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UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA

FRESNO DIVISION

In re B&L EQUIPMENT RENTALS, INC., Debtor and Debtor in Possession.	Case No.: 15-14685-B-11 Chapter 11 DC No. DHR - 0007 **DISCLOSURE STATEMENT DESCRIBING ORIGINAL LIQUIDATING PLAN BY THE OFFICIAL COMMITTEE UNSECURED CREDITORS** Date: February 9, 2017 Time: 9:30 a.m. Place: United States Bankruptcy Court Dept. B 510 19th Street Bakersfield, CA Judge: Hon. René Lastreto II **Confirmation Hearing** Date: T/B/D Time: T/B/D Place: United States Bankruptcy Court Judge: Hon. René Lastreto II

The Official Committee of Creditors Holding Unsecured Claims duly appointed in the Debtor's chapter 11 case (the "**Committee**" or the "**Plan Proponent**") has filed its proposed "Original Liquidating Plan by the Official Committee Unsecured Creditors" on December 27, 2016 (the "**Plan**"). The Plan is described herein and filed and served concurrently herewith. This document (the "**Disclosure Statement**") discusses the Debtor's history, business, assets, and results of operations, and contains a summary and discussion of the Plan. Holders of Claims are encouraged to read this Disclosure Statement before voting to accept or reject the Plan.

Chapter 11 allows the Debtor, and, under some circumstances, creditors and other parties in interest, to propose a plan of reorganization. A plan may provide for the debtor to reorganize by continuing to operate, to liquidate by selling the assets of its estate, or a combination of both. In this case, the Plan Proponent proposes this Plan which provides for the creation of a Liquidating Trust in the form set forth in Exhibit "A" hereto and the appointment of a Liquidating Trustee to administer the Liquidating Trust Assets. All of the Debtor's assets will be transferred to the Liquidating Trust on the occurrence of the Effective Date (defined below). The Liquidating Trustee will then take such steps as reasonable in his business judgment to conduct a sale of the Debtor's assets for the benefit of all creditors and interest holders. If the proceeds from the sale of the Debtor's assets are insufficient to pay all allowed creditor claims and interest, the Liquidating Trustee will then have the power to investigate, file and prosecute any litigation claims which may exist, including but not limited to, avoidance actions that may exist under Chapter 5 of the Bankruptcy Code. All proceeds from the sale of the Debtor's assets and litigation recoveries shall be distributed by the Liquidating Trustee in accord with the priorities established by the Bankruptcy Code.

The effective date of the Plan (the "**Effective Date**") will be the first business day which is at least fourteen days following the date of entry of the Court order confirming the Plan (the "**Plan Confirmation Order**") when and provided that all of the following conditions to the effectiveness of the Plan have been satisfied or waived by the Debtor: (a) there shall not be any stay in effect with respect to the Plan Confirmation Order; (b) the Plan Confirmation Order shall not be subject to any appeal or rehearing; and (c) the Plan and all documents, instruments and

agreements to be executed in connection with the Plan shall have been executed and delivered by all parties to such documents, instruments and agreements.

A. Purpose of this Document

This Disclosure Statement summarizes what is in the Plan and tells you certain information relating to the Plan and the process the Court follows in determining whether or not to confirm the Plan. All capitalized terms not specifically defined herein shall have the same meanings ascribed to them in the Plan.

READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW ABOUT:

(1) WHO CAN VOTE OR OBJECT,

(2) WHAT THE TREATMENT OF YOUR CLAIM IS (*i.e.*, what your claim will receive if the Plan is confirmed) AND HOW THIS TREATMENT COMPARES TO WHAT YOUR CLAIM WOULD RECEIVE IN A CHAPTER 7 LIQUIDATION,

(3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING ITS BANKRUPTCY CASE,

(4) WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER OR NOT TO CONFIRM THE PLAN,

(5) WHAT IS THE EFFECT OF CONFIRMATION, AND

(6) WHETHER THE PLAN IS FEASIBLE.

This Disclosure Statement cannot tell you everything about your rights. You are strongly encouraged to consult your own lawyer to obtain more specific advice on how the Plan will affect you and what is the best course of action for you.

Be sure to read the Plan as well as this Disclosure Statement. If there are any inconsistencies between the Plan and this Disclosure Statement, the Plan provisions will govern.

The Bankruptcy Code requires a Disclosure Statement to contain "adequate" information concerning the Plan. The Bankruptcy Court has approved this document as an adequate Disclosure Statement containing enough information to enable parties affected by the Plan to make an informed judgment about the Plan. Any party can now solicit votes for or against the

Plan.

Nothing contained in this Disclosure Statement shall constitute an admission of any fact or liability by any party. THE PLAN PROPOENT RESERVES THE RIGHT TO AMEND OR UPDATE ANY PORTION OF THIS DISCLOSURE STATEMENT PRIOR TO THE PLAN CONFIRMATION HEARING.

B. Deadlines For Voting And Objecting; Date Of Plan Confirmation Hearing

THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE. HOWEVER, IF THE COURT LATER CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON ALL CREDITORS AND INTEREST HOLDERS IN THIS CASE.

1. Time and Place of the Plan Confirmation Hearing

The hearing where the Court will determine whether or not to confirm the Plan (the "**Plan Confirmation Hearing**") will take place on _____, 2017, at ___:___ __.m., before the Honorable René Lastreto II, United States Bankruptcy Judge, in Courtroom "___," located at _____.

2. Deadline for Voting For or Against the Plan

If you are entitled to vote, it is in your best interest to timely vote on the enclosed ballot and return the ballot in the enclosed envelope to Daniel H. Reiss, Esq., Levene, Neale, Bender, Yoo & Brill L.L.P., 10250 Constellation Boulevard, Suite 1700, Los Angeles, California 90067.

YOUR BALLOT MUST BE RECEIVED BY CLOSE OF BUSINESS ON _____ ____, 2017 OR IT WILL NOT BE COUNTED.

3. Deadline for Objecting to the Confirmation of the Plan

Objections to the confirmation of the Plan must, by _____, 2017, be filed with the Court and served by same day service upon Daniel H. Reiss, Esq., Levene, Neale, Bender, Yoo & Brill L.L.P., 10250 Constellation Boulevard, Suite 1700, Los Angeles, California 90067, facsimile: (310) 229-1244, email: dhr@lnbyb.com.

4. Identity of Persons to Contact for More Information Regarding the Plan

Any interested party desiring further information about the Plan should contact Daniel H. Reiss, Esq., Levene, Neale, Bender, Yoo & Brill L.L.P., 10250 Constellation Boulevard, Suite 1700, Los Angeles, California 90067; phone: (310) 229-1234; facsimile: (310) 229-1244; email: dhr@lnbyb.com.

5. Disclaimer

The financial data relied upon in formulating the Plan is based on the record in this case and the Plan Proponent's evaluation of the value of the Debtor's tangible assets. Certain of the information contained in this Disclosure Statement is based on the Debtor's records and that information which the Debtor has made available to Court and the Plan Proponent. Unless indicated otherwise, the Plan Proponent represents that the statements made in this Disclosure Statement is true to the best of its knowledge. The Bankruptcy Court has not yet determined whether or not the Plan is confirmable and makes no recommendation as to whether or not you should support or oppose the Plan.

The discussion in the Disclosure Statement may contain "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward-looking terminology such as "may," "expect," "anticipate," "estimate," or "continue," or the negative thereof or other variations thereon or comparable terminology. The reader is cautioned that all forward looking statements are necessarily speculative and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. The liquidation analysis, financial projections, and other information are estimates only, and the timing and amount of actual distributions to Creditors may be affected by many factors that cannot be predicted. Therefore, any analysis, estimates, or projections may or may not turn out to be accurate.

The Committee has made and continues to make a diligent effort to identify in this Disclosure Statement all litigation claims, including claims for relief, counterclaims, and objections to claims. **However, no reliance should be placed on the fact that a particular litigation claim**

is or is not identified herein. On and after the Effective Date, the Liquidating Trustee, or other parties-in-interest with Court approval, may seek to investigate, file and prosecute litigation claims after the confirmation or Effective Date of the Plan whether or not the litigation claims are identified herein.

THIS IS A SOLICITATION BY THE PLAN PROPONENT FOR YOUR VOTE ON THE PLAN. NO REPRESENTATIONS CONCERNING THE DEBTOR, THE POST-CONFIRMATION DEBTOR OR THE LIQUIDATING TRUST, INCLUDING, BUT NOT LIMITED TO, REPRESENTATIONS AS TO POST-CONFIRMATION ACTIVITIES, THE VALUE OF PROPERTY, THE AMOUNT OF CLAIMS AGAINST THE ESTATE, OR ANY TAX EFFECT OF THE TRANSACTIONS PROPOSED UNDER THE PLAN, ARE AUTHORIZED BY THE PLAN PROPONENT, OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN THAT ARE IN ADDITION TO OR DIFFERENT FROM THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY ANY PARTY IN INTEREST. ANY SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO THE PLAN PROPONENT'S ATTORNEYS WHO, IN TURN, WILL DELIVER THE INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS THE BANKRUPTCY COURT MAY DEEM TO BE APPROPRIATE.

UNLESS SPECIFICALLY SET FORTH HEREIN TO THE CONTRARY, THE INFORMATION CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT REGARDING THE DEBTOR HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. COUNSEL FOR THE PLAN PROPONENT HAS NOT INDEPENDENTLY VERIFIED THE INFORMATION CONTAINED HEREIN AND MAKES NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY THEREOF.

ALL PARTIES ENTITLED TO VOTE ON THE PLAN ARE URGED TO REVIEW THE PLAN AND THIS DISCLOSURE STATEMENT CAREFULLY PRIOR TO VOTING ON THE PLAN. THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED IN ANY MANNER TO BE LEGAL, BUSINESS, OR TAX ADVICE. EACH CREDITOR AND OTHER PARTY IN INTEREST SHOULD CONSULT WITH HIS OWN LEGAL COUNSEL, BUSINESS ADVISOR, CONSULTANT, AND/OR ACCOUNTANT PRIOR TO VOTING TO ENSURE A COMPLETE UNDERSTANDING OF THE TERMS OF THE PLAN. THIS DISCLOSURE STATEMENT IS INTENDED FOR THE SOLE USE OF THE CREDITORS TO ENABLE THEM TO MAKE AN INFORMED DECISION REGARDING THE PLAN.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT INDICATES ONLY THAT THE DISCLOSURE STATEMENT CONTAINS ADEQUATE INFORMATION FOR THE PURPOSE OF SOLICITATION OF ACCEPTANCES TO THE PLAN, ASSUMING IT IS ACCURATE. HOWEVER, THE BANKRUPTCY COURT HAS NOT YET DETERMINED THE ACCURACY OF SUCH INFORMATION. IT MAY DO SO AT THE CONFIRMATION HEARING.

I. DEFINITIONS, INTERPRETATIONS, AND RULES OF CONSTRUCTION

A. Definitions

1. "Administrative Claim or Administrative Expenses" means a Claim for payment of an administrative expense of a kind specified in Bankruptcy Code section 503(b) and entitled to priority in payment under Bankruptcy Code sections 507(a)(2), 507(b) or 1114(e)(2), including: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estate and operating the business of the Debtor (such as wages, salaries or commissions for services and payments for goods and other services); (b) any indebtedness or obligations incurred or assumed by the Debtor in the ordinary course of business in connection with the conduct of its business; (c) any Professional Fees incurred before the Effective Date; (d) all fees and charges assessed against the Estate under Chapter 123 of title 28 of the United States Code, sections 1911-

30; (e) obligations designated as Allowed Administrative Claims pursuant to an order of the Bankruptcy Court and (f) Claims under Section 503(b)(9) of the Bankruptcy Code.

2. "Allowed" means with reference to any Claim, except as otherwise provided herein:

a. a Claim that has been Scheduled by the Debtor in its Schedules as other than disputed, contingent or unliquidated and as to which the Debtor, the Liquidating Trustee or any other party in interest has not filed an objection;

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 concerning the amount and nature of such Claim executed prior to the Effective Date and approved by the Bankruptcy Court upon proper notice to parties in interest; (ii) in any stipulation with the Liquidating Trustee concerning the amount and nature of such Claim executed on or after the Effective Date and, to the extent necessary, approved by the Bankruptcy Court or (iii) in any contract, instrument, indenture or other agreement entered into or assumed pursuant to the Plan;

d. a Claim relating to a rejected executory contract or unexpired lease that (i) is not a Disputed Claim or (ii) has been allowed by a Final Order, only if a Proof of Claim has been timely Filed or has otherwise been deemed timely Filed under applicable law; or

e. a Claim that is allowed pursuant to the terms of the Plan; provided, however, unless otherwise specified herein or by order of the Bankruptcy Court, the term "Allowed Claim" shall not, for any purpose under the Plan, include interest, penalties, premiums or late charges on such Claim from and after the Petition Date.

3. "Avoidance Action" means any action which is filed or which may be filed pursuant to the provisions of Sections 510, 542, 543, 544, 545, 547, 548, 549, or 550 of the Bankruptcy Code, any actions based on applicable nonbankruptcy law that may be incorporated or brought under the foregoing sections of the Bankruptcy Code, or any other similar action or proceeding filed to recover property for or on behalf of the Estate or to avoid a lien or transfer.

4. "Ballot" means the form distributed to each holder of a Claim that is entitled to vote on the Plan and on which is to be indicated an acceptance or rejection of the Plan.

5. "Bankruptcy Code" or "Code" means Title 11 of the United States Code, as now in effect or hereafter amended. All citations in the Plan to section numbers are to the Bankruptcy Code unless otherwise expressly indicated.

6. "Bankruptcy Court" or "Court" means the United States Bankruptcy Court for the Eastern District of California, Fresno Division, which has jurisdiction over this Case and the Estate

of the Debtor, or such successor court or tribunal as may hereafter be confirmed or created by lawful authority with power to confirm reorganization plans under Chapter 11 of the Bankruptcy Code and all applicable statutes, rules, and regulations pertaining thereto.

7. "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for use in the Bankruptcy Court, as now in effect or hereafter amended.

8. "Bar Date" means the last date for filing Proofs of Claim other than Administrative Claims or Claims based upon the rejection of any executory contracts or unexpired leases. April 5, 2016 was set as the deadline for filing Proofs of Claim or interest in this Case.

9. "Beneficiaries" means the Holders of certain Allowed Unsecured Claims, Holders of Disputed Claims, and Holders of Equity Interests who, pursuant to the Plan, are entitled to any Distributions from the Liquidating Trust.

10. "Business Day" means any day other than a Saturday, Sunday, or "legal holiday" as defined in Bankruptcy Rule 9006(a).

11. "Case" means this bankruptcy case which was commenced by a voluntary chapter 11 petition that was filed by the Debtor on November 30, 2015 and which is now pending in the Bankruptcy Court with Case No. 15-14685.

12. "Cash" means cash and cash equivalents, including, but not limited to, checks or similar forms of payment or exchange.

13. "Claim" means: (a) a right to payment from the Debtor, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or (b) a right to an equitable remedy for breach of performance if such breach gives rise to a right to payment from the Debtor, whether or not such right to an equitable remedy is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

14. "Claimant" means the holder of a Claim.

15. "Causes of Action" mean all of the Estate's actions, causes of action, choses in action, liabilities, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, covenants,

contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, third-party claims, counterclaims, and cross-claims, whether known or unknown, reduced to judgment or not reduced to judgment, liquidated or unliquidated, contingent or non-contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Case, through and including the Effective Date, including, but not limited to any Avoidance Actions and any D&O Action.

16. "Class" means a grouping into which Claims or Equity Interests which are substantially similar to other Claims or Equity Interests have been classified pursuant to Plan.

17. "Committee" means the Official Committee of Unsecured Creditors appointed by the Office of the United States Trustee on March 30, 2016.

18. "Confirmation" means the entry of the Confirmation Order by the Bankruptcy Court.

19. "Confirmation Date" means the date on which the Confirmation Order is entered by the Bankruptcy Court.

20. "Confirmation Hearing" means the hearing, including any continued or postponed session thereof, at which time the Bankruptcy Court will consider and determine whether to confirm the Plan.

21. "Confirmation Order" means the order, as entered, of the Bankruptcy Court confirming the Plan pursuant to Section 1129 of the Bankruptcy Code.

22. "Creditor" means the holder of an Allowed Claim.

23. "Debtor's Plan" means the "Debtor's Plan of Reorganization Dated November 29, 2016" [Dkt. No. 575]

24. "Debtor's Disclosure Statement" means the "Debtor's Disclosure Statement dated November 29, 2016" [Dkt. No. 576].

25. "D&O Action" means any action which is filed or which may be filed for breach of fiduciary duty, violation of the business judgment rule, usurpation of corporate opportunities, breach of the California Trust Fund Doctrine, alter ego, fraud based upon misrepresentation of material facts, fraud by concealment of material facts, fraud by promise without intent to perform, fraud by negligent misrepresentation, unfair competition under California Business & Professions Code Section 17200 et seq., or other claims for relief against the Debtor and its officers and directors pursuant to any applicable bankruptcy law or nonbankruptcy law, including those that may be covered by the Debtor's insurance, including any directors' and officers' liability policies.

26. "Debtor" means B&L Equipment Rentals, Inc., the debtor and debtor in possession in this Case.

27. "Disallowed Claim" means a Claim against the Debtor, which Claim is disallowed pursuant to an order of the Bankruptcy Court as to which fourteen calendar days have passed following entry of such order and no stay pending an appeal of such order is obtained during such period.

28. "Disbursing Agent" means the Liquidating Trustee, except as otherwise provided in the Liquidating Trust Agreement.

29. "Disclosure Statement" means this Disclosure Statement as it may be amended, modified, or supplemented from time to time in accordance with the Bankruptcy Code and Bankruptcy Rules.

30. "Disputed Claim" means any Claim: (a) listed on the Debtor's Schedules as unliquidated, disputed, or contingent; or (b) as to which the Debtor, or any other party in interest, has interposed a timely objection or request for estimation or subordination in accordance with the Bankruptcy Code and the Bankruptcy Rules, which objection or request for estimation or subordination has not been withdrawn or determined by a Final Order. A Claim will be considered a Disputed Claim in its entirety if an objection is timely filed to any portion of such Claim.

31. "Disputed Claims Reserve Fund" means the fund, if any, created upon the Effective Date consisting of funds available for Distribution on account of Disputed Claims.

32. "Distribution" means the Cash which is required to be distributed under the Plan to the holders of Allowed Claims.

33. "Effective Date" means the means the will be the first business day which is at least fourteen days following the date of entry of the Confirmation Order; provided, however, that, if an appeal of the Confirmation Order is timely filed, the Plan Proponent may elect to cause the Plan to become effective, notwithstanding the pendency of such appeal, so long as no stay of the Confirmation Order is in effect, by filing with the Bankruptcy Court a notice of such election, in which event the Plan will become effective as provided herein.

34. "Estate" means the estate of the Debtor created under Section 541 of the Bankruptcy Code in this Case.

35. "Equity Interests" means, with respect to the Debtor, as of the applicable Petition Date, any capital stock or other ownership interest in the Debtor, whether or not transferable, and any option, call, warrant or right to purchase, sell or subscribe for an ownership interest or other equity security in such Debtor, and any redemption, conversion, exchange, voting, participation, dividend rights, and liquidation preferences relating to such capital stock or ownership interest.

36. "Exculpated Parties" means, collectively, each of the following parties: the Committee, its members, and its Professionals.

37. "File," "Filed," or "Filing" means filed with the Bankruptcy Court having jurisdiction over this Case.

38. "Final Distribution" means, for each Class, the last Distribution to be made to holders of Allowed Claims in that Class.

39. "Final Order" means an order or judgment of the Bankruptcy Court, or of any court of competent jurisdiction where there is pending an action in which the Debtor and/or the Committee is a party, which has not been reversed, stayed, modified, or amended, and as to which: (a) the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceeding for reargument or rehearing shall then be pending; or (b) any right to appeal, petition for certiorari, reargument, or rehearing shall

have been waived in writing in form and substance satisfactory to the Debtor, the or the Liquidating Trustee as the case may be; or (c) any appeal, petition for certiorari, reargument or rehearing has been resolved by the highest court to which the order or judgment was appealed timely or from which certiorari, reargument, or rehearing was sought.

