Of The Bankruptcy Code**

Article III and Article IV of the Plan provides for treatment of Administrative Claims, Priority Tax Claims and Claims entitled to priority pursuant to sections 507(a)(3)-(6) of the Bankruptcy Code in the manner required by section 1129(a)(9) of the Bankruptcy Code.

**11. Section 1129(a)(10) — Acceptance By At Least One Impaired Class**



As required by section 1129(a)(10) of the Bankruptcy Code and as indicated in the Voting Affidavit, at least one Class of Claims or Equity Interests that is impaired under the Plan for each Debtor has accepted the Plan, excluding votes cast by insiders. Specifically, Class 1 (Lenders' Claims), Class 2 (Other Secured Claims) and Class 4 (Unsecured Claims) voted to accept the Plan.

**12. Section 1129(a)(11) — Feasibility Of The Plan**

Confirmation of the Plan is not likely to be followed by the liquidation of the Debtors or any successor to the Debtors under the Plan, and the Plan complies with section 1129(a)(11) of the Bankruptcy Code. There will be sufficient funds to satisfy the Debtors' obligations under the Plan and to fund the costs and expenses of the Debtors' estates after the confirmation of the Plan.

**13. Section 1129(a)(12) — Payment Of Bankruptcy Fees**

In accordance with section 1129(a)(12) of the Bankruptcy Code, Article III(C) of the Plan provides for the payment of all fees payable under 28 U.S.C. §1930 on or before the Effective Date. The Debtors have adequate means to pay all such fees.

**14. Section 1129(a)(13) — Retiree Benefits**

Section 1129(a)(13) of the Bankruptcy Code is inapplicable to the Debtors because they do not maintain retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code.

**15. Confirmation of the Plan Over Nonacceptance of Impaired Class**

Pursuant to section 1129(b)(1) of the Bankruptcy Code, the Plan is confirmed notwithstanding that Class 5 (Equity Interests) are impaired and holders of such Equity Interests are deemed to have rejected the Plan. The Plan does not discriminate unfairly and is fair and equitable with respect to holders of Equity Interests in Class 5. There is no holder of a Claim

junior to the Class 5 Claims who will receive or retain any property under the Plan on account of such Claim.

**16. Satisfaction Of Conditions To Confirmation**

Each of the conditions precedent to entry of this Confirmation Order under Article XIII(A) of the Plan have been satisfied or waived.

**17. Retained Causes of Action**

While the Debtors and the Creditors Committee have made a reasonable effort to identify known actual or potential Causes of Action that the Debtors may pursue after the Effective Date, the Debtors, the Creditors Committee and the Chief Litigation Officer have expressly reserved the right to pursue or defend Causes of Action not specifically or generally identified in the Disclosure Statement (and exhibits thereto), the Plan or the Supplemental Disclosure.

**18. Exemptions From Taxation**

Pursuant to section 1146(c) of the Bankruptcy Code, under the Plan, (a) the issuance, distribution, transfer, or exchange of any debt, equity, security or other interest in the Debtors; (b) the creation, modification, consolidation or recording of any mortgage, deed or trust, or other security interest, or the securing of additional indebtedness by such or other means (whether (i) in connection with the issuance and distribution of any debt, equity, security, or other interest in the Debtors or (ii) otherwise in furtherance of, or in connection with, the Plan); (c) the making, assignment, or recording of any lease or sublease; or (d) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, mortgage recording tax,

stamp tax, or similar tax or government assessment, and the appropriate state or local government official or agent is directed to forego the collection of any such tax or government assessment and to accept for filing and recording any of the foregoing instruments or other documents without the payment of any such tax or government assessment.

**19. Compliance With Section 1129 Of The Bankruptcy Code**

As set forth in Paragraphs 2-15 of this Confirmation Order, the Plan complies in all respects with the applicable requirements of section 1129 of the Bankruptcy Code.

**20. Agreements And Other Documents**

The Debtors have disclosed all material facts regarding: (a) selection of the two members of the Oversight Committee; (b) the selection of the Chief Litigation Officer; (c) the selection of the Trustee; (d) the employment of Thomas J. Reinebach for the Debtors; (e) the distribution of Cash on the Effective Date; (f) the adoption, execution and implementation of the other matters provided for under the Plan involving corporate action to be taken by or required of the Debtors and (g) the adoption, execution and delivery of all contracts, leases, instruments, releases, indentures and other agreements related to any of the foregoing.

Pursuant to section 303 of the Delaware General Corporation Law and any comparable provision of the business corporation laws of any other state, as applicable, no action of the directors or stockholders of the Debtors will be required to authorize them to engage in any of the activities set forth in above or as otherwise contemplated by the Plan or in furtherance thereof and such activities shall be, and hereby are, deemed to have occurred and be effective as provided in the Plan and such activities shall be, and hereby are, authorized and approved in all respects.

## **II** **ORDER**

### **A. Confirmation of The Plan**

The Plan, as amended, attached hereto as Exhibit I is confirmed in each and every respect pursuant to section 1129 of the Bankruptcy Code; provided, however, that if there is any direct conflict between the terms of the Plan and the terms of this Confirmation Order, the terms of this Confirmation Order shall control. All objections and responses to, and statements and comments regarding, the Plan, to the extent not already withdrawn, are overruled. The Debtors are substantively consolidated as provided in the Plan.

### **B. Executory Contracts and Unexpired Leases**

No later than thirty (30) days after the Effective Date, claims arising out of the rejection of executory contracts or unexpired leases under Article XII(A) of the Plan must be filed with the Bankruptcy Management Corporation, 1330 E. Franklin Avenue, El Segundo, CA 90245, Attn: Quality Stores, Inc. If such claim is not timely filed and served, such claim shall be forever barred.

### **C. Injunctions and Stays Remain in Effect Until Effective Date**

Unless otherwise provided, all injunctions or stays provided for in the Bankruptcy Cases pursuant to sections 105 and 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. In all events, however, the Bankruptcy Court shall determine Allowance of all Claims unless either (i) the reference is withdrawn for a particular Claim, in which case the District Court for the Western District of Michigan shall determine Allowance of such particular claim or (ii) the stay is lifted for a particular claim, in which case a court of competent jurisdiction shall determine allowance of such particular Claim.

In other words, the automatic stay shall remain in effect for prepetition *claims* until such claims are adjudicated by the Bankruptcy Court. If a claim arises after the Effective Date, however, the automatic stay does not apply.

**D. Matters relating to the implementation of the Plan**

**(i) Immediate Effectiveness; Successors And Assigns**

Immediately upon the entry of this Confirmation Order, the terms of the Plan shall be, and hereby are, deemed binding upon the Debtors and all interested parties.

**(ii) Corporate Authorization, Dissolution**

On the Effective Date, all of the capital stock, including, but not limited to, any interests in any issued, unissued authorized or outstanding shares of any class of stock, including all common stock and preferred stock, together with any warrants, options, puts, calls, awards, commitments, notes or securities with participation features, securities convertible, exercisable or exchangeable for stock, equity or other such interests, or any other rights to purchase or acquire stock, equity or other such interests at any time and all rights arising with respect thereto of QSI Holdings, Inc. (collectively, and inclusive of the Equity Interests in QSI Holdings, Inc., the “Holdings Interests”) will be deemed canceled and of no further force and effect and all Class 5 Equity Interests will be deemed extinguished without any further corporate action. On the Effective Date, each of the directors serving on the Boards of Directors of each of the Debtors shall be removed, each such Board of Directors shall be dissolved, and the Oversight Committee, which shall operate in place of such Boards of Directors, shall be formed. The Oversight Committee shall consist of two members, one selected by the Prepetition Lenders and one selected by the Creditors Committee. The capital stock or other ownership interests issued by each of QSI Holdings’, Inc. (“Holdings”) Debtor subsidiaries will continue to be issued and

outstanding in the same amounts and held by the same parties as immediately before the Effective Date.

Each of the matters provided for under the Plan involving the corporate structure of any Debtor or corporate action to be taken or required by the Debtor shall, as of the Effective Date, be deemed to have occurred and be effective as provided herein, and shall be authorized and approved in all respects without any requirement of further action by stockholders or directors of any of the Debtors.

(iii) The Oversight Committee

On of the Effective Date, Brian Valenti is appointed to the Oversight Committee on behalf of the Prepetition Lenders. On the Effective Date, Daniel Arbess is appointed to the Oversight Committee on behalf of the Creditors Committee

(iv) Trustee

On the Effective Date, Wilmington Trust Company is appointed the Trustee under the Trust Agreement.

(v) Chief Litigation Officer

On the Effective Date, Joseph Myers is appointed as the Chief Litigation Officer pursuant to the Plan to serve in such capacity in accordance with the Plan.

(vi) Transactions Required by Plan

Any transaction required by the Plan shall be implemented in accordance with Articles VII and VIII of the Plan.

(vii) Sources of Cash for Distribution under the Plan

All Cash necessary for the Debtors to make payments pursuant to the Plan shall be obtained from existing Cash balances of the Debtors and liquidation of other assets of the Debtors.

**E. Distributions under the Plan**

The distribution provisions of Article X of the Plan shall be, and hereby are, approved. The Debtors shall make all distributions required under the Plan. The Debtors will administer all Claims and make all distributions required under the Plan.

On April 30, 2002 (the "Distribution Record Date"), the transfer register for any instrument, security, or other documentation canceled pursuant to Article XV(J) of the Plan shall be closed and there shall be no further changes in the record Holders of any such instrument, security, or documentation. The Debtors are not obligated to recognize the transfer of any such instrument, security, or other documentation occurring after the Distribution Record Date. The Debtors are entitled for all purposes to recognize and deal only with those Holders of record as of the close of business on the Distribution Record Date.

Except as otherwise provided in the Plan or herein, the Debtors may, pursuant to sections 502(d) or 553 of the Bankruptcy Code or applicable non-bankruptcy law, offset against any Allowed Claims, and the distributions to be made pursuant to the Plan on account of such Claims (before any distribution is made on account of such Claim), the Claims, rights, and Causes of Action of any nature that the Debtors may hold against the Holders of such Allowed Claims; provided, however, that (i) the failure to effect such a setoff or the allowance of any Claim under the Plan shall not constitute a waiver or release by the Debtors of any such Claims, rights, and Causes of Action that the Debtors may possess against such Holder, and (ii) the Debtors' failure to institute, or prosecute any Cause of Action referenced in section 502(d) of the Bankruptcy Code shall not constitute a waiver or release by the Debtors of any right of setoff.

**F. Exemptions from Taxation**

In accordance with section 1146(c) of the Bankruptcy Code, the making, delivering, filing or recording of leases and/or the various instruments and documents of transfer

as specified in or contemplated by the Plan are hereby exempt from taxation under any law imposing a recording tax, stamp tax, transfer tax or any similar tax.

**G. Cancellation of Notes, Instruments, Debentures, Common Stock and Stock Options**

Except as otherwise provided in the Plan or any contract, instrument, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made thereunder: (i) all notes, instruments, certificates and other documents evidencing Claims in any of the Debtors (ii) all Equity Instruments (as defined below) and Holdings Interests shall be deemed canceled and of no further force and effect. Notwithstanding the failure of any holder of such Holdings Interests to deliver instruments or other documentation of such Holdings Interests (the "Equity Instruments") to Holdings, such cancellation shall be deemed to have occurred, the Equity Instruments shall be deemed to have been delivered to Holdings and stamped "Canceled" and all other requirements for canceling such Equity Instruments under the Delaware General Corporation Law, Holdings' corporate governance documents and any other law, document, instrument, agreement or any other provision relating to the cancellation of such Equity Instruments shall be deemed to have been satisfied.

The Holders of or parties to such canceled notes, share certificates, Equity Instruments, and other agreements and instruments shall have no rights arising from or relating to such notes, share certificates, and other agreements and instruments or the cancellation thereof, except the rights provided pursuant to the Plan.

The Indenture shall survive confirmation of the Plan solely to effectuate Distributions to be made to holders of the Senior Notes as provided herein and to enforce the rights, duties and administrative functions of the Indenture Trustee as provided herein and



therein with respect to such Distributions. Nothing in the Plan shall be deemed to impair, waive or discharge the Indenture Trustee's charging lien or any other rights or obligations of the Indenture Trustee under the Indenture. Upon the final Distributions to the holders of the Senior Notes pursuant to the Plan, the Indenture shall be canceled and deemed terminated and the Indenture Trustee shall be discharged of any further duties, without any further act or action under any applicable agreement, law, regulations, order, or rule and the obligations of the Debtors under such Indenture shall be discharged.

#### **H. Issuance of the New Common Stock**

On the Effective Date, Holdings shall be authorized to issue shares of Common Stock (the "New Common Stock") to the Wilmington Trust Company as Trustee pursuant to the Trust Agreement. The New Common Stock shall constitute all of the outstanding capital stock of Holdings as of the Effective Date. Upon entry of the Final Decree, the New Common Stock will be canceled without any further action required on the part of the Debtors, the Oversight Committee, the holders of the New Common Stock, or the officers or directors of the Debtors.

#### **I. Injunction**

Except as otherwise expressly provided in the Plan, all Entities who have held, hold or may hold Claims or Interests are permanently enjoined, from and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Interest against the Debtors, their estates, the Chief Litigation Officer, the Trustee, the Trust, QSI Holdings (as reorganized), the Oversight Committee or its members; (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, their estates, the Chief Litigation Officer, the Trustee, the Trust, QSI Holdings (as reorganized), the Oversight Committee or its members; (c) creating, perfecting, or enforcing any encumbrance of any kind against the Debtors, their

estates, the Chief Litigation Officer, the Trustee, the Trust , QSI Holdings (as reorganized), the Oversight Committee and its members against the property or interests in property of the Debtors and (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or against the property of the Debtors, their estates, the Chief Litigation Officer, the Trustee, the Trust, QSI Holdings (as reorganized), the Oversight Committee or its members, with respect to any such Claim or Interest; provided, that the foregoing injunction shall not enjoin the prosecution of Claims or causes of action against former officers or directors of the Debtors who did not serve in such capacity as of the Effective Date. Nothing contained in the Plan or this Confirmation Order shall prohibit or restrain the prosecution of any Claims, Causes of Action or Rights of Action against the Debtors' present or former directors and officers based on acts, events or omissions occurring before the Commencement Date.

With respect to the matters within the scope of Section L(xx) herein, all Persons and Entities shall be and are permanently enjoined from commencing or continuing any such action except in the Court and the Court shall retain exclusive jurisdiction over such matters.

**J. Preservation of Rights of Action**

The Debtors, the Creditors Committee and the Chief Litigation Officer retain all rights on behalf of the Debtors to commence and pursue, as appropriate, any and all claims or Causes of Action, whether arising before or after the Commencement Date, in any court or other tribunal including, without limitation, in an adversary proceeding filed in one or more of the Chapter 11 Cases. The failure to list any potential or existing claims or Causes of Action is not intended to limit the rights of the Debtors or the Chief Litigation Officer to pursue any claims or Causes of Action not listed or identified.

Unless a claim or Cause of Action against a Creditor or other person or entity is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order, the Debtors and the Chief Litigation Officer retain such claim or Cause of Action for later adjudication (including, without limitation, claims and Causes of Action not specifically identified or which Debtors may presently be unaware or which may arise or exist by reason of additional facts or circumstances unknown to Debtors at this time or facts or circumstances which may change or be different from those which Debtors now believe to exist). 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 such claims or Causes of Action upon or after the confirmation or consummation of the Plan based on the Disclosure Statement, the Plan or the Confirmation Order, except where such claims or Causes of Action have been released in the Plan or other Final Order. In addition, the Debtors and their successor entities under the Plan retain the right to pursue or adopt any claims alleged in any lawsuit in which the Debtors are a defendant or an interested party, against any person or entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits.

Except as otherwise provided in the Plan or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, in accordance with section 1123(b)(3) of the Bankruptcy Code, any claims, rights, and Causes of Action that the respective Debtors, Estates, or the Chief Litigation Officer may hold against any person including, but not limited to, those Causes of Action listed in Article VI(K) of the Disclosure Statement and the exhibits referenced therein and the Supplemental Disclosure shall vest in the Debtors and the Chief Litigation Officer, through their authorized agents or representatives, shall retain and may

exclusively enforce any and all such claims, rights or Causes of Action. The Debtors and the Chief Litigation Officer shall have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise any and all such claims, rights, and Causes of Action without the consent or approval of any third party and without any further order of court.

Delivery (by any means) of the Plan or Disclosure Statement to any person to whom Debtors have incurred an obligation (whether on account of services, purchase or sale of goods or otherwise), or who has received services from Debtors or a transfer of money or property of Debtors, or who has transacted business with Debtors, or leased equipment or property from Debtors shall constitute actual notice that such obligation, transfer, or transaction may be reviewed by the Debtors or the Chief Litigation Officer subsequent to the Effective Date and may, if appropriate, be the subject of an action after the Effective Date, whether or not (i) such person has filed a proof of claim against Debtors in this Bankruptcy Case; (ii) such person's proof of claim has been objected to by the Estate; (iii) such person's Claim was included in Debtors' Schedules; (iv) such person's scheduled claim has been objected to by the Estate or has been identified by the Estate as disputed, contingent, or unliquidated; or (v) such action falls within the list of Affirmative Causes of Action in Section IX(I) of the Disclosure Statement or the Supplemental Disclosure

#### **K. Exculpation**

The Trustee, the Debtors, the Chief Litigation Officer, the Creditors' Committee, the Oversight Committee, the Lenders and their respective employees and members and each of their professionals and representatives shall be exculpated and held harmless by each of the Debtors, the Trust and by all Entities, including, without limitation, Holders of Claims and other parties in interest, from any claims, causes of action and other assertions of liability arising out of the discharge after the Confirmation Date of the powers and duties conferred by the Plan, the

Bankruptcy Code, the Confirmation Order or any order of the Court entered pursuant to or in furtherance of the Plan, or applicable law, in the implementation or administration of the Plan, except for actions or omissions to act arising out of gross negligence, recklessness, breach of fiduciary duty, fraud, or willful misconduct.

**L. Retention Of Jurisdiction**

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the Bankruptcy Cases after the Effective Date as legally permissible, including jurisdiction to:

- (i) to resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which any of the Debtors is a party or with respect to which the Debtors may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom, including those matters related to the amendment after the Effective Date of the Plan, to add any executory contracts or unexpired leases to the list of executory contracts and unexpired leases to be rejected;
- (ii) to enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases, transactions and other agreements or documents created in connection with the Plan;
- (iii) to determine any and all motions, adversary proceedings, applications and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by the Debtors or the Chief Litigation Officer after the Effective Date (to the extent such venue is selected by the Debtors and/or the Chief Litigation Officer);
- (iv) to ensure that Distributions to holders of Allowed Claims are accomplished as provided herein;
- (v) to hear and determine any timely objections to Administrative Claims or to proofs of Claims and Interests filed, both before and after the Effective Date, including any objections to the classification of any Claim or Interest, and to allow, disallow, determine, liquidate, classify, estimate or establish the priority of or secured or unsecured status of any Claim, in whole or in part;

- (vi) to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, reversed or vacated;
- (vii) to issue orders in aid of execution of the Plan;
- (viii) to consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Court, including the Confirmation Order;
- (ix) to hear and determine all applications for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Effective Date;
- (x) to hear and determine disputes arising in connection with or relating to the Plan or the interpretation, implementation or enforcement of the Plan or the extent of any Entity's obligations incurred in connection with or released under the Plan;
- (xi) to issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation or enforcement of the Plan;
- (xii) to determine any other matters that may arise in connection with or are related to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with the Plan or the Disclosure Statement;
- (xiii) to hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
- (xiv) to hear any other matter or for any purpose specified in the Confirmation Order that is not inconsistent with the Bankruptcy Code, including the allowance or disallowance and classification of late-filed proofs of claim in accordance with Rule 9006(b) of the Bankruptcy Rules.
- (xv) to hear and determine any matters that may arise in connection with the Agency Order or any order of the Court with respect thereto;
- (xvi) to hear and determine any matters that may arise in connection with the Purchase Agreements or any order of the Court with respect thereto; and
- (xvii) to enter a Final Decree closing the Chapter 11 Cases;
- (xviii) to determine matters that may arise in connection with the Trust or the Trust Agreement.

- (xix) to determine matters that may arise between the Debtors, the Trustee, the Oversight Committee, and/or the Chief Litigation Officer;
- (xx) to hear and determine any matter relating to or arising out of any action or act taken or omission in connection with or related to the formation, preparation, dissemination implementation, administration, confirmation or consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan, including, without limitation, the Global Settlement, or any other act or omission taken or to be taken in connection with the Chapter 11 Cases commenced against any party in the Chapter 11 Cases, including, without limitation, the Debtors, the Creditors' Committee, the Lenders and their respective current and former directors and officers, members, agents, advisors, attorneys, advisors and other professionals and Entities employed pursuant to sections 327 and 1103 of the Bankruptcy Code.

**M. Payment of Statutory Fees**

On or before the Effective Date, the Debtors shall pay all fees payable pursuant to 28 U.S.C. § 1930.

**N. Discharge**

Except as otherwise provided herein: (1) the rights afforded in the Plan and the treatment of all Claims and Equity Interests shall be in exchange for and in complete satisfaction, discharge and release of such Claims and Equity Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Commencement Date, against the Debtors, or any of their assets or properties, (2) on the Effective Date, all such Claims against and Equity Interests shall be satisfied, discharged and released in full and (3) all Persons and Entities shall be precluded from asserting against the Debtors, their successors or their assets or properties any other or further Claims or Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred before the Confirmation Date, except as otherwise provided in the Plan.

Notwithstanding anything contained in the Plan or herein to the contrary and consistent with section 524(e) of the Bankruptcy Code, the discharge of a debt of the Debtors does not affect the liability of any entity on, or the property of any other entity, for such debt.

**O. Post-Confirmation Notices And Reports**

a. Pursuant to Bankruptcy Rules 2002(f)(7) and 3020(c), the Debtors are directed to serve, no later than ten (10) business days after the Effective Date, a notice substantially in the form annexed hereto as Exhibit II regarding: (i) entry of this Confirmation Order and (ii) the Effective Date on all parties that received a solicitation package. The notice attached hereto as Exhibit II is hereby approved.

b. No further notice of the entry of this Confirmation Order shall be required.

**P. Fee Applications**

All final applications by professionals for compensation or reimbursement of expenses pursuant to section 330 of the Bankruptcy Code shall be filed with this Court within forty-five (45) days after the Effective Date in accordance with Article III(D) of the Plan. The final fee applications shall be served on each of the following entities no later than forty-five (45) days after the Effective Date:

Kirkland & Ellis, 200 E. Randolph Chicago, IL 60601 Attn: James H.M. Sprayregen, Esq.;	Varnum, Riddering, Schmidt & Howlett, LLP, Bridgewater Place, 333 Bridgewater Street, N.W. Grand Rapids, MI 49501-0352 Attn: Timothy J. Curtin, Esq
Shearman & Sterling 599 Lexington Avenue New York, NY 10022-6030 Attn: Benjamin Feder, Esq.	Dykema Gossett 300 Ottawa Ave., N.W. Grand Rapids, MI 49503, Attn: Scott W. Dales
Pepper Hamilton, LLP 100 Renaissance Center, #3600 Detroit, MI 48243 Attn: Robert Hertzberg; Esq.	White & Case LLP First Union Financial Center 200 South Biscayne Boulevard, Suite 4900 Miami, Florida 33131 Attn: John K. Cunningham



Office of the U.S. Trustee 330 Ionia Avenue, N.W.. Suite 202 Grand Rapids, MI 49503 Attn: Dean Rietberg	Quality Stores, Inc. 5000 Hakes Drive Suite 500 Muskegon, MI 49441 Attn: Tom Reinebach
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The Debtor shall mail to all professionals retained by the Debtors or any Committee pursuant to section 327 of the Bankruptcy Code a copy of this Order within ten business days from the date of this order.

No applications will be filed for compensation and reimbursement by professional persons for services rendered or expenses incurred on or after the Confirmation Date, and such compensation and reimbursement may be paid by the Debtors in accordance with the Plan, ordinary business practices and without order of the Court.

**Q. Payments to Be Made as Soon as Practicable**

For all payments to be made under the Plan, the date such payments are made will be the date that it is as soon as practicable after the specified herein.

**R. Distribution Record Date**

Except as otherwise agreed by the Debtors in writing, April 30, 2002 is the Distribution Record Date.

**S. Post-Confirmation Reporting Requirements**

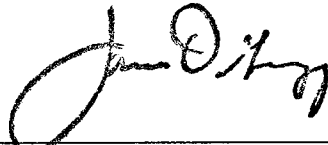
Notwithstanding Article VI (D) of the Plan, the Debtors shall comply with Rules 3020 and 3022 of the Local Bankruptcy Rules for the Western District of Michigan.