40. "General Unsecured Claim" means an unsecured Claim against the Debtor that is not entitled to priority under Section 507(a) of the Bankruptcy Code, including, without limitation, a Claim based on the rejection of an executory contract or unexpired lease.

41. "Liquidating Trust" means that certain trust entitled "B&L Equipment Rentals, Inc. Liquidating Trust" as created by the Plan and described in Part V hereof, subject to the Confirmation Order and the Liquidating Trust Agreement. Except as otherwise expressly provided for in the Plan, all of the Liquidating Trust Assets shall be transferred to, and vested in, the Liquidating Trust on the Effective Date. The activities of the Liquidating Trust will include, among other things, objecting to claims and resolving all Disputed Claims, completing the liquidation of the Liquidation Trust Assets, including the Causes of Action, making Distributions to Holders of Allowed Claims (except for any Allowed Claims that are to be paid on the Effective Date by the Debtor), and paying the expenses of the Liquidating Trust.

42. "Liquidating Trust Agreement" means the "B&L Equipment Rentals, Inc. Liquidating Trust Agreement" by and between the Debtor and the Liquidating Trustee to be entered into as of the Effective Date pursuant to the Plan and the Confirmation Order, substantially in the form attached hereto as **Exhibit "A"**, as may be amended from time to time in accordance with its terms. In the event of any inconsistency between the Liquidating Trust Agreement and the Plan, the Liquidating Trust Agreement shall control.

43. "Liquidating Trust Assets" means any and all Assets of the Debtor's Estate as of the Effective Date, which assets shall be transferred to the Liquidating Trust upon occurrence of the Effective Date, including but not limited to all Cash, Net Sale Proceeds, Post-Confirmation Estate Claims, and all other personal property.

44. "Liquidating Trust Representatives" include the Liquidating Trustee, the Liquidating Trust and their respective employees, officers, directors, agents, members, representatives, or professionals employed or retained by the Liquidating Trust or the Liquidating Trustee.

45. "Liquidating Trustee" means the person charged with managing the Liquidating Trust and making Distributions pursuant to the terms of the Plan. The Liquidating Trustee shall be chosen by the Committee no later than the Effective Date, and will serve as the Liquidating Trustee under the Plan until such time as he is unable or unwilling to serve at which point the Oversight Committee shall appoint a successor Liquidating Trustee.

46. "LNBYB" means Levene, Neale, Bender, Yoo & Brill L.L.P.

47. "Net Sale Proceeds" means all of the Cash proceeds generated from lease, sale or refinance of Liquidating Trust Assets, if any, minus (i) all costs of the lease, sale or refinance of Liquidating Trust Assets, (ii) payment of Claims secured by the assets sold, (iii) payment of all costs and administrative expenses of the Estate and Liquidating Trust including the fees and expenses of the Debtor, the Committee, Liquidating Trustee, the Oversight Committee and their Professionals, (iv) income taxes and (v) payments pursuant to the Plan to Creditors holding Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Priority Non-Tax Claims and/or Allowed Secured Claims.

48. "Oversight Committee" shall consist of the same members as the Committee and be formed and effective as of the Effective Date which shall oversee the actions of the Liquidating Trustee as set forth herein and the Liquidating Trust Agreement.

49. "Petition Date" means November 30, 2015, the date the Debtor filed its voluntary petition under Chapter 11 of the Bankruptcy Code.

50. "Plan" means the Chapter 11 Liquidating Plan Proposed by the Official Committee of Unsecured Creditors as such Plan may be amended, modified, or supplemented from time to time in accordance with the Bankruptcy Code and Bankruptcy Rules.

51. "Plan Proponent" means the Committee.

52. "Post-Confirmation Debtor" means the Debtor herein, on or after the Effective Date.

53. "Post-Confirmation Estate Claims" means any and all claims and Causes of Action which constitute property of the Estate including, but not limited to, any Avoidance Actions and any D&O Action, whether or not such claims or Causes of Action are the subject of litigation pending as of the Effective Date, as well as any Causes of Action that relate to the following transfers:

Name and Address of Recipient, Relationship to Debtor	Date of transfer	Amount of Money Transferred
Lawrence F. Jenkins 9414 Highland Cove Boerne, TX 78006 President	10-1-2014 – 9-30-2015	$3,711,761.68
Lawrence B. Jenkins 15809 Sammie Avenue Bakersfield, CA 93312 Vice President	10-1-2014 – 9-30-2015	$394,492.32
Raymond E. Brown 15919 Sammie Avenue Bakersfield, CA 93312 Vice President	10-1-2014 – 9-30-2015	$353,904.74

54. "Post-Effective Date Limited Notice List" shall have that meaning ascribed in Section V.I. hereof.

55. "Priority Claim" means an Administrative Claim, Priority Tax Claim, or Priority Non-Tax Unsecured Claim.

56. "Priority Tax Claim" means a Claim of a "governmental unit" (as such term is defined in section 101(27) of the Bankruptcy Code) of the kind specified in, and entitled to priority under, sections 502(i) and 507(a)(8) of the Bankruptcy Code.

57. "Priority Non-Tax Claim" means any Claim accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or an Administrative Claim.

58. "Pro Rata Share" means, with reference to any Distribution on account of any Allowed Claim or Allowed Interest, as applicable, in any Class, the ratio (expressed as a percentage) that the amount of such Allowed Claim or Allowed Interest bears to the aggregate amount of Allowed Claims or Allowed Interests of the same Class (and to the extent required for an interim Distribution and any reserve for Disputed Claims).

59. "Professionals" means professionals such as attorneys, consultants or accountants employed by the Debtor, the Committee, and/or the Liquidating Trustee in this Case, including the Law Office of Leonard Welsh (Debtor's Chapter 11 counsel), LNBYB (Committee's attorneys), and the Liquidating Trustee and any attorneys, consultants or accountants employed by the Liquidating Trustee.

60. "Professional Fees" means the fees for services of Professionals rendered and expenses incurred in connection with such services by Professionals on and after the Petition Dates and prior to and including the Effective Date and after the Effective Date.

61. "Proof of Claim" means a statement under oath filed in this Case by a Claimant in which the Claimant sets forth the amount claimed to be owed to it and sufficient detail to identify the basis for the Claim, in accordance with Federal Rule of Bankruptcy Procedure 3001.

62. "Schedules" means the applicable Schedules of Assets and Liabilities and Statement of Financial Affairs filed by the Debtor, as amended, modified, or supplemented from time to time.

63. "Secured" means when referring to a Claim: (a) secured by a lien on property in which the applicable Estate has an interest, which lien is valid, perfected and enforceable under applicable law or by reason of a Final Order, or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the lienholder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code or (b) otherwise Allowed pursuant to the Plan as a Secured Claim.

64. "Secured Claim" means a Claim secured by a lien, security interest or other charge against property in the Estate has an interest, or which is subject to setoff under Section 553 of the Bankruptcy Code, to the extent of the value, determined in accordance with Section 506(a) of the Bankruptcy Code, of the interest of the holder of such Secured Claim in the Estate's interest in such property, or to the extent of the amount subject to any setoff, as the case may be.

65. "Unclaimed Distribution" means any Distribution which is unclaimed as a result of any of the following: (a) checks which have been returned as undeliverable without a proper forwarding address; (b) checks which were not mailed or delivered because of the absence of a proper address to which to mail or deliver the same; (c) checks which remain unnegotiated for a period of ninety days after the date of issuance.

66. "UST" means the United States Trustee.

67. "Voting Deadline" means 5:00 p.m. (California time) on _____, 2017, which is the deadline for holders of impaired Claims to submit a Ballot.

1. Notices and Delivery of Documents

All notices, correspondence, and other deliveries with respect to the Disclosure Statement and confirmation of the Plan must be directed to counsel for the Plan Proponent at:

Daniel H. Reiss, Esq.
Levene, Neale, Bender, Yoo & Brill L.L.P.
10250 Constellation Blvd., Suite 1700
Los Angeles, CA 90067

II. BACKGROUND

A. Description and History of the Debtor's Business

Debtor is a corporation doing business in Texas, Nevada, Colorado, and California. Debtor's principal place of business is located in Bakersfield, California. Debtor is in the oilfield service business and Debtor began its business in 1990. Debtor's business generated gross income of $30,513,043.00 in 2013, $36,345,567.00 in 2014, and $17,995,569.00 from January 1 – November 30, 2015. The decline in Debtor's income in 2015 was caused by a decline in oil prices and a "slow down" in Debtor's work projects.

Debtor has remained in possession of its property and managed its affairs as a debtor-in-possession since it filed for relief under Chapter 11. Debtor's business has not generated a profit since Debtor filed its Chapter 11 case purportedly due to the depressed oil prices and a slow-down in Debtor's business. However, Debtor believes that its business will return to profitability during 2017.

Debtor's business had revenue of $4,964,086.37 and Debtor paid $1,019,464.42 to secured creditors from November 30, 2015 through July 31, 2016. The payments made to secured creditors have reduced the secured creditors' claims from $3,373,336.77 to $2,405,940.98.

B. Events Leading To Commencement Of The Debtor's Bankruptcy Case

1. Debtor was sued by a class of employees and former employees ("the Class Claimants") in February 2014 for claims associated with wage and labor law violations. Debtor denied any liability associated with the claims made against it in the lawsuit. However, Debtor determined that it was in its best interest to resolve its dispute with the employees and former employees without trial. Therefore, Debtor and the Class Claimants entered into a Joint Stipulation Agreement and Release in March 2015 ("the Settlement Agreement"). The Settlement Agreement liquidated the claims against Debtor at $1,500,000.00 and provided for

a. entry of a Judgment against Debtor and

b. payment of the $1,500,000.00 to the Class Claimants due on or about November 25, 2015.

2. Debtor believed in March 2015 that it would be able to make the payment of $1,500,000.00 to the Class Claimants required by the Settlement Agreement without jeopardizing its business and ability to pay other creditors. However, based on the "slow down" in Debtor's business caused by the declines in the petroleum industry, Debtor determined that it could not make the payment of $1,500,000.00 to the Class Claimants without jeopardizing its business and ability to pay other creditors. Debtor filed its Chapter 11 case in order to give

Debtor a vehicle under which it could reorganize its business and financial affairs and reply all of the debt owed to its creditors over time including the debt owed to the Class Claimants.

C. The Debtor's Primary Assets and Primary Liabilities at the Petition Date

Debtor's Schedule of Assets and Liabilities filed in this Bankruptcy Case indicate that, as of the Petition Date, the Debtor had assets valued at$17,144,907.68 and liabilities totaling $5,027,705.17, including secured claims of $3,405,594.89 and unsecured nonpriority claims of $1,622,110.28. The Debtor's Schedules did not reflect any pre-petition priority claims.

D. Significant Events during the Debtor's Bankruptcy Case

The following is a list of significant events which have occurred during the Debtor's chapter 11 case:

1. Asset Sales.

Early in the case, the Debtor sold one Ford F-350 truck ("the Truck"). The Truck was sold after the Bankruptcy Court granted a Motion for Authority to Sell Personal Property and entered an Order Granting Motion for Authority to Sell Personal Property on March 24, 2016. Subsequently, Debtor sold additional vehicles, a 2015 Volant CRT Tool System, and other personal property. Debtor sold other non-essential equipment by way of a public auction on September 20, 2016. The Debtor used the proceeds from the sale of the non-essential equipment to (a) pay $235,000 on the Secured Claims held by Bank of America and (b) provide capital to be used by Debtor in the operation of its business.

2. Motions for Use of Cash Collateral.

Debtor determined that the Bank of America ("the Bank") held liens against the corporation's prepetition accounts and accounts receivable after Debtor filed its Chapter 11 case. Debtor reached an agreement with the Bank under which the Bank consented to Debtor's use of its cash collateral after filing its Chapter 11 case. Debtor's agreement with the Bank is contained in a Stipulation re Debtor's Use of Cash Collateral and Adequate Protection between the parties.

Debtor filed a Motion for Order Approving Stipulation re Use of Cash Collateral and Adequate Protection ("the Motion") on December 11, 2015. The Bankruptcy Court granted the

Motion and authorized Debtor to use the Bank's cash collateral on an interim basis on December 17, 2015. A final hearing on the Motion is set for January 28, 2016. Granting the Motion has allowed Debtor to continue its business and pay its expenses without interruption or prejudice to anyone.

Debtor, Bank of America, and the Official Committee of Unsecured Creditors have reached a final agreement concerning Debtor's use of cash collateral in its Chapter 11 case. The agreement is contained in a Final Stipulation Re: Debtor's Use of Cash Collateral and Adequate Protection ("the Final Stipulation") filed on August 9, 2016. The Bankruptcy Court approved the Final Stipulation and entered an Order Approving Final Stipulation Re: Debtor's Use of Cash Collateral and Adequate Protection on August 23, 2016.

3. Employment of Debtor's Professionals.

The Debtor has obtained authority to employ the following professionals:

a. The Law Offices of Leonard K. Welsh as its general bankruptcy counsel.

b. Alexander & Associates as its special litigation counsel to liquidate claims held by former employees.

c. The PPL Group to act as auctioneer to sell certain personal property that was not essential to the Debtor's operations.

d. Modern Tax Group LLC as property tax consultants.

e. CBIZ MHM, LLC as its accountants.

4. Formation of the Committee and Employment of Professionals.

The United States Trustee appointed a Committee of Unsecured Creditors ("the Committee") on March 30, 2016. The Committee has retained Levene, Neale, Bender, Yoo & Brill L.L.P. to represent it in Debtor's Chapter 11 case. The Committee has been active in the administration of Debtor's Chapter 11 case. Contact information for counsel for the Committee appears in the upper left hand corner of the first page of this Disclosure Statement, as the Committee is a co-proponent of this Plan.

Tiger Valuation Services, LLC was retained by the Committee pursuant to the Court's order entered November 28, 2016 to value the Debtor's personal property assets to determine whether a liquidation of the Debtor's assets would be in the best interests of general unsecured creditors.

5. Administrative Matters

The Debtor was required to address the various administrative matters attendant to the commencement of its bankruptcy case. Debtor participated in the Initial Debtor's Interview and Meeting of Creditors conducted by the United States Trustee. The Debtor has filed its Bankruptcy Schedules, Statement of Financial Affairs, materials required by the U.S. Trustee, Monthly Operating Reports and appears to be in substantial compliance with its administrative obligations in this case under 11 U.S.C. §§ 521, 1106 and 1107 and all applicable U.S. Trustee guidelines. The Debtor also attended the meeting of creditors required under 11 U.S.C. § 341(a).

6. Claims Bar Date

The Bankruptcy Court set a claims bar date in this case for April, 2016.

7. Debtor's Chapter 11 Plan.

On November 29, 2016, the Debtor filed the "Debtor's Plan of Reorganization Dated November 29, 2016" (the "Debtor's Plan") and its accompanying disclosure statement (the "Debtor's Disclosure Statement". The Debtor has set a hearing on the Debtor's Disclosure Statement for February 9, 2017.

II.

SUMMARY OF THE PLAN OF REORGANIZATION

The following is a summary of certain material portions of the Plan and is qualified in its entirety by reference to the Plan as a whole. Interested Parties are urged to read the Plan in its entirety. In the event of any conflict between the Plan and this summary, the provisions of the Plan shall control.

A. What Creditors and Interest Holders Will Receive Under the Plan.

As required by the Bankruptcy Code, the Plan classifies Claims and Equity Interests in

various classes according to their right to priority. The Plan states whether each class of Claims or Equity Interests is impaired or unimpaired. The Plan provides the treatment each Class will receive. A Claim or Equity Interest is classified in a particular Class only to the extent that it falls within the description of that class. To the extent that part of a Claim or Equity Interest falls within a different class description, the Claim or Equity Interest is classified in that different Class. The Committee anticipates that all Creditors of the Debtor shall be paid in full under the Plan from the proceeds of the sale of the Liquidating Trust Assets. To the extent that Creditors are not paid in full from the sale proceeds, the Liquidating Trustee will, in his business judgment and if appropriate, pursue any Post-Confirmation Estate Claims to attempt to recover additional funds for distribution to Creditors.

B. Benefits of the Committee's Plan and Why it is Superior to the Debtor's Plan.

1. The Committee Plan provides for faster and more certain payments to unsecured creditors, providing for full payment in a much shorter period of time than under the Debtor Plan. The Committee Plan provides an extremely simple mechanism to pay all creditors in full – the liquidation of the Debtor's assets by a third-party fiduciary. Indeed, the Debtor admits in its disclosure statement – and has insisted throughout this entire case – that the liquidation value of the Debtor's assets far exceed the claims filed against the Debtor.

The Debtor states that it "believes that the market value of its vehicles, equipment and machinery, and inventory is $11,661,750.38 at the present time" and that its liquidation value is 8,163,225.26. Debtor's Disclosure Statement, pg. 12, lns. 13 – 19. The Debtor further has accounts receivable as of October 31, 2016 of $887,193.84. Assuming a 50% discount in a liquidation scenario, the Committee estimates that the liquidation value of the Debtor's assets (based on the Debtor's admissions) is approximately $8,606,822.

On the other hand, the Debtor estimates that its liabilities are approximately $4,650,000 as follows:

Liability	Amount (approx.)	Cite
Secured	$2,500,000	Debtor's Disclosure Statement, pg. 10, lns. 15 – 17
Administrative	$150,000	Debtor's Disclosure Statement, pg. 10, lns. 1 – 5.
Unsecured	$2,000,000	Debtor's Disclosure Statement, pg.11, lns. 2 – 4.
Total	$4,650,000	

Based on the Debtor's estimates, the liquidation value of the Debtor's assets exceeds the liabilities against this bankruptcy estate by approximately $4 million. The Committee submits that a liquidation of the Debtor's assets would take no more than six months, that distributions to Allowed Claims could take place shortly thereafter, and that all creditors would be paid in full plus interest.

In contrast, under the Debtor's Plan, both secured and unsecured creditors will have to wait years before they would be paid in full (if ever). The Debtor's Plan pays each of its secured creditors over several years. Regarding unsecured creditors the Debtor alleges that they will receive their payments in installments of $500,000 on each March 1 and October 1 until paid in full.[1] This treatment raises many important issues for unsecured creditors to consider.

First, because it is likely that the Debtor's Plan would not be approved prior to March 1, 2017 (the initial hearing on its disclosure statement is not until February 9, 2017), the first $500,000 payment to general unsecured creditors would not be until October 1, 2017. Under the Committee Plan, it is anticipated that creditors will be paid in full by then.

Most disturbingly, however, is that the Debtor wholly fails to disclose credible information regarding the source of funds to make these payments, making its entire Plan vague and highly speculative. The sum total of the Debtor's disclosure in this regard is the following conclusory statement in the Debtor's Disclosure Statement:

> "Debtor's principals will make contributions of up to $2 million from March 1, 2017 through October 1, 2018 from which Debtor will be able to repay all

[1] See Debtor's Plan, Section 4.01, pg. 16, lns. 21 – 28.

> allowed general unsecured claims without any reference to the income generated by the operation of Debtor's business. The contributions will insure the feasibility of the Plan as it relates to general unsecured creditors. Copies of financial statements for the Debtor's principals will be made available to the Court, the United States Trustee, and the Committee and its attorney for in camera review if such review is requested."

Debtor's Disclosure Statement, pg. 13, lns. 18 - 24.

Given this lack of detail, how can creditors vote on the Debtor's Plan without knowing the crucial information regarding payment of the approximately $2 million of unsecured claims, including, but not limited to:

a. the identity of the insiders to make the payments;

b. the precise assets that will be liquidated to fund the payments;

c. when and how those assets will be liquidated and how;

d. the value of such assets and the likelihood of obtaining the proposed value upon liquidation; and

e. the trustworthiness of the financial statements to be provided.

In addition, what if the insider fails to timely liquidate its assets, or if the assets are insufficient to pay the obligations under the Debtor's Plan? What are the remedies available to unsecured creditors if the insider defaults on its obligations to pay unsecured creditors? Do unsecured creditors have to depend on the Debtor to take the necessary action against the defaulting insider – including commencing litigation – to enforce the Debtor's Plan? Is there any contractual or other legal obligation for the insider to perform its payment obligations under the Plan? It is not necessary to ask all the questions and identify the myriad issues and scenarios that are adverse to the best interests of unsecured creditors in the Debtor's Plan; however, these problems are alleviated by a liquidation of the Debtor's assets promptly by a third-party fiduciary.