**T. Nonrevesting of Property**

If this case should later be converted to a Chapter 7 proceeding, any remaining Assets not yet distributed shall not be deemed to re-vest in the respective Debtor pursuant to section 1141(b) of the Bankruptcy Code, but will instead become property of the respective chapter 7 estate.

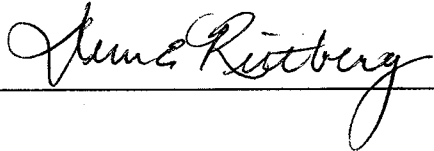
IT IS SO ORDERED.

Grand Rapids, Michigan  
Dated: May 3, 2002



James D. Gregg  
United States Bankruptcy Judge

Approved for Entry:

By:  (P38812)

United States Trustee

#699622

**EXHIBIT I**

**IN THE UNITED STATES BANKRUPTCY COURT FOR THE WESTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

<b>In re:</b>	)	<b>Case No. GG-01-10662</b>
	)	
<b>Quality Stores, Inc., et al.,<sup>1</sup></b>	)	<b>Chapter 11</b>
	)	
<b>Debtors.</b>	)	<b>(Hon. James D. Gregg)</b>
	)	

**FIRST AMENDED JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE  
UNITED STATES BANKRUPTCY CODE**

KIRKLAND & ELLIS  
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-and-

-and-

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Co-Counsel for the Creditors' Committee

-and-

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Telephone: 616-336-6000  
Facsimile: 616-336-7000

Co-Counsel for the Debtors and Debtors in Possession

Dated: May 2, 2002

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<sup>1</sup> The Debtors are: QSI Holdings, Inc. (f/k/a CT Holdings, Inc.); Quality Stores, Inc. (f/k/a Central Tractor Farm & Country, Inc.); Country General, Inc.; F and C Holding, Inc.; FarmandCountry.com, LLC; QSI Newco, Inc.; QSI Transportation, Inc.; Quality Farm & Fleet, Inc.; Quality Investments, Inc.; Quality Stores Services, Inc; and Vision Transportation, Inc.

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The above-captioned debtors and debtors in possession, together with the Official Committee of Unsecured Creditors, respectfully propose the following First Amended Joint Plan of Reorganization (the "Plan") pursuant to chapter 11, title 11 of the United States Code, 11 U.S.C. §§ 101, et seq.

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

**A. Rules of Interpretation, Computation of Time and Governing Law**

1. For purposes of the Plan: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and each pronoun, whether stated in the masculine, feminine or neuter gender, shall include the masculine, feminine and the neuter gender; (b) any reference in the Plan to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) any reference in the Plan to an existing document or exhibit filed, or to be filed, shall mean such document or exhibit, as it may have been or may be amended, modified or supplemented; (d) 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; (e) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (f) any term used in capitalized form in the Plan that is not defined herein but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.
2. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.
3. Except to the extent that the Bankruptcy Code or the Bankruptcy Rules are applicable, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the state in which the Bankruptcy Court resides, without giving effect to the principles of conflict of laws thereof.

**B. Defined Terms**

As used in the Plan, the following terms have the respective meanings specified below and equally applicable to the singular and plural of terms defined:

1. Administrative Claims Reserve Fund: Such amount of Cash as the Debtors shall determine to be necessary to retain on the Effective Date in respect of unpaid Allowed Administrative Claims and Professional Fees, or if Disputed, for the purpose of paying such Disputed amounts as they become (if at all) Allowed. Such Administrative Claims Reserve Fund shall be equal to an amount to be disclosed in a notice that the Debtors will file and serve on or before April 5, 2002<sup>2</sup> (which amount shall not exceed the sum of (i) expenses set forth in the Budget incurred but not paid as of the Effective Date and (ii)

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<sup>2</sup> The Debtors will serve this notice via regular mail upon (i) the UST, (ii) counsel to the Lenders, (iii) counsel to the Creditors' Committee, and (iv) parties that have requested notice pursuant to Rule 2002 of the Bankruptcy Rule.

expenses set forth in the Budget from the Effective Date to entry of the Final Decree) and shall be funded from the Debtors' Assets (excluding Rights of Action Recovery). A portion of the Administrative Claims Reserve Fund in an amount to be disclosed in a notice that the Debtors will file and serve on or before April 5, 2002<sup>3</sup> shall be used exclusively for the payment of Professional Fees, plus fees and expenses (including reasonable attorney's fees and expenses) (i) of the Lenders, (ii) in an amount not to exceed \$150,000, incurred by the Informal Noteholders Committee and the Petitioning Creditors from October 1, 2001 through November 7, 2001, pursuant to the Global Settlement.

2. Administrative Claim: Any Claim constituting a cost or expense of administration of the Chapter 11 Cases asserted under sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, any actual and necessary costs and expenses of preserving the estates of the Debtors, any actual and necessary costs and expenses of operating the businesses of the Debtors in Possession, any indebtedness or obligations incurred or assumed by the Debtors in Possession in connection with the administration and implementation of the Plan, any Claims for compensation and reimbursement of expenses arising during the period from and after the Involuntary Date and to the Confirmation Date or otherwise in accordance with the provisions of the Plan, any fees or charges assessed against the Debtors' estates pursuant to 28 U.S.C. § 1930 or as determined by the Court to be an Administrative Claim in a Final Order.
3. Agency Agreement: The agreement, dated December 31, 2001, between and among the Debtors and the Joint Venture relating to the disposition of the Remaining Stores, as amended from time to time.
4. Agency Order: The Order (i) Approving Agency Agreement, Dated as of December 31, 2001, Between and Among the Debtors and the Joint Venture Formed by Tractor Supply Company, Great American Group, Gordon Brothers Retail Partners, LLC and DJM Asset Management, (ii) Authorizing and Approving the Disposition of the Debtors' Assets in the Remaining Stores and the Real Estate Interests Associated Therewith in the Manner Provided by the Agency Agreement and (iii) Granting Related Relief, entered by the Court on or about December 31, 2001.
5. Allowed: The term "allowed" means, with respect to any Claim, except as otherwise provided herein: (a) a Claim that has been scheduled by the Debtors in their Schedules as other than disputed, contingent or unliquidated and as to which the Debtors or other party in interest have not filed an objection by the Effective Date; (b) a Claim that either is not a Disputed Claim or has been allowed by a Final Order; (c) a Claim that is allowed: (i) in any stipulation with the Debtors of amount and nature of Claim executed prior to the Confirmation Date and approved by the Court; (ii) in any stipulation with the Debtors of amount and nature of Claim executed on or after the Confirmation Date and, to the extent necessary, approved by the Court; or (iii) in any contract, instrument, indenture or other agreement entered into or assumed by the Debtors in connection with the Plan; (d) a Claim relating to a rejected executory contract or unexpired lease that either (i) is not a Disputed Claim or (ii) has been allowed by a Final Order, in either case only if a proof of Claim has been Filed by the Bar Date or has otherwise been deemed timely Filed under applicable law; or (e) a Claim that is allowed pursuant to the terms of this Plan.

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<sup>3</sup> The Debtors will serve this notice via regular mail upon (i) the UST, (ii) counsel to the Lenders, (iii) counsel to the Creditors' Committee, and (iv) parties that have requested notice pursuant to Rule 2002 of the Bankruptcy Rule.



6. Allowed Claim/Allowed Interest: Any Claim against or Interest in the Debtors, (i) proof of which was filed on or before the date designated by the Court as the last date for filing proofs of Claim against or Interests in the Debtors, (ii) if no proof of Claim or Interest has been timely filed, which has been or hereafter is listed by the Debtors in their Schedules as liquidated in amount and not disputed or contingent or (iii) any Interest registered in the stock register or partnership documents maintained by or on behalf of the Debtors as of the Record Date and, in each such case in clauses (i), (ii) and (iii) above, a Claim or Interest as to which no objection to the allowance thereof has been interposed within the applicable period of limitation fixed by the Bankruptcy Code or the Bankruptcy Rules. For purposes of determining the amount of an Allowed Claim, there shall be deducted therefrom an amount equal to the amount of any claim which the Debtors may hold against the holder thereof, to the extent such claim may be set off pursuant to section 553 of the Bankruptcy Code.
7. Assets: Any and all real or personal property of any nature, including, without limitation, any real estate, buildings, structures, improvements, privileges, rights, easements, leases, subleases, licenses, goods, materials, supplies, furniture, fixtures, equipment, work in process, accounts, chattel paper, cash, deposit accounts, reserves, deposits, contractual rights, intellectual property rights, claims, causes of action and any other general intangibles of Debtors, as the case may be, of any nature whatsoever, including, without limitation, the property of the estate pursuant to section 541 of the Bankruptcy Code.
8. Auction: The auction held on December 27, 2001 for the sale of substantially all of the Debtors' Assets in the Remaining Stores.
9. Bankruptcy Code: Title 11 of the United States Code, as applicable to the Chapter 11 Cases, as amended.
10. Bankruptcy Rules: The Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Chapter 11 cases, promulgated by the United States Supreme Court under 28 U.S.C. § 2075 and any Local Rules of the Court.
11. Bar Date: April 2, 2002.
12. Budget: The budget annexed to the Final Cash Collateral Order, which sets forth the expenses of the wind-down of the Debtors from and after the date of approval of the Global Settlement through the Effective Date and after the Effective Date through entry of the Final Decree, and which is incorporated in its entirety by reference in this Plan.
13. Cash: Cash and cash equivalents, including, but not limited to, bank deposits, wire transfers, checks, and readily marketable securities, instruments and obligations of the United States of America or instrumentalities thereof.
14. Causes of Action: All actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages or judgments arising under any theory of law or equity, including, without limitation, the Bankruptcy Code.
15. Chapter 11 Cases: The cases under chapter 11 of the Bankruptcy Code, commenced by Debtors in the Court.
16. Chief Litigation Officer: The person selected by the Creditors' Committee to prosecute Rights of Action on behalf of the Debtors for the benefit of Holders of Allowed Unsecured Claims.

17. Claim: Any right to payment from the Debtors, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, known or unknown; or any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from the Debtors, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.
18. Class: A category of Holders of Claims or Equity Interests as set forth in Article IV of the Plan.
19. Closed Stores: Those stores, other than the Remaining Stores, that were liquidated or were in the process of being liquidated by either Hilco Merchant Resources, LLC, Gordon Brothers Retail Partners, LLC (the Debtors' liquidators), or by the Debtors.
20. Committee Designee: The person selected by the Creditors' Committee to serve on the Oversight Committee.
21. Confirmation Date: The date upon which the Confirmation Order is entered by the Court in its docket, within the meaning of Bankruptcy Rules 5003 and 9021.
22. Confirmation Order: The order of the Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.
23. Consummation: The occurrence of the Effective Date.
24. Court: The United States Bankruptcy Court for the Western District of Michigan.
25. Credit Agreement: The Second Amended and Restated Credit Agreement, dated as of May 7, 1999, as thereafter amended from time to time, among QSI, as Borrower, QSI Holdings, Fleet, as Administrative Agent, Nationsbank, N.A., as Syndication Agent, DLJ Capital Funding, Inc., as Documentation Agent, U.S. Bank National Association, First Union National Bank, and The Huntington National Bank, as Co-Agents, and the lenders and financial institutions party thereto.
26. Creditors' Committee: The Official Committee of Unsecured Creditors appointed in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code on or about November 7, 2001.
27. Debtors or Debtors in Possession: QSI Holdings, Inc. (f/k/a CT Holdings, Inc.); Quality Stores, Inc. (f/k/a Central Tractor Farm & Country, Inc.); Country General, Inc.; F and C Holding, Inc.; FarmandCountry.com, LLC.; QSI Newco, Inc.; QSI Transportation, Inc.; Quality Farm & Fleet, Inc.; Quality Investments, Inc.; Quality Stores Services, Inc.; and Vision Transportation, Inc.
28. Disclosure Statement: The disclosure statement for the Plan, filed concurrently herewith, and approved by the Court as containing adequate information on or about March 5, 2002.
29. Disputed: Any Claim or Equity Interest: (a) listed on the Schedules as unliquidated, disputed or contingent; or (b) as to which Debtors or any other party in interest have interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules or is otherwise disputed by Debtors in accordance with applicable law, which objection, request for estimation or dispute has not been withdrawn

or determined by a Final Order, or (c) unless otherwise indicated in the Plan, a Claim as to which the period within which to object to such Claim has not yet expired.

30. Distribution: The Cash or Assets to be distributed to Holders of Allowed Claims or Equity Interests under the terms of the Plan.
31. Distribution Date: Any date on which the Debtors make a Distribution pursuant to this Plan. The first distribution date shall be the Effective Date, or as soon thereafter as practicable as determined by the Debtors. Any subsequent Distributions will be set by the Debtors with the unanimous consent of the Oversight Committee, provided; however, that the Debtors shall be required to make a Distribution of all remaining Net Distributable Proceeds upon completion of the duties set forth in Article VII.F of this Plan.
32. Effective Date: The date selected by the Proponents and the Lenders on which: (a) no stay of the Confirmation Order is in effect, and (b) all conditions specified in both Article XIII of the Plan have been (i) satisfied or (ii) waived pursuant to Article XIII.
33. Effective Date Distributions: Subject to the Budget, those Distributions payable on the Effective Date from the Gross Proceeds for (i) Allowed Administrative Claims, (ii) Other Secured Claims, and (iii) Priority Claims.
34. Entity: An entity as defined in section 101(15) of the Bankruptcy Code.
35. Equity Interests: Any equity interest in Debtors, including, but not limited to, all issued, unissued, authorized or outstanding shares or stock, together with any warrants, options or contract rights to purchase or acquire such interests at any time.
36. Final Decree: The decree contemplated under Bankruptcy Rule 3022.
37. Final Cash Collateral Order: The Final Order Authorizing Use of Cash Collateral and Granting Adequate Protection Pursuant to sections 361, 362(d), and 363 of the Bankruptcy Code, entered by the Court on March 5, 2002.
38. Final Order: An order or judgment of the Bankruptcy Court, or other court of competent jurisdiction with respect to the subject matter, which has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought.
39. First Administrative Bar Date: April 2, 2002.
40. First Administrative Bar Date Order: The Order Establishing an Administrative Expense Claims Bar Date for Filing Certain Administrative claims and (B) Approving Form and Manner of Notice thereof entered by the Court on February 19, 2002.
41. Fleet: Fleet National Bank, as Administrative Agent under the Credit Agreement.
42. Gap Claim: A Claim arising pursuant to section 502(f) of the Bankruptcy Code.
43. Global Settlement: The Stipulation of Settlement and Agreed Order Pursuant to Sections 105 and 363 of the United States Bankruptcy Code and Rule 9019 of the Federal Rules of

Bankruptcy Procedure Among the Debtors, the Creditors' Committee, and the Lenders, approved by the Court on March 5, 2002.

44. Gross Proceeds: Gross Proceeds shall mean: (i) the total proceeds from the sale or disposition at any time of the Debtors' Assets in the possession of the Debtors as of the Effective Date, (ii) all Cash or cash equivalents in the possession of the Debtors as of the Effective Date, (iii) all collectible accounts receivable, (iv) all collectible deposits, rebates, tax refunds, escrow accounts, or other similar security accounts to which the debtor is reasonably entitled to a Distribution, (v) insurance proceeds, (vi) any proceeds from the disposition of the Remaining Assets after the Effective Date, and (vii) all adequate protection payments made to the Lenders under the Global Settlement; provided, however, that Gross Proceeds excludes Rights of Action Recovery.
45. Holder: An Entity holding an Equity Interest or Claim.
46. Impaired: A Claim or Class of Claims that is impaired within the meaning of section 1124 of the Bankruptcy Code.
47. Indenture: The Indenture governing the Senior Notes, together with any amendments thereto, executed prior to the Involuntary Date.
48. Indenture Trustee: HSBC Bank USA, as indenture trustee under the Indenture.
49. Informal Noteholders Committee: The informal committee of the holders of QSI's Senior Notes formed on or about October, 2001.
50. Interest: Any ownership in any Debtor, including, but not limited to, an interest in any issued, unissued authorized or outstanding shares or stock and other Equity Interest together with any warrants, options or contractual rights to purchase or acquire such interest at any time and all rights arising with respect thereto.
51. Intercompany Claims: Any Claim held by any of the Debtors against any other Debtor.
52. Involuntary Date: The date the Involuntary Petition was filed against QSI or October 20, 2001.
53. Involuntary Petition: The involuntary petition filed against QSI on October 20, 2001 by the Petitioning Creditors.
54. Joint Venture: The joint venture formed by Tractor Supply Company, Great American Group, Gordon Brothers Retail Partners, LLC, and DJM Asset Management in connection with the Agency Agreement.
55. Lenders: The lender and financial institution parties (and any of their successors or assigns) to the Credit Agreement.
56. Lien: Any charge against or interest in property to secure payment or performance of a claim, debt, or obligation.
57. Net Distributable Proceeds: The Gross Proceeds less the amounts set forth in (i) the Budget (but solely to the extent such funds are expended by Debtors or Debtors in accordance with the Budget prior to the entry of the Final Decree); and (ii) Administrative Claims accrued but unpaid as of the date of entry of the Final Cash Collateral Order and payable pursuant to paragraph 1 thereof.

58. New Common Stock: The new common stock of QSI Holdings, Inc. to be issued to the Trust under the Plan.
59. Other Secured Claims: Those secured Claims other than the Lenders' secured Claims as of the Relief Date.
60. Oversight Committee: The committee consisting of two members, one selected by the Lenders and one selected by the Creditors' Committee, which shall oversee the administration and implementation of the Plan and the liquidation of the Debtors' assets in accordance with the Plan and the Trust Agreement.
61. Petitioning Creditors: Century Funding Ltd., Century Funding Corp., Triton CBO III Limited, Triton CBO IV Limited and Pacholder High Yield Fund, Inc.
62. Pre-Petition Credit Agreement: That certain Second Amended and Restated Credit Agreement, dated as of May 7, 1999 (as amended from time to time) among QSI and the Lenders.
63. Priority Claims: Those claims afforded priority under sections 507(a) and 502(f) of the Bankruptcy Code.
64. Professionals: An Entity (a) employed in the Chapter 11 Cases pursuant to a Final Order in accordance with sections 327 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date, pursuant to sections 327, 328, 329, 330 and 331 of the Bankruptcy Code, or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.
65. Professional Fees: Those fees and expenses claimed by Professionals retained through a Court order under sections 330, 331 and/or 503 of the Bankruptcy Code, and unpaid as of the Effective Date.
66. QSI: Quality Stores, Inc., a Delaware Corporation.
67. QSI Holdings: QSI Holdings, Inc., a Delaware corporation.
68. Reclamation Order: The Order Under 11 U.S.C. §§ 105(a), 503(b), 546(c)(2) and 546(g), (A) Establishing Procedure for Treatment of Valid Reclamation Claims and (B) Prohibiting Third Parties from Interfering with Delivery of Debtors' Goods, entered by the Court on or about December 20, 2001.
69. Record Date: The Effective Date, unless otherwise provided by order of the Court.
70. Released Claims: Those Causes of Action or Claims of the Debtors that were specifically waived and released in favor of the Lenders, the Informal Noteholders Committee and the Petitioning Creditors under the Global Settlement.
71. Relief Date: The date on which QSI answered the Involuntary Petition and consented to the entry of an order for relief, and the remaining Debtors commenced voluntary chapter 11 cases before this Court, or November 1, 2001.
72. Remaining Assets: The Debtors' Assets on the Effective Date other than Rights of Action.

73. Remaining Stores: Those stores for which the Debtors obtained Court authority to conduct store closing sales after the Relief Date, and that were the subject of the Motion Pursuant to sections 363(b) and 363(f) of the Bankruptcy Code and Rule 6004 of the Federal Rules of Bankruptcy Procedure for an Order (A) Approving a Consulting Agreement with a Consultant to be Selected by the Debtors, (B) Authorizing the Consultant to Conduct Store Closing Sales, and (C) Authorizing the Sale of Certain of the Debtors' Assets Free and Clear of Liens and Other Interests.
74. Rights of Action: With respect to each Debtor, any causes of action of the Debtors arising under Chapter 5 of the Bankruptcy Code, except for the Released Claims.
75. Rights of Action Funding: \$1,322,600 to be used to fund prosecution of the Rights of Action or otherwise distributed to Holders of Allowed Unsecured Claims.
76. Rights of Action Recovery: Any Cash recovery from the Rights of Action less those costs and expenses of the Chief Litigation Officer (including those incurred by professionals retained by the Chief Litigation Officer) relating to the prosecution of the Rights of Actions in excess of the Rights of Action Funding, that shall be payable to Holders of Unsecured Claims pursuant to the Global Settlement and Plan.
77. Schedules: The Debtors' schedules of assets and liabilities, statement of financial affairs, and such other schedules filed with the Court on December 7, 2001 by the Debtors in accordance with section 521 of the Bankruptcy Code, the Official Bankruptcy Forms, and the Bankruptcy Rules.
78. Second Administrative Bar Date: Forty-five (45) days after the Effective Date.
79. Secured Claim: A Claim against the Debtors that is secured by a Lien on the Debtors' property or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Debtors' property or to the extent of the amount subject to setoff as applicable, as determined in accordance with section 506(a) of the Bankruptcy Code.
80. Senior Notes: The 10 5/8% Senior Notes due 2007 of QSI in the aggregate principal amount of \$105,000,000.
81. Trust: The trust to be established on the Effective Date, pursuant to an agreement in form reasonably acceptable to the Creditors' Committee and the Debtors, which will hold the New Common Stock.
82. Trust Agreement: The trust agreement, that documents the powers, duties and responsibilities of the Trustee.
83. Trustee: The person to be appointed jointly by the Proponents and the Lenders to administer the Trust.
84. Unsecured Claim: Any Claim that is not entitled to priority under section 507(a) of the Bankruptcy Code.
85. Unsecured Disputed Claims Reserve: The amount of the Unsecured Set Aside to be placed in a reserve account, as determined by the Debtors (with approval of the Committee Designee) before any Distribution to Unsecured Creditors is made herein in order to ensure that Disputed Unsecured Claims receive their ratable share of such Distribution if such Claims ultimately become Allowed.

86. Unsecured Set Aside: The Cash to be distributed to Unsecured Creditors under the Plan, in accordance with the terms of the Global Settlement, equal to the sum of the following amounts:
- a. First, 6.5% of Net Distributable Proceeds up to \$126 million; plus
  - b. Second, if Net Distributable Proceeds exceed \$126 million,
    - (i) 15% of Net Distributable Proceeds in excess of \$126 million and up to \$136 million; plus
    - (ii) 10% Net Distributable Proceeds between \$136 million and \$146 million; plus
    - (iii) 5% of Net Distributable Proceeds between \$146 million and \$156 million
87. UST: The United States Trustee for the Western District of Michigan.
88. Other Definitions: Unless the context otherwise requires, any capitalized term used and not defined herein or elsewhere in the Plan but that is defined in the Bankruptcy Code shall have the meaning assigned to that term in the Bankruptcy Code. Unless otherwise specified, all section, schedule or exhibit references in the Plan are to the respective section in, article of, or schedule or exhibit to, the Plan, as the same may be amended, waived, or modified from time to time. The words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to the Plan as a whole and not to any particular section, subsection, or clause contained in the Plan.

## ARTICLE II

### SUBSTANTIVE CONSOLIDATION OF DEBTORS; CANCELLATION OF INTERCOMPANY CLAIMS

#### A. Substantive Consolidation

On the Effective Date, the Chapter 11 Cases and the Debtors and their estates shall be deemed to be substantively consolidated for voting and distribution purposes under the Plan only. The assets and liabilities of the Debtors shall be pooled and all Claims shall be satisfied from the assets of a single consolidated estate. Any Claims against one or more of the Debtors based upon a guaranty, indemnity, co-signature, surety or otherwise, of Claims against another Debtor shall be treated as a single Claim against the consolidated estate of the Debtors and shall be entitled to Distributions under the Plan only with respect to such single Claim.

#### B. Cancellation of Intercompany Claims

On the Effective Date, all Intercompany Claims shall be extinguished.

## ARTICLE III

### ADMINISTRATIVE CLAIMS AND PROFESSIONAL FEES

#### A. Introduction

Certain types of Claims are not placed into voting Classes; instead they are unclassified. They are not considered Impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Debtors have not placed the following Claims in a Class.