2. The Committee Plan provides for the establishment of a Liquidating Trust to administer and liquidate the Debtor's assets for the benefit of all creditors. Further, an Oversight Committee, composed of the members of the Committee, will monitor compliance by the Liquidating Trustee with the terms of the Committee Plan and the Liquidating Trust Agreement (Exhibit "A" hereto). The Debtor's Plan has absolutely no provision for creditor monitoring, oversight, or enforcement with respect to the Debtor's compliance with its plan obligations.

3. The Liquidating Trust retains all cause of action against insiders. Although the Debtor's Plan does not have an actual release of potential litigation claims against the Debtor's owners, officer or directors – or other insiders – it does provide that such claims will be retained by the Debtor. The retention of these claims, as a practical matter, eliminates them. On the other hand, the Committee's Plan provides that such claims shall be controlled by a third-party fiduciary – the Liquidating Trustee. Therefore, if causes of action need to pursued against insiders of the Debtor to ensure payment in full to creditors, such may be pursued by the Liquidating Trustee without interference from the Debtor.

4. The Debtor's Plan also presumes that the Debtor is viable as a going concern. This is highly questionable. The Debtor has experienced operating losses for each month since the Petition Date. In addition, the Debtor's overall value has deteriorated substantially over the last year. As of the Petition Date, the Debtor had assets with a market value of $17,144,907.68. *See* Debtor's Disclosure Statement, pg. 4, lns. 22 – 24. As of October 31, 2016, however, the Debtor's asset value is only $13,919,694.43.[2] *See* October 2016 Monthly Operating Report, pg. 9 [Dkt. No. 573]. The Debtor further admits that it forecasts revenues of only approximately $15,875,000 for 22 months from March 1, 2017 through December 31, 2018.[3] This is only a

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[2] The Debtor has made approximately $1.4 million of payments to secured creditors (Debtor's Disclosure Statement, pg. 6, ln. 24); however, it is unclear precisely the amount of debt reduction that has occurred due to these payments as interest continues to accrue since the Petition Date.

[3] Debtor's Disclosure Statement, pg. 5, ln. 23.

fraction of the Debtor's historical revenues of over $30 million and $36 million in years 2013 and 2014, respectively.[4] The Committee Plan does not rely on the continued operations of the Debtor at all. Again, this makes the Committee Plan far more certain to pay creditors in full plus interest as provided.

C. Unclassified Claims

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. Therefore, the Debtor has not placed the following claims in classes:

1. Administrative Claims

Administrative claims are claims for costs or expenses of administering the Debtor's chapter 11 case which are entitled to priority under Bankruptcy Code Section 507(a)(2). The Bankruptcy Code requires that all allowed administrative claims be paid on the Effective Date, unless a particular holder of an allowed administrative claim agrees to a different treatment.

(a) Estimated Administrative Claims.

The following chart lists all of the Debtor's known administrative claims, in the amounts the Debtor estimate will be unpaid on the Effective Date, and their treatment under the Plan.

Name	**Amount Owed**	**Treatment**
Clerk's Office Fees	$0	Paid in full on the Effective Date.
Office of the U.S. Trustee Fees	$0	Paid in full on the Effective Date.
Law Office of Leonard Welsh, bankruptcy counsel for the Debtor	$75,000 (est.) (After application of prior payments.)	Paid in full on the later of (1) the Effective Date, (2) the date the Court allows such fees and expenses pursuant to a final order; or (3) if insufficient funds are available under options (1) or (2), at such time when funds are available to be distributed by the Liquidating Trustee.

[4] Debtor's Disclosure Statement, pg. 3, ln. 16. These gross revenues were for 12 month periods, as opposed to the 22-month period forecasted by the Debtor.

Name	Amount Owed	Treatment
Levene, Neale, Bender, Yoo & Brill L.L.P., counsel to the Committee	$150,000 (est.) (After application of prior payments.)	Paid in full on the later of (1) the Effective Date, (2) the date the Court allows such fees and expenses pursuant to a final order; or (3) if insufficient funds are available under options (1) or (2), at such time when funds are available to be distributed by the Liquidating Trustee.
Alexander & Assocs. (Special Litigation counsel for the Debtor)	$35,000 (est.) (After application of prior payments.)	Paid in full on the later of (1) the Effective Date, (2) the date the Court allows such fees and expenses pursuant to a final order; or (3) if insufficient funds are available under options (1) or (2), at such time when funds are available to be distributed by the Liquidating Trustee.
Modern Tax Group	$15,000 (est.) (After application of prior payments.)	Paid in full on the later of (1) the Effective Date, (2) the date the Court allows such fees and expenses pursuant to a final order; or (3) if insufficient funds are available under options (1) or (2), at such time when funds are available to be distributed by the Liquidating Trustee.
CBIZ (Accountants for the Debtor)	$15,000 (est.) (After application of prior payments.)	Paid in full on the later of (1) the Effective Date, (2) the date the Court allows such fees and expenses pursuant to a final order; or (3) if insufficient funds are available under options (1) or (2), at such time when funds are available to be distributed by the Liquidating Trustee.
TOTAL	$290,000 (est.)	

The administrative claim amounts set forth above represent only the Debtor's best estimate as to the amount of allowed administrative claims in the Debtor's case for professionals,

based upon information provided by the administrative claimants and information in the possession or control of the Debtor. The actual amount of allowed administrative claims may be higher or lower, and will include unpaid creditors with home the Debtor did business after the Petition Date.

(b) Final Administrative Claim Bar Date.

Except for administrative claims for Professional Fees and as otherwise provided in the Plan, unless previously Filed or paid, requests for payment of Administrative Expense Claims incurred on and after Petition Date must be Filed and served on the Liquidating Trustee and counsel to the Oversight Committee, pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order, no later than 30 days after the Effective Date (the "**Final Administrative Claims Bar Date**"); provided, however, that the Final Administrative Claims Bar Date may be extended from time to time upon the mutual agreement of the Liquidating Trustee and the applicable holder of an Administrative Expense Claim or pursuant to an order of the Bankruptcy Court. Holders of Administrative Expense Claims that are required to File a request for payment of such Administrative Expense Claims and that do not File such a request by the applicable Administrative Claims Bar Date will be forever barred from asserting such Administrative Expense Claims against the Debtor and the Liquidating Trust and their respective property, and such Administrative Expense Claims will be deemed discharged as of the Effective Date. Unless extended by the Bankruptcy Court or by agreement of the Liquidating Trustee and the Filing party, objections to such requests must be Filed and served on the Liquidating Trustee and the requesting party by the later of (a) 120 days after the Effective Date or (b) sixty (60) days after the Filing of the applicable request for payment thereof.

(c) Professional Fee Claims Bar Date

Before they may be paid, the Bankruptcy Court must approve and allow all unpaid fees and expenses of professionals employed at the expense of the Debtor's bankruptcy estate. For all professional fees and expenses, the professional in question must file and serve a properly noticed final fee application and the Court must rule on the application. Only the amount of fees and expenses allowed by a final order of the Bankruptcy Court will be paid under the Plan. By

voting to accept the Plan, Creditors are not acknowledging the validity of, or consenting to the amount of, the allowed administrative claim of any professional employed at the expense of the Debtor's bankruptcy estate, and creditors are not waiving any of their rights to object to the allowance of any of the administrative claims asserted by such professionals.

Professionals or other Persons asserting a Professional Fee Claim for services rendered to the Estate before the Effective Date must File and serve on the Liquidating Trustee and such other Persons who are designated by the Bankruptcy Rules, the Confirmation Order, or other order of the Bankruptcy Court an application for final allowance of such Professional Fee Claim, as it relates to services provided to the Estate prior to the Effective Date, no later than forty-five (45) days after the Effective Date (the "**Professional Fee Claims Bar Date**"); provided, however, that the Professional Fee Claims Bar Date may be extended from time to time upon the mutual agreement of the Liquidating Trustee and the applicable Professional Person or pursuant to an order of the Bankruptcy Court. Professionals shall consult and agree, as reasonably practicable, with respect to the date, time and place of the hearing date on their final fee applications in the interests of judicial economy.

Unless extended by the Bankruptcy Court, objections to any Professional Fee Claim must be Filed and served on the Liquidating Trustee and the requesting party in accordance with applicable Local and Federal Bankruptcy Rules. If a request for payment of a Professional Fee Claim is not made by the applicable Professional Fee Claim Bar Date, such Claim will be forever barred against the Debtor and the Liquidating Trust and their respective property, and such Professional Fee Claims will be deemed discharged as of the Effective Date. Professional Persons may obtain payment of reasonable fees and expenses incurred subsequent to the Effective Date for the preparation and prosecution of an application for final allowance of a Professional Fee Claim by submitting an invoice to the Liquidating Trustee and its counsel on or after the date that the Bankruptcy Court enters an order granting such application; provided, however, that (a) the Liquidating Trustee shall have the right to object to any such invoice, (b) to the extent that the Liquidating Trustee and the applicable Professional Person are unable to resolve any such objection, the matter may be set for hearing before the Bankruptcy Court on not

less than thirty (30) days' notice, and (c) the Liquidating Trustee shall not be required to pay any particular fees and expenses that are the subject of an unresolved objection unless and until the Bankruptcy Court so orders.

2. Priority Tax Claims

The Liquidating Trustee shall have the authority to employ a tax professional to determine the tax liability of the Debtor's bankruptcy estate and the Liquidating Trust, if any. As of the filing of this Plan , no proofs of claim have been filed with respect to any priority tax claim, nor are any listed in the Debtor's Schedules.

D. Classified Claims and Interests

The categories of Claims listed below classify Allowed Claims for all purposes, including voting, confirmation, and distribution pursuant to the Plan:

1. Class 1: Non-Tax Priority Claims.

Classification: Class 1 consists of all Claims entitled to priority in right of payment under section 507(a) of the Bankruptcy Code, except Priority Tax Claims and Administrative Expense Claims. The Plan Proponent is informed that no such claims exist.

Treatment: To be paid in full from proceeds of sale of Property.

2. Classes 2 through 41: Allowed Secured Claims

The below sets forth the allowed secured claims in this case and their treatment under the Plan.

Class No.	Secured Creditor	Collateral	Amount[5]	Treatment	Impairment
2	Ally Financial	2011 GMC Sierra Truck (VIN 1256)[6]	$10,939.90	Paid in full	Yes
3	Ally Financial	2012 Dodge Ram Truck (VIN 7377)	$9,475.08	Paid in full	Yes
4	Ally Financial	2012 Dodge Ram Truck (VIN 4833)	$15,203.71	Paid in full	Yes
5	Ally Financial	2012 Dodge Ram Truck (VIN 8022)	$20,787.28	Paid in full	Yes
6	Ally Financial	2012 Dodge Ram Truck (VIN 0786)	$15,020.97	Paid in full	Yes
7	Ally Financial	2011 Dodge Ram Truck	$20,645.40	Paid in full	Yes

[5] Amounts are as of Petition Date unless otherwise stated.
[6] Last four digits of vehicle identification number ("VIN").

		(VIN 2401)			
8	Ally Financial	2013 GMC Sierra Truck (VIN 7593)	$29,796.20	Paid in full	Yes
9	Ally Financial	2014 Ford Truck (VIN 6063)	$32,216.22	Paid in full	Yes
10	Ally Financial	2014 Ford Truck (VIN 6064)	$32,216.22	Paid in full	Yes
11	Ally Financial	2014 Dodge Ram Truck (VIN 1171)	$36,364.88	Paid in full	Yes
12	Ally Financial	2014 GMC Sierra Truck (VIN 1481)	$28,411.84	Paid in full	Yes
13	Ally Financial	2013 Chevrolet Silverado Truck (VIN 5496)	$20,668.71	Paid in full	Yes
14	Ally Financial	2015 GMC Sierra Truck (VIN 8707)	$43,552.01	Paid in full	Yes
15	Ally Financial	2012 Dodge Ram Truck (VIN 7356)	$9,204.08	Paid in full	Yes
16	Bank of America	Three Volant Gatorback Case Running Tool Systems	$57,173 (as of 8/30/16)	Paid in full	Yes
17	Bank of America	Various Volant CRT-2-500 Tools	$144,961.70 (as of 8/30/16)	Paid in full	Yes
18	Bank of America	4 Farr Hydrolic Power Tongs	$94,393.59 (as of 8/30/16)	Paid in full	Yes
19	Bank of America	FG5 Body Assy Hydraulic and two Farr Hydrolic Tools	$98,591.49 (as of 8/30/16)	Paid in full	Yes
20	Bank of America	Volant CRTi 2.5.5 Base Tool	$320,947.90	Paid in full	Yes
21	Bank of America	Tool Push Stock Trailers, Elevators, Torques and Casing Tongs	$303,414.77 (as of 8/30/16)	Paid in full	Yes
22	Bank of America	Genesis Model 22 Pickup/Lay Down Machine	$83,154.75 (as of 8/30/16)	Paid in full	Yes
23	Bank of America	HYC Elevator, various Volant Oil Tool Equipment	$58,743.71 (as of 8/30/16)	Paid in full	Yes
24	Santander Consumer dba Chrysler Capital	2014 Dodge Ram Truck	$44,467.86	Paid in full	Yes
25	Ford Motor Credit	2011 Ford Truck (VIN 1819)	$7,742.99	Paid in full	Yes
26	Ford Motor Credit	2011 Chevrolet Truck (VIN4636)	$23,079.47	Paid in full	Yes
27	Ford Motor Credit	2015 Ford Truck (VIN 5207)	$53,407.84	Paid in full	Yes
28	PACCAR Financial Corp.	2013 Peterbilt Truck (VIN 1819)	$112,261.18	Paid in full	Yes

29	Sierra Process Systems, Inc.	1981 Cessna Citation 550 airplane	$247,490.48	Paid in full	Yes
30	Well Fargo Equipment Finance	2013 International Truck (VIN 9292)	$58,158.24	Paid in full	Yes
31	Well Fargo Equipment Finance	2013 International Truck (VIN 3402)	$26,520.48	Paid in full	Yes
32	Well Fargo Equipment Finance	2014 International Truck (VIN 2081)	$47,572.48	Paid in full	Yes
33	Siemens Financial	2010 International Truck (VIN 9142)	$30,205.95	Paid in full	Yes
34	BMO Harris Bank	2015 International Truck (VIN 2310)	$45,074.29	Paid in full	Yes
35	BMO Harris Bank	2014 International Truck (VIN 8476)	$48,878.84	Paid in full	Yes
36	BMO Harris Bank	2010 International Truck (VIN 1302)	$41,053.82	Paid in full	Yes
37	Hitachi Capital America, Corp.	2012 Dodge Ram Truck (VIN 2076)	$21,669.12 (as of 3/15/16)	Paid in full	Yes
38	Hitachi Capital America, Corp.	2012 Dodge Ram Truck (VIN 2077)	$21,669.12 (as of 3/15/16)	Paid in full	Yes
39	Hitachi Capital America, Corp.	2013 International Truck (VIN 3543)	$22,219.41 (as of 3/15/16)	Paid in full	Yes
40	Hitachi Capital America, Corp.	2013 International Truck (VIN 0964)	$27,039.35 (as of 3/15/16)	Paid in full	Yes
41	Merritt Enterprises	Purchased equipment	$113,020.66	Paid in full	Yes

3. Class 42: Allowed General Unsecured Claims.

Classification: Class 42 consists of Allowed General Unsecured Claims.

Treatment: To be paid in full from proceeds of sale of Property with interest at the Federal judgment rate, calculated from the Petition Date. According to the Debtor's Plan, the Debtor disputes the following claims, all of which shall be treated as Disputed Claims until resolved:

Creditor	Amount	Type of Claim
Ivan Medrano	$187,127.20	General Unsecured
Jesus Cabrera	$187,127.20	General Unsecured
David Melgoza	$187,127.20	General Unsecured
Leopoldo Alvarez	$101,037.20	General Unsecured
UC One, LLC	$100,740.00	General Unsecured
TOTAL	$763,158.00	

4. Class 43: Equity Interests.

Classification: Class 43 consists of all equity interests in the Debtor.

Treatment: All equity interests in the Debtor are preserved under the Plan.

E. Means of Effectuating the Plan and Implementation of the Plan.

The Plan contemplates that all remaining funds and causes of action of the Estate will be transferred to the Liquidating Trust, which is created for the holders of Claims entitled to distribution under the Plan and which operates according to the Liquidating Trust Agreement, which is attached hereto as Exhibit A. The Liquidating Trustee will be chosen by filing the Committee by filing a notice of designation no later than ten (10) calendar days prior to the date of the Confirmation Hearing. The Liquidating Trustee will liquidate all assets of the Debtor and distribute cash on hand and sale proceeds to Creditors as provided in the Plan.

1. The Liquidating Trust.

The Liquidating Trust will be established, as of the Effective Date, for the benefit of all Beneficiaries. The Liquidating Trust Agreement shall be subject to Court approval as part of the Plan Confirmation Order, and after such approval, executed by the Committee and by the Liquidating Trustee, which signatures shall be effective as of the Effective Date. The Liquidating Trust shall be a grantor trust established for the primary purpose of liquidating the Liquidating Trust Assets on behalf of the Beneficiaries in accordance with U.S. Treasury Regulations section 301.7701-4(d). The Liquidating Trust will be organized for the purpose of identifying, recovering, preserving, monitoring, liquidating and disposing of the Liquidating Trust Assets in a manner

designed to maximize the value, which may take into consideration the net present value, at a reasonable discount rate, of the Liquidating Trust Assets, with no objective to continue or engage in the conduct of a trade or business. For federal income tax purposes, all parties (including, without limitation, the Debtor, the Liquidating Trustee and the Beneficiaries) shall treat the transfer of Liquidating Trust Assets to the Liquidating Trust in accordance with the terms of the Plan as a transfer to the Beneficiaries, followed by a transfer by such Beneficiaries to the Liquidating Trust, and the Beneficiaries shall be treated as the grantors and owners thereof.

On the Effective Date and except as otherwise provided in this Plan, the Debtor shall be deemed to have transferred all of the Liquidating Trust Assets to the Liquidating Trust. The Liquidating Trustee shall identify, recover, preserve, monitor, receive, liquidate and distribute the Liquidating Trust Assets in accordance with the Liquidating Trust Agreement and this Plan, subject to the Confirmation Order.

As soon as practicable after the Effective Date, the Liquidating Trustee shall apprise the Beneficiaries of the estimate of the value of the Liquidating Trust Assets vested in the Liquidating Trust upon written request of any such Beneficiary. Such estimate of value shall be used consistently by all parties for all federal income tax purposes. The purpose of the estimated valuation is to comply with the general criteria for obtaining an IRS ruling that an entity created pursuant to a confirmed chapter 11 plan will be classified as a grantor trust. Any dispute regarding the estimated valuation of the Liquidating Trust Assets shall be resolved exclusively by the Bankruptcy Court. For the avoidance of doubt, the Liquidating Trustee is not required to seek or obtain any such IRS ruling. The Liquidating Trustee may rely on the record in the case, including the Debtor's Bankruptcy Schedules, with respect to valuing the Liquidating Trust Assets for these purposes and need not obtain an independent appraisal or valuation of the Liquidating Trust Assets.

The Liquidating Trust is not a successor of the Debtor and, except as expressly provided herein, shall not have liability for any Claim, right or action of any third party that is based on any theory of successor liability or similar legal theory or doctrine. To the extent there are any

inconsistencies between the Liquidating Trust Agreement and the Confirmation Order, or the Plan and the Confirmation Order, the terms of the Confirmation Order shall be controlling. In the event of any inconsistency between the Liquidating Trust Agreement and the Plan, the Plan shall be controlling.

2. Vesting of Assets.

On the Effective Date and except for the Cash necessary for the Debtor to pay all Effective Date Payments, all of the Liquidating Trust Assets shall automatically vest in the Liquidating Trust free and clear of all Liens, Claims, encumbrances, and other interests and shall thereafter be administered, liquidated by sale, collection, recovery, or other disposition and distributed by the Liquidating Trust in accordance with the terms of the Liquidating Trust Agreement.

3. The Liquidating Trustee.

The Liquidating Trustee shall administer the Liquidating Trust pursuant to the Plan and the Liquidating Trust Agreement, and shall perform all of the obligations of the Liquidating Trustee under the Plan and the Liquidating Trust Agreement. The Liquidating Trustee shall, for all purposes be the authorized representative of the Liquidating Trust. The Liquidating Trustee shall serve without bond for the duration of the Liquidating Trust, subject to earlier death, resignation, incapacity or removal as provided herein and in the Liquidating Trust Agreement.

a) Appointment.