## **B. Administrative Claims**

On or before the Effective Date, the Debtors (in accordance with the Budget) shall pay in full the amount of Allowed Administrative Claims as of such date from the Gross Proceeds. With respect to Administrative Claims not paid on the Effective Date, after funding of the Administrative Claims Reserve Fund, the Debtors shall pay each Holder of an Allowed Administrative Claim (except for Professional Fees to the extent that their treatment, which is set forth below, differs) once Allowed in full in the amount of the Allowed Administrative Claim, without interest, in Cash. The Holder of an Allowed Administrative Claim may be paid on such other date and upon such other terms as may be agreed upon by that Holder of an Allowed Administrative Claim and the respective Debtor.

Holders of Administrative Claims that arose on or before January 31, 2002 shall file an Administrative Claim on or before April 2, 2002 (the "First Administrative Bar Date") pursuant to the First Administrative Bar Date Order. Holders of Administrative Claims that arose after January 31, 2002 that have not been paid as of the Effective Date, must file a request for payment of Administrative Claims with the Court and serve the same on Debtors' counsel, Creditors' Committee counsel, Lenders' counsel, and the UST such that it is received no later than forty-five (45) days after the Effective Date (the "Second Administrative Bar Date"). If an Administrative Claim is not timely filed by the First Administrative Bar Date or the Second Administrative Bar Date, as applicable, then such Administrative Claim shall be forever barred and shall not be enforceable against Debtors, their successors, their assigns or their property. The foregoing shall not apply to the Professional Fee Claims. An objection to an Administrative Claim filed pursuant to this provision must be filed within ninety (90) days from the later of the date such Administrative Claim is filed and properly served or ninety (90) days after the Effective Date. The Debtors reserve the right to seek an extension of the time to object.

Subject to the provisions of this Plan and within the confines of the Budget, all reasonable fees for services rendered in connection with the Chapter 11 Cases and the Plan after the Effective Date, including those relating to the resolution of pending Claims, shall be paid by the Debtors after the submission of a monthly fee statement with service on the Debtors' Counsel, Creditors' Committee counsel, Lenders' counsel, and the UST, provided that no objections are received within ten (10) days of service. If no objections are received, the Debtors shall be authorized to pay such amounts requested without further Court authorization. If objections are received and such objections are not capable of being resolved between the parties in a timely manner, the Court shall reserve jurisdiction to resolve such disputes.

## **C. Statutory Fees**

Without limiting the foregoing, all fees payable under 28 U.S.C. § 1930 that have not been paid, shall be paid on or before the Effective Date. Payments after the Effective Date shall be made as required by statute and shall be paid by the Debtors from the Budget.

## **D. Professional Fees**

The Debtors shall pay Professionals who are entitled to allowance of fees and reimbursement of expenses from the Debtors as of the Effective Date from the Debtors' Gross Proceeds.

The Court must rule on each Professional's Fees before the fees will be paid except as such fees have been paid pursuant to the interim compensation order entered by this Court on November 1, 2001. For all Professional Fees, the Professional in question must file and serve a properly noticed fee application and the Court must rule on the application. Only the amount of fees allowed by the Court will be owed and required to be paid under the Plan; provided that nothing herein shall be deemed a waiver by the Professionals of the unpaid portions of their Allowed but unpaid Professional Fee Claims.

Except as otherwise provided by Court order for a specific Professional, Professionals or other entities requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code for services rendered prior to the Confirmation Date must file and serve pursuant to the notice provisions of the Interim Fee Order and the Bankruptcy Code, an application for final allowance of compensation and reimbursement of expenses no later than forty-five (45) days after the Effective Date. All such applications for



final allowance of compensation and reimbursement of expenses will be subject to the authorization and approval of the Court. Holders of Administrative Claims (including, without limitation, Professionals) requesting compensation or reimbursement of expenses that do not file such requests by the applicable bar date shall be forever barred from asserting such claims against Debtors or their successors, their assigns or their property. Any objection to Professional Fee Claims shall be filed on or before the date specified in the application for final compensation.

#### ARTICLE IV CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

##### A. Summary

The categories of Claims and Equity Interests listed below classify Claims and Equity Interests for all purposes, including voting, confirmation and Distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

For purposes of this Plan, the Lenders' Claims shall be deemed Allowed Claims, provided that the Lenders have agreed to waive any right to seek a Distribution on account of such Claims under any Class other than Class 1 of this Plan in accordance with the Global Settlement.

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

Class	Claim	Status	Voting Rights
Class 1	Lenders' Claims	Impaired	Entitled to vote
Class 2	Other Secured Claims	Impaired	Entitled to vote
Class 3	Priority Claims	Unimpaired	Not entitled to vote
Class 4	Unsecured Claims	Impaired	Entitled to vote
Class 5	Equity Interests	Impaired	Not entitled to vote (deemed to have rejected)

##### B. Class 1 -- Lenders' Claims

- Classification:** Class 1 consists of the Lenders' Claims against the Debtors.
- Treatment:** Unless the Holder of a Class 1 Claim agrees to a different treatment, each Holder of an Allowed Class 1 Claim shall receive on the Effective Date, and on each subsequent Distribution Date, Cash equal to its ratable share of an amount equal to the difference between the Net Distributable Proceeds then available for Distribution on each such Distribution Date and the Unsecured Set Aside as applied to such Net Distributable Proceeds.

3. Voting: Class 1 is an Impaired Class and Holders of Class 1 Claims are entitled to vote to accept or reject the Plan.

**C. Class 2 – Other Secured Claims**

1. Classification: Class 2 consists of Secured Claims against the Debtors other than those Class 1 Secured Claims.
2. Treatment: Unless the Holder of a Class 2 Claim agrees to a different treatment, each Holder of an Allowed Class 2 Claim shall receive on the Effective Date, and on each subsequent Distribution Date (if and to the extent applicable), all proceeds from the sale, liquidation, or abandonment of any Asset on account of which the Holder has a Lien or security interest (but solely to the extent that such Lien or security interest as of the Relief Date is senior in priority to any lien or security interest of the Lenders on the same Asset), from the Debtors' Gross Proceeds, as full and complete satisfaction of all Class 2 Claims.
3. Voting: Class 2 is an Impaired Class and Holders of Class 2 Claims are entitled to vote to accept or reject the Plan.

**D. Class 3 – Priority Claims**

1. Classification: Class 3 consists of holders of Priority Claims specified under sections 507(a) and 502(f) of the Bankruptcy Code, including but not limited to priority tax Claims and priority wage Claims.
2. Treatment: The Bankruptcy Code requires that each Holder of such an Allowed Priority Claim receive the present value of such Claim. On the Effective Date, each holder of an Allowed Priority Class 3 Claim shall be entitled to receive Cash equal to the full amount of such Allowed Priority Claim from the Debtors' Gross Proceeds.
3. Voting: Class 3 is an Unimpaired Class and Holders of Class 3 Claims are not entitled to vote to accept or reject the Plan.

**E. Class 4 – Unsecured Claims**

1. Classification: Class 4 consists of the Unsecured Claims.
2. Treatment: Unless the Holder of a Class 4 Claim agrees to a different treatment, each Holder of an Allowed Class 4 Claim shall receive, on such Distribution Dates that the Debtors (with the consent of the Committee Designee) shall set, Cash equal to its ratable share of the Unsecured Set Aside available for Distribution on each such Distribution Date and the Rights of Action Recovery available for Distribution on each such Distribution Date.
3. Voting: Class 4 Claim Holders are expected to receive a Distribution under the Plan. Class 4 Claim Holders are entitled to vote to accept or reject the Plan.

**F. Class 5 – Equity Interests**

1. Classification: Class 5 consists of all Equity Interests in the Debtors.
2. Treatment: The Debtors' Assets and the sale of any Remaining Assets will not be sufficient to pay Class 1, Class 2, and Class 4 Claim Holders in full. The Equity Interests

of QSI Holdings shall be cancelled on the Effective Date of the Plan and Holders of such Equity Interests should not receive or retain any property or Distributions under the Plan. As 100% Holder of the Equity Interests of its direct and indirect subsidiaries, QSI Holdings and/or the Debtors shall retain such Equity Interests. All other Equity Interests shall be cancelled on the Effective Date.

3. Voting: Class 5 Equity Interests will receive no Distribution under the Plan and are, therefore, deemed to have rejected the Plan. Accordingly, Class 5 Equity Interests are not entitled to vote.

## **ARTICLE V ACCEPTANCE OR REJECTION OF PLAN**

### **A. Voting Classes**

Each Holder of a Claim in Classes 1, 2 and 4 shall be entitled to vote separately to accept or reject the Plan. Only those votes cast by Holders of Allowed Claims and Equity Interests shall be counted in determining whether acceptances have been received sufficient in number and amount to obtain confirmation. Class 5 is conclusively deemed to have rejected the Plan and is not entitled to vote.

### **B. Acceptance by Class of Creditors and Holders of Interests**

Under the Bankruptcy Code, an impaired Class of Holders of Claims shall have accepted the Plan if the Plan is accepted by at least two-thirds ( $\frac{2}{3}$ ) in dollar amount and more than one-half ( $\frac{1}{2}$ ) in number of the Allowed Claims of such Class that have voted to accept or reject the Plan.

### **C. Cramdown**

Section 1129 of the Bankruptcy Code requires that all impaired Classes of Claims and Interests accept the Plan. Because Class 5, which is impaired, is deemed to have rejected the Plan, in order for the Plan to be confirmed, the Debtors will request that the Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code or the "cram down" provisions.

## **ARTICLE VI EFFECT OF CONFIRMATION**

### **A. Vesting of Cash and Assets in the Debtors**

Except to the extent otherwise provided in the Plan or restricted by prior order of the Court, on the Effective Date, all Cash and Assets of the Estates shall be transferred to and vest in the Debtors free of any Claims, Liens and Equity Interests, to be managed and used for the sole purposes of achieving Consummation and carrying out the Plan and effectuating the Distributions provided for in the Plan.

### **B. Authority to Effectuate Plan**

Upon the entry of the Confirmation Order by the Court, all matters provided under the Plan shall be deemed to be authorized and approved without further approval from the Court. The Debtors' charters and by-laws may be modified and amended, such that the provisions of this Plan can be effectuated. The Debtors shall be authorized, without further application to or order of the Court, to take whatever action is necessary to achieve Consummation and carry out the Plan and to effectuate the Distributions provided for thereunder. Subject to the unanimous consent of the Oversight Committee, which shall not be unreasonably withheld, the Debtors are expressly authorized to sell or dispose of any and all Remaining Assets without further order of the Court.

**C. Dissolution of the Debtors and Board**

Upon the Effective Date, the existing Board of Directors of each Debtor shall be dismissed. Upon entry of a Final Decree closing these Chapter 11 Cases (i) the Debtors shall be deemed dissolved and (ii) the New Common Stock issued under the Plan will be cancelled without any further action required on the part of the Debtors, the Oversight Committee, the shareholders of the Debtors, or the officers or directors of the Debtors.

**D. Status Reports**

Within 120 days of the entry of the Effective Date, the Debtors shall file a status report with the Court explaining what progress has been made toward entry of the Final Decree. The status report shall be served on the UST, and those parties who have requested special notice post-confirmation. Further status reports shall be filed every 120 days and served on the same entities.

**E. Escrows**

All escrows previously established in the Chapter 11 Cases and still in existence on the Effective Date shall continue in effect, be administered, and the escrowed funds released, according to their terms and any orders of the Court previously entered. Escrowed funds that are released to Debtors after the Effective Date shall be used to achieve Consummation and carry out the Plan.

**F. Binding Effect**

Except as otherwise expressly provided in the Plan, on and after the Effective Date, the Plan and all exhibits thereto shall bind the Creditors' Committee, and all Holders of Claims and Equity Interests.

**G. Corporate Action**

Each of the matters provided for under the Plan involving the corporate structure of any Debtor or corporate action to be taken or required by the Debtor shall, as of the Effective Date, be deemed to have occurred and be effective as provided herein, and shall be authorized and approved in all respects without any requirement of further action by stockholders or directors of any of the Debtors.

**H. Agency Agreement**

The Agency Agreement and Agency Order previously entered by this Court shall be in full force and effect and shall not be modified by the Plan, unless expressly provided for herein.

**ARTICLE VII  
IMPLEMENTATION OF THE PLAN**

**A. Funding of Plan**

The source of funds to achieve entry of the Final Decree and to carry out the Plan shall be (i) the Gross Proceeds and (ii) the Rights of Action Recovery.