The Committee's appointment of the Liquidating Trustee shall be effective as of the Effective Date. The Committee shall file a notice of the appointment of the Liquidating Trustee with the Court. A Successor Liquidating Trustee(s) shall be appointed as set forth in the Liquidating Trust Agreement.

b) Term.

Unless the Liquidating Trustee resigns or dies earlier, the Liquidating Trustee's term shall expire upon termination of the Liquidating Trust.

4. Authority of the Liquidating Trustee to Manage Liquidating Trust Assets.

The Liquidating Trustee shall be vested with full and complete authority and power, without any further action or Bankruptcy Court order, to manage and administer the Liquidating Trust Assets (including, without limitation, liquidating the Liquidating Trust Assets and compromising Claims), to implement the Plan, and to make the Distributions provided for under the Plan, consistent with the Plan. As of the Effective Date, the Liquidating Trustee may manage and administer the Liquidating Trust Assets without any further order of the Bankruptcy Code, or notice to any Person, unless expressly provided for in the Plan or the Confirmation Order. Nothing herein or in the Plan shall preclude the Liquidating Trustee from requesting an order of the Bankruptcy Court with respect to any manner regarding the implementation of the Plan, and the Bankruptcy Court shall retain jurisdiction to consider any such request(s).

5. Effective Date Funding.

On the Effective Date, the funds remaining after making the Effective Date payments, will be used to pay for cost of administering the Liquidating Trust Assets and, as funds are available, to establish Post-Confirmation Reserves for Administrative Expense Claims and Disputed Claims.

All Distributions on or after the Effective Date under the Plan shall be made by the Disbursing Agent. Unless the Bankruptcy Court shall order otherwise, the Disputed Claims Reserves shall be deemed to be fully funded at such time as the aggregate cash value thereof is equal to the aggregate amount of the maximum Distribution to which all holders of Disputed Claims would be entitled if all such Disputed Claims were allowed in the full amount set forth in the Claims Filed by such holders.

6. Distributions Under the Plan.

a. Distributions shall be made from Sale Proceeds and Cash on Hand.

The Disbursing Agent shall make distributions to Creditors based on their Allowed Claims pro rata in order of their statutory priority under 11 U.S.C. § 507 and other applicable law. The timing and amount of Distributions to each Class of Beneficiaries shall be in the sole

discretion of the Liquidating Trustee in the exercise of his business judgment, in consultation with the Oversight Committee. Pending payment in full to any Creditor, the Liquidating Trustee shall be authorized to pay Liquidating Trustee Professionals Representatives from cash on hand in the ordinary course of business without need for additional approval of the Court. The Liquidating Trustee is authorized to create a reserve for funds as are necessary to ensure that pay all Liquidating Trustee and Professionals fees and expenses to complete all administrative tasks associated with the Liquidating Trust until the later of (1) the termination of the Liquidating Trust or (2) all legal and administrative tasks attendant to administration of the Liquidating Trust and the Liquidating Trust Assets are completed. The Oversight Committee shall have standing to seek an order from the Court if there is a disagreement with the Liquidating Trustee regarding the timing of any Distribution.

b. No Distributions to Non-Filing Parties.

Pursuant to Bankruptcy Rule 3003(c)(2), (a) no distribution, under the Plan or otherwise, shall be made to any Non-Filing Party, and (b) any and all Claims of all Non-Filing Parties shall be disallowed.

c. Liquidating Trust Assets remaining after all Distributions to be made under the Plan shall be paid to Debtor.

If Liquidating Trust Assets remain in the Liquidating Trust after all Disputed Claims are resolved and Distributions to Creditors are made as required by the Plan, then such cash shall be remitted by the Disbursing Agent to the Debtor.

7. Other Provisions Regarding Distributions and Rights to Distributions.

All Cash distributions on account of Allowed Claims shall be made by the Disbursing Agent from the Liquidating Trust Assets (including, without limitation, the Post-Confirmation Reserves). Except as otherwise set forth in the Plan, the Disbursing Agent shall make all distributions of Cash and property pursuant to the Plan on the Effective Date or as soon thereafter as is practicable; provided, however, that: (a) no distributions will be made on a Claim unless it is an Allowed Claim or, in the case of a Disputed Claim, an order of the Bankruptcy

Court has been entered estimating the Claim for purposes of distribution; and (b) distributions on Allowed Claims may be delayed (i) to ensure that sufficient funds remain in the Liquidating Trust for the operations of the Liquidating Trust in the sole business judgment of the Liquidating Trustee or (ii) as a result of the allowance or estimation of, Disputed Claims, or the expiration of time for filing a proof of Claim.

a. Manner of payment

Any payment of Cash made by the Disbursing Agent pursuant to the Plan may be made either by check drawn on a domestic bank or by wire transfer from a domestic bank, at the option of the Disbursing Agent. Any distribution under the Plan of property other than Cash shall be made by the Disbursing Agent in accordance with the terms of the Plan.

b. Setoff

The Liquidating Trustee may, but shall not be required to, set off against any Claim, and the payments to be made pursuant to the Plan in respect of such Claim, any cause of action whatsoever the Liquidating Trust or Estate may have against the holder of such Claim, including, without limitation, any Estate Causes of Action, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Liquidating Trust or the Estate of any such claim the Debtor, the Liquidating Trust or the Estate may have against such holder.

c. Unclaimed Distributions

Except as otherwise provided in the Plan, any Distribution under the Plan which is unclaimed after 120 days following the Final Distribution shall be deemed abandoned and available to fund other Distribution(s). For such purposes, a Distribution shall be delivered as provided for in section II.E.7.e, below.

d. De minimus payments

No Cash payment of less than ten dollars ($10.00) shall be required to be made by the Disbursing Agent to any holder of a Claim.

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e. Holders of record/Reliance of Disbursing Agent on Beneficiaries of record on Court docket as of the Confirmation Date

On the Confirmation Date, there shall be no further changes in the holders of record of Claims. The Disbursing Agent shall not recognize any transfer of Claims occurring after the Confirmation Date, but shall instead be entitled to recognize and deal for all purposes with only those holders of record stated on the applicable transfer ledgers on the docket of Claims for the Chapter 11 Case as of the Confirmation Date.

For purposes of all notices and Distributions under the Plan, the Disbursing Agent shall be entitled to rely on the name and address of the holder of each Claim as specified by, and Distributions to holders of Claims shall be made by regular U.S. first class mail to, the following addresses: (1) the address set forth on the respective Filed proof of Claim of such holder; (2) the address set forth in any written notice of address change delivered by the holder to the Disbursing Agent after the date of any related Filed proof of Claim, or (3) the address reflected on the Schedules if no proof of Claim is Filed and the Disbursing Agent has not received a written notice of a change of address. The Disbursing Agent shall be under no duty to attempt to locate holders of Allowed Claims who are entitled to unclaimed Distributions. The date of delivery shall be the date an item is provided to the United States Postal Service for delivery by first class mail.

f. Holiday and weekend Distributions

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

8. Claims Covered By Insurance.

Any Claim which has available as a source of payment either an insurance policy issued to the Debtor or the Liquidating Trustee or in which the Debtor, the Liquidating Trust or the Estate has any rights as named insured or beneficiary, including but not limited to general

liability, workers compensation, and automobile insurance (a "**Covered Claim**"), shall receive Distributions pursuant to this section.

a. Authorized Insurance Payments.

If a Claimant has stipulated in writing that it waives any right to distribution under the Plan as to such Covered Claim, the claimant may pursue an action against the insurer and receive payment in respect of such Claim from said insurer without further order of the Bankruptcy Court. If there is no such written stipulation by the claimant and the allowed amount of the Claim has not been determined by judicial determination or agreement with the Debtor, Committee or Liquidating Trustee, the Claim shall be allowed (x) as a general unsecured claim (i) in the amount asserted by the claimant to the extent that such claim is less than $50,000 or (ii) in the amount of $50,000 to the extent such claim is greater than $50,000, (y) unless the Trustee timely objects to the allowance of the Claim or the claimant seeks an order of the Bankruptcy Court estimating such Claim in different amount, (z) and such allowed amount shall be without prejudice to the rights of the claimant in respect of any insurance coverage.

b. Relief Regarding Insufficient Insurance Coverage.

Any holder of a Covered Claim which has not been paid or disallowed or any insurer may seek an order from the Bankruptcy Court authorizing the insurer to exercise either of the following two (2) payment options:

i. Option A: The insurer shall pay the amount of the Covered Claim (up to the amount of policy limits) to the claimant if the Bankruptcy Court estimates that total Claims will not exceed the limits of the policy at issue and authorizes payment; or

ii. Option B: The insurer shall pay the amount of the Covered Claim (up to the amount of the policy limit) to the Estate for Pro Rata Distribution to all holders of Covered Claims whose Claims are insured by the particular insurance policy at issue. Upon said payment, all suits against the insurer based upon, arising out of, or related to the Claim for which payment was made shall be enjoined. The funds paid to the Estate under this section shall be deposited in a separate account, which shall be interest-bearing if possible, and held for payment of only those Allowed Claims which are covered by the insurance policy at issue and

Distribution of funds in this account shall be made only when and on such terms as the Bankruptcy Court authorizes.

c. Procedure for holder of Covered Claim.

Any party authorized to seek relief under this section must seek such relief by Filing a motion in the Bankruptcy Court for an order authorizing payment or Distribution under this section, on notice to those Persons on the Post-Effective Date Limited Notice List, the claimant, and the applicable insurance company.

d. Credit for Insurance Payments.

Each Allowed Claim shall be reduced by all payments that the holder of said Allowed Claim receives pursuant to any insurance policy.

e. Coverage Denied.

i. If an insurer denies coverage of an Allowed Claim, that Claim shall be treated as an Allowed Claim in accordance with the Plan.

ii. If the Estate or the Trust obtains a recovery from an insurer for an Allowed Claim for which coverage was earlier denied, and the claimant has previously received a Distribution of Cash from the Estate or Trust on account of its Allowed Claim, such Distribution shall be credited against the amount of the Distribution to which such Allowed Claim is entitled under Section II.E.6.f. below and, to the extent that the insurance recovery plus the prior Distribution exceeds the total Distribution to which such Allowed Claim in entitled, any surplus shall be retained by the Trust.

f. Calculation of Claim for Distributions.

In the event a Holder of an Allowed Claim receives payment from an insurance policy and the Holder thereof also seeks Distributions of Cash from the Estate, then the aggregate of (a) all payments received on account of said Covered Claim from any insurance, plus (b) Distributions of Cash from the Estate on account of said Allowed Claim, shall not exceed (c) an amount equal to the Cash said Allowed Claim would have been entitled to hereunder.

9. Issuance and Execution of Plan Related Documents; Corporate Action.

On the Effective Date, all actions contemplated by the Plan shall be deemed authorized and approved in all respects (subject to the provisions of the Plan). The Liquidating Trustee shall be authorized to take all corporate actions, and make all filings, as necessary and appropriate to effectuate the Plan. All matters provided for under the Plan involving the structure of the Liquidating Trust and any action required by the Liquidating Trust in connection with the effectiveness of the Plan shall be deemed to have occurred and shall be in effect pursuant to the Bankruptcy Code, without any requirement of further action or Bankruptcy Court approval.

10. Transfer Taxes.

Pursuant to section 1146(c) of the Bankruptcy Code, the sale by the Liquidating Trust of Liquidating Trust Assets shall not be taxed under any law imposing a stamp tax, recording tax, transfer tax or similar tax.

11. Compensation of the Liquidating Trustee and Post-Confirmation Employment of Professionals.

Without further order or approval of the Court, the Liquidating Trustee shall be compensated in accordance with his customary billing procedures at his customary hourly rate using his customary procedure for payment of fees and reimbursement of expenses. The Liquidating Trustee may use (and compensate) his own employees or employ or contract with (and pay) other Persons to assist in or perform the management of the Liquidating Trust Assets, the implementation of the Plan and the Distributions under the Plan, without further order or approval of the Bankruptcy Court.

The Liquidating Trustee and/or the Liquidating Trust is authorized to employ, without Bankruptcy Court approval, such persons, including Levene, Neale, Bender, Yoo & Brill, LLP ("LNBYB") and other Professional Persons, as he may deem necessary to enable them to perform the functions hereunder, and the costs of such employment and other expenditures arising from and after the Effective Date shall be paid by the Liquidating Trust from Liquidating Trust Assets without need for approval of the Bankruptcy Court. If a conflict arises with respect

to LNBYB's representation of the Liquidating Trustee, then the Liquidating Trustee shall either obtain a waiver of such conflict in accordance with applicable law or will employ special counsel with respect to the matter in which a conflict exists.

12. Prosecution Of Estate Causes Of Action.

Pursuant to the Confirmation Order, on the Effective Date, all Estate Causes of Action shall be Liquidating Trust Assets and the Liquidating Trustee shall have the full power and authority to prosecute, compromise or otherwise resolve any and all such Estate Causes of Action, with all recoveries derived therefrom to be Liquidating Trust Assets; provided, however, the Liquidating Trustee shall seek approval of the Bankruptcy Court of any compromise of any Cause of Action where the amount in dispute is equal to or in excess of $100,000. The Liquidating Trustee shall have the same powers to commence litigation of the Estate Causes of Action as the Estate as of the Confirmation Date. Any and all fees, costs and expenses incurred in respect of the prosecution of such Estate Causes of Action shall be payable and paid from the Liquidating Trust Assets.

13. Oversight Committee; Powers of Oversight Committee.

From and after the Effective Date through the date of its termination, the Oversight Committee shall have the authority and power to: (i) monitor the Liquidating Trustee's implementation of the Plan; (ii) receive the information as set forth herein and review the same with the Liquidating Trustee; and (iii) appear on any matter brought before the Bankruptcy Court by any party other than the Oversight Committee. As of the Effective Date the Oversight Committee shall be deemed to be appointed and shall consist of the same members as the Committee. The Oversight Committee shall continue after the Effective Date and shall exercise the rights and powers set forth herein. The Oversight Committee may adopt Oversight Committee Bylaws for purposes of internal governance, so long as such Oversight Committee Bylaws are not inconsistent with the Plan and the Confirmation Order.

The covenants and obligations of the Oversight Committee and its members shall only be those specifically set forth in the Plan or Bankruptcy Court orders. If a conflict arises between the Oversight Committee and the Liquidating Trustee, the Oversight Committee may employ

another Professional with respect to such conflict. Otherwise, the Oversight Committee shall not employ counsel; however, the Oversight Committee may consult with counsel for the Liquidating Trust if no conflict exists.

In the exercise or administration of any powers granted under the Plan, or in the performance of any of the Oversight Committee's duties and obligations in connection therewith, the Oversight Committee may consult with and act directly or through any Professional. Neither the Oversight Committee nor its members shall be liable for anything done, suffered or omitted in good faith in accordance with the advice or opinion of any professional, so long as such advice or opinion pertains to matters that the Oversight Committee may reasonably presume to be within the scope of such professional's expertise.

Oversight Committee members shall serve without compensation, but shall be entitled to reimbursement of their reasonable and necessary out of pocket expenses. The Oversight Committee shall have no duties or obligations to the Estate or the Liquidating Trust except as set forth herein and the Confirmation Order.

From time to time after the Effective Date, the Oversight Committee may employ, engage the services of, and compensate other Persons and professionals (which may, but need not, include Professional Persons previously or currently employed in this Chapter 11 Case), reasonably necessary to assist the Oversight Committee in performing its duties under the Plan. Court approval is not need in connection with the retention and compensation of any Professional by the Oversight Committee. Professionals retained by the Oversight Committee, if any, shall be entitled to payment by the Liquidating Trust of their post-Effective Date reasonable and customary fees and reimbursement of reasonable expenses on a monthly basis in arrears.

a. Replacement and Removal of Oversight Committee Members.

Oversight Committee members shall have the right to resign upon ten (10) days' written notice to the Oversight Committee. In addition, Oversight Committee members may be removed for cause by a majority vote of the Oversight Committee (not including the affected member) and written notice. The Oversight Committee may determine that there is cause to

remove a member if a majority of the entire Oversight Committee (not including the named member) finds there is cause. Cause shall include, but is not limited to:

(i) Intentional violation of Oversight Committee Bylaws;

(ii) Willful failure to disclose to the Oversight Committee facts that give rise to a conflict of interest in any matter upon which the Oversight Committee member participates in Oversight Committee deliberations or voting;

(iii) The member no longer holds an unsecured Claim against the Estate;

(iv) The designated representative of the Oversight Committee member frequently fails to participate (by telephone or in person) in Oversight Committee meetings and telephone conferences, and the Oversight Committee in good faith believes that holders of Beneficial Interests would be better served by a replacement; or

(v) The presence of circumstances that makes the member incapable of representing the interests of holders of Beneficial Interests.

Any dispute between the Oversight Committee and the removed member with respect to whether cause for removal exists shall be determined by the Bankruptcy Court. Upon resignation or removal, the Oversight Committee member shall be discharged from that member's duties. Such discharge from duties as an Oversight Committee member shall become effective upon the appointment of a successor member in accordance with the Plan.

b. Advice of Professionals.

In the exercise or administration of any powers granted under the Plan, or in the performance of any of the Oversight Committee's duties and obligations in connection therewith, the Oversight Committee may consult with and act directly or through any professional. Neither the Oversight Committee nor its members shall be liable for anything done, suffered or omitted in good faith in accordance with the advice or opinion of any professional, so long as such advice or opinion pertains to matters that the Oversight Committee may reasonably presume to be within the scope of such professional's expertise.

The Oversight Committee shall be dissolved and its members discharged upon the earliest of (a) payment of the final Distribution to holders of Allowed Class 42 General

Unsecured Claims provided for in the Plan the timing of which shall be communicated in writing by the Liquidating Trustee to the Oversight Committee; and (b) resignation of all Oversight Committee members without any successor member appointed.

14. Closing of the Chapter 11 Case.

When all Disputed Claims become Allowed Claims or have been disallowed and all Distributions required under the Plan have been made in accordance with the terms hereof, the Liquidating Trustee shall seek the entry of a Final Decree; however, that the Liquidating Trustee may seek a Final Decree prior to such time.

F. Provisions for Treatment of Disputed, Contingent or Unliquidated Claims, Administrative Expense Claims, and Post-Confirmation Expenses and Reserves.

1. Post-Confirmation Reserves.

On the Effective Date, or as soon thereafter as is practicable depending on the funds generated by sale or other disposition of Liquidating Trust Assets, the Disbursing Agent shall establish the following reserve accounts: (a) a reserve (the "**Administrative Expense Claim Reserve**"), on account of, and for the benefit of holders of, Disputed Administrative Expense Claims, in an amount reasonably estimated by the Disbursing Agent; (b) a reserve (the "**Disputed Claim Reserve**"), on account of, and for the benefit of holders of, Disputed Claims, equal to the aggregate Pro-Rata amount that would be distributed to the holders of all such Disputed Claims at the time of any initial or subsequent Distribution to holders of Allowed Claims in the same Class if such Disputed Claims were allowed in the amounts set forth in the Claims filed by, or listed in the Schedules with respect to, such holders; and (c) such other reserve accounts as the Liquidating Trustee determines are necessary in his business judgment. Collectively, the reserves described in the preceding sentence are referred to herein as the "**Post-Confirmation Reserves**."

The Post-Confirmation Reserves shall be held in trust for the benefit of the respective beneficiaries thereof, as their respective interests may appear, pending determination of their respective entitlement thereto or as provided for in the Plan; provided, however, any funds

therein remaining after payment of (or reserve for) the Distributions to be made under the Plan for which such reserves were established shall be Liquidating Trust Assets. No reserve shall be required for any Disputed Claim or Disputed Administrative Expense Claims to the extent of any effective insurance coverage therefore.

The Administrative Expense Claim Reserve and the Disputed Claim Reserve shall be distributed in accordance with the Plan by the Disbursing Agent to the holder of any Disputed Administrative Expense Claim or Disputed Claim at such time and to the extent that such Disputed Administrative Expense Claim or Disputed Claim becomes an Allowed Administrative Expense Claim or an Allowed Claim pursuant to a Final Order. To the extent that such a Disputed Administrative Expense Claim or Disputed Claim ultimately is disallowed or allowed in an amount less than the amount of the Disputed Administrative Expense Claim or Disputed Claim, any funds remaining in the Administrative Expense Claim Reserve or Disputed Claim Reserve after payment or (or reserve for) the Distributions to be under the Plan for which such reserves were established shall be Liquidating Trust Assets.

To the extent that the Liquidating Trust Assets include property that is not Cash, the Liquidating Trustee shall have the authority, in its sole and absolute discretion and after consultation with the Oversight Committee, without further order of the Bankruptcy Court, or any notice to any Person, to liquidate such property at such time and on such terms to the extent reasonably practicable.

The Administrative Expense Claim Reserve and the Disputed Claim Reserve shall be distributed in accordance with the Plan by the Disbursing Agent to the holder of any Disputed Administrative Expense Claim or Disputed Claim at such time and to the extent that such Disputed Administrative Expense Claim or Disputed Claim becomes an Allowed Administrative Expense Claim or an Allowed Claim pursuant to a Final Order. To the extent that such a Disputed Administrative Expense Claim or Disputed Claim ultimately is disallowed or allowed in an amount less than the amount of the Disputed Administrative Expense Claim or Disputed Claim, any funds remaining in the Administrative Expense Claim Reserve or Disputed Claim

Reserve after payment or (or reserve for) the Distributions to be under the Plan for which such reserves were established shall be Trust Assets.

2. Resolution of Claims.

As of the Effective Date, the Liquidating Trustee shall have sole authority for investigating, administering, monitoring, implementing, litigating and settling all Disputed or unresolved Claims and Administrative Expense Claims. From and after the Effective Date, the Liquidating Trustee shall have the sole and exclusive right to make and file, and to prosecute and settle, objections to Claims and to Administrative Expense Claims.

The deadline for the Liquidating Trustee to object to any Disputed Claim shall be the latest of (a) one hundred and twenty (120) days after the Effective Date, (b) such other date(s) as the Bankruptcy Court may order subsequent to the Effective Date, and (c) such other date(s) as the Trustee and the holder of any such Claim may agree.

In the event that the Liquidating Trustee reaches agreement with any Holder of a Disputed Claim, the Trustee shall file a notice (a "Claim Allowance Notice") setting forth the asserted amount of the Claim, the Class in which such Claim is proposed to be Allowed and the proposed Allowed amount of such claim. If no objection is Filed and served on the Post-Effective Date Limited Notice List within fourteen (14) days of the date that a Claim Allowance Notice is Filed, then such Claim shall be automatically Allowed for purposes of the Plan in the amount set forth in such Claim Allowance Notice without further order of the Bankruptcy Court or any other action. Any Claim objection or Claim Allowance Notice shall be served upon the holder of the Claim or Administrative Expense Claim to which the objection or notice applies.

G. Other Provisions of the Plan

1. Executory Contracts and Unexpired Leases

(a) Rejection of All Executory Contracts and Unexpired Leases.

As of the Effective Date, the following executory contracts and unexpired leases shall be rejected to the extent, if any, that they constitute executory contracts or unexpired leases of the Debtor, including any remaining obligations of the Debtor under any executory contract or

unexpired lease assigned by the Debtor prior to the Petition Date: (a) each executory contract or unexpired lease of the Debtor that: (i) has not been previously assumed, assumed and assigned, or rejected by Final Order; or (ii) is not being assumed under this Plan, or the subject of a motion pending on the Effective Date to assume or to assume and assign; (b) each contract or lease of the Debtor that has expired by its own terms before the Confirmation Date; (c) any purchase orders executed or issued by the Debtor before the Petition Date which have not been previously performed, assumed and assigned, or terminated; (d) any contract providing for support, guaranty, contribution, indemnity, and similar obligations unless specifically assumed. The listing of a contract or lease by category above shall not constitute an admission by any party that such contract or lease is an executory contract or unexpired lease, or that the Debtor or the Estate have any liability thereunder, nor shall such listing, the absence of an objection thereto, or Confirmation constitute a finding or determination that any such contract or lease is an executory contract or unexpired lease.

(b) Approval of Rejection

The Confirmation Order shall constitute an order of the Bankruptcy Court approving the rejection of the executory contracts and unexpired leases as provided for under the Plan pursuant to sections 365 and 1123(b)(2) of the Bankruptcy Code. If an executory contract previously has been rejected, or is hereby rejected, under which the Debtor are a licensor of intellectual property (as defined in section 101(35A) of the Bankruptcy Code), the licensee under such contract shall retain and may exercise its rights and remedies under section 365(n) of the Bankruptcy Code; provided, however, that nothing in the Plan, or any exhibits or schedules to the Plan or Disclosure Statement, shall constitute an admission by the Debtor, the Estate or the Liquidating Trustee that the Debtor is a licensor of intellectual property, or that sections 101(35A) or 365(n) of the Bankruptcy Code apply to any such contract.

(c) Objections to Rejection

Any party in interest wishing to object to the rejection of an executory contract or unexpired lease identified for rejection, as provided under the Plan, shall File and serve on counsel for the Debtor, counsel for the Committee, and the U.S. Trustee any objection by the

same deadline and in the same manner established for filing objections to Confirmation. Failure to File and serve any such objection by the applicable deadline shall constitute consent to the rejection.

(d) Bar Date for Rejection Claims

THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM ARISING FROM THE REJECTION OF AN UNEXPIRED LEASE OR EXECUTORY CONTRACT WHICH IS REJECTED ON THE EFFECTIVE DATE OF THE PLAN WILL BE THIRTY (30) DAYS AFTER THE DATE OF ENTRY OF THE PLAN CONFIRMATION ORDER. If the rejection of an executory contract or unexpired lease pursuant to the Plan gives rise to an Allowed Claim, such Claim shall be classified in Class 42; provided, however, that any Claim arising from such rejection which has not been barred by a prior order of the Bankruptcy Court shall be forever barred and shall not be enforceable unless a proof of Claim is Filed within 30 days after the rejection of such contract. Nothing herein shall constitute a waiver of any other applicable bar date.

2. Conditions to Effectiveness of the Plan

The Plan shall become effective when the Confirmation Order shall have been entered on the docket of the Bankruptcy Court for at least fourteen (14) days (as calculated in accordance with Bankruptcy Rule 9006(a)), unless this condition shall have been waived by the Plan Proponent in its sole and absolute discretion. As soon as practicable after the Effective Date has occurred, the Liquidating Trustee shall File with the Bankruptcy Court an informational notice specifying the Effective Date, as a matter of record.

3. Cramdown

The Plan Proponent requests Confirmation under section 1129(b) of the Bankruptcy Code with respect to any impaired Class that does not accept the Plan pursuant to section 1126 of the Bankruptcy Code. The Plan Proponent reserves the right to modify the Plan in accordance with section 1127(a) of the Bankruptcy Code to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

4. Retention of Jurisdiction

Notwithstanding the entry of the Confirmation Order or the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Case and any of the proceedings related to the Chapter 11 Case pursuant to section 1142 of the Bankruptcy Code and 28 U.S.C. § 1334 to the fullest extent permitted by the Bankruptcy Code and other applicable law, including, without limitation, such jurisdiction as is necessary to ensure that the purpose and intent of the Plan are carried out, provided, however, that the Bankruptcy Court shall not have jurisdiction with respect to tax Claims that arise solely after the Effective Date, including, but not limited to all Post-Confirmation Estate Claims.

5. Dissolution of Existing Committee

On the Effective Date, the Committee, and any other committee appointed prior to the Confirmation Date in the Chapter 11 Case, shall be deemed dissolved and the members of the Committee (and any other committee) shall be released and discharged from all rights and duties arising from or related to the Chapter 11 Case.

6. No Waiver

Neither the failure of the Debtor to list a Claim in the Debtor's Schedules, the failure of the Debtor to object to any Claim for purposes of voting, the failure of the Liquidating Trustee to object to a Claim or Administrative Expense Claim prior to Confirmation or the Effective Date, the failure of the Debtor to assert a cause of action prior to Confirmation or the Effective Date, the absence of a proof of Claim having been Filed with respect to a Claim, nor any action or inaction of the Liquidating Trustee or any other party with respect to a Claim, Administrative Expense Claim, or cause of action other than a legally effective express waiver or release shall be deemed a waiver or release of the right of the Debtor, its Estate, the Liquidating Trust or any successors, before or after solicitation of votes on the Plan or before or after Confirmation or the Effective Date to (a) object to or examine such Claim or Administrative Expense Claim, in whole or in part or (b) retain and either assign or exclusively assert, pursue, prosecute, utilize, otherwise act or otherwise enforce any Causes of Action.

7. Plan Provisions Control

In the event the terms or provisions of the Plan are inconsistent with the terms and provisions of the exhibits to the Plan or documents executed in connection with the Plan, the terms of the Plan shall control.

8. Payment of Statutory Fees

All quarterly fees due and payable to the Office of the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6) shall be duly paid in full on or before the Effective Date, as required by section 1129(a)(12) of the Bankruptcy Code. The Liquidating Trust shall be responsible for timely payment of such quarterly fees due and payable after the Effective Date and until the Chapter 11 Case is closed, pursuant to 28 U.S.C. § 1930(a)(6), solely with respect to cash disbursements made under the Plan.

9. Estate Causes of Action

Except to the extent any cause of action is expressly and specifically released in connection herewith or in any settlement agreement approved during the Chapter 11 Case: (a) any and all Estate Causes of Action accruing to the Debtor or the Estate shall remain assets of and vest in the Liquidating Trust, whether or not litigation relating thereto is pending on the Effective Date, and whether or not any such Estate Causes of Action have been listed or referred to herein, in the Plan, or any other document Filed with the Bankruptcy Court, and (b) neither the Liquidating Trust nor the Estate waive, release, relinquish, forfeit, or abandon (nor shall they be estopped or otherwise precluded or impaired from asserting) any Estate Cause of Action that constitutes property of the Debtor, the Liquidating Trust or the Debtor's Estate: (i) whether or not such Estate Cause of Action has been listed or referred to herein, in the Plan, or in any other document Filed with the Bankruptcy Court, (ii) whether or not such Estate Cause of Action is currently known to the Debtor, and (iii) whether or not a defendant in any litigation relating to such Estate Cause of Action Filed a proof of claim in the Chapter 11 Case, Filed a notice of appearance or any other pleading or notice in the Chapter 11 Case, voted for or against this Plan, or received or retained any consideration hereunder. Without in any manner limiting the scope of the foregoing, notwithstanding any otherwise applicable principle of law or equity, including, without limitation,

any principles of judicial estoppel, res judicata, collateral estoppel, issue preclusion, or any similar doctrine, the failure to list, disclose, describe, identify, analyze or refer to any Estate Cause of Action, or potential Estate Cause of Action herein, in the Plan, or in any other document Filed with the Bankruptcy Court shall in no manner waive, eliminate, modify, release, or alter the Liquidating Trust's right to commence, prosecute, defend against, settle, and realize upon any Estate Cause of Action that the Liquidating Trust or the Estate have or may have as of the Confirmation Date. Subject to the limitations expressly set forth herein and/or in the Plan, the Liquidating Trust, as applicable, may commence, prosecute, defend against, recover on account of, and settle all Estate Causes of Action in their respective sole discretion in accordance with what is in the best interests, and for the benefit, of the Liquidating Trust and the Estate.

10. Withholding, Reporting, and Payment of Taxes

In connection with the Plan and all instruments issued in connection therewith and distributions thereon, the Disbursing Agent shall comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Disbursing Agent shall report and pay taxes as may be required by applicable law. In addition, to the extent required by applicable law, reported distributions from such reserves shall include all interest and investment income, if any, attributable to the Cash or property being distributed net of taxes which are, or are estimated to be, due and payable thereon.

III.

TAX CONSEQUENCES OF THE PLAN

CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THE PLAN MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The following disclosure of possible tax consequences is intended solely for the purpose of alerting readers about possible tax issues the Plan may present to the Debtor. The Plan Proponent CANNOT and DOES NOT represent that the tax consequences contained below are the only tax consequences of the Plan

because the Tax Code embodies many complicated rules which make it difficult to state completely and accurately all of the tax implications of any action.

A. Possible Federal Tax Consequences to Holders Of Claims

THE FOLLOWING IS INTENDED ONLY AS A GENERAL DISCUSSION OF SOME CONSEQUENCES WHICH MAY APPLY TO DISTRIBUTIONS TO HOLDERS OF CLAIMS UNDER THE FEDERAL TAX LAWS. OTHER CONSEQUENCES MAY APPLY, AND, AS INDICATED ABOVE, THE CONSEQUENCES MAY BE DIFFERENT DEPENDING ON THE CIRCUMSTANCES OF A PARTICULAR HOLDER AND ON OTHER FACTORS. MOREOVER, ANY VALUATION INFORMATION INCLUDED WITH THE PLAN OR THIS DISCLOSURE STATEMENT IS INCLUDED BY THE DEBTOR SOLELY FOR PURPOSES OF COMPLYING WITH THE REQUIREMENTS OF THE COURT IN CONNECTION WITH THE PLAN AND THE CASES. THE PLAN PROPONENT MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER CONCERNING THE VALIDITY OR SUFFICIENCY OF ANY SUCH VALUATION INFORMATION FOR PURPOSES OF FEDERAL INCOME TAX OR OTHER TAX CONSEQUENCES. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN PROFESSIONAL ADVISORS CONCERNING THE TAX CONSEQUENCES TO THEM OF THE TREATMENT OF CLAIMS UNDER THE PLAN.

The federal income tax consequences of the implementation of the Plan to a Creditor will depend upon a number of factors, including whether the Creditor is deemed to have received a payment of principal or interest; whether the Creditor reports income on the accrual or cash method of accounting for income tax purposes; and the type of consideration received by the Creditor in exchange for the Creditor's Allowed Claim.

The tax consequences in respect to treatment of Secured Claims are not described herein.

A portion of the consideration received pursuant to the Plan in payment of a Claim may be allocated to accrued and unpaid interest. The Plan provides that payments and Distributions shall be allocated first to the principal amount of the Allowed Claim. Any payment in excess of the principal amount of the Allowed Claim would be allocated to accrued and unpaid interest.

The tax consequences of the consideration allocable to the portion of a Claim related to interest differ from the tax consequences of the consideration allocable to the portion of a Claim related to principal.

Holders of Claims will likely recognize ordinary income to the extent that any consideration received pursuant to the Plan is allocable to interest, and such income has not already been included in such Holder's taxable income. In the event amounts allocable to interest are less than amounts previously included in the Holder's taxable income, the difference will generally result in a loss. The determination as to what portion of the consideration received will be allocated to interest is unclear, and may be affected by, among other things, rules in the Internal Revenue Code (the "**Tax Code**") relating to original issue discount and accrued market discount. Holders of Claims should consult their own tax advisors as to the amount of any consideration received under the Plan that will be allocated to interest.

Holders of Claims receiving only cash generally will recognize gain or loss on the exchange equal to the difference between the Holder's basis in the Claim and the amount of cash received that is not allocable to interest. The character of any recognized gain or loss will depend upon the status of the Holder, the nature of the Claim in the Holder's hands and the holding period of such Claim.

If a Holder of a Claim has treated a Claim as wholly or partially worthless and been allowed a bad debt deduction, the Holder will include the amount of cash received in income to the extent such cash exceeds the Holder's remaining tax basis in the Claim.

Holders of Claims might be entitled or subject to deferral rules with respect to any Distribution they receive subsequent to the Effective Date. Holders of Claims may already have claimed partial bad debt deductions with respect to their Claims. The Internal Revenue Service may take the position that Holders of Allowed Claims cannot claim an otherwise allowable further loss in the year in which their Claim is allowed or must allocate basis of the Claim to later taxable years because such claimants could receive further Distributions. Thus, a Holder of a Claim could be prevented from recognizing a loss until the time when its Claim has been liquidated and Distributions have been completed. If a Holder of a Claim is permitted to

recognize a loss in the year of the Effective Date by treating the transaction as a "closed transaction" at such time, such Holder may recognize income on any subsequent Distribution.

B. Probable Tax Consequences Which the Plan Will Have on the Debtor's Tax Liability

The Plan Proponent does not opine whether there will be any negative tax consequences to the Debtor resulting from the confirmation of the Plan. Because this is a liquidating Plan, the Debtor will not be discharged from all tax liability. However, the Plan will be binding on Holders of Claims for taxes dealt with under the Plan.

IV.

CONFIRMATION REQUIREMENTS AND PROCEDURES

PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THE PLAN SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The following discussion is intended solely for the purpose of alerting readers about basic confirmation issues, which they may wish to consider, as well as certain deadlines for filing claims. The Plan Proponent **CANNOT** and **DOES NOT** represent that the discussion contained below is a complete summary of the law on this topic.

Many requirements must be met before the Court can confirm a plan. Some of the requirements include that the plan must be proposed in good faith, acceptance of the plan, whether the plan pays creditors at least as much as creditors would receive in a chapter 7 liquidation, and whether the plan is feasible. These requirements are not the only requirements for confirmation.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan, but, as explained below, not everyone is entitled to vote to accept or reject the Plan.

B. Who May Vote to Accept/Reject the Plan

A creditor or interest holder has a right to vote for or against the Plan if that creditor or interest holder has a claim or interest which is both (1) allowed or allowed for voting purposes and (2) classified in an impaired class.

C. What Is an Allowed Claim/Interest

As noted above, a creditor or interest holder must first have an allowed claim or interest to have the right to vote. Generally, any proof of claim or interest will be allowed, unless a party in interest files an objection to the claim or interest. When an objection to a claim or interest is filed, the creditor or interest holder holding the claim or interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or interest for voting purposes.

THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE ON ACCOUNT OF PRE-PETITION CLAIMS WAS APRIL 5, 2016. A creditor or interest holder may have an allowed claim or interest even if a proof of claim or interest was not timely filed. A claim is deemed allowed if (1) it is scheduled on the Debtor's schedules and such claim is not scheduled as disputed, contingent, or unliquidated, and (2) no party in interest has objected to the claim. An interest is deemed allowed if it is scheduled and no party in interest has objected to the interest.

D. What Is an Impaired Claim/Interest

As noted above, an allowed claim or interest has the right to vote only if it is in a class that is impaired under the Plan. A class is impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class. For example, a class comprised of general unsecured claims is impaired if the Plan fails to pay the members of that class 100% of what they are owed.

The Plan Proponent's position regarding impaired and unimpaired Classes is set forth in Section II.D.2, above. Parties who dispute the characterization of their Claim or Interest as being impaired or unimpaired may file an objection to the Plan contending that the Debtor has incorrectly characterized the class.

E. Who Is Not Entitled to Vote

The following four types of claims are not entitled to vote: (1) claims that have been disallowed; (2) claims in unimpaired classes; (3) claims entitled to priority pursuant to Bankruptcy Code Sections 507(a)(2), (a)(3), and (a)(8); and (4) claims in classes that do not receive or retain any value under the Plan. Claims in unimpaired classes are not entitled to vote because such classes are deemed to have accepted the Plan. Claims entitled to priority pursuant to Bankruptcy Code Sections 507(a)(2), (a)(3), and (a)(8) are not entitled to vote because such claims are not placed in classes and they are required to receive certain treatment specified by the Bankruptcy Code. Claims in classes that do not receive or retain any value under the Plan do not vote because such classes are deemed to have rejected the Plan. EVEN IF YOUR CLAIM IS OF THE TYPE DESCRIBED ABOVE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO THE CONFIRMATION OF THE PLAN.

F. Who Can Vote in More Than One Class

A Creditor whose Claim has been Allowed in part as a secured claim and in part as an unsecured claim is entitled to accept or reject the Plan in both capacities by casting one ballot for the secured part of the claim and another ballot for the unsecured claim.

G. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cramdown" on non-accepting classes, as discussed below.

H. Votes Necessary for a Class to Accept the Plan

A class of claims is considered to have accepted the Plan when more than one-half (1/2) in number and at least two-thirds (2/3) in dollar amount of the claims which actually voted on the plan, voted in favor of the plan. A class of interests is considered to have "accepted" a plan when at least two-thirds (2/3) in amount of the interest-holders of such class which actually voted on the plan, voted to accept the plan.