**B. Organization of QSI Holdings and Oversight Committee**

On the Effective Date, the Equity Interests of QSI Holdings will be cancelled. The New Common Stock shall be distributed to the Trust on the Effective Date. On the Effective Date, the Oversight Committee shall be formed, which committee shall consist of two members, one selected by the Lenders and one selected by the Creditors' Committee. The Oversight Committee shall oversee the administration and implementation of the Plan and the liquidation of the Debtors' assets in accordance with the Plan and the Trust Agreement. Any disputes

between the Debtors, the Trustee and/or the Oversight Committee shall be resolved by Final Order of the Bankruptcy Court.

**C. Duties of the Oversight Committee**

The Oversight Committee shall have the following rights, obligations and duties:

1. Approve the Debtors' selection of professionals to be engaged by the Debtors, who may have been previously engaged by the Debtors, the Lenders or the Creditors' Committee, and establish retainer terms, conditions and budgets.
2. Decide whether to direct the Debtors to make a distribution.
3. To oversee the Debtors' administration and implementation of the Plan and the liquidation of the Remaining Assets under the Plan.
4. Oversee, review and guide the Debtors on performance of their duties, and their activities proposed and underway, as often as is necessary and appropriate to implement the Plan.
5. Appear in Bankruptcy Court.
6. To seek an order terminating an Oversight Committee member and approving a replacement in the event the other member of the Oversight Committee determines there is cause to do so, and
7. To articulate the Oversight Committee's position in the event the Debtors or the Chief Litigation Officer brings a dispute with the Oversight Committee to the Court for resolution, or the Oversight Committee concludes it should bring a dispute with the Debtors or the Chief Litigation Officer to the Court for resolution.

**D. Compensation of the Oversight Committee**

Each Oversight Committee member shall be paid such compensation in such amount as is unanimously agreed by all Oversight Committee members. Notwithstanding the foregoing, no Oversight Committee member shall be paid in excess of the sum of (i) Ten Thousand Dollars (\$10,000) on a monthly basis and (ii) all reasonable out-of-pocket costs. Each Oversight Committee member shall keep accurate records of time and costs spent on Oversight Committee business, and shall provide copies of such reports to the Chief Litigation Officer to be included in the quarterly reports filed by the Chief Litigation Officer.

**E. Duties of the Debtors**

The Debtors shall have the following rights, duties and responsibilities:

1. Filing, prosecuting and settling causes of action and claims objections, formally or informally, and specifically.
2. Settling Claims, provided that settlements of Claims where the amount in dispute exceeds an amount to be determined by the Oversight Committee shall be approved by the Oversight Committee.
3. Presenting to the Court any settlement of a dispute that was not the subject of a filed objection or complaint to the Court, through counsel handling that dispute, if either concludes that would be advisable.

4. Filing a motion , if appropriate, to obtain court approval for settlement parameters.
5. Defending counterclaims and causes of action brought against the Debtors.
6. Retaining (with the consent of the Oversight Committee), directing and supervising legal, accounting and other professionals.
7. Approving billings by professionals, but do not need to be approved by the Court.
8. Hiring, firing, directing and supervising staff personnel necessary to cost-effectively implement the Plan, and administering their compensation and benefits.
9. Collecting, investing and administering the Remaining Assets.
10. Selling Remaining Assets, provided that sales of items for amounts in excess of an amount determined by the Oversight Committee shall be approved by the Oversight Committee.
11. Making distributions in accordance with the Plan.
12. Determining whether to abandon assets, including causes of action.
13. Maintaining business records and supervising storage and destruction of business records and taking all other action required to wind up and terminate the Debtors' Estates to the extent required by law or consistent with prior orders of the Court.
14. Preparing and filing or supervising preparation and filing of tax returns, and complying with tax withholding and reporting requirements.
15. Preparing and filing documents required by the Plan and reports requested by the Oversight Committee.
16. Executing documents necessary and proper to implement the Plan.
17. Filing any and all documents and taking any and all other action necessary or carry out the purposes of the Plan.
18. Determining with the unanimous consent of the Oversight Committee, appropriate distribution reserves.
19. Obtain all reasonably necessary insurance coverage for itself, and the Oversight Committee, and the professionals retained by the Debtors, including, but not limited to, coverage with respect to (i) any property that is or may in the future become the property of the Debtors and (ii) the liabilities, duties and obligations of the Debtors and the professionals retained by the Debtors (in the form of an errors and omissions policy or otherwise), the latter of which insurance coverage may, at the sole option of the Debtors, remain in effect for a reasonable period after the entry of the Final Decree.

## **ARTICLE VIII TRUST AND RIGHTS OF ACTION**

### **A. Creation of Trust**

On the Effective Date, the Trust shall be formed and constituted. The Trustee shall be selected jointly by the Proponents and the Lenders to administer the Trust in accordance with the Trust Agreement. Upon entry of the Final Decree, the Trust shall be dissolved without further action by the Debtors or the Oversight Committee.

The Trustee shall be compensated as set forth in the Trust Agreement. The Trustee shall not be required to file a fee application to receive compensation.

### **B. Chief Litigation Officer**

On the Effective Date, the Chief Litigation Officer shall be appointed by the Creditors' Committee. In accordance with the Plan, the Chief Litigation Officer shall prosecute the Rights of Action.

Except as otherwise set forth in the Plan, the Chief Litigation Officer may, but shall not be required to, set-off against any Claim and the Distributions to be made pursuant to the Plan in respect of such Claim, any Rights of Action the Estates may have against the holder of the Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Chief Litigation Officer of any such Rights of Action, set-off or recoupment which the Debtors may have against such Holder.

In the satisfaction of its duties hereunder, the Chief Litigation Officer may bring any dispute with the Oversight Committee to the Bankruptcy Court for resolution. In that event, he may retain separate counsel to represent the Chief Litigation Officer, with that counsel's reasonable separate fees and expenses to be reimbursed by the Debtors.

### **C. The Rights of Action**

With the consent of the Committee Designee, the Chief Litigation Officer may pursue or decline to pursue the Rights of Action, as appropriate, in the Chief Litigation Officer's business judgment, subject to the provisions of the Plan. With the consent of the Committee Designee, the Chief Litigation Officer may settle, release, sell, assign, otherwise transfer or compromise such Rights of Action, in the Chief Litigation Officer's business judgment, subject to the provisions of the Plan without Court approval.

The Chief Litigation Officer shall pay its expenses, including professional fees, with respect to prosecution of the Rights of Action, first from the Rights of Action Funding, and second, to the extent that expenses surpass the amount of the Rights of Action Funding, from the proceeds of any Rights of Action that are recovered by the Chief Litigation Officer. Expenses of the Chief Litigation Officer will not be paid from Gross Proceeds.

With the consent of the Committee Designee, the Chief Litigation Officer shall have the right to retain the services of attorneys, accountants, and other agents in the discretion of the Chief Litigation Officer to assist and advise the Chief Litigation Officer in the performance of his/her duties with respect to the Rights of Action.

## **ARTICLE IX DEBTORS' RETAINED CAUSES OF ACTION**

### **A. Maintenance of Causes of Action**

Except as otherwise provided in the Plan, the Global Settlement, or the Agency Order, the Debtors shall retain all rights on behalf of the Debtors and the Chief Financial Litigation Officer to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Relief Date, in any court or other

tribunal including, without limitation, in an adversary proceeding filed in one or more of the Debtors' Bankruptcy Cases including the actions specified in section VI(k) of the Disclosure Statement; provided that the Chief Litigation Officer shall have the exclusive right (with the consent of the Committee Designee) to commence, pursue and settle the Rights of Action in accordance with the Plan..

Except as otherwise provided in the Plan, the Global Settlement, or the Agency Order, in accordance with section 1123(b)(3) of the Bankruptcy Code, any claims, rights, and Causes of Action that the respective Debtors may hold against any Entity including shall vest in the Debtors. The applicable Debtor, through their authorized agents or representatives, shall retain and may exclusively enforce any and all such claims, rights or Causes of Action; provided that the Chief Litigation Officer shall have the exclusive right (with the consent of the Committee Designee) to commence, pursue and settle the Rights of Action in accordance with the Plan. With the unanimous consent of the Oversight Committee, the Debtors shall have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise any and all such claims, rights, and Causes of Action without the consent or approval of any third party (other than the Trustee to the extent required by the Trust Agreement) and without any further order of court.

#### **B. Preservation of All Causes of Action Not Expressly Settled or Released**

Unless a claim or Cause of Action against a Creditor or other Entity is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order, the Debtors expressly reserve such claim or Cause of Action for later adjudication by the Debtors (including, without limitation, claims and Causes of Action not specifically identified or which Debtors may presently be unaware or which may arise or exist by reason of additional facts or circumstances unknown to Debtors at this time or facts or circumstances which may change or be different from those which 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 such claims or Causes of Action upon or after the confirmation or consummation of the Plan based on the Disclosure Statement, the Plan or the Confirmation Order, except where such claims or Causes of Action have been released in the Plan or other Final Order. In addition, the Debtors and the successor entities under the Plan expressly reserve the right to pursue or adopt any claims alleged in any lawsuit in which the Debtors are a defendant or an interested party, against any person or entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits.

Any Entity to whom Debtors have incurred an obligation (whether on account of services, purchase or sale of goods or otherwise), or who has received services from Debtors or a transfer of money or property of Debtors, or who has transacted business with Debtors, or leased equipment or property from Debtors should assume that such obligation, transfer, or transaction may be reviewed by the Debtors subsequent to the Effective Date and may, if appropriate, be the subject of an action after the Effective Date, whether or not (i) such Entity has filed a proof of claim against Debtors in this Bankruptcy Case; (ii) such Entity's proof of claim has been objected to; (iii) such Entity's Claim was included in Debtors' Schedules; or (iv) such Entity's scheduled claim has been objected to by the Debtors or has been identified by the Debtors as disputed, contingent, or unliquidated.

### **ARTICLE X PROVISIONS REGARDING DISTRIBUTIONS**

#### **A. Distribution to Creditors**

The Debtors will make Distributions to all Allowed Claim Holders in accordance with the terms of this Plan; provided that the Indenture Trustee is designated as a disbursing agent for purposes of effecting Distributions to the holders of the Senior Notes as of the Record Date pursuant to the Plan (without requirement of surrender of the certificates evidencing the Senior Notes), and provided further that Fleet is designated as disbursing agent for purposes of effecting distributions to the Lenders pursuant to the Plan. All Distributions shall be made by the Debtors, Fleet and/or the Indenture Trustee herein without any requirement for bond or surety with respect thereto. Any reference to the "Debtors" in respect of Distributions to be made to (i) the holders of the Senior Notes shall be deemed to refer to the Indenture Trustee or its nominee, designee or affiliate, and (ii) the Lenders shall be deemed to



refer to Fleet or its nominee, designee or affiliate. All Distributions to be made to the holders of the Senior Notes under the Plan shall be made to the Indenture Trustee in accordance with the Indenture, applicable law, and the Plan, and the Indenture Trustee shall, as soon as reasonably practicable, in accordance with the Indenture, applicable law and the Plan, deliver the Distributions to the holders of the Senior Notes as provided herein. All Distributions to be made to the Lenders under the Plan shall be made to Fleet in accordance with the Credit Agreement, applicable law, and the Plan, and Fleet shall, as soon as reasonably practicable, in accordance with the Credit Agreement, applicable law, and the Plan, deliver the Distributions to the Lenders as provided herein.

**B. Claims Allowed As of the Effective Date**

Except as otherwise provided in the Plan, or as may be ordered by the Court, for those Claims that are Allowed as of the Effective Date and are entitled to receive Distributions under the Plan, distribution shall be made on the Effective Date (or as soon thereafter as is practicable) by the Debtors. Distributions on account of Claims that become Allowed after the Effective Date shall be made pursuant to the provisions of the Plan.

**C. Unsecured Disputed Claims Reserve**

The Debtors shall maintain, in accordance with the Debtors' powers and responsibilities under Plan, the Unsecured Disputed Claims Reserve. The Distribution to a Disputed Unsecured Claim as resolved by Final Order shall be made as though the Disputed Claim had been Allowed as of the Effective Date.

**D. Time and Manner of Payments**

Any payment in Cash shall be made by check drawn on a domestic bank or by wire transfer from a domestic bank.

**E. Delivery of Distributions**

Subject to the provisions of Bankruptcy Rule 2002(g), Distributions to Holders of Allowed Claims shall be made at the address of each such Holder as set forth on the Schedules filed with the Court unless superseded by the address set forth on proofs of claim filed by such Holders, or at the last known address of such a holder if no proof of claim is filed or if the Debtors has been notified in writing of a change of address.