I. Treatment of Non-accepting Classes

As noted above, even if all impaired classes do not accept the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner required by the Bankruptcy Code. The process by which non-accepting classes are forced to be bound by the terms of a plan is commonly referred to as "cramdown." The Bankruptcy Code allows the Plan to be "crammed down" on non-accepting classes of claims or interests if it meets all consensual requirements except the voting requirements of 1129(a)(8) and if the Plan does not "discriminate unfairly" and is "fair and equitable" toward each impaired class that has not voted to accept the Plan as referred to in 11 U.S.C. § 1129(b) and applicable case law.

J. Request for Confirmation Despite Nonacceptance by Impaired Class(es)

The Debtor will ask the Court to confirm the Plan by cramdown on any and all impaired classes that do not vote to accept the Plan.

K. Liquidation Analysis

Another confirmation requirement is the "best interest of creditors test", which requires a liquidation analysis. Under the best interest of creditors test, if a claimant or interest holder is in an impaired class and that claimant or interest holder does not vote to accept the Plan, then that claimant or interest holder must receive or retain under the Plan property of a value not less than the amount that such holder would receive or retain if the Debtor was liquidated under chapter 7 of the Bankruptcy Code.

In a chapter 7 case, the debtor's assets are usually sold by a chapter 7 trustee. Secured creditors are paid first from the sales proceeds of properties on which the secured creditor has a lien. Administrative claims are paid next. Next, unsecured creditors are paid from any remaining sales proceeds, according to their rights to priority. Unsecured creditors with the same priority share in proportion to the amount of their allowed claim in relationship to the amount of total allowed unsecured claims. Finally, interest holders receive the balance that remains after all creditors are paid, if any.

For the Court to be able to confirm the Plan, the Court must find that all creditors and interest holders who do not accept the Plan will receive at least as much under the Plan as such

holders would receive under a chapter 7 liquidation of the Debtor. The Plan Proponent maintains that this requirement is clearly met. The Debtor's tangible assets have been reduced to cash, any remaining causes of action will be reduced to cash, and the proceeds are being distributed under the Plan in the same priority as would apply in chapter 7 – except for the added layer of chapter 7 expenses which would take priority over all other Priority and general Unsecured Claims. Thus, the Plan Proponent believes that liquidation in chapter 7 would add unnecessary costs which would potentially dilute recovery to Class 44 Interest holders; however, under the Plan or under a chapter 7 liquidation, the Plan Proponent believes that all Allowed Claims will be paid in full. Of even greater importance, however is that distributions under the Plan will likely occur more quickly under the Plan because the time for administration of a chapter 7 case may be quite lengthy. After confirmation of the Plan, the Liquidating Trustee can move forward efficiently with a sale of the Liquidating Trust Assets, and can pay Creditors holding Allowed Claims promptly thereafter without need for further administration of this Bankruptcy Case nor obtaining further Court orders or authorization.

Consequently, the Committee has determined that a liquidating plan is in the best interests of Creditors. The Plan Proponent contends that the Plan provides fair and equitable treatment of all classes of creditors and the greatest feasible recovery to all creditors.

L. Feasibility.

Another requirement for confirmation involves the feasibility of the Plan, which means that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan.

There are at least two important aspects of a feasibility analysis. The first aspect considers whether the Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the Claims and expenses which are entitled to be paid on such date. Alternatively, if there are insufficient funds on the Plan Effective Date to pay administrative creditors, administrative creditors shall be paid from the proceeds of the sale of assets through the Liquidating Trust. As set forth above, the Debtor's estimated liquidation value of its assets far

exceeds the claims against the Debtor in this Case. Therefore, all administrative claims shall be paid timely and in full under the Plan.

The second aspect considers whether the Debtor will have enough cash over the life of the Plan to make the required Plan payments. Because the Plan provides for a liquidation of the Debtor's assets through the Liquidating Trust, and the value of the Debtor's assets on a liquidation basis far exceeds the amount of creditor claims in this Case, the Plan is feasible because all creditor claims will be paid in full plus interest.

V.

EFFECT OF CONFIRMATION OF PLAN

A. Debtor Not Eligible for Discharge.

The Debtor shall not be discharged of liabilities for debts incurred before confirmation of the Plan, to the extent provided in 11 U.S.C. § 1141.

Confirmation will bind the Debtor, all holders of Claims or Administrative Expense Claims and other parties in interest to the provisions of the Plan whether or not the Claim or Administrative Expense Claim of such holder is impaired under the Plan and whether or not the holder of such Claim or Administrative Expense Claim has accepted the Plan. Confirmation of the Plan shall constitute a finding that: (a) the Plan has been proposed by the Plan Proponent in good faith and in compliance with applicable provisions of the Bankruptcy Code; and (b) all Persons' solicitations of acceptances or rejections of this Plan and the offer, issuance, sale, or purchase of a security offered or sold under the Plan have been in good faith and in compliance with applicable provisions of the Bankruptcy Code. Nothing contained in the Plan shall limit the effect of Confirmation as described in section 1141 of the Bankruptcy Code.

Except as provided in the Plan or Confirmation Order, the rights afforded and the treatment of Claims and Administrative Expense Claims thereunder will be in exchange for and in complete satisfaction, discharge and release of all Claims and Administrative Expense Claims, including any interest accrued on Claims before or after the Petition Date. Pursuant to section 1141(d)(3) of the Bankruptcy Code, confirmation will not discharge Claims against the Debtor; provided, however, that no Holder of a Claim may, on account of such Claim, seek or receive

any payment or other distribution from, or seek recourse from the Debtor, the Liquidating Trust, the Liquidating Trustee, the Estate, the Committee, nor any of their employees, officers, directors, agents, members, representatives, or the professionals employed or retained by any of them, except as expressly provided in the Plan.

B. Vesting of Property in the Liquidating Trust.

Except as provided otherwise in the Plan or the Confirmation Order, the confirmation of the Plan will, as of the Effective Date, vest all of the property of the estate in the Liquidating Trust free and clear of all Claims, Liens, encumbrances, and/or interests of any kind other than the rights and Beneficial Interests granted under the Plan.

At any time, and from time to time after the Effective Date, at the Liquidating Trustee's request, and without further consideration, the Debtor shall execute and deliver such instruments of sale, transfer, conveyance, assignment and confirmation, and will cooperate and take such other actions as the Liquidating Trustee may deem reasonably necessary or desirable in order to more effectively transfer, convey and assign all rights, title and interests in and to the Trust Assets to the Liquidating Trust and all privileges to the Liquidating Trust or the Liquidating Trustee on behalf of the Liquidating Trust.

C. Modification of Plan

The Plan Proponent may withdraw or modify the Plan at any time before confirmation. The Court may require a new disclosure statement and/or re-voting on the Plan if the Plan Proponent modifies the Plan before confirmation. Modification of the Plan shall be in accordance, and the Plan as modified shall comply, with the requirements of Section 1127 of the Bankruptcy Code.

D. Post-Confirmation Status Report

Within 120 days of the entry of the order confirming the Plan, the Liquidating Trustee shall file a status report with the Court explaining what progress has been made toward consummation of the confirmed Plan. The status report must be served on the Office of the United States Trustee, the Committee, the 20 largest unsecured creditors and any secured creditors and priority unsecured creditors entitled to receive distributions under the Plan. Further

status reports shall be filed every 120 days and served on the same entities, unless ordered otherwise by the Court. However, nothing herein shall prevent the Liquidating Trustee from filing a motion with the Court requesting the entry of a final decree or closing the case prior to the time a Post-Confirmation Status Report is due.

E. Post-Confirmation Conversion/Dismissal

A creditor or party in interest may bring a motion to convert or dismiss the this Bankruptcy Case under § 1112(b) after the Plan is confirmed if there is a default in performing the Plan. If the Court orders the Debtor's case converted to Chapter 7 after the Plan is confirmed, then all property that had been property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan, will revest in the Chapter 7 estate. The automatic stay will be reimposed upon the revested property, but only to the extent that the Court did not previously authorize relief from stay during the Debtor's case.

The order confirming the Plan may also be revoked under very limited circumstances. The Court may revoke the order if the order of confirmation was procured by fraud and if the party in interest brings an adversary proceeding to revoke confirmation before the date that is 180 days after the entry of the Confirmation Order.

F. Injunctions

Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold or may hold a Claim or other debt or liability that is satisfied or released, as applicable, will be permanently enjoined from taking any of the following actions on account of any such discharged or satisfied Claims, debts or liabilities: (a) commencing or continuing in any manner any action or other proceeding against the Estate, the Liquidating Trust and/or the Liquidating Trustee or their respective property, other than to enforce any right pursuant to the Plan to a distribution; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Estate, the Liquidating Trust, and/or the Liquidating Trustee or their respective property, other than as permitted pursuant to (a) above; (c) creating, perfecting or enforcing any lien or encumbrance against the Estate, the Liquidating Trust

and/or the Liquidating Trustee or their respective property; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Estate, the Liquidating Trust and/or the Liquidating Trustee; and (e) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan, provided however, that nothing herein shall affect or otherwise impair the existing right of setoff by the United States of mutual pre-petition obligations. Notwithstanding the foregoing, federal and state governmental agencies shall not be subject to the foregoing injunction with respect to the exercise and enforcement of any of their respective regulatory or police rights and powers. By accepting any distributions pursuant to the Plan, each holder of an Allowed Claim receiving distributions pursuant to the Plan will be deemed to have specifically consented to the injunctions set forth in Part III of the Plan.

G. Exculpation and Limitation of Liabilities

1. Committee, Liquidating Trustee

To the maximum extent permitted by law, none the Liquidating Trust, the Liquidating Trustee, the Committee nor any of their employees, officers, directors, agents, members, representatives, or the professionals employed or retained by any of them, whether or not by Bankruptcy Court order (each, an "Exculpated Person"), shall have or incur liability to any Person for any act taken or omission made in good faith in connection with or related to the Chapter 11 Case, formulation of the Plan, the Disclosure Statement, the Liquidating Trustee Agreement, or a contract, instrument, release, or other agreement or document created in connection therewith, the solicitation of acceptances for or confirmation of the Plan, or the consummation and implementation of the Plan and the transactions contemplated therein. Each Exculpated Person shall in all respects be entitled to reasonably rely on the advice of counsel with respect to its duties and responsibilities under the Plan.

Decisions made and actions taken by the Liquidating Trustee and the Liquidating Trust Representatives shall be conclusive and binding upon the Estate, the Debtor, the

Liquidating Trust, Creditors, Claimants and Beneficiaries. To the maximum extent permitted by law, the Liquidating Trust Representatives shall not have or incur liability to any Person for an act taken or omission made in good faith in connection with or related to the administration of the Liquidating Trust Assets, the implementation of the Plan and the Distributions made hereunder. The Liquidating Trustee and each of the Liquidating Trust Representatives shall in all respects be entitled to reasonably rely on the advice of counsel with respect to its duties and responsibilities under the Plan. Entry of the Confirmation Order constitutes a judicial determination that the exculpation provisions contained in the Plan are necessary to, *inter alia*, facilitate Confirmation and feasibility and to minimize potential claims arising after the Effective Date for indemnity, reimbursement or contribution from the Liquidating Trust or the Liquidating Trust Assets. The Confirmation Order's approval of the Plan also constitutes a res judicata determination of the matters included in the exculpation provisions of the Plan. Neither the Trust, the Trustee nor any of their agents, attorneys, advisors, consultants or representatives shall be personally liable for the acts or omissions of the Oversight Committee or any Oversight Committee member, any Person employed by the Oversight Committee.

2. Indemnification of the Liquidating Trust Representatives.

Neither the Liquidating Trustee nor any Liquidating Trust Representative shall be liable to any individual creditor, and shall be liable only to the Estate and/or Trust, for acts or omissions related to performance of its duties for the Estate and/or Trust. Except as provided herein, the Liquidating Trustee and each Liquidating Trust Representative shall be defended, held harmless, and indemnified by the Estate and/or Liquidating Trust against any and all losses, claims, costs, expenses, and liabilities (including reasonable legal fees and expenses) asserted by any Person other than the Estate and/or Trust and any costs of defending any action brought by any Person other than the Estate and/or Trust to which the Liquidating Trustee and each Liquidating Trust Representative may be subject by reason of its execution in good faith of its duties under the Plan and the Confirmation Order and in a manner the Liquidating Trustee and each Liquidating Trust Representative reasonably believes to be in the best interests of the Estate

and/or Liquidating Trust. This indemnity is intended to be and shall be interpreted as providing indemnity to the fullest extent permissible under California law.

3. Exculpation of Oversight Committee.

To the maximum extent permitted by law, the Oversight Committee and its members, representatives, or Professionals employed or retained by the Oversight Committee (the "Oversight Committee's Representatives") shall not have or incur liability to any Person for an act taken or omission made in good faith in connection with or related to any action taken or omitted by it pursuant to the discretion, power, and authority conferred by the Plan or Bankruptcy Court Orders. The Oversight Committee and the Oversight Committee Representatives shall in all respects be entitled to reasonably rely on the advice of counsel with respect to its duties and responsibilities under the Plan. Entry of the Confirmation Order constitutes a judicial determination that the exculpation provision contained in this section is necessary to, inter alia, facilitate Confirmation and feasibility and to minimize potential claims arising after the Effective Date for indemnity, reimbursement or contribution from the Trust or the Trust Assets. The Confirmation Order's approval of the Plan also constitutes a res judicata determination of the matters included in the exculpation provisions of the Plan. The Oversight Committee shall have no duties or obligations to the Estate or the Trust except as set forth in the Plan and the Confirmation Order.

4. Indemnification of the Oversight Committee. Neither the Oversight Committee nor any Oversight Committee member shall be liable to any individual creditor, and shall be liable only to the Estate and/or Trust, for acts or omissions related to performance of its duties for the Estate and/or Trust. Except as provided herein, the Oversight Committee and its members shall be defended, held harmless, and indemnified by the Estate and/or Trust against any and all losses, claims, costs, expenses, and liabilities (including reasonable legal fees and expenses) asserted by any Person other than the Estate and/or Trust and any costs of defending any action brought by any Person other than the Estate and/or Trust to which the Oversight Committee and its members may be subject by reason of its execution in good faith of its duties

under the Plan and the Confirmation Order and in a manner the Oversight Committee reasonably believes to be in the best interests of the Estate and/or Trust. This indemnity is intended to be and shall be interpreted as providing indemnity to the fullest extent permissible under California law.

H. Post –Confirmation Bankruptcy Court Jurisdiction

Until this Plan has been fully consummated, the Bankruptcy Court shall retain jurisdiction to the extent provided by law, including, but not limited to, the following purposes:

1. The classification, allowance, disallowance, or estimation of the Claim of any Claimant and the re-examination of Claims which have been allowed for the purposes of determining acceptance of the Plan at the time of the Confirmation Hearing and the determination of such objections as may be filed to Claims. The failure by the Debtor or Committee to object to or to examine any Claim for the purpose of determining acceptance of this Plan shall not be deemed to be a waiver of the right of the Liquidating Trustee to object to or to re-examine the Claim, in whole or in part, at a later date.

2. Except as otherwise provided herein, the determination of all questions and disputes regarding title to the assets of Debtor, the Estate or the Liquidating Trust, and the determination of all Causes of Action, controversies, disputes, or conflicts, whether or not subject to any action pending as of the Confirmation Date.

3. The correction of any defect, the curing of any omission, or the reconciliation of any inconsistency in the Plan or in the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan.

4. The resolution of any motions, adversary proceedings, contested or litigated matters that may be pending on the Effective Date.

5. The modification of the Plan after confirmation pursuant to the Bankruptcy Code and the Bankruptcy Rules, or if in the best interests of the Estate and the Creditors, modification of this Plan even after the Plan has been substantially consummated.

6. The enforcement and interpretation of the terms and conditions of the Plan or the Confirmation Order, and the determination of such matters, and the making of such orders consistent with the Plan as may be necessary or desirable to effectuate the provisions of the Plan.

7. The determination, either before or after the closing of this bankruptcy case, of any Claims concerning state, local, and federal taxes pursuant to Section 346, 505, 525, or 1146 of the Bankruptcy Code or other applicable law.

8. The shortening or extending, for cause, of the time fixed for doing any act or thing under the Plan, on such notice, if any, as the Bankruptcy Court shall determine to be appropriate.

9. The entry of any order, including, without limitation, any injunction, to enforce the title, rights, and powers of the Liquidating Trustee, the Oversight Committee and such limitations, restrictions, terms, and conditions of such title, rights, and powers as the Bankruptcy Court may deem necessary.

10. The determination of any disputes arising under or relating to any order entered by the Bankruptcy Court in the bankruptcy case.

11. The determination of the validity, extent, or priority of any liens and security interests against the Liquidating Trust Assets.

12. The determination of all actions and proceedings which relate to pre-confirmation matters affecting the Debtor or the Estate whether such action or proceeding is brought before or after the Effective Date.

13. The liquidation or allowance of any Claim as well as any objection or dispute concerning any Claim of the Estate.

14. The determination of all questions and disputes regarding collection of assets of the Estate as of the Confirmation Date.

15. The entry of an order concluding and terminating the bankruptcy case.

16. To interpret and implement the terms of the Liquidating Trust Agreement.

17. Such other matters to the extent provided by law.

I. Post-Confirmation Notice/ Post-Effective Date Limited Notice List

As of the Effective Date there shall be a Post-Effective Date Limited Notice List. Persons on such Post-Effective Date Limited Notice List will be given certain notices and in some cases an opportunity to object to certain matters under the Plan (as described herein). Any Person desiring to be included in the Post-Effective Date Limited Notice List must (a) File a request to be included on the Post-Effective Date Limited Notice List and include thereon its name, contact person, address, telephone number and facsimile number, within thirty (30) days after the Effective Date, and (b) concurrently serve a copy of its request to be included on the Post-Effective Date Limited Notice List to LNBYB, counsel for the Liquidating Trustee at the following address:

Daniel H. Reiss, Esq.
Levene, Neale, Bender, Yoo & Brill L.L.P.
10250 Constellation Blvd., Suite 1700
Los Angeles, CA 90067

On or before sixty (60) days after the Effective Date, the Liquidating Trustee shall compile a list of all Persons on the Post-Effective Date Limited Notice List and File such list with the Bankruptcy Court, and serve copies of such list on the Oversight Committee and the U.S. Trustee. The U.S. Trustee, members of the Oversight Committee, counsel to the Oversight Committee and counsel to the Liquidating Trustee shall be automatically included on the Post-Effective Date Limited List and need not File a request to be included thereon.

J. Post-Confirmation U.S. Trustee Fees

The Debtor shall be responsible for timely payment of all fees incurred after the Effective Date pursuant to 28 U.S.C. Section 1930(a)(6).

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K. Final Decree

Once the estate has been fully administered as referred to in Bankruptcy Rule 3022, the Liquidating Trust, or such other party as the Court directs, shall file a motion with the Court to obtain a final decree to close the Case.

Dated: December _, 2016

The Official Committee of Unsecured Creditors of B&L Equipment Rentals, Inc.

By: IVAN MEDRANO

Its:

Presented By:

LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.

By: */s/ Daniel H. Reiss*
Daniel H. Reiss
Attorneys for The Official Committee of Unsecured Creditors

EXHIBIT A

LIQUIDATING TRUST AGREEMENT

LIQUIDATING TRUST AGREEMENT

THIS LIQUIDATING TRUST AGREEMENT (the "Agreement") is made this ___ day of _____, 2017 by and among the Committee of Creditors Holding Unsecured Claims (the "Committee") and _____ , not in his/her/its individual or corporate capacity, but solely as trustee hereunder (the "Liquidating Trustee," and together with the Committee, the "Parties") and is effective as of the Effective Date of the Plan (as defined below).