**F. Undeliverable Distributions**

1. Holding of Undeliverable Distributions: If any Distribution to any holder is returned to the Debtors as undeliverable, no further Distributions shall be made to such holder unless and until the Debtors is notified, in writing, of such holder's then-current address. Undeliverable Distributions shall remain in the possession of the Debtors until such time as a Distribution becomes deliverable. All persons ultimately receiving undeliverable Cash shall not be entitled to any interest or other accruals of any kind. Nothing contained in the Plan shall require the Debtors to attempt to locate any holder of an Allowed Claim.
2. Failure to Claim Undeliverable Distributions: After the second anniversary of the Effective Date, the Debtors shall file a list with the Court setting forth the names of those Entities for which Distributions have been made hereunder and have been returned as undeliverable as of the date thereof. Any holder of an Allowed Claim that does not assert its rights pursuant to the Plan to receive a Distribution within three (3) years from and after the Effective Date shall have its Claim for such undeliverable Distribution discharged and shall be forever barred from asserting any such Claim against the Debtors. In such case, any consideration held for Distribution on account of such Claim shall revert to the Debtors for Distribution to the beneficiaries in accordance with the terms of the Plan.

**G. Compliance with Tax Requirements/Allocation**

To the extent applicable, the Debtors shall comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all Distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. For tax purposes, Distributions received in respect of Allowed Claims will be allocated first to the principal amount of such Claims, with any excess allocated to unpaid accrued interest.

**H. Time Bar to Cash Payments**

Checks issued by the Debtors on account of Allowed Claims shall be null and void if not negotiated within ninety (90) days from and after the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Debtors by the Holder of the Allowed Claim with respect to which such check originally was issued. Any Claim in respect of such a voided check shall be made on or before the later of (a) the second anniversary of the Effective Date or (b) ninety (90) days after the date of issuance of such check, if such check represents a final Distribution hereunder on account of such Claim. After such date, all Claims in respect of voided checks shall be discharged and forever barred and the right to moneys from the voided checks shall revert to Debtors for Distribution under the Plan.

**I. Fractional Dollars, De Minimis Distributions**

Notwithstanding anything contained herein to the contrary, payments of fractions of dollars will not be made. Whenever any payment of a fraction of a dollar under the Plan would otherwise be called for, the actual payment made will reflect a rounding of such fraction to the nearest dollar (up or down), with half dollars being rounded down. The Debtors shall have the discretion to not make payments of less than ten dollars (\$10) on account of any Allowed Unsecured Claim, unless a specific request is made in writing to the Debtors on or before ninety days after allowance of such Claim.

**J. Set-Offs**

The Debtors may, pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy law, set off against any Allowed Claim and the Distributions to be made pursuant to the Plan on account thereof (before any Distribution is made on account of such Claim), the claims, rights and causes of action of any nature that the Debtors may hold against the Holder of such Allowed Claim. The Holders of Claims may, pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy law, set off any Allowed Claims such Holder possesses against any claim, rights or causes of action of any nature that the Debtors may hold against such Holder. The failure to effect such a set-off nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or such Holders of any such claims, rights and causes of action that such parties may possess under section 553 of the Bankruptcy Code.

**ARTICLE XI**

**PROCEDURES FOR RESOLVING DISPUTED GENERAL UNSECURED CLAIMS**

**A. Prosecution of Objections to General Unsecured Claims**

Unless otherwise ordered by the Court after notice and a hearing, and except as set forth in the Plan and the Agency Order, the Debtors shall have the right to make and file objections to Unsecured Claims, Administrative Claims, Other Secured Claims, Priority Claims, and Equity Interests; provided that neither the Chief Litigation Officer nor the Debtors will have the right to pursue the Released Claims.

Unless another time is set by order of the Court, all objections to Claims and Equity Interests shall be filed with the Court and served upon the Holders of each of the Claims and Equity Interests to which objections are made by the later of (a) ninety (90) days after the Bar Date; or (b) ninety (90) days after a Proof of Claim or request for

payment with respect to such Claim or Equity Interest is Filed; provided, however, that the Debtors may seek an extension of time to object.

Except as set forth in the Plan, Agency Order, or Global Settlement, nothing in the Plan, the Disclosure Statement, the Confirmation Order or any order in aid of Confirmation, shall constitute, or be deemed to constitute, a waiver or release of any claim, cause of action, right of setoff, or other legal or equitable defense that Debtors had immediately prior to the commencement of the Chapter 11 Cases, against or with respect to any Claim or Equity Interest. Except as set forth in the Plan, Agency Order, or Global Settlement, upon Confirmation, the Debtors shall have, retain, reserve and be entitled to assert all such claims, causes of action, rights of setoff and other legal or equitable defenses of the Debtors.

#### **B. Estimation of Claims**

The Debtors may, at any time, request that the Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtors previously objected to such Claim or whether the Court has ruled on any such objection, and the Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim.

#### **C. Cumulative Remedies**

All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Court. Until such time as such Administrative Claim, Claim or Equity Interest becomes an Allowed Claim, such Claim shall be treated as a Disputed Administrative Claim, Disputed Claim or Disputed Equity Interest for purposes related to allocations, Distributions, and voting under the Plan.

#### **D. Allowance of Claims and Interests**

1. Disallowance of Claims: Pursuant to section 502(d) of the Bankruptcy Code, no distributions will be made to Holders of Claims held by Entities from which property is recoverable under sections 542, 543, 550, 553, 522(f), 522(h), 544, 545, 547, 548, 549 or 724(a) of the Bankruptcy Code (including the Rights of Action) until such time as such causes of action against that Entity have been settled or resolved by a Final Order and all sums due to the respective Debtor or Chief Litigation Officer are turned over to the Debtors or the Chief Litigation Officer.
2. Allowance of Claims: Except as expressly provided in the Plan or Global Settlement, no Claim or Equity Interest shall be deemed Allowed by virtue of the Plan, Confirmation, or any order of the Court in the Chapter 11 Cases, unless and until such Claim or Equity Interest is deemed Allowed under the Bankruptcy Code or the Court enters a Final Order in the Chapter 11 Cases allowing such Claim or Equity Interest.

**ARTICLE XII**  
**EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

**A. Rejection of Executory Contracts and Unexpired Leases**

Any executory contracts or unexpired leases which have not expired by their own terms on or prior to the Effective Date, which have not been assumed and assigned or rejected with the approval of the Court, which are not the subject of (i) the Agency Agreement or Agency Order; (ii) a motion to assume the same pending as of the Effective Date, or (iii) not otherwise listed in a notice that the Debtors shall file and serve ten (10) days before the Confirmation Date<sup>4</sup>, shall be deemed rejected by the Debtors on the Effective Date or as otherwise agreed upon by the parties. The entry of the Confirmation Order by the Court shall constitute approval of such rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Assumption or rejection of the unexpired leases that are the subject of the Agency Agreement shall be governed by the Agency Agreement.

**B. Rejection Damage Claims**

Notwithstanding anything in the Bar Date Order to the contrary, Claims arising out of the rejection of executory contracts or unexpired leases pursuant to the Plan must be filed and served on the Debtors pursuant to the procedures specified in the Confirmation Order or another order of the Bankruptcy Court, no later than thirty (30) days after the Effective Date. Any claim not filed within such time will be forever barred from assertion against the Debtors, their estates, their respective successors or their respective properties. Unless otherwise ordered by the Bankruptcy Court, all Claims arising from the rejection of executory contracts and unexpired leases shall be treated as an Unsecured Claim under the Plan.

**ARTICLE XIII**  
**CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVE**  
**DATE OF THE PLAN**

**A. Conditions Precedent to Confirmation Date of the Plan**

The occurrence of the Confirmation Date shall be subject to satisfaction of the following conditions precedent: (i) the entry of the Confirmation Order in form and substance satisfactory to the Proponents and the Lenders; and (ii) there is sufficient cash or assets to pay Administrative Claims pursuant to the Plan.

**B. Conditions Precedent to Effective Date of the Plan**

The occurrence of the Effective Date and the substantial Consummation of the Plan are subject to satisfaction of the following conditions precedent:

1. Confirmation Order as Final Order: The Confirmation Order shall be in full force and effect and shall not have been amended, modified, stayed or reversed.
2. Execution of Documents; Other Actions: All other actions and documents necessary to implement the Plan shall have been effected or executed.
3. Ability to Meet Projected Cash Needs: The Debtors shall have sufficient Cash and Assets to permit compliance with the terms and conditions of this Plan, including the satisfaction

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<sup>4</sup> The Debtors shall serve the notice via regular mail upon the (i) affected contract counter-parties; (ii) parties that have requested notice pursuant to Rule 2002; (iii) counsel to the Lenders; (iv) counsel to the Creditors' Committee and (v) UST.

of all the projected fees and expenses of the Chief Litigation Officer and the projected fees, expenses and wind down costs of the Debtors.

**C. Waiver of Conditions Precedent**

To the extent legally permissible, each of the conditions precedent in Article XIII(A) and (B), may be waived, in whole or in part, by the Proponents and the Lenders in their sole discretion. Any such waiver of a condition precedent may be effected at any time, without notice or leave or order of the Court and without any formal action, other than proceeding to act as if the condition no longer existed.

**ARTICLE XIV  
RETENTION OF JURISDICTION**

**A. Retention of Jurisdiction**

Except as otherwise provided in the Plan, the Court shall retain and have exclusive jurisdiction over any matter arising under the Bankruptcy Code, arising in or related to the Chapter 11 Cases and the Plan. The Court shall also have exclusive jurisdiction:

1. to resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which any of the Debtors is a party or with respect to which the Debtors may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom, including those matters related to the amendment after the Effective Date of the Plan, to add any executory contracts or unexpired leases to the list of executory contracts and unexpired leases to be rejected;
2. to enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases, transactions and other agreements or documents created in connection with the Plan;
3. to determine any and all motions, adversary proceedings, applications and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by the Debtors or the Chief Litigation Officer after the Effective Date (to the extent such venue is selected by the Debtors and/or the Chief Litigation Officer);
4. to ensure that Distributions to holders of Allowed Claims are accomplished as provided herein;
5. to hear and determine any timely objections to Administrative Claims or to proofs of Claims and Interests filed, both before and after the Effective Date, including any objections to the classification of any Claim or Interest, and to allow, disallow, determine, liquidate, classify, estimate or establish the priority of or secured or unsecured status of any Claim, in whole or in part;
6. to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, reversed or vacated;
7. to issue orders in aid of execution of the Plan;
8. to consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Court, including the Confirmation Order;

9. to hear and determine all applications for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Effective Date;
10. to hear and determine disputes arising in connection with or relating to the Plan or the interpretation, implementation or enforcement of the Plan or the extent of any Entity's obligations incurred in connection with or released under the Plan;
11. to issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation or enforcement of the Plan;
12. to determine any other matters that may arise in connection with or are related to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with the Plan or the Disclosure Statement;
13. to hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
14. to hear any other matter or for any purpose specified in the Confirmation Order that is not inconsistent with the Bankruptcy Code, including the allowance or disallowance and classification of late-filed proofs of claim in accordance with Rule 9006(b) of the Bankruptcy Rules.
15. to hear and determine any matters that may arise in connection with the Agency Order or any order of the Court with respect thereto;
16. to hear and determine any matters that may arise in connection with the Purchase Agreements or any order of the Court with respect thereto; and
17. to enter a Final Decree closing the Chapter 11 Cases;
18. to determine matters that may arise in connection with the Trust or the Trust Agreement.
19. to determine matters that may arise between the Debtors, the Trustee, the Oversight Committee, and/or the Chief Litigation officer.
20. to hear and determine any matter relating to or arising out of any action or act taken or omission in connection with or related to the formation, preparation, dissemination implementation, administration, confirmation or consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan, including, without limitation, the Global Settlement, or any other act or omission taken or to be taken in connection with the Chapter 11 Cases commenced against any party in the Chapter 11 Cases, including, without limitation, the Debtors, the Creditors' Committee, the Lenders and their respective current and former directors and officers, members, agents, advisors, attorneys, advisors and other professionals and Entities employed pursuant to sections 327 and 1103 of the Bankruptcy Code.

**ARTICLE XV  
MISCELLANEOUS PROVISIONS**

**A. Title to Assets**

Except as otherwise provided by the Plan, on the Effective Date, title to all assets and properties encompassed by the Plan shall vest in the Debtors in accordance with section 1141 of the Bankruptcy Code.

**B. Releases of all Liens**

On the Effective Date, all Liens on any of the Debtors' Assets shall be deemed to be released and Claims related therein shall be paid pursuant to the Plan.

**C. Modification of Plan**

The Proponents reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan at any time prior to the entry of the Confirmation Order. Upon entry of the Confirmation Order, the Proponents may, upon order of the Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan. Claimants that have accepted the Plan shall be deemed to have accepted the Plan as modified if the proposed modification does not materially and adversely change the treatment of the Claim.

**D. Revocation or Withdrawal**

The Plan may be revoked or withdrawn prior to the Confirmation Date by the Debtors. If the Plan is revoked or withdrawn prior to the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by the Debtors or any other Entity or to prejudice in any manner the rights of the Debtors or any other Entity in any further proceedings involving the Debtors.

**E. Injunction**

Except as otherwise expressly provided in the Plan, all Entities who have held, hold or may hold Claims or Interests are permanently enjoined, from and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Interest against the Debtors, their estates, the Chief Litigation Officer, the Trustee, the Trust, QSI Holdings (as reorganized), the Oversight Committee or its members; (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, their estates, the Chief Litigation Officer, the Trustee, the Trust, QSI Holdings (as reorganized), the Oversight Committee or its members; (c) creating, perfecting, or enforcing any encumbrance of any kind against the Debtors, their estates, the Chief Litigation Officer, the Trustee, the Trust, QSI Holdings (as reorganized), the Oversight Committee and its members against the property or interests in property of the Debtors and (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or against the property of the Debtors, their estates, the Chief Litigation Officer, the Trustee, the Trust, QSI Holdings (as reorganized), the Oversight Committee or its members, with respect to any such Claim or Interest; provided, that the foregoing injunction shall not enjoin the prosecution of Claims or causes of action against former officers or directors of the Debtors who did not serve in such capacity as of the Effective Date. Nothing contained in this Plan or the Confirmation Order shall prohibit or restrain the prosecution of any Claims, Causes of Action or Rights of Action against the Debtors' present or former directors and officers based on acts, events or omissions occurring before the Commencement Date.

With respect to the matters within the scope of Section XIV(A)(20) herein, all Persons and Entities shall be and are permanently enjoined from commencing or continuing any such action except in the Court and the Court shall retain exclusive jurisdiction over such matters.

#### **F. Discharge**

Except as otherwise provided herein: (1) the rights afforded in the Plan and the treatment of all Claims and Equity Interests shall be in exchange for and in complete satisfaction, discharge and release of such Claims and Equity Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Relief Date, against the Debtors, or any of their assets or properties, (2) on the Effective Date, all such Claims against and Equity Interests shall be satisfied, discharged and released in full and (3) all Persons and Entities shall be precluded from asserting against the Debtors, their successors or their assets or properties any other or further Claims or Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred before the Confirmation Date, except as otherwise provided in the Plan.

#### **G. Indemnification**

The Debtors shall indemnify and hold harmless (i) the Chief Litigation Officer and (ii) the Oversight Committee and/or its members (collectively, the "Indemnified Parties"), from and against and with respect to any and all liabilities, losses, damages, claims, costs and expenses, including but not limited to attorneys' fees arising out of the implementation or administration of the Plan, if the Indemnified Parties acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Debtors, and, with respect to any criminal action or proceeding, had no reasonable cause to believe its conduct was unlawful. To the extent the Debtors indemnify and hold harmless the Indemnified Parties (other than the Chief Litigation Officer) as provided above, the legal fees and related costs related to the defense of such claims giving rise to the right of indemnification shall be paid out of Net Distributable Proceeds. To the extent the Debtors indemnify and hold harmless the Chief Litigation Officer as provided above, the legal fees and related costs related to the defense of such claims giving rise to the right of indemnification shall be paid out of the Rights of Action Recovery.

#### **H. Term of Existing Injunctions or Stays**

Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Cases pursuant to sections 105, 362 or 525 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date, and, thereafter shall be replaced with the injunction contained herein and pursuant to sections 1141(d)(1) and 524(a)(2) of the Bankruptcy Code.

#### **I. Exculpation**

The Trustee, the Debtors, the Chief Litigation Officer, the Creditors' Committee, the Oversight Committee, the Lenders and their respective employees and members and each of their professionals and representatives shall be exculpated and held harmless by each of the Debtors, the Trust and by all Entities, including, without limitation, Holders of Claims and other parties in interest, from any claims, causes of action and other assertions of liability arising out of the discharge after the Confirmation Date of the powers and duties conferred by the Plan, the Bankruptcy Code, the Confirmation Order or any order of the Court entered pursuant to or in furtherance of the Plan, or applicable law, in the implementation or administration of the Plan except for actions or omissions to act arising out of gross negligence, recklessness, breach of fiduciary duty, fraud, or willful misconduct.

#### **J. Cancellation of Notes, Instruments, Debentures, and Equity Securities**

On the Effective Date, except to the extent provided otherwise in the Plan, all notes, instruments, certificates and other documents evidencing Claims and all Equity Interests in any of the Debtors shall be canceled and deemed terminated, without any further act or action under any applicable agreement, law, regulations, order, or rule and the obligations of the Debtors under such documents shall be discharged. On the Effective Date, except to the extent provided otherwise in the Plan, any indenture relating to any of the foregoing, shall be deemed canceled as permitted by section 1123(a)(5)(F) of the Bankruptcy Code. The Indenture shall survive confirmation of the Plan solely to effectuate Distributions to be made to holders of the Senior Notes as provided herein and to enforce the rights, duties and administrative functions of the Indenture Trustee as provided herein and therein with respect to such Distributions. Nothing in the Plan shall be deemed to impair, waive or discharge the Indenture Trustee's charging lien or any other rights or obligations of the Indenture Trustee under the Indenture. Upon the final



Distributions to the holders of the Senior Notes pursuant to the Plan, the Indenture shall be canceled and deemed terminated and the Indenture Trustee shall be discharged of any further duties, without any further act or action under any applicable agreement, law, regulations, order, or rule and the obligations of the Debtors under such Indenture shall be discharged.

**K. Post-Effective Date Fees and Expenses**

From and after the Effective Date, the Debtors shall, in the ordinary course of business and without the necessity for any approval by the Court, pay the reasonable professional fees and expenses incurred by the Debtors and the Indenture Trustee related to implementation and consummation of the Plan.

**L. Section 1146 Exception**

Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of any security under the Plan, or the making or delivery of an instrument of transfer under the Plan, may not be taxed under any law imposing a stamp tax or similar tax.

**M. Severability**

The provisions of this Plan shall not be severable unless such severance is agreed to by the Proponents and the Lenders and such severance would constitute a permissible modification of the Plan pursuant to section 1127 of the Bankruptcy Code.

**N. Governing Law**

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent that an exhibit hereto provides otherwise, the rights, duties and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the Bankruptcy Code and, to the extent not inconsistent therewith, the laws of the State of New York without giving effect to principles of conflicts of laws.

**O. Notices**

All notices, requests and demands to or upon the Debtors, the Creditors' Committee or the Lenders to be effective shall be in writing, including by facsimile transmission, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered to all of the following or, in the case of notice by facsimile transmission, when received by all of the following and telephonically confirmed, addressed as follows or to such other addresses as filed with the Court.

To:

**On behalf of the Debtors:**

James H.M. Sprayregen  
Kirkland & Ellis  
200 East Randolph Drive  
Chicago, Illinois 60601  
Telephone: (312) 861-2000  
Telecopier: (312) 861-2200

Quality Stores, Inc.  
Tom Reinebach  
5000 Hawkes Drive, Suite 500  
Muskegon, Michigan 49441  
Telephone: 231-798-0218, ext. 4416  
Telecopier: 231-799-9437

and

Tim Curtin  
Varnum Riddering Schmidt Howlett  
Bridgewater Place  
P.O. Box 352  
Grand Rapids, MI 49501-0352  
Telephone: (616) 336-6000  
Telecopier: (616) 336-7000

**On behalf of the Creditors Committee:**

Robert S. Hertzberg  
Pepper Hamilton  
100 Renaissance Center, #3600  
Detroit, Michigan 48243  
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and

John K. Cunningham  
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First Union Financial Center  
200 South Biscayne Boulevard  
Miami, FL 33131-2352  
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**On behalf of the Lenders:**

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**On behalf of the UST:**

Dean E. Rietberg  
Office of the U.S. Trustee  
330 Ionia Avenue, NW  
Suite 2002  
Grand Rapids, MI 49503  
Telephone: (616) 456-2002

**P. Closing of Cases**

The Debtors shall, promptly upon the full administration of the Chapter 11 Cases, file with the Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Court.

**Q. Section Headings**

The section headings contained in this Plan are for reference purposes only and shall not affect the meaning or interpretation of the Plan.

Dated: Grand Rapids, MI  
March 7, 2002

Respectfully Submitted,

QSI HOLDINGS, INC.  
(f/k/a CT HOLDINGS, INC.)

By: \_\_\_\_\_  
Its: \_\_\_\_\_

QUALITY STORES, INC.  
(f/k/a CENTRAL TRACTOR FARM & COUNTRY, INC.)

By: \_\_\_\_\_  
Its: \_\_\_\_\_

COUNTRY GENERAL, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

F AND C HOLDING, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

FARMANDCOUNTRY.COM, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_

QSI NEWCO, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

QSI TRANSPORTATION, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

QUALITY FARM & FLEET, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

QUALITY INVESTMENTS, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

QUALITY STORES SERVICES, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

VISION TRANSPORTATION, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

<b>In re:</b>	)	<b>Chapter 11</b>
	)	
<b>Quality Stores, Inc., et al.,<sup>1</sup></b>	)	<b>Case No. GG-01-10662</b>
	)	<b>(Jointly Administered)</b>
<b>Debtors.</b>	)	
	)	<b>Hon. James D. Gregg</b>

**NOTICE OF (A) ENTRY OF CONFIRMATION ORDER; (B) EFFECTIVE DATE; (C)  
DEADLINE TO FILE PROOFS OF CLAIM FOR REJECTION DAMAGE CLAIMS;  
AND (D) SECOND ADMINISTRATIVE BAR DATE**

**A. ENTRY OF CONFIRMATION ORDER**

The United States Bankruptcy Court for the Western District of Michigan(the  
"Court") entered an order (the "Confirmation Order") on ~~April 22, 2002~~ <sup>May 3, 2002</sup>, confirming the First  
Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy  
Code (the "Plan").

If you wish to obtain a copy of the Plan or Confirmation Order, please contact  
Bankruptcy Management Corporation ("BMC") at 1-888-909-0100.

**B. EFFECTIVE DATE**

On May \_\_, 2002, the Plan became effective pursuant to its terms.

**C. DEADLINE BY WHICH REJECTION CLAIMS MUST BE FILED**

Claims arising from the rejection of executory contracts or unexpired leases  
pursuant to the Plan must be filed with the Debtors' Claims Agent, Bankruptcy Management

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<sup>1</sup> The Debtors are the following entities: QSI Holdings, Inc. (f/k/a CT Holdings, Inc.); Quality Stores, Inc. (f/k/a Central Tractor Farm & Country, Inc.); Country General, Inc.; F and C Holding, Inc.; FarmandCountry.com, LLC.; QSI Newco, Inc.; QSI Transportation, Inc.; Quality Farm & Fleet, Inc.; Quality Investments, Inc.; Quality Stores Services, Inc; and Vision Transportation, Inc.

Corporation, 1330 E. Franklin Avenue, El Segundo, CA 90245, Attn: Quality Stores, Inc. no later than June \_\_, 2002.

**ANY CLAIM NOT FILED BY JUNE \_\_, 2002, IN ACCORDANCE WITH THE ABOVE PROCEDURES, WILL BE FOREVER BARRED.**

**D. FINAL ADMINISTRATIVE BAR DATE**

Administrative claims that arose between February 1, 2002 and ~~April 22~~ <sup>May 3</sup>, 2002 must be filed on or before June \_\_, 2002.

Such administrative claims must be served on Bankruptcy Management Corporation, 1330 E. Franklin Avenue, El Segundo, CA 90245, Attn: Quality Stores, Inc.

**ANY ADMINISTRATIVE CLAIM NOT FILED BY JUNE \_\_, 2002, IN ACCORDANCE WITH THE ABOVE PROCEDURES, WILL BE FOREVER BARRED.**

This Notice is being sent to you by Court Order

Dated: May \_\_, 2002