R E C I T A L S:

WHEREAS, on November 30, 2015, B&L Equipment Rentals, Inc. (the "Debtor") filed a voluntary petition under chapter 11 of title 11 of the United States Code §§ 101-1532 (the "Bankruptcy Code") in the United States Bankruptcy Court for the Eastern District of California, Fresno Division ("the Bankruptcy Court") which was designated as Case No. 15-14685-B-11 (the "Bankruptcy Case");

WHEREAS, on March 30, 2016, the Office of the United States Trustee filed its *Appointment and Notice of Appointment of Committee of Creditors Holding Unsecured Claims* [Docket No. __] appointing the Committee in the Debtor's Bankruptcy Case;

WHEREAS, on December __, 2016, the Committee filed the *Original Liquidating Plan by the Official Committee Unsecured Creditors* [Docket No. ____] (the "Plan") and the accompanying *Disclosure Statement Describing Original Liquidating Plan by the Official Committee Unsecured Creditors* [Docket No. ___];

WHEREAS, the Plan provides that, among other things, a liquidating trust (the "Liquidating Trust") be created for the benefit of the holders of certain allowed claims;

WHEREAS, subject to the Bankruptcy Court's entry of an order confirming the Plan (the "Plan Confirmation Order"), the Parties desire to enter into this Agreement, in advance, that provides for the creation and funding of the Liquidating Trust on the Effective Date, as defined by the Plan;

WHEREAS, the Liquidating Trust is established for the sole purpose of liquidating the Debtor's assets for the benefit of the beneficiaries of the Liquidating Trust, in accordance with Treasury Regulation Section 301.7701-4(d), with no objective or authority to continue or engage in the conduct of a trade or business;

WHEREAS, the Liquidating Trust is intended to qualify as a liquidating trust for federal and state income tax purposes and the Liquidating Trustee shall administer and maintain the Liquidating Trust in compliance with the guidelines for liquidating trusts as set forth in Internal Revenue Service Revenue Procedure 94-45, 1994-2 C.B. 684, and Treasury Regulation Section 1.671-4(a) and all subsequent guidelines regarding liquidating trusts issued by the Internal Revenue Service (the "IRS").

A G R E E M E N T:

NOW THEREFORE, for and in consideration of the premises, and the mutual promises and agreements contained herein and in the Plan, the receipt and sufficiency of which are hereby expressly acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

I. Definitions:

A. Terms Defined Above. As used in this Agreement, each of the terms the "Debtor," "Committee," "Trustee," "Parties," "Agreement," "Bankruptcy Code," "Bankruptcy Court," "Bankruptcy Case," "Plan," "Liquidating Trust," and "Plan Confirmation Order" shall have the meanings set forth above.

B. Terms Defined in Plan. Capitalized terms used in this Agreement but not otherwise defined herein shall have the meanings ascribed to them in the Plan. The rules of construction applicable to the Plan shall also apply to this Agreement. The Plan is hereby incorporated into this Agreement by this reference.

II. Declaration of Trust.

A. Creation of Liquidating Trust. Pursuant to the Plan, as of the Effective Date, the Parties hereby irrevocably create the Liquidating Trust for the benefit of Holders of Allowed Claims (the "Beneficiaries"). The name of the Liquidating Trust shall be "B&L Equipment Rentals, Inc. Liquidating Trust." The Liquidating Trust shall terminate only in accordance with the provisions of the Plan and this Agreement.

B. Property in the Liquidating Trust. The Liquidating Trust shall hold the legal title to the Liquidating Trust Assets and shall hold such property in trust to be administered and disposed of pursuant to the terms of the Plan and this Agreement for the benefit of the Beneficiaries. The Liquidating Trustee is authorized to make disbursements and payments from the Liquidating Trust in accordance with the Plan and this Agreement.

C. Purpose of Liquidating Trust. The Liquidating Trust is organized for the purposes of collecting, holding and liquidating the Liquidating Trust Assets, making payments to the Beneficiaries, and administering, compromising, settling, withdrawing, objecting to, or litigating objections to Disputed Claims, and prosecuting Estate Causes of Action with no objective to engage in the conduct of a trade or business except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidating Trust.

D. Number of Trustees. The Liquidating Trustee shall be the sole trustee. The resignation, removal, incapacity or death of the Liquidating Trustee shall not operate to terminate the Liquidating Trust.

E. Oversight Committee. Section ____of the Plan contemplates the organization of a Oversight Committee before the Effective Date. The powers, obligations, restrictions, liability and termination of the Oversight Committee are recited in full in the Plan.

F. Tax Treatment. The Liquidating Trust is organized and established as a trust for the benefit of the Beneficiaries and is intended to qualify as a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d). In accordance with Treasury Regulation Section 301.7701-4(d), the Beneficiaries of the Liquidating Trust are the Holders of Allowed Claims of the designated classes of Claims against the Debtor that are entitled to receive a Participating Interest (as defined in Section III.A. herein) in the Liquidating Trust. For United States federal and applicable state income tax purposes, the transfer of the Liquidating Trust Assets to the Liquidating Trust pursuant to, and in accordance with, the Plan shall be deemed to be, and shall be reported as, a disposition of the Liquidating Trust Assets directly to, and for the benefit of, the Beneficiaries, for all purposes of the Internal Revenue Code (including, but not limited to, sections 61(a)(12), 483, 1001, 1012 and 1274), as provided for in the Plan in satisfaction of Allowed Claims held by such Beneficiaries, immediately followed by a contribution of the Liquidating Trust Assets by the Beneficiaries to the Liquidating Trust in exchange for the Participating Interests in the Liquidating Trust to be distributed to the Beneficiaries. Upon the transfer of the Liquidating Trust Assets to the Liquidating Trust, neither the Debtor nor its estate will have any further interest in or with respect to the Liquidating Trust Assets or the Liquidating Trust. The Beneficiaries will be treated as the grantors and deemed owners of the Liquidating Trust.

G. Tax Returns. The Liquidating Trust will file federal income tax returns as a grantor trust under IRC Section 671 and Treasury Income Tax Regulation Section 1.671-4 and report, but not pay tax on the Liquidating Trust's tax items of income, gain, loss deductions and credits ("Tax Items"). The Beneficiaries will report on their federal income tax returns and pay any federal income tax liability attributable in any way to the Liquidating Trust's or the Liquidating Trustee's Tax Items.

III. Participating Interests.

A. Non-Certificated and Non-Transferable. Participating beneficial interests in the Liquidating Trust issued pursuant to the Plan and this Agreement to the Beneficiaries entitled to a Distribution from the Liquidating Trust under the Plan ("Participating Interests") will not be evidenced by any certificate or other instrument or document. Participating Interests in the Liquidating Trust are non-transferable and non-assignable other than to successors in interest, or by will, the laws of descent and distribution, or by operation of law. Participating Interests shall be divided into classes corresponding to the classes in the Plan which provide for the distributions of Cash from the Liquidating Trust to Beneficiaries. Each entity that is the Holder of an Allowed Claim (as those terms are defined by the Plan), or becomes the Holder of an Allowed Claim subsequent to the Effective Date, shall automatically become the owner of a Beneficial Interest corresponding to the class of Allowed Claim held by such entity.

B. Absolute Owners. The Liquidating Trust and the Liquidating Trustee may deem and treat each Beneficiary as the absolute owner of the underlying Participating Interest for the purpose of receiving distributions and payment thereon or on account thereof and for all other purposes whatsoever.

C. No Required Meetings or Votes. Except as otherwise provided herein, the Liquidating Trustee is not required to call or conduct any meeting of all or any of the

Beneficiaries or Holders of Disputed Claims. Further, the Liquidating Trustee is not required to solicit, obtain the vote or consent of, or give any notice to, any of the Beneficiaries or Holders of Disputed Claims with respect to any action authorized or permitted under the Plan, this Agreement or any order of the Bankruptcy Court.

D. The Liquidating Trustee as Beneficiary. The Liquidating Trustee may not be a Beneficiary.

IV. Delivery and Acceptance of The Liquidating Trust Assets.

A. Conveyance by Debtor. Upon the Effective Date of the Plan, the Debtor shall be deemed to have transferred and assigned all of the Liquidating Trust Assets to the Liquidating Trust. At any time, and from time to time after the Effective Date, at the Liquidating Trustee's request, and without further consideration, the Debtor shall execute and deliver such instruments of sale, transfer, conveyance, assignment and confirmation, and will cooperate and take such other actions as the Liquidating Trustee may deem reasonably necessary or desirable in order to more effectively transfer, convey and assign all rights, title and interests in and to the Liquidating Trust Assets to the Liquidating Trust and all privileges to the Liquidating Trust or the Liquidating Trustee on behalf of the Liquidating Trust.

B. Acceptance of Conveyance. The Liquidating Trustee is hereby directed to, and the Liquidating Trustee agrees that he will:

1. accept delivery of the Liquidating Trust Assets on behalf of the Liquidating Trust;

2. accept from the Debtor all bills of sale, deeds, assumptions and assignments, and all other instruments of conveyance required to be delivered by the Debtor with respect to the Liquidating Trust Assets transferred to the Liquidating Trust or the Liquidating Trustee on behalf of the Liquidating Trust pursuant to, or in connection with, the Plan, the Plan Confirmation Order or this Agreement; and

3. take such other action as may be required of the Liquidating Trust hereunder.

C. No Interest Retained by Debtor. The Debtor shall retain no interest in the Liquidating Trust Assets or the Liquidating Trust, until and unless all Allowed Claims under the Plan are paid in full. At such time, the proceeds of all remaining Liquidating Trust Assets shall be distributed to the Debtor.

V. Administration of Trust Estate.

A. Reserves. Pursuant to Article II.D. of the Plan, on the Effective Date, or as soon thereafter as practicable, the Liquidating Trustee shall establish and maintain the Administrative Expense Claim Reserve, the Disputed Claim Reserve, the Trust Administration Reserve, and the such other reserve accounts as the Liquidating Trustee determines are necessary in his business judgment.

B. Tax Treatment of the Disputed Claims Reserve. The Liquidating Trustee may, at his sole discretion, file a tax election to treat the Disputed Claim Reserve as a Disputed Ownership Fund ("DOF") within the meaning of Treasury Income Tax Regulation Section 1.468B-9 for federal income tax purposes rather than tax such reserve as a part of the grantor liquidating trust. If the election is made, the Liquidating Trustee shall comply with all federal and state tax reporting and tax compliance requirements of the DOF, including but not limited to the filing of a separate federal income tax return for the DOF and the payment of federal and/or state income tax due.

C. Powers of the Liquidating Trustee.

1. Administrative Powers. During the Liquidating Trustee's administration of the Liquidating Trust, and subject to the Plan, the Plan Confirmation Order and this Agreement, the Liquidating Trust and the Liquidating Trustee may exercise the power:

i. to receive and hold all of the Liquidating Trust Assets and to have exclusive possession and control thereof for the purposes set forth in Section II(C) hereof;

ii. to enter into, perform and exercise rights under contracts binding upon the Liquidating Trust (but not upon the Liquidating Trustee in its individual or corporate capacities) which are reasonably incident to the administration of the Liquidating Trust and which the Liquidating Trustee, in the exercise of its judgment, believes to be in the best interests of the Liquidating Trust;

iii. to establish and maintain accounts at banks and other financial institutions, in a clearly specified fiduciary capacity, into which the Post-Confirmation Reserves or other Cash and property of the Liquidating Trust may be deposited, and draw checks or make withdrawals from such accounts, and to pay or distribute such amounts of the Liquidating Trust Assets as permitted or required under the Plan or this Agreement;

iv. to employ and compensate attorneys, accountants, brokers, realtors, expert witnesses, insurance adjusters, professional advisors or any successor or other persons whose services may be necessary or advisable in the judgment of the Liquidating Trustee in accordance with the terms of the Plan, and to pay from the Liquidating Trust Assets reasonable compensation to such attorneys, accountants, brokers, realtors, expert witnesses, insurance adjuster or any successor, or other persons (including, when necessary or appropriate, contingent fee or commission based arrangements) in accordance with the terms of the Plan;

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

vi. to make all required disbursements of The Liquidating Trust Assets to Beneficiaries in accordance with the terms of the Plan and this Agreement;

vii. to pay any and all necessary expenses attributable or related to the management, maintenance, administration, preservation or disbursement of the Liquidating Trust Assets;

viii. to investigate, file, compromise, settle, withdraw or litigate in the Bankruptcy Court or on appeal (or pursuant to a withdrawal of the reference of jurisdiction) or in any other appropriate court or tribunal, Estate Causes of Action, objections to disputed Administrative Expense Claims and Disputed Claims, and to exercise any and all rights and perform any and all obligations of the Liquidating Trust, under the Plan, this Agreement or otherwise;

ix. to sue or be sued in connection with any matter arising from or related to the Plan or this Agreement that affects in any way the rights or obligations of the Liquidating Trust, the Liquidating Trustee or the Beneficiaries;

x. to represent the interests of the Beneficiaries with respect to any matters relating to the Plan, this Agreement or the Liquidating Trust affecting the rights of the Beneficiaries solely in their capacity as Beneficiaries;

xi. to prosecute, exercise and/or enforce all Estate Causes of Action and the rights, claims, powers, objections and/or actions of the Debtor and its estate under sections 363, 365 and 501 to 558, inclusive, of the Bankruptcy Code whether or not such litigation was commenced by the Debtor prior to the Effective Date;

xii. seek the examination of any entity under, and subject to, the provisions of Rule 2004 of the Federal Bankruptcy Rules of Procedure;

xiii. to act as representative of the estate under section 1123(b) of the Bankruptcy Code or otherwise, as allowed by the Plan; and

xiv. to do any and all other things, not in violation of any other terms of the Plan or this Agreement, which, in the judgment of the Liquidating Trustee, are necessary or appropriate to carry out the terms or purposes of the Plan, this Agreement, the Liquidating Trust or for the proper liquidation, management, investment and distribution of the Liquidating Trust Assets in accordance with the provisions of the Plan and this Agreement.

2. Retention of Attorneys and Other Professionals. The Liquidating Trust is authorized to employ and compensate the attorneys and other professionals, including (a) attorneys, professionals and advisors employed by the Committee prior to the Effective Date and (b) affiliates of the Liquidating Trustee, in each case, without any further order of the Court. Any actual or potential conflict of interest which might otherwise preclude such employment is waived and the Parties acknowledge that they have received full disclosure of such conflict, and hereby consent to such continued employment.

D. Limitations on Trustee; Investments.

1. No Trade or Business for Liquidating Trust. The Liquidating Trustee shall carry out the purposes of the Plan, this Agreement and the Liquidating Trust and the directions contained herein and shall not at any time cause the Liquidating Trust to enter into or engage in any business (except as may be consistent with the limited purposes of the Liquidating Trust). The Liquidating Trustee is directed to take all actions necessary or appropriate to dispose of the Liquidating Trust Assets in as prompt, efficient and orderly a fashion as possible, to make timely

distributions of Cash out of the Liquidating Trust, and to otherwise not unduly prolong the duration of the Liquidating Trust.

E. Transferee Liabilities. If any liability shall be asserted against the Trust as transferee of the Liquidating Trust Assets or any other property or assets on account of any claimed liability of or through the Debtor, the Liquidating Trustee may use such part of the Liquidating Trust Assets as may be necessary in contesting any such claimed liability and in payment, compromise, settlement and discharge thereof on terms satisfactory to the Liquidating Trustee. In no event shall the Liquidating Trustee be required or obligated to use its own property, funds or assets for any such purposes.

F. Administration of Trust. In administering the Liquidating Trust, the Liquidating Trustee, subject to the express limitations contained in the Plan and this Agreement, is authorized and directed to do and perform all such acts, to execute and deliver such deeds, bills of sale, instruments of conveyance, and other documents as the Liquidating Trustee may deem necessary or appropriate to carry out the purposes of the Plan, this Agreement and the Liquidating Trust. The Liquidating Trustee shall not commingle any of the Liquidating Trust Assets with the property of the Liquidating Trustee or any other entity.

G. Payment of Expenses and Other Liabilities. The Liquidating Trustee shall pay from the Liquidating Trust Assets all expenses, charges, liabilities and obligations of the Liquidating Trust, including such debts, liabilities, or obligations as may be payable from the Liquidating Trust Assets, interest, taxes, assessments, and public charges of every kind and nature, and the costs, charges and expenses in connection with or arising out of the execution or administration of the Liquidating Trust and the Liquidating Trust Assets, and such other payments and disbursements as are provided for in the Plan or this Agreement or which may be necessary or appropriate charges against the Liquidating Trust and the Liquidating Trust Assets, and the Liquidating Trustee, in its judgment, may, from time to time, make provision by reserve or otherwise, out of the Liquidating Trust Assets, for such amount or amounts as the Liquidating Trustee in its judgment may determine to be necessary or appropriate to meet or satisfy unascertained, unliquidated or contingent liabilities of the Liquidating Trust or the Liquidating Trustee.

H. Tax Requirements. The Liquidating Trust shall comply with all payment, withholding and reporting requirements imposed by any federal, state or local laws. All Distributions of Cash by the Liquidating Trust shall be subject to all such payment, withholding and reporting requirements. The Liquidating Trust shall report and pay any taxes that may be imposed on the Liquidating Trust, the Post-Confirmation Reserves by any federal, state or local laws. As a condition to the receipt of any Distributions under the Plan, the Beneficiaries may be required to provide the Liquidating Trust with information or documents required under applicable law for tax or other purposes. Any Beneficiary to whom a notice is mailed requesting such information or documents but who fails to deliver such information or documents to the Liquidating Trust within three (3) months after the notice is mailed shall be forever barred from thereafter receiving any Distributions from the Liquidating Trust and the amounts to which such holder is no longer entitled shall be reallocated to make other Distributions required by the Plan.

I. Liabilities of the Liquidating Trust. The Liquidating Trust shall have no liabilities whatsoever except (a) in accordance with the Plan and this Agreement and (b) the obligation to pay and reimburse the Liquidating Trustee and the officers, employees, professionals, agents and representatives of the Liquidating Trust in accordance with the Plan and this Agreement. Without limiting the foregoing, the Liquidating Trust shall have no liability for any expenses of or claims against the Debtor, its estate or any other entities except for Allowed Administrative Expense Claims and Allowed Claims in accordance with the Plan and this Agreement.

J. Compensation of Trustee. The Liquidating Trustee shall be entitled to be compensated from the Liquidating Trust for its services and expenses in accordance with its customary rates and practices. The Liquidating Trustee shall be entitled to engage in such other activities as the Liquidating Trustee deems appropriate, provided that the Liquidating Trustee shall devote such time as is necessary to fulfill all of the duties provided under the Plan and this Agreement.

K. Bond. The Liquidating Trustee shall serve without bond.

VI. Source of Distributions

A. Distributions from Trust Estate. All Distributions to be made to the Beneficiaries under the Plan and this Agreement shall be made only from the Liquidating Trust Assets and only to the extent that the Liquidating Trust Assets are sufficient to make such payments in accordance with the Plan and this Agreement. Each Beneficiary shall look solely to the Liquidating Trust Assets, and not to the Liquidating Trustee or the officers, employees, professionals, agents or representatives of the Liquidating Trust in their personal, individual or corporate capacities, or to the Debtor, Committee or Oversight Committee, for distribution to such Beneficiary as provided in the Plan and this Agreement.

B. Distributions Pursuant to Plan and Agreement. The Liquidating Trust shall make Distributions from liquidating the Liquidating Trust Assets in accordance with the Plan and this Agreement.

1. Timing of Distributions Generally. To the extent practicable, the Liquidating Trustee shall make Distributions at least annually to those Beneficiaries qualifying for Distributions from the Liquidating Trust under the Plan. The Liquidating Trustee shall make continuing efforts to make timely Distributions, and not unduly prolong the duration of the Liquidating Trust.

2. Disbursing Agent. Unless otherwise ordered by the Bankruptcy Court, The Liquidating Trust, through the Liquidating Trustee, shall serve as the Disbursing Agent for all Distributions made by the Plan. All Distributions of Cash by the Liquidating Trust shall be made in lawful currency of the United States, by checks drawn on or, at the option of the Liquidating Trust, wire transfers from, one or more United States banks selected by the Liquidating Trust from the list of approved depositories issued by the United States Trustee. The Liquidating Trustee may employ a third party to act as Disbursing Agent after consultation with the Oversight Committee. The Disbursing Agent shall be compensated at its usual and customary rates and terms.

3. Checks Not Cashed. Any and all checks issued on account of Distributions shall be null and void if not Cashed within 60 days of issuance. The Holder of an Allowed Claim may thereafter make a written request for the Liquidating Trust to issue a replacement check until three months following issuance of the first check that became null and void. Thereafter, all Allowed Claims in respect of null and void checks shall be forever barred from any distributions from the Liquidating Trust and the Cash represented by the null and void checks shall be used by the Liquidating Trust to make other Distributions of Cash required by this Agreement and the Plan.

4. Delivery Of Distributions. Unless otherwise agreed by the Liquidating Trust, each Distribution of Cash by the Liquidating Trust on each distribution date shall be made by first class United States mail, postage prepaid, to the Holder of an Allowed Claim at the latest address set forth in: (a) a proof of claim filed with the Bankruptcy Court on account of an Allowed Claim, (b) the Debtor's Schedules and Statement of Financial Affairs (as such may have been amended), (c) a written notice of change of address delivered to the Liquidating Trust after the Effective Date, or (d) a notice delivered to the Liquidating Trust under Bankruptcy Rule 3001 identifying the name and address of the entity to whom an Allowed Administrative Expense Claim or an Allowed Claim has been transferred prior to the Effective Date. The Liquidating Trust shall not be required to make any other effort to locate or ascertain any address for any Distribution.

5. Unclaimed Distributions. Any distributions of Cash under the Plan that are returned as unclaimed or undeliverable shall be returned to the Liquidating Trust Assets. The Liquidating Trust is not required to re-attempt delivery of a Distribution to an address from which a prior Distribution was returned as unclaimed or undeliverable.

6. Disputed Claims. In accordance with section ___ of the Plan, on each distribution date, the Liquidating Trust shall allocate to the Disputed Claim Reserve a pro rata amount of Cash that would be distributed to the Holders of Disputed Claims if they held allowed claims. No Distribution shall be made to the Holder of any Disputed Claim until the next distribution date following the date on which the Disputed Claim is resolved.

7. Payment of Resolved Disputed Claims.

i. On the distribution date following the date on which a Disputed Claim is resolved as an allowed claim, the Liquidating Trust shall make the appropriate distribution of the Cash allocated to the Disputed Claim Reserve to the Holder of the formerly Disputed Claim (or such lesser pro rata amount if resolved as an Allowed Administrative Expense Claim or an Allowed Claim in an amount less than the amount used to determine the reserve).

ii. If a Disputed Claim is resolved as an Allowed Claim in an amount that is greater than the amount for which Cash was reserved in the Disputed Claim Reserve, the holder of the allowed claim shall receive distributions from the Liquidating Trust in an amount equal to the amount that would have been received if the Liquidating Trust had allocated Cash to the Disputed Claim Reserve on the basis of the amount of the Allowed Administrative Expense Claim or Allowed Claim. Any distributions of Cash to which the holders of allowed claims

would have been entitled had Cash been reserved in the reserve for Disputed Claims on account of the full amount of the allowed administrative expenses or allowed general unsecured claims shall be made up pro rata from subsequent distributions of available Cash before any other distributions of available Cash are made to other entities.

iii. Any Cash allocated to the Disputed Claim Reserve on account of a Disputed Claim that is resolved, in whole or in part, as not qualifying as an Allowed Administrative Expense Claim or an Allowed Claim shall, to the extent it does not qualify as an Allowed Administrative Expense Claim or an Allowed Claim, be reallocated to make other Distributions of Cash required by the Plan.

C. Maintenance of Records. The Liquidating Trust shall establish and maintain such books and records as the Liquidating Trustee deems necessary or appropriate.

D. Reserves. The Liquidating Trustee shall establish and maintain the Post-Confirmation Reserves in accordance with the Plan and this Agreement. The Liquidating Trustee may establish and maintain such other reserves, accounting entries, escrow accounts or similar items as the Liquidating Trustee deems necessary or appropriate. All reserves, accounting entries, escrows and similar items and the amounts allocable to each are solely for administrative convenience and the amounts allocated to each need not be segregated and may be commingled in one or more Permitted Investments as the Liquidating Trustee deems necessary or appropriate.

E. No Fractional Distributions. No distributions to Beneficiaries in fractions of cents (i.e. fractions of hundredths of U.S. Dollars) shall be made by the Liquidating Trust. Any distribution to a Beneficiary that would include a fraction of a cent shall be rounded down to the nearest whole cent. The aggregate amount of fractions of cents that are not distributed pursuant to this provision on the final distribution date shall be donated to a charitable organization designated by the Liquidating Trustee.

F. No De Minimis Distributions. No Cash payment of less than ten dollars ($10.00) shall be made from the Liquidating Trust Assets to any Holder of an Allowed Claim.

G. Dissolution and Termination.

1. Dissolution Event. The Liquidating Trust shall be dissolved upon the first to occur of the following:

i. the determination by the Liquidating Trustee to dissolve the Liquidating Trust upon performance and completion of all obligations and duties of the Liquidating Trust and the Liquidating Trustee under the Plan and this Agreement, including, without limitation, the Distribution of the Liquidating Trust Assets to the Beneficiaries as set forth in the Plan and this Agreement; or

ii. the date which is five (5) years from the Effective Date of the Plan (the "Termination Date"), provided, however, that, if warranted by the facts and circumstances, and subject to the approval of the Bankruptcy Court with jurisdiction over the case, upon a finding that an extension of the term of the Liquidating Trust is necessary to accomplish the

liquidation purpose of the Liquidating Trust, the Liquidating Trust's term may be extended for a finite term based on facts and circumstances. Each extension of the term of the Liquidating Trust is required to be approved by the Bankruptcy Court within six (6) months of the beginning of the extended term, after notice and opportunity for hearing have been provided to the Beneficiaries, Holders of Disputed Claims, and the Post-Effective Date Limited Notice List; provided, however, that the aggregate of all such extensions shall not exceed three (3) years, unless the Liquidating Trustee receives a favorable ruling from the IRS that any further extension would not adversely affect the status of the Liquidating Trust as a "liquidating trust" for federal income tax purposes within the meaning of Treasure Regulation 301.7701-4(d).

VII. Other Duties of the Liquidating Trustee.

A. Management of The Liquidating Trust Assets. The Liquidating Trustee may purchase and maintain in existence such insurance as the Liquidating Trustee deems necessary or appropriate from time to time to protect the Liquidating Trust, the Oversight Committee, the Liquidating Trustee (including the officers, employees, professionals, agents or representatives of the Liquidating Trust) and the Beneficiaries' interests in the Liquidating Trust Assets from any potential claims or liabilities relating thereto or the Distribution thereof.

B. No Implied Duties. The Liquidating Trustee shall not manage, control, use, sell, dispose, collect or otherwise deal with the Liquidating Trust Assets or otherwise take any action hereunder except as expressly provided in the Plan or this Agreement, and no implied duties or obligations whatsoever of the Liquidating Trustee shall be read into this Agreement. Except as otherwise expressly provided in the Plan or this Agreement, the Liquidating Trustee shall have no duties or obligations under any laws or statutes otherwise applicable to trusts.

VIII. Concerning the Liquidating Trustee.

A. Acceptance by Trustee. The Liquidating Trustee accepts the Liquidating Trust created on the Effective Date for the benefit of the Beneficiaries and agrees to act as Trustee of the Liquidating Trust pursuant to the terms of the Plan and this Agreement. The Liquidating Trustee shall have and exercise the rights and powers granted in the Plan and this Agreement and shall be charged solely with the performance of the duties declared in the Plan and this Agreement on the part of the Liquidating Trustee. The Liquidating Trustee also agrees to receive and disburse all funds actually received by it constituting part of the Liquidating Trust Assets pursuant to the terms of the Plan and this Agreement.

B. Liability of the Liquidating Trustee.

1. Limitation on Liability. No provision of the Plan or this Agreement shall be construed to impose any liability upon the Liquidating Trustee or the officers, employees, professionals, agents or representatives of the Liquidating Trust or the Oversight Committee unless it shall be proven that the actions or omissions of such entity are not authorized under the Plan and this Agreement and constituted willful misconduct in the exercise of, or failure to exercise, any right or power under the Plan or this Agreement.

2. Reliance on Certificates or Opinions. In the absence of willful misconduct on the part of the Liquidating Trustee, the Liquidating Trustee may conclusively rely, as to the

truth of the statements and correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Liquidating Trustee and conforming to the requirements of the Plan or this Agreement.

3. Discretion of Liquidating Trustee. Except as otherwise expressly provided in the Plan or this Agreement, the Liquidating Trustee, within the limitations and restrictions expressed and imposed in the Plan and this Agreement, may act freely under all or any of the rights, powers and authority conferred in the Plan or this Agreement in all matters concerning the Liquidating Trust and the Liquidating Trust Assets without the necessity of obtaining the consent or permission or authorization of the Beneficiaries, the Debtor, the Oversight Committee, the Bankruptcy Court, or of any official or officer; and the rights, powers and authority conferred on the Liquidating Trustee by the Plan and this Agreement are conferred in contemplation of such freedom of action within the limitations and restrictions so expressed and imposed; provided, however, that the Liquidating Trustee shall not be liable for any error unless it shall be proved by Final Order of the Bankruptcy Court that the Liquidating Trustee acted in a manner which constituted willful misconduct.

C. Reliance by Trustee.

1. Genuineness of Documents. The Liquidating Trustee and the officers, employees, professionals, agents and representatives of the Liquidating Trust may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, objection, order, judgment, decree, or other paper or document reasonably believed by them to be genuine and to have been signed, made, entered or presented by the proper party, parties, official, officials, entity or entities.

2. Retention of Professionals. The Liquidating Trustee may consult with legal counsel and with independent public accountants and other professionals or experts, and the Liquidating Trust shall have the right to employ and to compensate any such professionals as the Liquidating Trustee deems appropriate. Absent the Liquidating Trustee's own willful misconduct, the Liquidating Trustee may conclusively rely, and shall be fully protected in acting (or omitting to take action) upon, any advice of such professionals.

D. Indemnification.

1. Indemnification. The Liquidating Trust shall indemnify and hold the Liquidating Trustee and its affiliates and professionals and their respective employees, officers, members, agents and subcontractors (individually, an "Indemnified Party" and collectively, the "Indemnified Parties") harmless from and against any loss, claim, damages or expense incurred by an Indemnified Party as a result of or in connection with the Liquidating Trustee serving as Trustee or otherwise relating to this Agreement, except to the extent finally and judicially determined to have resulted primarily from its own willful misconduct.

2. Payment of Expenses. Expenses (including attorneys' fees) incurred in defending any action, suit or proceeding referred to above may be paid by the Liquidating Trust in advance of the final disposition of such action, suit or proceeding, upon an undertaking by the appropriate Trustee, officer, employee, professional, agent or representative of the Liquidating

Trust to repay such amount if it shall ultimately be determined that such entity is not entitled to be indemnified.

3. Insurance. The Liquidating Trust may maintain insurance (specifically including directors and officers and/or errors and omissions insurance) during its existence and after its termination, at its expense, to protect itself and the Liquidating Trustee, officers, employees, professionals, agents and representatives of the Liquidating Trust, as well as their heirs, successors, executors, administrators, personal representatives, or estates, of and from any liability.

E. Costs and Expenses of Trustee.

1. Costs and Expenses. The Liquidating Trustee shall pay out of the Liquidating Trust Assets all reasonable costs, expenses and obligations incurred by the Liquidating Trustee in carrying out its duties under the Plan and this Agreement or in any manner connected, incidental or related to the administration of the Liquidating Trust, including:

i. any reasonable fees and expenses of attorneys, accountants, investment advisors, expert witnesses, insurance adjustors, disbursing agents, property managers, realtors, brokers, professionals or other entities whom the Liquidating Trustee may deem necessary or appropriate to employ in connection with the Liquidating Trust, or on its own behalf in accordance with the terms of the Plan or this Agreement; and

ii. any taxes, charges and assessments which may be owed by, or levied or assessed against, the Liquidating Trust, the Trust Estate or any property held in trust hereunder.

2. Trustee's Funds. No provision of this Agreement or the Plan shall require the Liquidating Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties as Trustee hereunder or under the Plan, or in the exercise of any of its rights or powers, if the Liquidating Trustee shall have reasonable grounds for believing that repayment of funds or adequate indemnity or security satisfactory to it against such risk or liability is not reasonably assured to it.

F. Resignation and Removal.

1. Resignation of Administration Trustee. The Liquidating Trustee may resign and be discharged from any future obligations and liabilities hereunder by giving written notice thereof to the Oversight Committee's members and counsel and the Bankruptcy Court at least thirty (30) days prior to the date of resignation set forth in the notice of resignation. Such resignation shall become effective after the day specified in such notice on the day when a successor Trustee is appointed pursuant to Section VIII(F)(3) below and the successor Trustee accepts such appointment in writing.

2. Removal of Trustee. The Liquidating Trustee may be removed with or without cause at any time by the affirmative unanimous vote of all of the members of the Oversight Committee. Such removal shall be effective when a successor Trustee is appointed

pursuant to Section VIII(F)(3) below and the successor trustee has accepted the appointment in writing.

3. Appointment of a Successor Trustee. If, at any time, the Liquidating Trustee shall give notice of its intent to resign pursuant to Section VIII(F)(1) hereof or shall be removed as specified in Section VIII(F)(2) hereof, or shall become incapable of acting, the Oversight Committee's members shall give notice thereof to the Bankruptcy Court. Within thirty (30) days thereafter, the Oversight Committee's members shall choose and appoint a successor trustee to act under the Plan and this Agreement. In the event that the Liquidating Trustee gives notice of its intent to resign pursuant to Section VIII(F)(1) hereof or is removed or shall become incapable of acting and the Oversight Committee does not choose and appoint a successor trustee, the Bankruptcy Court shall, upon request by any Beneficiary, or counsel to the Liquidating Trust, designate a successor trustee to act under this Agreement.

4. Acceptance of Appointment by Successor Trustee. Any successor trustee appointed hereunder shall execute an instrument accepting such appointment hereunder in the form determined by the Oversight Committee, which shall be filed with the Bankruptcy Court. Thereupon, such successor trustee shall, without any further act, become vested with all of the estates, properties, rights, powers, trusts and duties of its predecessor in the Liquidating Trust hereunder with like effect as if originally named herein from that date forward.

IX. Action by Trustee.

A. Actions Per Plan. Unless otherwise specified in the Plan or this Agreement, any action required or permitted to be taken by the Liquidating Trustee (or any successor trustee) pursuant to the Plan or this Agreement shall be taken by the Liquidating Trustee (or any successor trustee) at its discretion, subject to the terms of the Plan and this Agreement.

B. Conflict of Interest. In the event that the Liquidating Trustee has a conflict of interest with respect to a matter upon which the Liquidating Trustee is to act, the Liquidating Trustee shall submit the issue to the Oversight Committee for action upon notice and motion approved by the Bankruptcy Court. The Liquidating Trustee is not currently aware of any relationship that would create a conflict of interest of which it has been made aware. Because the Liquidating Trustee is part of a consulting firm that serves clients on an international basis in numerous cases, both in and out of court, it is possible that the Liquidating Trustee may have rendered or will render services to or have business associations with other entities or people which had or have or may have relationships with the Debtor, the Committee and/or creditors and/or claimants of the Debtor and/or the Trust. In the event the terms of this agreement are accepted, the Liquidating Trustee will not represent the interests of any such entities or people in connection with this matter however, nothing herein shall prevent the Liquidating Trustee from representing the interests of any such entities or people in unrelated matters.

X. Supplements and Amendments to this Agreement.

A. Supplements and Amendment. Subject to the provisions of the Plan and this Agreement, at any time and from time to time, upon notice and motion approved by the Bankruptcy Court, the Liquidating Trustee may execute a supplement or amendment hereto for

the purpose of adding provisions to, or changing or eliminating provisions of, this Agreement, or amendments thereto. In no event shall this Agreement be amended so as to change the purpose of the Liquidating Trust as set forth in the Plan or Section II above without the prior approval of the Bankruptcy Court after notice and opportunity for a hearing have been provided to the Beneficiaries, Holders of Disputed Claims, the Oversight Committee and the Post-Effective Date Limited Notice List.

B. Trustee's Declining to Execute Documents. If, in the reasonable opinion of the Liquidating Trustee, any document required to be executed pursuant to the terms hereof materially and adversely affects any immunity or indemnity in favor of the Liquidating Trustee under this Agreement, the Liquidating Trustee may in her discretion decline to execute such document.

C. Notice and Effect of Executed Amendment. Upon the execution of any amendment or supplement approved by the Bankruptcy Court, this Agreement shall be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Agreement of the Liquidating Trustee, the Beneficiaries, Holders of Disputed Claims and the Oversight Committee shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such amendment or supplement shall be thereby deemed to be part of the terms and conditions of this Agreement for any and all purposes.

XI. Miscellaneous.

A. Title to Trust Estate. No Beneficiary shall possess legal ownership of, or have title to, any part of the Liquidating Trust Assets and no Beneficiary shall have an interest in any specific property of the Liquidating Trust.

B. Preservation of Privilege and Defenses. In connection with the rights, claims, and Causes of Action that constitute the Liquidating Trust Assets, any attorney-client privilege, work-product privilege, or other privilege or immunity attaching to any documents or communications (whether written or oral) transferred to the Liquidating Trust shall vest in the Liquidating Trustee and its representatives, and the Liquidating Trustee is authorized to take all necessary actions to effectuate the transfer of such privileges and available defenses.

C. Notices. Unless otherwise expressly specified or permitted by the terms of the Plan or this Agreement, all notices shall be in writing and delivered by registered or certified mail, return receipt requested, or by a hand or by facsimile transmission (and confirmed by mail), or by overnight courier, in any such case addressed as follows:

If to the Liquidating Trust and/or Trustee:

B&L Equipment Rental, Inc. Liquidating Trustee

_____

Attn: _____

_____
_____

If to the Oversight Committee:

Daniel H. Reiss, Esq.
Levene, Neale, Bender, Yoo & Brill L.L.P.
10250 Constellation Bl., Suite 1700
Los Angeles, CA 90067

D. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction, unless the prohibition or unenforceability of such provision will materially change the purpose or effect of this Agreement.

E. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same instrument, and facsimile signatures shall have the same force and effect as original signatures.

F. Binding Agreement. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the Liquidating Trustee and its respective successors and assigns and any successor trustee provided for in Section VIII, and its respective successors and assigns, the Beneficiaries and Holders of Disputed Claims as well as their respective personal representatives, successors and assigns. Any request, notice, direction, consent, waiver or other instrument or action by any party hereto or any Beneficiary or any Holder of a Disputed Claim shall bind their respective heirs, personal representatives, successors and assigns.

G. Headings. The headings of the various Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

H. Construction. Except where the context otherwise requires, words importing the masculine gender shall include the feminine and the neutral, if appropriate; words importing the singular number shall include the plural number and vice versa; and words importing persons shall include partnerships, associations, and corporations.

I. Governing Law. Except to the extent the Bankruptcy Code, the Bankruptcy Rules or other federal law may apply, this Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of California (regardless of conflict of law rules), including all matters of construction, validity and performance.

J. Construction with the Plan. The Plan is hereby incorporated fully by reference and is made a part hereof for all purposes. References herein to this Agreement shall refer only to this Agreement and shall not include the Plan unless otherwise indicated. In the event that the Plan and this Agreement are in contradiction, the terms of the Plan shall prevail other than with

respect to the provisions herein regarding exculpation and indemnification for which this Agreement will prevail.

K. Subject to Bankruptcy Court's Jurisdiction. The Bankruptcy Court shall retain jurisdiction over this Agreement and the Liquidating Trust, the Liquidating Trust Assets, the Liquidating Trustee and the Debtor to: (a) ensure that the purposes and intent of the Plan and this Agreement are carried out; (b) issue any and all orders and to take other actions necessary to the implementation of the Plan and this Agreement, such jurisdiction to include the jurisdiction contemplated by Section 1142 of the Bankruptcy Code; and (c) resolve any disputes regarding the employment or compensation of any officers, employees, professionals, agents or representatives of the Liquidating Trustee or the Liquidating Trust. All provisions of this Agreement are subject to such continuing jurisdiction of the Bankruptcy Court. The Bankruptcy Court may interpret or enforce this Agreement upon request of a party in interest in accordance with the Bankruptcy Rules.

L. Integration. The Plan and this Agreement supersede all negotiations concerning their subject matter which preceded or accompanied the execution and delivery of this Agreement. The Plan and this Agreement are intended as a final expression of agreement as to the terms set forth in the Plan and this Agreement and may not be contradicted by evidence of prior agreement or contemporaneous agreement. The Plan and this Agreement are also intended as a complete and exclusive statement of their terms.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed or have hereunto caused this Agreement to be duly executed, as of the day and year first above written.

For the Liquidating Trustee

_____
Solely in its capacity as Trustee

_____
By:
Its:

For the Committee

_____
By:
Its: