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IN THE UNITED STATES BANKRUPTCY COURT FOR THE WESTERN DISTRICT OF TEXAS WACO DIVISION

_____)	
In re:)	Chapter 11
)	
Bosque Power Company, LLC, <i>et al.</i> , ¹)	
)	Case No. 10-60348-BK
)	
Debtors.)	Jointly Administered
_____)	

DISCLOSURE STATEMENT WITH RESPECT TO THE PREPETITION AGENT'S AND THE REQUIRED LENDERS' JOINT PLAN OF REORGANIZATION FOR THE REORGANIZING DEBTORS UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

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Dated: August 2, 2010*

¹ The Debtors in the Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: BosPower Development LLC (3544); BosPower Partners LLC (6652); Bosque Power Company, LLC (8730); BosPower Development Blocker I Inc. (1043); BosPower Development Blocker II Inc. (1097); and Fulcrum Marketing and Trade LLC (8911).



DISCLAIMER

THE INFORMATION CONTAINED IN THIS PSP DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PREPETITION AGENT'S AND THE REQUIRED LENDERS' JOINT PLAN OF REORGANIZATION FOR THE REORGANIZING DEBTORS UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE (AS MAY BE AMENDED IN ACCORDANCE WITH THE TERMS THEREOF AND APPLICABLE LAW, THE "PSP PLAN"). THE INFORMATION CONTAINED HEREIN MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PSP PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS PSP DISCLOSURE STATEMENT, REGARDING THE PSP PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PSP PLAN.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS PSP DISCLOSURE STATEMENT AND THE PSP PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PSP PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS PSP DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PSP PLAN, THE EXHIBITS ANNEXED TO THE PSP PLAN AND THE PSP PLAN SUPPLEMENT. THE STATEMENTS CONTAINED IN THIS PSP DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN SHALL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS PSP DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. THIS PSP DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OR CLAIMS OF ANY OF THE DEBTORS AND DEBTORS IN POSSESSION IN THESE CASES SHOULD EVALUATE THIS PSP DISCLOSURE STATEMENT AND THE PSP PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS PSP DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS PSP DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PSP PLAN AS TO HOLDERS OF CLAIMS AGAINST OR EQUITY INTERESTS IN ANY OF THE DEBTORS AND DEBTORS IN POSSESSION IN THESE CASES.

THIS PSP DISCLOSURE STATEMENT, INCLUDING ALL INFORMATION RELATING TO THE ASSETS AND LIABILITIES OF THE REORGANIZING DEBTORS' ESTATES CONTAINED THEREIN, HAS BEEN PREPARED BASED ENTIRELY UPON INFORMATION IN REPORTS, COURT FILINGS AND OTHER INFORMATION PROVIDED BY OR ON BEHALF OF THE REORGANIZING DEBTORS. THE PLAN PROPONENTS HAVE NOT PERFORMED ANY INDEPENDENT DILIGENCE WITH RESPECT TO SUCH INFORMATION AND DO NOT ASSUME RESPONSIBILITY FOR THE ACCURACY AND COMPLETENESS OF ANY SUCH INFORMATION.

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I. INTRODUCTION

The debtors and debtors in possession in the above-referenced chapter 11 cases (the “Chapter 11 Cases”) are the following related companies (collectively, the “Debtors” or the “Company”):

BosPower Development LLC;

BosPower Partners LLC;

Bosque Power Company, LLC;

BosPower Development Blocker I Inc.;

BosPower Development Blocker II Inc.; and

Fulcrum Marketing and Trade LLC.

Credit Suisse AG, Cayman Islands Branch,² as: (a) administrative agent (in such capacity, the “Administrative Agent”) for the lenders (the “Prepetition Senior Lenders”) under that certain Credit Agreement, dated as of January 16, 2008 (as amended, supplemented and modified from time to time, the “Prepetition Credit Agreement”), by and among Bosque Power Company, LLC, as Project Co and Surviving Borrower, as applicable (“BPC”), Bosque Acquisition, LLC, as Initial Borrower, LSP Procurement I, LLC, as Guarantor, the Prepetition Senior Lenders, the Administrative Agent, Credit Suisse Securities (USA) LLC, as Syndication Agent and Documentation Agent, and Credit Suisse Securities (USA) LLC, as Sole Lead Arranger and Sole Bookrunner; and (b) collateral agent (in such capacity, the “Collateral Agent” and, together with the Administrative Agent, the “Prepetition Agent” and, together with the Prepetition Senior Lenders, the “Prepetition Secured Parties”) under that certain Security Agreement, dated as of January 16, 2008 (the “Prepetition Security Agreement”), by and among BPC, the other Pledgors thereunder, the Collateral Agent and the Prepetition Senior Lenders; and certain of the Prepetition Senior Lenders who, in the aggregate, hold a majority of the debt incurred under such Prepetition Credit Agreement (collectively, the “Required Lenders” and, together with the Prepetition Agent, the “Plan Proponents”), submit this disclosure statement (as may be amended or modified hereafter, the “PSP Disclosure Statement”), pursuant to section 1125 of title 11 of the United States Code (the “Bankruptcy Code”), for use in the solicitation of votes on the Prepetition Agent’s and the Required Lenders’ Joint Chapter 11 Plan of Reorganization for the Reorganizing Debtors Under Chapter 11 of the United States Bankruptcy Code, dated as of August 2, 2010 (as may be amended or modified hereafter, the “PSP Plan”). A copy of the PSP Plan is attached hereto as Appendix A. Each capitalized term used in this PSP Disclosure Statement but not otherwise defined herein has the meaning ascribed to such term in the PSP Plan. In addition, all references in this PSP Disclosure Statement to monetary figures refer to United States currency, unless otherwise expressly provided.

² The Administrative Agent is acting at the direction of Required Lenders (as defined herein).

The PSP Plan provides for the restructuring of the balance sheets and outstanding debt obligations of BosPower Partners LLC, Bosque Power Company, LLC and Fulcrum Marketing and Trade LLC (collectively, the “Reorganizing Debtors”). Upon information and belief, the Estates of the Reorganizing Debtors consist of all or substantially all of the Debtors’ assets and liabilities. The Plan Proponents do not presently seek the restructuring or liquidation of the remaining Debtors (*i.e.*, BosPower Development LLC, BosPower Development Blocker I Inc. and BosPower Development Blocker II Inc.) because they do not have at their disposal sufficient information for such entities to make any reasonably informed determinations as to the appropriate treatments of the assets and liabilities (if any) of such Debtors’ Estates.

This PSP Disclosure Statement sets forth certain information regarding the Reorganizing Debtors’ prepetition operating and financial history, their reasons for seeking protection and reorganization under chapter 11 and significant events that have occurred during the Chapter 11 Cases. This PSP Disclosure Statement also describes certain terms and provisions of the PSP Plan, certain effects of confirmation of the PSP Plan, certain risk factors associated with the PSP Plan and the securities to be issued under the PSP Plan and the manner in which distributions will be made under the PSP Plan. In addition, this PSP Disclosure Statement discusses the confirmation process and the voting procedures that Holders of Claims entitled to vote on the PSP Plan must follow for their votes to be counted.

By order entered on or about [_____], 2010, the Bankruptcy Court has approved this PSP Disclosure Statement as containing “adequate information,” in accordance with section 1125 of the Bankruptcy Code, to enable a hypothetical, reasonable investor typical of Holders of Claims against the Reorganizing Debtors to make an informed judgment as to whether to accept or reject the PSP Plan, and has authorized its use in connection with the solicitation of votes with respect to the PSP Plan. **APPROVAL OF THIS PSP DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PSP PLAN.** No solicitation of votes may be made except pursuant to this PSP Disclosure Statement and section 1125 of the Bankruptcy Code. In voting on the PSP Plan, Holders of Claims entitled to vote should not rely on any information relating to the Reorganizing Debtors and their business, other than that contained in this PSP Disclosure Statement, the PSP Plan, the PSP Plan Supplement and all exhibits and appendices hereto and thereto.

Pursuant to the provisions of the Bankruptcy Code, only classes of Claims or Interests that are: (a) “impaired” by a plan; and (b) entitled to receive a distribution under such plan are entitled to vote on the plan. In the Reorganizing Debtors’ cases, only Claims in Class 2 are Impaired by, and entitled to receive a distribution under, the PSP Plan; accordingly, only the Holders of Claims in that Class are entitled to vote to accept or reject the PSP Plan. Claims in Class 1, 3, 4, and 5, along with Interests in Classes 7 and 8 are Unimpaired by the PSP Plan; accordingly, the Holders thereof are conclusively presumed to have accepted the PSP Plan and, thus, are not entitled to vote on the PSP Plan. Claims in Class 6, along with Interests in Class 9, each of which do not receive a distribution under the PSP Plan, are deemed to have rejected the PSP Plan and, thus, are not entitled to vote on the PSP Plan.

FOR A DESCRIPTION OF THE PSP PLAN AND VARIOUS RISKS AND OTHER FACTORS PERTAINING TO THE PSP PLAN, PLEASE SEE ARTICLE VI OF THIS

PSP DISCLOSURE STATEMENT, ENTITLED “SUMMARY OF THE PSP PLAN” AND ARTICLE VII OF THIS PSP DISCLOSURE STATEMENT, ENTITLED “CERTAIN RISK FACTORS TO BE CONSIDERED.”

THIS PSP DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PSP PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATING TO THE PSP PLAN, CERTAIN EVENTS THAT HAVE OCCURRED IN THE CHAPTER 11 CASES AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE PLAN PROPONENTS BELIEVE THAT THE SUMMARIES OF THE PSP PLAN AND RELATED DOCUMENT SUMMARIES ARE FAIR AND ACCURATE AS OF THE DATE HEREOF, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS AND TO THE EXTENT THEY MAY CHANGE AS PERMITTED BY THE PSP PLAN AND APPLICABLE LAW. FACTUAL INFORMATION CONTAINED IN THIS PSP DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE PLAN PROPONENTS, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE PLAN PROPONENTS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

NOTHING CONTAINED HEREIN SHALL BE DEEMED TO CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY OR BE DEEMED CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE PSP PLAN AS TO HOLDERS OF CLAIMS OR INTERESTS. YOU SHOULD CONSULT YOUR PERSONAL COUNSEL OR TAX ADVISOR ON ANY QUESTIONS OR CONCERNS RESPECTING TAX, SECURITIES OR OTHER LEGAL CONSEQUENCES OF THE PSP PLAN.

CERTAIN OF THE INFORMATION CONTAINED IN THIS PSP DISCLOSURE STATEMENT IS, BY ITS NATURE, FORWARD LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS. EXCEPT WITH RESPECT TO THE *PRO FORMA* FINANCIAL PROJECTIONS SET FORTH IN APPENDIX B ANNEXED HERETO (THE “PROJECTIONS”) AND EXCEPT AS OTHERWISE SPECIFICALLY AND EXPRESSLY STATED HEREIN, THIS PSP DISCLOSURE STATEMENT DOES NOT REFLECT ANY EVENTS THAT MAY OCCUR SUBSEQUENT TO THE DATE HEREOF AND THAT MAY HAVE A MATERIAL IMPACT ON THE INFORMATION CONTAINED IN THIS PSP DISCLOSURE STATEMENT. THE PLAN PROPONENTS DO NOT UNDERTAKE ANY OBLIGATION TO, AND DO NOT INTEND TO, UPDATE THE PROJECTIONS; THUS, THE PROJECTIONS WILL NOT REFLECT THE IMPACT OF ANY SUBSEQUENT EVENTS NOT ALREADY ACCOUNTED FOR IN THE ASSUMPTIONS UNDERLYING THE PROJECTIONS. FURTHER, THE PLAN PROPONENTS DO NOT ANTICIPATE THAT ANY AMENDMENTS OR SUPPLEMENTS TO THIS PSP DISCLOSURE STATEMENT WILL BE DISTRIBUTED TO REFLECT SUCH OCCURRENCES. ACCORDINGLY, THE DELIVERY

OF THIS PSP DISCLOSURE STATEMENT WILL NOT UNDER ANY CIRCUMSTANCE IMPLY THAT THE INFORMATION HEREIN IS CORRECT OR COMPLETE AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF. MOREOVER, THE PROJECTIONS ARE BASED ON ASSUMPTIONS THAT, ALTHOUGH BELIEVED TO BE REASONABLE BY THE PLAN PROPONENTS, MAY DIFFER FROM ACTUAL RESULTS.

THE PLAN PROPONENTS BELIEVE THAT THE PSP PLAN WILL ACCOMPLISH THE OBJECTIVES OF CHAPTER 11 AND THAT ACCEPTANCE OF THE PSP PLAN IS IN THE BEST INTERESTS OF THE REORGANIZING DEBTORS, THEIR CREDITORS AND THEIR ESTATES. THE PLAN PROPONENTS URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT THE PSP PLAN.

II. OVERVIEW OF THE PSP PLAN

The following is a brief overview of the material provisions of the PSP Plan and is qualified in its entirety by reference to the full text of the PSP Plan. For a more detailed description of the terms and provisions of the PSP Plan, see Article VI of this PSP Disclosure Statement entitled “Summary of the PSP Plan.”

The PSP Plan provides for the classification and treatment of Claims against and Interests in the Reorganizing Debtors. The PSP Plan designates six Classes of Claims and three Classes of Interests. These Classes take into account the differing nature and priority under the Bankruptcy Code of the various Claims and Interests.

A. General Structure of the PSP Plan

The PSP Plan is structured as a joint plan. The Chapter 11 Cases were filed to implement a restructuring, such as the one embodied in the PSP Plan, in an efficient, expedient and economical fashion, with minimal disruption to the Reorganizing Debtors’ ongoing business operations. The PSP Plan provides for the means of implementation through a reorganization.

As of March 24, 2010 (the “Petition Date”), the aggregate principal amount of Prepetition Secured Obligation Claims totaled approximately \$415,022,851. As of the Petition Date, after taking into account certain payments made to certain Holders of Claims authorized pursuant to orders of the Bankruptcy Court, the Reorganizing Debtors’ unsecured trade debt totaled approximately \$726,500.

Under the PSP Plan, the Holders of Allowed Administrative Expense Claims are Unimpaired. Each Allowed Administrative Expense Claim shall, in full and final satisfaction of such Allowed Administrative Expense Claim, be paid by the Reorganized Debtors, in full, in Cash, in such amounts as are incurred in the ordinary course of business by the Reorganized Debtors, or in such amounts as such Administrative Expense Claim is Allowed by the Bankruptcy Court upon: (a) the later of: (i) the Effective Date; and (ii) if such Claim is Allowed after the Effective Date, the date upon which there is a Final Order allowing such Administrative Expense Claim; (b) such other terms as may exist in the ordinary course of the Reorganizing Debtors’ business and in accordance with the terms and conditions of any agreement governing or document evidencing such Administrative Expense Claim; or (c) such terms and conditions as

may be agreed upon between the Holder of such Allowed Administrative Expense Claim and the Reorganizing Debtors (with the consent of the Required Lenders).

The Holders of the Allowed Priority Tax Claims are Unimpaired. Each Holder of an Allowed Priority Tax Claim shall, in full and final satisfaction of such Holder's Allowed Priority Tax Claim, be paid either: (a) in Cash, in full, on the later of the: (i) Effective Date; and (ii) date such Priority Tax Claim becomes due and payable in the ordinary course of business; (b) in equal annual Cash payments aggregating the amount of such Allowed Priority Tax Claim together with interest at the applicable non-bankruptcy rate over a period not exceeding five (5) years; or (c) on such other terms and conditions as may be agreed upon between the Holder of such Allowed Priority Tax Claim and the Reorganized Debtors (with the consent of the Required Lenders).

The Holders of the Allowed Class 1 Priority Non-Tax Claims, the Allowed Class 3 LEC Allowed Claim, the Allowed Class 4 Miscellaneous Secured Claims and the Allowed Class 5 General Unsecured Claims are Unimpaired. Each Holder of any such Claim shall, in full and final satisfaction of such Holder's Claim, be paid either: (a) in Cash, in full; or (b) on such other terms and conditions as may be agreed upon between the Holders of such Claim and the Reorganized Debtors (with the consent of the Required Lenders).

The Holders of the Allowed Class 2 Prepetition Secured Obligation Claims are Impaired. Each Holder of an Allowed Prepetition Secured Obligation Claim shall, in full and final satisfaction of each such Holder's Allowed Prepetition Secured Obligation Claim, receive its Pro Rata Share of 100% of the New Securities issued by BPP and outstanding on the Effective Date. Furthermore, the Reorganized Debtors shall pay in full, in Cash, any and all outstanding and unpaid fees and expenses incurred by the Prepetition Secured Parties' professionals and the L/C Issuer through the Effective Date without further motion, fee application or order of the Bankruptcy Court.

The Holders of Class 6 Intercompany Claims are Impaired. Intercompany Claims are hereby characterized as equity contributions among the Reorganizing Debtors and, as such, Holders of Intercompany Claims shall not receive any distribution on account of such Claims. All Intercompany Claims shall be discharged, cancelled, released and extinguished as of the Effective Date.

The Holders of Class 7 Intercompany Interests in BPC and Class 8 Intercompany Interests in FMT are Unimpaired. Although the Holders of Intercompany Interests in BPC and the Holders of Intercompany Interests in FMT shall not receive any distribution on account of such Intercompany Interests, Intercompany Interests in BPC and FMT will not be cancelled and, solely to implement the PSP Plan, will be Reinstated.

The Holders of Class 9 Equity Interests and Intercompany Interests in BPP are Impaired. Holders of such Equity Interests or Intercompany Interests shall not receive any distribution on account of such Equity Interests or Intercompany Interests, and such Equity Interests and Intercompany Interests shall be discharged, cancelled, released and extinguished as of the Effective Date.

The Plan Proponents have estimated the ultimate distributions that will be made in respect of Allowed Claims and Interests. As explained more fully in Section VII entitled “Certain Risk Factors to Be Considered,” however, because of inherent uncertainties, many of which are beyond the Reorganizing Debtors’ and Plan Proponents’ control, there can be no guaranty that actual performance will meet the Plan Proponents’ estimates. The Plan Proponents nonetheless believe that if the PSP Plan is not consummated, it is likely that Holders of Claims against and Interests in the Reorganizing Debtors’ Estates will receive less than they would if the PSP Plan is confirmed because: (i) the Debtors’ Plan provides for no recovery on account of General Unsecured Claims and severely impairs all of the Secured Claims; and (ii) a liquidation of the Reorganizing Debtors’ assets under chapter 7 of the Bankruptcy Code will reduce the consideration available for distribution. The Plan Proponents’ Liquidation Analysis is attached hereto as Appendix C.

B. Summary of Treatment of Claims and Interests under the PSP Plan

The table below summarizes the classification and treatment of the prepetition Claims against and Interests in the Reorganizing Debtors under the PSP Plan. For certain Classes of Claims, estimated percentage recoveries also are set forth below. Estimated percentage recoveries have been calculated based upon a number of assumptions, including (where not Allowed by the PSP Plan) the amount of Allowed Claims in each Class.

For certain Classes of Claims, the actual amounts of Allowed Claims could materially exceed or could be materially less than the estimated amounts shown in the table that follows. Except for Claims Allowed by the PSP Plan, estimated Claim amounts for certain of the Classes set forth below are based upon the Reorganizing Debtors’ estimates and not the review of the Reorganizing Debtors’ books and records by the Plan Proponents.³

³ This table is only a summary of the classification, impairment and entitlement to vote of Holders of Claims and Interests under the PSP Plan. Reference should be made to the entire PSP Disclosure Statement, the PSP Plan and all exhibits thereto for a complete description of the classification and treatment of Claims and Interests. Accordingly, this summary is qualified in its entirety by reference to the entire PSP Disclosure Statement, the PSP Plan and all exhibits thereto.

Claims or Class Description	Treatment	Entitlement to Vote	Estimated Aggregate Amount of Allowed Claims	Estimated Percentage Recovery of Allowed Claims or Interests
Administrative Expense Claims	<p><u>Unimpaired.</u> Each Allowed Administrative Expense Claim shall, in full and final satisfaction of such Allowed Administrative Expense Claim, be paid by the Reorganized Debtors, in full, in Cash, in such amounts as are incurred in the ordinary course of business by the Reorganized Debtors, or in such amounts as such Administrative Expense Claim is Allowed by the Bankruptcy Court upon: (a) the later of: (i) the Effective Date; and (ii) if such Claim is Allowed after the Effective Date, the date upon which there is a Final Order allowing such Administrative Expense Claim; (b) such other terms as may exist in the ordinary course of the Reorganizing Debtors' business and in accordance with the terms and conditions of any agreement governing or document evidencing such Administrative Expense Claim; or (c) such terms and conditions as may be agreed upon between the Holder of such Allowed Administrative Expense Claim and the Reorganizing Debtors (with the consent of the Required Lenders).</p>	No – deemed to accept	\$200,000	100%
Priority Tax Claims	<p><u>Unimpaired.</u> Each Holder of an Allowed Priority Tax Claim shall, in full and final satisfaction of such Holder's Allowed Priority Tax Claim, be paid either: (a) in Cash, in full, on the later of the: (i) Effective Date; and (ii) date such Priority Tax Claim becomes due and payable in the ordinary course of business; (b) in equal annual Cash payments aggregating the amount of such Allowed Priority Tax Claim together with interest at the applicable non-bankruptcy rate over a period not exceeding five (5) years; or (c) on such other terms and conditions as may be agreed upon between the Holder of such Allowed Priority Tax Claim and the Reorganized Debtors (with the consent of the Required Lenders).</p>	No – deemed to accept	\$2,300,000	100%

Claims or Class Description	Treatment	Entitlement to Vote	Estimated Aggregate Amount of Allowed Claims	Estimated Percentage Recovery of Allowed Claims or Interests
Class 1: Priority Non-Tax Claims	Unimpaired. Each Holder of an Allowed Priority Non-Tax Claim shall, in full and final satisfaction of such Holder's Allowed Priority Non-Tax Claim, be paid either: (a) in Cash, in full, on the later of the: (i) Effective Date; and (ii) date such Priority Non-Tax Claim becomes due and payable in the ordinary course of business; or (b) on such other terms and conditions as may be agreed upon between the Holder of such Allowed Priority Non-Tax Claim and the Reorganized Debtors (with the consent of the Required Lenders).	No – deemed to accept	N/A	100%
Class 2: Prepetition Secured Obligation Claims	Impaired. Each Holder of an Allowed Prepetition Secured Obligation Claim shall, in full and final satisfaction of each such Holder's Allowed Prepetition Secured Obligation Claim, receive its Pro Rata Share of 100% of the New Securities issued by BPP and outstanding on the Effective Date. Furthermore, the Reorganized Debtors shall pay in full, in Cash, any and all outstanding and unpaid fees and expenses incurred by the Prepetition Secured Parties' professionals and the L/C Issuer through the Effective Date without further motion, fee application or order of the Bankruptcy Court.	Yes	\$415,022,851 ⁴	N/A
Class 3: LEC Allowed Claim	Unimpaired. The Holder of the LEC Allowed Claim shall, in full and final satisfaction of the LEC Allowed Claim, be paid either: (a) in Cash, in full, on the Effective Date; or (b) on such other terms and conditions as may be agreed upon between the Holder of the LEC Allowed Claim and the Reorganized Debtors (with the consent of the Required Lenders).	No – deemed to accept	\$8,393,198	100%

⁴ This amount reflects the approximate principal amount of the Prepetition Secured Obligation Claims and does not include any accrued and unpaid interest under, or fees, costs, indemnities, expenses and other obligations incurred in connection with or under, the Prepetition Credit Agreement or the Prepetition Security Documents.

Claims or Class Description	Treatment	Entitlement to Vote	Estimated Aggregate Amount of Allowed Claims	Estimated Percentage Recovery of Allowed Claims or Interests
Class 4: Miscellaneous Secured Claims	<u>Unimpaired.</u> Each Holder of an Allowed Miscellaneous Secured Claim shall, in full and final satisfaction of such Allowed Miscellaneous Secured Claim, be paid either: (a) in Cash, in full, on the Effective Date; or (b) on such other terms and conditions as may be agreed upon between the Holder of such Allowed Miscellaneous Secured Claim and the Reorganized Debtors (with the consent of the Required Lenders).	No – deemed to accept	\$1,100,000	100%
Class 5: General Unsecured Claims	<u>Unimpaired.</u> Each Holder of an Allowed General Unsecured Claim shall, in full and final satisfaction of such Allowed General Unsecured Claim, be paid either: (a) in Cash, in full, on the later of the: (i) Effective Date; and (ii) date such General Unsecured Claim becomes due and payable in the ordinary course of business; or (b) on such other terms and conditions as may be agreed upon between the Holder of such Allowed General Unsecured Claim and the Reorganized Debtors (with the consent of the Required Lenders).	No – deemed to accept	\$726,500	100%
Class 6: Intercompany Claims	<u>Impaired.</u> Intercompany Claims are hereby characterized as equity contributions among the Reorganizing Debtors and, as such, Holders of Intercompany Claims shall not receive any distribution on account of such Claims. All Intercompany Claims shall be discharged, cancelled, released and extinguished as of the Effective Date.	No – deemed to reject	Unknown	0%
Class 7: Intercompany Interests in BPC	<u>Unimpaired.</u> Although Holders of Intercompany Interests in BPC shall not receive any distribution on account of such Intercompany Interests, Intercompany Interests in BPC will not be cancelled and, solely to implement the PSP Plan, will be Reinstated.	No – deemed to accept	N/A	N/A

Claims or Class Description	Treatment	Entitlement to Vote	Estimated Aggregate Amount of Allowed Claims	Estimated Percentage Recovery of Allowed Claims or Interests
Class 8: Intercompany Interests in FMT	<u>Unimpaired.</u> Although Holders of Intercompany Interests in FMT shall not receive any distribution on account of such Intercompany Interests, Intercompany Interests in FMT will not be cancelled and, solely to implement the PSP Plan, will be Reinstated.	No – deemed to accept	N/A	N/A
Class 9: Equity Interests and Intercompany Interests in BPP	<u>Impaired.</u> Holders of Equity Interests or Intercompany Interests in BPP shall not receive any distribution on account of such Equity Interests or Intercompany Interests, and such Equity Interests and Intercompany Interests shall be discharged, cancelled, released and extinguished as of the Effective Date.	No – deemed to reject	N/A	N/A

THE PLAN PROPONENTS BELIEVE THAT THE PSP PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR HOLDERS OF CLAIMS AGAINST THE REORGANIZING DEBTORS AND, THUS, STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PSP PLAN.

III. PSP PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. Notice to Holders of Claims and Interests

Approval by the Bankruptcy Court of this PSP Disclosure Statement means that the Bankruptcy Court has found that this PSP Disclosure Statement contains information of a kind and in sufficient and adequate detail to enable Holders of Claims to make an informed judgment whether to accept or reject the PSP Plan.

THE BANKRUPTCY COURT'S APPROVAL OF THIS PSP DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR THEREIN OR AN ENDORSEMENT OF THE PSP PLAN BY THE BANKRUPTCY COURT.

IF THE PSP PLAN IS APPROVED BY THE REQUISITE VOTE OF HOLDERS OF CLAIMS ENTITLED TO VOTE AND IS SUBSEQUENTLY CONFIRMED BY THE BANKRUPTCY COURT, THE PSP PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST, AND INTERESTS IN, THE REORGANIZING DEBTORS, WHETHER OR NOT THEY WERE ENTITLED TO VOTE OR DID VOTE ON THE PSP PLAN AND WHETHER OR NOT THEY RECEIVE OR RETAIN ANY DISTRIBUTIONS OR PROPERTY UNDER THE PSP PLAN. THUS, ALL HOLDERS OF CLAIMS AGAINST THE REORGANIZING DEBTORS ENTITLED TO VOTE ARE ENCOURAGED TO READ THIS PSP DISCLOSURE STATEMENT AND ITS APPENDICES CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR REJECT THE PSP PLAN.

THIS PSP DISCLOSURE STATEMENT AND THE PSP PLAN ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PSP PLAN.

No solicitation of votes may be made except after distribution of this PSP Disclosure Statement and no person has been authorized to distribute any information concerning the Debtors other than the information contained herein. No such information will be relied upon in making a determination to vote to accept or reject the PSP Plan.

B. Voting Rights

Pursuant to the provisions of the Bankruptcy Code, only holders of claims and interests in classes that are: (i) treated as "impaired" by the plan; and (ii) entitled to receive a distribution under such plan are entitled to vote on the plan. In the Chapter 11 Cases, under the PSP Plan, only the Holders of Claims in Class 2 are entitled to vote on the PSP Plan. Claims and Interests in other Classes are either: (i) Unimpaired and, thus, their Holders are deemed to have

accepted the PSP Plan; or (ii) receiving no distributions under the PSP Plan and, thus, their Holders are deemed to have rejected the PSP Plan.

Only Holders of Allowed Claims in Class 2 are entitled to vote on the PSP Plan. A Claim that is unliquidated, contingent or disputed is not an Allowed Claim, and is thus not entitled to vote, unless and until the amount is estimated or determined, or the dispute is determined, resolved or adjudicated in the Bankruptcy Court or another court of competent jurisdiction, or pursuant to agreement with the Reorganizing Debtors. However, the Bankruptcy Court may deem a contingent, unliquidated or disputed Claim to be Allowed on a provisional basis, for purposes only of voting on the PSP Plan.

Holders of Allowed Claims in Class 2 may vote on the PSP Plan only if they are Holders as of the record date (the "Voting Record Date"), which Voting Record Date is [_____], 2010.

C. Solicitation Materials

In soliciting votes for the PSP Plan pursuant to this PSP Disclosure Statement, the Plan Proponents, through agent Haynes & Boone LLP (the "Voting Agent" or "H & B"), will send to Holders of Claims in Class 2 copies of: (i) the PSP Disclosure Statement and PSP Plan; (ii) the notice of, among other things: (a) the date, time and place of the hearing to consider confirmation of the PSP Plan and related matters; and (b) the deadline for filing objections to confirmation of the PSP Plan (the "Confirmation Hearing Notice"); (iii) one or more ballots (and return envelopes) to be used in voting to accept or to reject the PSP Plan; and (iv) other materials as authorized by the Bankruptcy Court. Non-voting classes entitled to vote will receive a notice of their non-voting status.

If you are a Holder of a Claim that is entitled to vote, but you did not receive a ballot, or if your ballot is damaged or illegible, or if you have any questions concerning voting procedures, you may contact the following:

If by regular mail, overnight mail or hand delivery:

HAYNES & BOONE LLP
112 EAST PECAN STREET
SUITE 1200
SAN ANTONIO, TEXAS 78205

If by telephone:

HAYNES & BOONE LLP
(210) 978-7450

D. Voting Procedures, Ballots and Voting Deadline

After reviewing the PSP Plan and this PSP Disclosure Statement, you are asked to indicate your acceptance or rejection of the PSP Plan by voting in favor of or against the PSP Plan on the accompanying ballot. You should complete and sign your original ballot (neither

copies nor ballots received via electronic means will be accepted) and return it in the envelope provided.

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED NO LATER THAN [_____], 2010, AT 5:00 P.M. (PREVAILING CENTRAL TIME) (THE “VOTING DEADLINE”) BY THE FOLLOWING:

If by regular mail, overnight mail or hand delivery:

HAYNES & BOONE LLP
112 EAST PECAN STREET
SUITE 1200
SAN ANTONIO, TEXAS 78205

UNLESS OTHERWISE PROVIDED IN THE INSTRUCTIONS ACCOMPANYING THE BALLOTS, FAXED BALLOTS AND BALLOTS RECEIVED BY ELECTRONIC MAIL WILL NOT BE ACCEPTED. BALLOTS THAT ARE RECEIVED BUT NOT SIGNED WILL NOT BE COUNTED. BALLOTS THAT ARE SIGNED BUT DO NOT SPECIFY WHETHER THE HOLDER ACCEPTS OR REJECTS THE PSP PLAN WILL BE NULL AND VOID. DO NOT RETURN ANY STOCK CERTIFICATES, DEBT INSTRUMENTS OR OTHER EVIDENCE OF YOUR CLAIM WITH YOUR BALLOT.

Copies of this PSP Disclosure Statement, the PSP Plan and any appendices and exhibits to such documents may be viewed and downloaded from the Bankruptcy Court’s electronic case filing system, available at <https://ecf.txwb.uscourts.gov/>, or inspected in the office of the Clerk of the Bankruptcy Court during normal court hours. If you have any questions about: (i) the procedure for voting your Claim; (ii) the packet of materials that you have received; or (iii) the amount of your Claim, or if you wish to obtain, at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d), an additional copy of the PSP Plan, this PSP Disclosure Statement or any appendices or exhibits to such documents, please contact:

If by regular mail, overnight mail or hand delivery:

HAYNES & BOONE LLP
112 EAST PECAN STREET
SUITE 1200
SAN ANTONIO, TEXAS 78205

If by telephone:

HAYNES & BOONE LLP
(210) 978-7450

For further information and general instruction on voting to accept or reject the PSP Plan, see Article XII of this PSP Disclosure Statement and the instructions accompanying your ballot.

THE PLAN PROPONENTS URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE TO EXERCISE THEIR RIGHT BY VOTING IN FAVOR OF THE PSP PLAN AND OTHERWISE COMPLETING THEIR BALLOTS AND RETURNING THEM BY THE VOTING DEADLINE.

E. Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to section 1128 of the Bankruptcy Code and Bankruptcy Rule 3017(c), the Bankruptcy Court has scheduled a Confirmation Hearing for [_____], 2010, at [_____] (prevailing Central time). The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing. Objections to confirmation of the PSP Plan or proposed modifications to the PSP Plan, if any, must: (i) be in writing; (ii) conform to the Bankruptcy Rules and the Local Rules of the Bankruptcy Court; (iii) state the name and address of the objecting party and the amount and nature of the claim or interest of such party; (iv) state with particularity the basis and nature of any objection to the PSP Plan; and (v) be filed electronically, together with proof of service, with the United States Bankruptcy Court for the Western District of Texas, 800 Franklin Avenue #140, Waco, Texas 76701, <https://ecf.txwb.uscourts.gov/>, and served on the parties listed in the Confirmation Hearing Notice, in each case so as to be actually received on or before 5:00 p.m. (prevailing Central time) on [_____], 2010. Objections to Confirmation of the PSP Plan are governed by Bankruptcy Rule 9014.

IV. GENERAL INFORMATION CONCERNING THE REORGANIZING DEBTORS

A. Overview of Business Operations

The Reorganizing Debtors own and operate a natural gas-fired power plant (the “Plant” or the “Facility”) located in Laguna Park, Texas, which, since commencing operations in 2000, sells its energy and ancillary services into the North Zone of the Electric Reliability Council of Texas (“ERCOT”), part of the Texas power market. The Reorganizing Debtors acquired the Facility in January 2008 from affiliates of LS Power Group, who, in turn, had acquired the Facility from Mirant Corporation in May 2007.

BPC is currently registered as a Power Generation Company with the Texas Public Utilities Commission and has been granted Exempt Wholesale Generator status from the Federal Energy Regulatory Commission.

The Reorganizing Debtors’ Facility is comprised of three combustion turbines and two steam turbines. One combustion turbine and one steam turbine have run in combined-cycle operation since 2001. The Reorganizing Debtors are in the process of converting (the “Conversion”) their other two combustion turbines to run in combined cycle with the newly-constructed second steam turbine. Upon completion of the Conversion, the Facility should have a total production capacity of approximately 802 megawatts. The Reorganizing Debtors have encountered significant construction delays, and anticipate that the Conversion will be completed sometime in the first half of 2011.

The Plant generates revenue irrespective of whether or not it is operating, but generates more revenue when the Plant is operating than when it is not. During peak periods (primarily during the summer months when air conditioning use reaches an annual high), the Plant may run non-stop, during which it continually provides a supply of power to the ERCOT grid. During non-peak periods (during the non-summer seasons), the Plant may shut down for certain periods of time, during which ERCOT pays the Facility a premium not to operate, but rather to remain on standby to be able to restart the turbines on extremely short notice, thus providing a power supply to the grid, on extremely short notice.

B. Pre-Confirmation Management and Employees

The Reorganizing Debtors are managed and operated pursuant to contractual relationships with three service providers: PurEnergy Management Services, LLC (“PurEnergy”); EDF Trading North America, LLC (“EDF”); and Wood Group Power Operations (West), Inc. (“Wood Group”).

Pursuant to the terms of that certain Management Services Agreement, dated January 4, 2010, among BosPower Partners, LLC (“BPP”), BPC and PurEnergy, PurEnergy provides project management, construction management, operations management and administrative services for the Plant. PurEnergy currently manages and/or operates a portfolio of seventeen power generation plants, totaling over 2,300 megawatts throughout the United States.

EDF is the Reorganizing Debtors’ qualified scheduling entity (QSE) and the commercial interface between sellers of gas, buyers of electricity and ERCOT. ERCOT, as the independent system operator, buys ancillary services and real-time energy from EDF and, in turn, EDF buys it from the Reorganizing Debtors. EDF is a leader in the international wholesale energy markets, engaging in both wholesale gas and wholesale power trading and supply.

Wood Group operates and maintains the Reorganizing Debtors’ Facility through the deployment of twenty-seven employees (the “Wood Group Employees”), some of whom are part-time hourly employees and some of whom are full-time salaried employees. Specifically, the Wood Group Employees, upon their receipt of dispatch orders from EDF, turn on the Reorganizing Debtors’ Facility to burn natural gas and generate electricity at the electric interconnection point.

C. Pre-Confirmation Capital Structure of the Company

1. Corporate Structure

Non-Debtor GSS (BosPower Development) Inc. owns 100% of the membership interests in BosPower Development LLC (“BDP”), which, in turn, owns 100% of the common stock of Debtors BosPower Development Blocker I Inc. (“Blocker I”) and BosPower Development Blocker II Inc. (“Blocker II”) and 58.82% of the Class A units (common), 100% of the Class B units (preferred) and 97.85% of the Class C units (preferred) in BPP. Blocker I owns 18.19% of the Class A units (common), and Blocker II owns 20.84% of the Class A units (common), of BPP. BPP owns 100% of the membership interests in BPC and Reorganizing Debtor Fulcrum Marketing and Trade LLC.

2. *Prepetition Secured Debt*

BPC is party to the Prepetition Credit Agreement with the Prepetition Agent and the Prepetition Senior Lenders, pursuant to which the Prepetition Senior Lenders extended to the Reorganizing Debtors: (a) a senior secured term loan in the original principal amount of \$387,500,000 (the “Prepetition Term Loan”), of which up to \$203,000,000 was to be available for construction-related expenses (the “Prepetition Construction Sub-Amount”) and up to \$65,000,000 was to be available to cash collateralize letters of credit through related letter of credit facilities (the “Prepetition Deposit L/C Sub-Amount”); and (b) a senior secured revolving credit facility (the “Prepetition Revolver”) in the original committed amount of \$25,000,000 (where applicable, the Prepetition Term Loan and Prepetition Revolver are hereinafter collectively referred to as the “Prepetition Credit Facility”), of which an aggregate principal amount of approximately \$408,302,500 remains outstanding as of the Petition Date.

BPC is party to that certain 1992 ISDA Master Agreement, dated as of January 16, 2008 (the “Secured Hedge Agreement”), with Credit Suisse International as counterparty (“CSIN”), pursuant to which BPC and CSIN entered into one or more interest rate hedging transactions (the “Secured Hedges”). As of the Petition Date, BPC is indebted to CSIN pursuant to the Secured Hedge Agreement in the amount of \$6,720,351.

Pursuant to the Prepetition Security Documents, BPC and BPP granted to the Prepetition Agent, as the Collateral Agent, for the benefit of the Prepetition Senior Lenders, security interests in and liens upon substantially all of the Reorganizing Debtors’ assets (the “Prepetition Collateral”), including the Reorganizing Debtors’ cash and cash equivalents (the “Cash Collateral”).

BPC and BPP are grantors under a Collateral Agency and Intercreditor Agreement, dated as of January 16, 2008 (the “Prepetition Intercreditor Agreement”), with the Prepetition Collateral Agent for the Prepetition Secured Parties and as Prepetition Agent under the Prepetition Credit Agreement, and the debt representatives from time to time party to the Prepetition Intercreditor Agreement. Under the terms of the Prepetition Intercreditor Agreement, the Prepetition Collateral secures the Reorganizing Debtors’ obligations under both the Prepetition Credit Agreement and the Secured Hedge Agreement.

D. LEC’s Claim

On July 26, 2007, BPC and LEC entered into an Amended and Restated Engineering, Procurement and Construction Agreement (the “LEC Agreement”) for the conversion of the Reorganizing Debtors’ Facility from simple cycle combustion turbine into a combined cycle configuration. Due to an alleged breach of the LEC Agreement, on June 8, 2009, LEC filed an arbitration proceeding with the American Arbitration Association, styled *In the Matter of the Arbitration between Lauren Engineers & Constructors, Inc. v. Bosque Power Company, LLC*, Case No. 71 110 Y 00387 09 (the “Arbitration Proceeding”), to collect amounts allegedly owed to LEC by BPC under the LEC Agreement. In connection with the Arbitration Proceeding, LEC filed a mechanic’s and materialsman lien in the amount of \$27,225,438 against BPC’s Property. On February 23, 2010, the arbitration panel issued a ruling in favor of LEC and

found that BPC should pay LEC the sum of \$7,950,000 for any and all Claims of LEC against any of the Reorganizing Debtors, including LEC's Mechanics' Liens Claim against BPC.

E. Summary of Assets

The Reorganizing Debtors filed Schedules with the Bankruptcy Court that detail the assets owned by each of the Reorganizing Debtors. Such assets include cash on hand, bank accounts and investments, security deposits, insurance policies, stock interests, accounts receivable, intellectual property, vehicles, office equipment, furnishings and supplies, machinery, fixtures, equipment and supplies used in business, inventory and other items of personal property. Unless otherwise indicated therein, the Schedules provide asset values on a net book basis, which may not be reflective of actual values. The Schedules may be reviewed on the Bankruptcy Court electronic case filing system, available at <https://ecf.txwb.uscourts.gov/>, or during business hours in the offices of the Clerk of the Bankruptcy Court. Information regarding the Reorganizing Debtors' assets is also available in the Liquidation Analysis attached hereto as Appendix C.

F. Historical Financial Information

Attached as Appendix D is selected financial data for the Reorganizing Debtors for fiscal years 2008 and 2009 and for the first and second quarters of 2010. The financial data for 2009 and 2010 has not been audited.

G. Events Leading to Commencement of the Chapter 11 Cases

In 2009, the Reorganizing Debtors generated approximately \$6 million in earnings before interest, taxes, depreciation and amortization ("EBITDA"). The Reorganizing Debtors' financial performance was adversely impacted by the ongoing Conversion completion delays, exacerbated by depressed energy prices in the ERCOT region. The Reorganizing Debtors are working to complete the Conversion. In the meantime, the Reorganizing Debtors continue to operate their one combined cycle unit and two simple-cycle combustion turbines, keeping the product supplied by the Reorganizing Debtors in the energy marketplace and remaining "online" and ready to provide electricity. Revenues currently being generated by the Reorganizing Debtors are primarily from ancillary services and operation of the one combined cycle unit and two simple-cycle combustion turbines.

Although the Reorganizing Debtors project that gross margin will increase moderately over the next several years, given the current market outlook and cash flow forecast, the Reorganizing Debtors cannot support their existing capital structure. Thus, the Chapter 11 Cases principally are balance sheet, and not operational, restructuring cases. The Reorganizing Debtors have generated and expect to continue to generate positive EBITDA.

The Reorganizing Debtors are currently in covenant default under the Prepetition Credit Facility.

H. The Reorganizing Debtors' Significant Leverage

As the Reorganizing Debtors experienced decreasing revenues, they continued to maintain significant leverage and, as such, attendant high debt costs. As of the Petition Date, the Reorganizing Debtors' books reflected approximately \$415,022,851 of funded debt obligations.

V. THE CHAPTER 11 CASES

A. Continuation of Business; Stay of Litigation

As described above, on March 24, 2010, the Reorganizing Debtors filed petitions for relief under chapter 11 of the Bankruptcy Code. Since the Petition Date, the Reorganizing Debtors have continued to operate as debtors in possession subject to the supervision of the Bankruptcy Court and in accordance with the Bankruptcy Code. The Reorganizing Debtors are authorized to operate their business and manage their properties in the ordinary course, with transactions outside of the ordinary course of business requiring Bankruptcy Court approval.

An immediate effect of the filing of the Reorganizing Debtors' bankruptcy petitions was the imposition of the automatic stay under the Bankruptcy Code which, with limited exceptions, enjoins the commencement or continuation of all collection efforts by creditors, the enforcement of liens against property of the Reorganizing Debtors and the continuation of litigation against the Reorganizing Debtors. The relief provides the Reorganizing Debtors with the "breathing room" necessary to assess their business and reorganization alternatives.

B. First Day Motions

On the first day of the Chapter 11 Cases, the Debtors filed several applications and motions seeking certain relief by virtue of so-called "first day orders." First day motions and orders are intended to facilitate the transition between a debtor's prepetition and postpetition business operations by approving certain regular business practices that may not be specifically authorized under the Bankruptcy Code or as to which the Bankruptcy Code requires prior approval by the Bankruptcy Court. The first day motions filed in the Chapter 11 Cases are typical of motions filed in large chapter 11 cases across the country. Such motions sought, among other things, the following relief:

- joint administration of the Debtors' bankruptcy cases;
- interim and final use of cash collateral (as further discussed below);
- the maintenance of the Reorganizing Debtors' bank accounts and operation of their cash management systems substantially as such systems existed prior to the Petition Date;
- approval of entry into trade agreements with critical vendors and payment of certain prepetition claims to such critical vendors in the ordinary course of business;
- an extension of the deadline for the Debtors to file their Schedules of Assets and Liabilities and Statements of Financial Affairs; and

- an order prohibiting utility companies from altering, refusing or discontinuing services and establishing procedures to provide utilities with adequate assurance of future payment.

C. Retention of Professionals

The Debtors are represented in the Chapter 11 Cases by Proskauer Rose LLP, as lead bankruptcy counsel, King & Spalding LLP, as special finance counsel and local counsel, and Morgan, Lewis & Bockius LLP, as special corporate counsel. The Debtors retained the financial advisory and investment banking services of Greenhill & Co., LLC. Kurtzman Carson Consultants LLC is authorized to provide claims, noticing and balloting services to the Debtors.

The Prepetition Agent is represented in the Chapter 11 Cases by Latham & Watkins, LLP and the Required Lenders are represented by Milbank, Tweed, Hadley & McCloy LLP. Haynes and Boone, LLP serves as local counsel to both the Prepetition Agent and the Required Lenders. The Prepetition Agent retained the financial advisory services of Capstone Advisory Group, LLC and the independent engineering services of R.W. Beck, Inc.

D. Authorization to Use Cash Collateral of Prepetition Secured Parties

As of the Petition Date, the Reorganizing Debtors held proceeds of assets on which the Prepetition Secured Parties have first priority liens and security interests. Cash collateral is defined in section 363 of the Bankruptcy Code and includes, but is not limited to, “cash, negotiable instruments, documents of title, securities, deposit accounts, . . . other cash equivalents . . . and . . . proceeds, products, offspring, rents or profits of property subject to a security interest” 11 U.S.C. § 363(a). Under the Bankruptcy Code, the Debtors are prohibited from using, selling or leasing cash collateral unless either: (i) the appropriate creditors consent; or (ii) the Bankruptcy Court, after notice and a hearing, determines that the creditor is adequately protected.

On the Petition Date, the Debtors filed the *Debtors’ Emergency Motion for Interim and Final Orders (a) Authorizing the Debtors to Use Cash Collateral of Existing Secured Lenders and Granting Adequate Protection for Use and (b) Prescribing Form and Manner of Notice and Setting the Time for the Final Hearing* [Docket No. 7] (the “Cash Collateral Motion”).

By the Cash Collateral Motion, the Debtors sought: (i) authority on an interim basis to use cash collateral in accordance with a proposed budget; (ii) authority on an interim basis to provide adequate protection to the Prepetition Secured Parties; (iii) a final hearing on the Cash Collateral Motion; (iv) authority on a final basis to use cash collateral in accordance with a proposed budget; and (v) authority on a final basis to provide adequate protection to the Prepetition Senior Lenders.

On March 26, 2010, the Bankruptcy Court entered the *Interim Order (a) Authorizing the Debtors to Use Cash Collateral of Existing Secured Lenders and Granting Adequate Protection for Use and (b) Prescribing the Form and Manner of Notice and Setting the Time for the Final Hearing* [Docket No. 35] (the “First Interim Cash Collateral Order”). By the

First Interim Cash Collateral Order, the Bankruptcy Court authorized the Debtors, among other things, to use Cash Collateral in accordance with a proposed budget pending a final hearing.

On April 12, 2010, the Bankruptcy Court entered the *Second Interim Order (a) Authorizing the Debtors to Use Cash Collateral of Existing Secured Lenders and Granting Adequate Protection for Use and (b) Prescribing the Form and Manner of Notice and Setting the Time for the Final Hearing* [Docket No. 120] (the “Second Interim Cash Collateral Order”). By the Second Interim Cash Collateral Order, the Bankruptcy Court authorized the Debtors, among other things, to use Cash Collateral in accordance with a proposed budget pending a final hearing.

On April 26, 2010, the Bankruptcy Court entered the *Consensual Third Interim Order: (a) Authorizing the Debtors to Use Cash Collateral of Existing Secured Lenders and Granting Adequate Protection for Use; (b) Granting Adequate Protection for Use; and (c) Granting Related Relief* [Docket No. 152] (the “Third Interim Cash Collateral Order”). By the Third Interim Cash Collateral Order, the Bankruptcy Court authorized the Debtors, among other things, to use Cash Collateral in accordance with a proposed budget pending a final hearing.

On June 7, 2010, following a contested hearing on the Debtors’ proposed use of Cash Collateral, the Court entered, on a non-consensual basis, the *Final Order: (a) Authorizing the Debtors to Use Cash Collateral of Existing Secured Lenders; (b) Granting Adequate Protection for Use; and (c) Granting Related Relief* [Docket No. 272] (the “Final Cash Collateral Order”). By the Final Cash Collateral Order, the Bankruptcy Court authorized the Debtors, among other things, to use Cash Collateral in accordance with a proposed budget through September 26, 2010.

E. The Debtors’ Plan

On July 19, 2010, the Debtors filed the Debtors’ Joint Chapter 11 Plan as of July 19, 2010 (the “Debtors’ Plan”), which provides for a means of implementation through either a reorganization or a sale. Under the Debtors’ Plan, there are two Impaired Classes entitled to vote: (i) a Class comprised of the Prepetition Secured Obligation Claims; and (ii) a Class comprised of the LEC Allowed Claim (together, the “Debtors’ Plan Voting Classes”).

The Debtors’ Plan Voting Classes can vote in one of four ways: (i) to confirm the Debtors’ Plan with respect to a reorganization; (ii) to confirm the Debtors’ Plan with respect to a sale; (iii) to confirm the Debtors’ Plan in general and without specifying a preference for a reorganization or a sale; or (iv) to reject the Debtors’ Plan. In the event that the Debtors Plan Voting Classes vote in favor of the Debtors’ Plan, but differently (*e.g.* one votes in favor of a reorganization and the other votes in favor of a sale), then the Debtors have the sole discretion to select either a reorganization or a sale. Regardless of whether the Debtors’ Plan is confirmed with respect to a reorganization or a sale, the Debtors’ Plan Voting Classes will receive less than the full and true amounts owed.

The following are certain material terms of the Debtors’ Plan:

- The Debtors’ Plan bifurcates the Prepetition Secured Obligation Claims into two Classes of Claims: Secured Claims in the aggregate amount of \$286,256,000 and deficiency claims in the aggregate amount of \$133,597,016. The Prepetition Secured Obligation Claims are Impaired.
 - On account of their Secured Claims, the Holders of Prepetition Secured Obligation Claims will receive: (i) in the event a reorganization is consummated, a combination of: (a) the Pro Rata Share of a certain amount of Cash (which the Debtors estimate to be approximately \$14,371,000); (b) notes in the principal amount of \$300,000,000; and (c) in the event that the Holders of Prepetition Secured Obligation Claims do not make an election pursuant to section 1111(b) of the Bankruptcy Code (the “1111(b) Election”), fifteen percent (15%) of the new equity securities in each of the Reorganized Debtors, or notes in the principal amount of \$27,500,000 in the event that the Holders of Prepetition Secured Obligation Claims do make the 1111(b) Election; or (ii) in the event a sale is consummated, an undetermined amount of Cash.
 - On account of their deficiency claims, the Holders of Prepetition Secured Obligation Claims will not receive or retain any Property.
- The Debtors’ Plan provides the Holder of the LEC Allowed Claim an Allowed Claim in the amount of \$8,393,198, based on the LEC Arbitration Award. On account of such Claim, the Holder of the LEC Allowed Claim will receive: (i) in the event a reorganization is consummated, \$5,000,000 in Cash and notes in the principal amount of \$3,393,198; or (ii) in the event a sale is consummated, an undetermined amount of Cash. The LEC Allowed Claim is Impaired.
- The Debtors’ Plan estimates that the aggregated amount of Allowed General Unsecured Claims is \$726,500. On account of such Claims, the Holders of General Unsecured Claims will not receive or retain any Property. The General Unsecured Claims are Impaired.
- In the event a reorganization is consummated, the means for implementation of the Debtors’ Plan include a \$42,500,000 equity infusion to be contributed by the prepetition equity sponsor in exchange for eighty-five percent (85%) (in the event that the Holders of the Prepetition Secured Obligation Claims do not make the 1111(b) Election) or 100% (in the event that the Holders of the Prepetition Secured Obligation Claims do make the 1111(b) Election) of the new equity securities in each of the Reorganized Debtors, as defined in the Debtors’ Plan.
- In the event a sale is consummated, proceeds of the sale shall be applied: (i) to fund the Allowed Administrative Claims, Allowed Professional Fee Claims, Allowed Priority Tax Claims, Allowed Miscellaneous Secured Claims and Allowed Miscellaneous Priority Claims; (ii) to establish a fund to be distributed pro rata to each Holder of a Prepetition Secured Obligation Claim

in accordance with Section 3.07 of the Debtors' Plan; and (iii) to be distributed pro rata to each Holder of an Allowed Class 3 Lauren Claim, as defined in the Debtors' Plan, in accordance with the Debtors' Plan.

F. Termination of the Debtors' Exclusivity

Under section 1121(d) of the Bankruptcy Code, a debtor is afforded the exclusive right to file a plan of reorganization in the 120-day period following the petition date and solicit acceptances of such plan of reorganization in the 180-day period following the petition date. A court may, however, upon a showing of "cause" modify, by either reducing or extending, these statutory periods. The determination of whether cause exists to extend or reduce the exclusivity period is fact specific. Courts often consider a number of factors when determining whether cause exists to reduce or increase a debtor's exclusivity period, including whether the debtor has filed a new value plan, as the Debtors have done in the Chapter 11 Cases.

On July 16, 2010, the Plan Proponents filed the *Joint Motion of Prepetition Agent and Working Group for Entry of Order Pursuant to Section 1121(d) of the Bankruptcy Code Limiting the Debtors' Exclusive Period for the Filing of a Chapter 11 Plan and Solicitation of Acceptances Thereof to the Initial 120-Day Period Specified Under Section 1121(b) of the Bankruptcy Code* [Docket No. 327] (the "Motion to Limit Exclusivity") seeking to limit the Debtors' exclusivity to the initial 120-day period. Subsequently, the Debtors filed the Debtors' Plan on July 19, 2010, three days before the expiration of the exclusive period within which they were permitted to file a plan of reorganization.

At a hearing held on July 20, 2010, the Bankruptcy Court heard arguments on the Motion to Limit Exclusivity. Because the Debtors had filed the Debtors' Plan within the statutory period, the arguments focused on whether the Debtors' exclusive period to solicit acceptances of the Debtors' Plan should be limited to allow competing plans, namely the PSP Plan, to be filed. During the hearing, the Bankruptcy Court seemed particularly focused on the vastly different treatment afforded to Creditors by the Debtors' Plan as compared to the PSP Plan.

On July 22, 2010, the Bankruptcy Court entered the *Order Reducing Debtors' Exclusive Period for Acceptances of Plan* [Docket No. 351] (the "Order Reducing Exclusivity"), thereby permitting the Plan Proponents to file the PSP Plan. In the Findings of Fact and Conclusions of Law accompanying the Order Reducing Exclusivity, the Bankruptcy Court concluded: "This Chapter 11 case involves the 'bankruptcy nuances' of the new value exception and crediting bidding by secured creditors. Because this is an unusually large case, and in order to give creditors the best chance of being paid in whole or in part, cause exists under section 1121(d) of the Bankruptcy Code to reduce the time for acceptances of the Debtors' proposed plan so that other parties in interest may file a proposed plan. This could allow creditors a choice between competing plans and would promote the maximum recovery to creditors."

Accordingly, on August 2, 2010, the Plan Proponents filed the PSP Plan, which pays all Creditors, other than the Prepetition Secured Parties, in full or otherwise leaves their legal, equitable and contractual rights unaltered.

VI. SUMMARY OF THE PSP PLAN

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND IMPLEMENTATION OF THE PSP PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PSP PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PSP PLAN WHICH ACCOMPANIES THIS PSP DISCLOSURE STATEMENT.

THE STATEMENTS CONTAINED IN THIS PSP DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PSP PLAN AND IN DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS PSP DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PSP PLAN OR THE DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PSP PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS.

THE PSP PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN WILL CONTROL THE TREATMENT OF CLAIMS AGAINST, AND INTERESTS IN, THE REORGANIZING DEBTORS UNDER THE PSP PLAN AND WILL, UPON THE EFFECTIVE DATE, BE BINDING UPON HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE REORGANIZING DEBTORS AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS PSP DISCLOSURE STATEMENT AND THE PSP PLAN OR ANY OTHER OPERATIVE DOCUMENT, THE TERMS OF THE PSP PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT WILL CONTROL.

A. Overall Structure of the PSP Plan

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor is authorized to reorganize its business for the benefit of its creditors and other stakeholders. Upon the filing of a petition for relief under chapter 11, section 362 of the Bankruptcy Code provides for an automatic stay of substantially all acts and proceedings against the debtor and its property, including all attempts to collect claims or enforce liens that arose prior to the commencement of the chapter 11 case.

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by the Bankruptcy Court makes the plan binding upon the debtor, any issuer of securities under the plan, any person acquiring property under the plan and any creditor of or equity security holder in the debtor, whether or not such creditor or equity security holder: (i) is impaired under or has accepted the plan; or (ii) receives or retains any property under the plan. Subject to certain limited exceptions, and other than as provided in the plan itself or the confirmation order, the confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes for such debt the obligations specified under the confirmed plan, and terminates all rights and interests of equity security holders.

The terms of the PSP Plan are based upon, among other things, the Plan Proponents' assessment of the Reorganizing Debtors' ability to achieve the goals of their business plan, make the distributions contemplated under the PSP Plan and pay their continuing obligations in the ordinary course of their business. Under the PSP Plan, Claims against and Interests in the Reorganizing Debtors are divided into Classes according to their relative seniority and other criteria.

If the PSP Plan is confirmed by the Bankruptcy Court and consummated: (i) the Claims and Interests in certain Classes will receive distributions equal to the full amount of such Claims (*i.e.*, Classes 1, 3, 4, 5, 7 and 8); (ii) the Claims of a certain other Class (*i.e.*, Class 2) will receive distributions constituting a partial recovery on such Claims; and (iii) the Claims or Interests in certain other Classes (*i.e.*, 6 and 9) will receive no recovery on such Interests. On the Effective Date and at certain times thereafter, the Reorganized Debtors or the Disbursing Agent will distribute Cash, securities and other property in respect of certain Classes of Claims as provided in the PSP Plan. The Classes of Claims against and Interests in the Reorganizing Debtors created under the PSP Plan, the treatment of those Classes under the PSP Plan and the securities and other property to be distributed under the PSP Plan are described below.

B. Substantive Consolidation

The PSP Plan does not provide for the substantive consolidation of the Reorganizing Debtors' assets and liabilities. The Plan Proponents, however, reserve the right to seek substantive consolidation of the Reorganizing Debtors' estates by motion if they conclude that substantive consolidation is necessary or appropriate for effectuation of the PSP Plan.

C. Classification and Treatment of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan must classify the claims and interests of a debtor's creditors and equity interest holders. In accordance with section 1122 of the Bankruptcy Code, the PSP Plan divides Claims and Interests into Classes and sets forth the treatment for each Class. The Plan Proponents also are required, under section 1122 of the Bankruptcy Code, to classify Claims against and Interests in the Reorganizing Debtors into Classes that contain Claims and Interests that are substantially similar to the other Claims and Interests in such Class.

The Plan Proponents believe that the PSP Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code and applicable case law, but it is possible that a Holder of a Claim or Interest may challenge the Plan Proponents' classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the PSP Plan to be confirmed. In that event, the Plan Proponents intend, to the extent permitted by the Bankruptcy Code, to make such reasonable modifications of the classifications under the PSP Plan to permit confirmation and to use the PSP Plan acceptances received for purposes of obtaining the approval of the reconstituted Class or Classes of which each accepting Holder ultimately is deemed to be a member. Any such reclassification could adversely affect the Class in which such Holder initially was a member, or any other Class under the PSP Plan, by changing the composition of such Class and the vote required of that Class for the approval of the PSP Plan.

Except as to Claims specifically Allowed in the PSP Plan, the amount of any Impaired Claim that ultimately is Allowed by the Bankruptcy Court may vary from any estimated Allowed amount of such Claim and, accordingly, the total Claims ultimately Allowed by the Bankruptcy Court with respect to the Impaired Class of Claims may also vary from any estimates contained herein with respect to the aggregate Claims in the Impaired Class. Thus, the value of the property that ultimately will be received by a particular Holder of an Allowed Claim under the PSP Plan may be adversely or favorably affected by the aggregate amount of Claims ultimately Allowed in the applicable Class.

The classification of Claims and Interests and the nature of distributions to members of each Class are summarized below. The Plan Proponents believe that the consideration, if any, provided under the PSP Plan to Holders of Claims and Interests reflects an appropriate resolution of their Claims and Interests, taking into account the differing nature and priority (including applicable contractual and statutory subordination) of such Claims and Interests and the fair value of the Reorganizing Debtors' assets.

1. *Treatment of Unclassified Claims under the PSP Plan*

(a) *Administrative Expense Claims*

An Administrative Expense Claim is defined in the PSP Plan as a Claim for: (i) any cost or expense of administration (including, without limitation, the fees and expenses of Professionals) of any of the Chapter 11 Cases asserted or arising under sections 503, 507(a)(1), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, but not limited to: (a) any actual and necessary post Petition Date cost or expense of preserving the Reorganizing Debtors' respective Estates or operating the business of the Reorganizing Debtors; (b) any post Petition Date cost, indebtedness or contractual obligation duly and validly incurred or assumed by the Reorganizing Debtors in the ordinary course of their respective businesses; (c) compensation or reimbursement of expenses of Professionals to the extent Allowed by the Bankruptcy Court under sections 330(a) or 331 of the Bankruptcy Code; and (d) all Allowed Claims that are entitled to be treated as Administrative Expense Claims pursuant to a Final Order of the Bankruptcy Court under section 546 of the Bankruptcy Code; (ii) any fees or charges assessed against the Reorganizing Debtors' respective Estates under section 1930 of title 28 of the United States Code; and (iii) any Allowed Administrative Expense Claims or superpriority Claims granted by the Bankruptcy Court pursuant to the Cash Collateral Order.

Administrative Expense Claims are Unimpaired. Under the PSP Plan, except with respect to Professional Fee Claims, each Allowed Administrative Expense Claim shall, in full and final satisfaction of such Allowed Administrative Expense Claim, be paid by the Reorganized Debtors, in full, in Cash, in such amounts as are incurred in the ordinary course of business by the Reorganized Debtors, or in such amounts as such Administrative Expense Claim is Allowed by the Bankruptcy Court upon: (i) the later of: (a) the Effective Date; and (b) if such Claim is Allowed after the Effective Date, the date upon which there is a Final Order allowing such Administrative Expense Claim; (ii) such other terms as may exist in the ordinary course of the Reorganizing Debtors' business and in accordance with the terms and conditions of any agreement governing or document evidencing such Administrative Expense Claim; or (iii) such

terms and conditions as may be agreed upon between the Holder of such Allowed Administrative Expense Claim and the Reorganizing Debtors (with the consent of the Required Lenders).

All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, will be paid on or before the Effective Date. All such fees that arise after the Effective Date but before the closing of the Chapter 11 Cases will be paid by the Reorganized Debtors.

(b) *Priority Tax Claims*

A Priority Tax Claim is defined in the PSP Plan as any and all Claims accorded priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code. Such Priority Tax Claims include Claims of governmental units for taxes owed by the Reorganizing Debtors that are entitled to a certain priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code. The taxes entitled to priority are: (i) taxes on income or gross receipts that meet the requirements set forth in section 507(a)(8)(A) of the Bankruptcy Code; (ii) property taxes meeting the requirements of section 507(a)(8)(B) of the Bankruptcy Code; (iii) taxes that were required to be collected or withheld by the Reorganizing Debtors and for which the Reorganizing Debtors are liable in any capacity as described in section 507(a)(8)(C) of the Bankruptcy Code; (iv) employment taxes on wages, salaries or commissions that are entitled to priority pursuant to section 507(a)(4) of the Bankruptcy Code, to the extent that such taxes also meet the requirements of section 507(a)(8)(D); (v) excise taxes of the kind specified in section 507(a)(8)(E) of the Bankruptcy Code; (vi) customs duties arising out of the importation of merchandise that meet the requirements of section 507(a)(8)(F) of the Bankruptcy Code; and (vii) prepetition penalties relating to any of the foregoing taxes to the extent such penalties are in compensation for actual pecuniary loss as provided in section 507(a)(8)(G) of the Bankruptcy Code.

Priority Tax Claims are Unimpaired. Under the PSP Plan, each Holder of an Allowed Priority Tax Claim shall, in full and final satisfaction of such Holder's Allowed Priority Tax Claim, be paid either: (i) in Cash, in full, on the later of the: (a) Effective Date; and (b) date such Priority Tax Claim becomes due and payable in the ordinary course of business; (ii) in equal annual Cash payments aggregating the amount of such Allowed Priority Tax Claim together with interest at the applicable non-bankruptcy rate over a period not exceeding five (5) years; or (iii) on such other terms and conditions as may be agreed upon between the Holder of such Allowed Priority Tax Claim and the Reorganized Debtors (with the consent of the Required Lenders).

2. *Treatment of Classified Claims and Interests under the PSP Plan*

(a) *Class 1: Priority Non-Tax Claims*

A Priority Non-Tax Claim is defined in the PSP Plan as any Claim against the Reorganizing Debtors entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or an Administrative Expense Claim.

Priority Non-Tax Claims are Unimpaired. Under the PSP Plan, each Holder of an Allowed Priority Non-Tax Claim shall, in full and final satisfaction of such Holder's Allowed

Priority Non-Tax Claim, be paid either: (i) in Cash, in full, on the later of the: (a) Effective Date; and (b) date such Priority Non-Tax Claim becomes due and payable in the ordinary course of business; or (ii) on such other terms and conditions as may be agreed upon between the Holder of such Allowed Priority Non-Tax Claim and the Reorganized Debtors (with the consent of the Required Lenders).

(b) *Class 2: Prepetition Secured Obligation Claims*

A Prepetition Secured Obligation Claim is defined in the PSP Plan as the Prepetition Senior Claims together with the CS Secured Hedge Claims.

Prepetition Secured Obligation Claims are Impaired. Each Holder of an Allowed Prepetition Secured Obligation Claim shall, in full and final satisfaction of each such Holder's Allowed Prepetition Secured Obligation Claim, receive its Pro Rata Share of 100% of the New Securities issued by BPP and outstanding on the Effective Date. Furthermore, the Reorganized Debtors shall pay in full, in Cash, any and all outstanding and unpaid fees and expenses incurred by the Prepetition Secured Parties' professionals and the L/C Issuer through the Effective Date without further motion, fee application or order of the Bankruptcy Court.

(c) *Class 3: LEC Allowed Claim*

The LEC Allowed Claim is defined in the PSP Plan as any and all Claims of LEC against any of the Reorganizing Debtors, including LEC's Mechanics' Liens Claim against BPC, which includes the following: (i) the LEC Arbitration Award; (ii) interest on the LEC Arbitration Award at the contractual rate of 5.25% interest accruing from February 24, 2010 through the Effective Date; and (iii) reasonable and documented fees and expenses incurred by LEC for collection efforts from February 24, 2010 through the Effective Date. Notwithstanding the foregoing, the LEC Allowed Claim shall not exceed \$8,450,000; provided, however, interest will continue to accrue at the daily rate of \$1,143.00 after December 1, 2010 if the Effective Date does not occur by December 1, 2010.

The LEC Allowed Claim is Unimpaired. The Holder of the LEC Allowed Claim shall, in full and final satisfaction of the LEC Allowed Claim, be paid either: (i) in Cash, in full, on the Effective Date; or (ii) on such other terms and conditions as may be agreed upon between the Holder of the LEC Allowed Claim and the Reorganized Debtors (with the consent of the Required Lenders).

(d) *Class 4: Miscellaneous Secured Claims*

A Miscellaneous Secured Claim is defined in the PSP Plan as any Secured Claim, including any Mechanics' Liens Claim, other than the Prepetition Secured Obligation Claims and the LEC Allowed Claim.

Miscellaneous Secured Claims are Unimpaired. Each Holder of an Allowed Miscellaneous Secured Claim shall, in full and final satisfaction of such Allowed Miscellaneous Secured Claim, be paid either: (i) in Cash, in full, on the Effective Date; or (ii) on such other terms and conditions as may be agreed upon between the Holder of such Allowed Miscellaneous Secured Claim and the Reorganized Debtors (with the consent of the Required Lenders).

(e) *Class 5: General Unsecured Claims*

A General Unsecured Claim is defined in the PSP Plan as all Claims that are not Administrative Expense Claims, Professional Fee Claims, Priority Tax Claims, Priority Non-Tax Claims, Prepetition Secured Obligation Claims, the LEC Allowed Claim, Miscellaneous Secured Claims or Intercompany Claims.

General Unsecured Claims are Unimpaired. Each Holder of an Allowed General Unsecured Claim shall, in full and final satisfaction of such Allowed General Unsecured Claim, be paid either: (i) in Cash, in full, on the later of the: (a) Effective Date; and (b) date such General Unsecured Claim becomes due and payable in the ordinary course of business; or (ii) on such other terms and conditions as may be agreed upon between the Holder of such Allowed General Unsecured Claim and the Reorganized Debtors (with the consent of the Required Lenders).

(f) *Class 6: Intercompany Claims*

An Intercompany Claim is defined in the PSP Plan as any Claim held by a Debtor against another Reorganizing Debtor.

Intercompany Claims are Impaired. Intercompany Claims are hereby characterized as equity contributions among the Reorganizing Debtors and, as such, Holders of Intercompany Claims shall not receive any distribution on account of such Claims. All Intercompany Claims shall be discharged, cancelled, released and extinguished as of the Effective Date.

(g) *Class 7: Intercompany Interests in BPC*

An Intercompany Interest in BPC is defined in the PSP Plan as an Interest in BPC held by another Debtor or Debtors.

Intercompany Interests in BPC are Unimpaired. Although Holders of Intercompany Interests in BPC shall not receive any distribution on account of such Intercompany Interests, Intercompany Interests in BPC will not be cancelled and, solely to implement the PSP Plan, will be Reinstated.

(h) *Class 8: Intercompany Interests in FMT*

An Intercompany Interest in FMT is defined in the PSP Plan as an Interest in FMT held by another Debtor or Debtors.

Intercompany Interests in FMT are Unimpaired. Although Holders of Intercompany Interests in FMT shall not receive any distribution on account of such Intercompany Interests, Intercompany Interests in FMT will not be cancelled and, solely to implement the PSP Plan, will be Reinstated.

(i) *Class 9: Equity Interests and Intercompany Interests in BPP*

An Equity Interest in BPP is defined in the PSP Plan as all authorized, issued and outstanding shares of common stock of, and Interests in, BPP, as of the Petition Date, including, without limitation, all issued, outstanding and unexpired options, warrants, conversion, privilege or other legal or contractual rights to acquire shares or Interests in BPP. An Intercompany Interest in BPP is defined in the PSP Plan as an Interest in BPP held by another Debtor or Debtors.

Equity Interests and Intercompany Interests in BPP are Impaired. Holders of Equity Interests or Intercompany Interests in BPP shall not receive any distribution on account of such Equity Interests or Intercompany Interests, and such Equity Interests and Intercompany Interests shall be discharged, cancelled, released and extinguished as of the Effective Date.

D. Reservation of Rights Regarding Claims

Except to the extent that any Claim is Allowed during the Chapter 11 Cases or expressly by the PSP Plan or the Confirmation Order, nothing, including, but not limited to, the failure of the Reorganizing Debtors or the Reorganized Debtors (as applicable) to object to a Claim or Interest for any reason during the pendency of the Chapter 11 Cases, shall affect, prejudice, diminish or impair the rights and legal and equitable defenses of the Reorganizing Debtors or the Reorganized Debtors (as applicable) with respect to any Claim or Interest, including, but not limited to, all rights of the Reorganizing Debtors or the Reorganized Debtors (as applicable) to contest or defend themselves against such Claims or Interests in any lawful manner or forum when and if such Claim or Interest is sought to be enforced by the Holder thereof.

E. Provisions Governing Distributions Under The PSP Plan

1. *Timing of Distributions*

Except as specifically set forth in the PSP Plan, distributions of Property will be made to Holders of Allowed Claims in accordance with Article III of the PSP Plan. If a Claim is not an Allowed Claim as of the applicable distribution date, distributions will be made only if and when the Claim is Allowed, and then in accordance with Article III of the PSP Plan and, with respect to the cure of defaults for assumed executory contracts and unexpired leases, Section 6.02 of the PSP Plan, and in each case, subject to Article VIII of the PSP Plan. Distributions to be made as of the Effective Date on account of Claims that are Allowed as of the Effective Date, and are entitled to receive distributions under the PSP Plan, shall be made on the Effective Date or as soon as reasonably practicable thereafter.

2. *Distributions to Holders of Allowed Claims*

Except as otherwise provided therein, the Disbursing Agent or the Reorganized Debtors (as applicable) shall make all distributions required under the PSP Plan in a manner consistent with the PSP Plan. Distributions to Holders of Allowed Claims will be made in accordance with Article III of the PSP Plan. Payments and other distributions to be made pursuant to the PSP Plan will be made by the Disbursing Agent or the Reorganized Debtors, and

will be available from assets and funds transferred to or otherwise held by the Disbursing Agent or the Reorganized Debtors as of and after the Effective Date. If any dispute arises as to the identity of a Holder of an Allowed Claim who is to receive any distribution, the Disbursing Agent, the Reorganizing Debtors or the Reorganized Debtors (as applicable) shall, as appropriate and in lieu of making such distribution to such Holder, delay such distribution until the disposition thereof shall be determined by Final Order of the Bankruptcy Court or by written agreement among the interested parties to such dispute.

3. *Delivery of Distributions*

Except for distributions to Holders of Allowed Class 2 Prepetition Secured Obligation Claims, which shall be made to the Prepetition Agent for the benefit of such Holders, distributions to Holders of Allowed Claims shall be made by the Disbursing Agent: (a) at the last known addresses of such Holders; or (b) at the addresses set forth in any written notices of address changes delivered to the Reorganized Debtors or the Disbursing Agent. If any Holder's distribution is returned as undeliverable, no further distributions to such Holder shall be made unless and until the Disbursing Agent is notified of such Holder's then current address, at which time all missed distributions shall be made to such Holder without interest.

4. *Method of Cash Distributions*

Any Cash payment to be made pursuant to the PSP Plan may be made by Cash, draft, check, wire transfer or as otherwise required or provided in any relevant agreement or applicable law at the option of the Disbursing Agent or the Reorganized Debtors (with the consent of the Required Lenders).

5. *Failure to Negotiate Checks*

Checks issued in respect of distributions under the PSP Plan shall be null and void if not negotiated within sixty (60) days after the date of issuance. Any amounts returned to the Disbursing Agent or Reorganized Debtors (as applicable) in respect of such non-negotiated checks shall be forwarded to (if necessary) and held by the Disbursing Agent. Requests for reissuance for any such check shall be made directly to the issuer of the check by the Holder of the Allowed Claim with respect to which such check originally was issued. All amounts represented by any voided check will be held until the earlier of: (a) one (1) month after the date on which the check is voided; or (b) the date on which the Bankruptcy Court enters the Final Decree, and all requests for reissuance by the Holder of the Allowed Claim in respect of a voided check are required to be made prior to such date. Thereafter, all such amounts shall be deemed to be Unclaimed Property, in accordance with Section 5.06 of the PSP Plan, and all Holders of Claims in respect of void checks shall be forever barred, estopped and enjoined from asserting a claim to such funds in any manner against the Reorganizing Debtors or their respective assets, the Disbursing Agent or Reorganized Debtors (as applicable).

6. *Unclaimed Distributions*

All Property distributed on account of Claims must be claimed prior to the date on which the Bankruptcy Court enters the Final Decree, or, in the case of a distribution made in the form of a check, must be negotiated and a request for reissuance be made as provided for in

Section 5.05 of the PSP Plan. All Unclaimed Property will be retained by and will vest in the Reorganized Debtors. All full or partial payments made by the Reorganizing Debtors and received by the Holder of a Claim prior to the Effective Date will be deemed to be payments under the PSP Plan for purposes of satisfying the obligations of the Reorganizing Debtors or the Disbursing Agent pursuant to the PSP Plan. Nothing contained in the PSP Plan shall require the Reorganizing Debtors, the Disbursing Agent or Reorganized Debtors (as applicable) to attempt to locate any Holder of an Allowed Claim other than by reviewing the records of the Reorganizing Debtors and any Claims filed in the Chapter 11 Cases. Pursuant to section 1143 of the Bankruptcy Code, all claims in respect of Unclaimed Property shall be deemed Disallowed and the Holder of any Claim Disallowed in accordance with Section 5.06 of the PSP Plan will be forever barred, expunged, estopped and enjoined from asserting such Claim in any manner against the Reorganizing Debtors or their respective assets, the Disbursing Agent or the Reorganized Debtors (as applicable).

7. *Limitation on Distribution Rights*

If a claimant holds more than one Claim in any one Class, all Claims of the claimant in that Class will be aggregated into one Claim and one distribution will be made with respect to the aggregated Claim.

8. *Fractional Dollars*

Notwithstanding any other provision of the PSP Plan, Cash distributions of fractions of dollars will not be made; rather, whenever any payment of a fraction of a dollar would be called for, the actual payment made shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars being rounded down. To the extent that Cash remains undistributed as a result of the rounding of such fraction to the nearest whole dollar, such Cash shall be treated as Unclaimed Property pursuant to Section 5.06 of the PSP Plan.

9. *Compliance With Tax Requirements*

In connection with each distribution with respect to which the filing of an information return (such as an Internal Revenue Service Form 1099 or 1042) or withholding is required, the Reorganizing Debtors, the Disbursing Agent or the Reorganized Debtors, as appropriate, shall file such information return with the Internal Revenue Service and provide any required statements in connection therewith to the recipients of such distribution or effect any such withholding and deposit all moneys so withheld as required by law. With respect to any Person from whom a tax identification number, certified tax identification number or other tax information required by law to avoid withholding has not been received by the Reorganizing Debtors, the Disbursing Agent or the Reorganized Debtors (as applicable) within thirty (30) days from the date of such request, the Reorganizing Debtors, the Disbursing Agent or Reorganized Debtors (as applicable) may, at their or its option, withhold the amount required and distribute the balance to such Person or decline to make such distribution until the information is received.

10. *Character of Distributions*

The Reorganized Debtors shall treat all distributions to Holders of Prepetition Secured Obligations Claims pursuant to the PSP Plan as repayments of principal amounts due with respect to such Claims, with no amounts allocable to the payment of any accrued but unpaid interest thereon. Consistent with that treatment, Holders of Prepetition Secured Obligation Claims covenant and agree to treat the entire amount of such distributions as repayments of principal amounts due on their claims and shall not allocate any portion of such distributions to accrued but unpaid interest.

11. *De Minimis Distributions*

No Cash payment of less than twenty-five (\$25.00) dollars shall be made to any Holder of an Allowed Claim on account of such Allowed Claim.

F. Executory Contracts and Unexpired Leases; Indemnification Obligations; Benefit Programs

1. *Treatment of Executory Contracts and Unexpired Leases*

(a) All executory contracts and unexpired leases of BPC and FMT shall be deemed to be assumed by the Reorganizing Debtors and assigned to the Reorganized Debtors as of the Effective Date, except for any executory contract or unexpired lease that: (a) has previously been assumed and assigned or rejected pursuant to an order of the Bankruptcy Court on or prior to the Confirmation Date; or (b) is listed on the Schedule of Rejected Contracts; provided, however, that the Plan Proponents shall have the right, at any time prior to the Confirmation Date, to amend the Schedule of Rejected Contracts by filing an amended version of such schedule to provide for the assumption and assignment or rejection of an executory contract or unexpired lease pursuant to Section 6.01 of the PSP Plan.

(b) All executory contracts and unexpired leases of BPP shall be deemed to be rejected by the Reorganizing Debtors, except for any executory contract or unexpired lease that: (a) has previously been assumed and assigned or rejected pursuant to an order of the Bankruptcy Court on or prior to the Confirmation Date; or (b) is listed on the Schedule of Assumed Contracts; provided, however, that the Plan Proponents shall have the right, at any time prior to the Confirmation Date, to amend the Schedule of Assumed Contracts by filing an amended version of such schedule to provide for the assumption and assignment or rejection of an executory contract or unexpired lease pursuant to Section 6.01 of the PSP Plan.

(c) The Confirmation Order (except as otherwise provided therein) shall constitute an order of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code, effective as of the Effective Date, approving the assumptions, assignments and rejections hereunder. Each contract and lease assumed pursuant to Section 6.01 of the PSP Plan shall be assumed only to the extent that any such contract or lease constitutes an executory contract or unexpired lease. Assumption of a contract or lease pursuant to Section 6.01 of the PSP Plan shall not constitute an admission by the Reorganizing Debtors, the Reorganized Debtors or the Plan Proponents (as applicable) that such contract or lease is an executory contract or unexpired lease or that the Reorganizing Debtors, the Reorganized Debtors or the Prepetition Secured Parties (as applicable) have any liability thereunder. All executory contracts and unexpired

leases that are assumed will be assumed under their present terms or upon such terms as are agreed to in writing between the applicable Reorganizing Debtor and the counterparty to such contract or lease (with the consent of the Required Lenders).

2. *Cure with Respect to Assumed Contracts and Leases*

The Schedule of Assumed Contracts will identify, with respect to each executory contract and unexpired lease to be assumed and assigned, the relevant Cure Amount for each executory contract or unexpired lease. The Plan Proponents will serve the Schedule of Assumed Contracts on the non-Debtor counterparties to each such executory contract or unexpired lease prior to the Confirmation Hearing. Each such counterparty shall have until the later of: (a) the date that is five (5) Business Days prior to the Confirmation Hearing; or (b) thirty (30) days from the date of service of the Schedule of Assumed Contracts to File an objection to the assumption and assignment of their executory contract or unexpired lease (whether the objection relates to the Cure Amount or otherwise). If any objections are Filed and cannot be resolved by agreement, the Bankruptcy Court shall hold a hearing to determine the Cure Amount with respect to such executory contract or unexpired lease or to otherwise resolve the objection. Any party failing to object to the assumption of their executory contract or unexpired lease as set forth above shall be forever barred from asserting, collecting or seeking to collect from the Reorganized Debtors any amounts in excess of the Cure Amount or from otherwise objecting to the assumption or assignment of such executory contract or unexpired lease. Notwithstanding the foregoing, or anything else in Article VI of the PSP Plan, with respect to any executory contract or unexpired lease which is the subject of an objection, the Reorganized Debtors shall retain the right, until five (5) Business Days following any order resolving such objection having become a Final Order, to reject such executory contract or unexpired lease. Within fifteen (15) days of the Effective Date, or as otherwise agreed with the counterparty to each executory contract or unexpired lease, the Reorganized Debtors shall pay the Cure Amounts to the non-Debtor parties to such executory contracts and unexpired leases being assumed.

3. *Bar Date for Claims for Rejection Damages*

Claims arising out of the rejection of any executory contract or unexpired lease pursuant to Article VI of the PSP Plan must be Filed with the Bankruptcy Court no later than the later of: (a) twenty (20) days after the Effective Date; or (b) thirty (30) days after the entry of an order rejecting such executory contract or unexpired lease. Any Claim not Filed within such time period shall be forever barred. The Reorganizing Debtors, the Reorganized Debtors, the Disbursing Agent and the Plan Proponents shall have the right to object to any Claim arising out of the rejection of an executory contract or unexpired lease pursuant to the terms of Section 8.04 of the PSP Plan.

4. *Treatment of Rejection Claims*

The Bankruptcy Court shall determine any objections Filed in accordance with Section 8.04 of the PSP Plan at a hearing to be held on a date to be determined by the Bankruptcy Court. Subject to any statutory limitation, including, but not limited to the limitations contained in sections 502(b)(6) and 502(b)(7) of the Bankruptcy Code, any Claims arising out of the rejection of executory contracts and unexpired leases shall, pursuant to

section 502(g) of the Bankruptcy Code, be Unimpaired and treated as Class 5 General Unsecured Claims in accordance with Section 3.09 of the PSP Plan.

5. *Executory Contracts and Unexpired Leases Entered Into and Other Obligations Incurred After the Petition Date*

On the Effective Date, all contracts, leases, and other agreements entered into by any or all of the Reorganizing Debtors on or after the Petition Date, which agreements have not been terminated in accordance with their terms on or before the Effective Date, shall be deemed assumed and assigned to the Reorganized Debtors.

G. Means for Implementation of the PSP Plan

1. *Corporate Action*

The entry of the Confirmation Order shall constitute authorization for the Reorganizing Debtors, the Reorganized Debtors and the Plan Proponents to take or to cause to be taken all corporate and limited liability company actions necessary or appropriate to consummate and implement the provisions of the PSP Plan prior to, on and after the Effective Date, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court, including, without limitation: (a) the cancellation of all of the issued and outstanding Equity Interests in BPP; (b) the issuance of the New Securities to the Holders of Class 2 Prepetition Secured Obligation Claims; (c) the election of directors, managers and officers in accordance with the PSP Plan; and (d) the adoption of the Reorganized Debtors' Organizational Documents, which shall supersede the prior certificates of incorporation, articles of organization, limited liability company agreements, by-laws or other organizational documents, as appropriate, of each of the Reorganizing Debtors. All such actions shall be deemed to have occurred and shall be in effect pursuant to applicable non-bankruptcy law and the Bankruptcy Code, without any requirement of further action by the members, stockholders, directors or managers of the Reorganizing Debtors, the Reorganized Debtors or their Affiliates. On the Effective Date, the appropriate officers, directors, members and managers of the Reorganizing Debtors, the Reorganized Debtors or the Plan Proponents are authorized and directed to execute and deliver the agreements, documents and instruments contemplated by the PSP Plan and the PSP Plan Supplement in the name and on behalf of the Reorganizing Debtors, the Reorganized Debtors and the Plan Proponents.

2. *Articles of Organization*

The Reorganized Debtors' Organizational Documents shall contain such provisions as are required to satisfy the provisions of the PSP Plan and the Bankruptcy Code and shall include, among other things: (a) authorization for Reorganized BPP to issue to the Holders of the Class 2 Prepetition Secured Obligation Claims the New Securities; (b) a prohibition on the issuance of nonvoting equity securities to the extent, and only to the extent, required by section 1123(a)(6) of the Bankruptcy Code; and (c) other provisions ordinary and customary in such situations so long as they are not inconsistent with any of the provisions contained in the foregoing.

3. *Issuance of New Securities in Reorganized BPP*

On the Effective Date: (a) all of the issued and outstanding Equity Interests in BPP shall be cancelled; and (b) Reorganized BPP shall issue the New Securities to the Holders of the Class 2 Prepetition Secured Obligation Claims.

4. *Operations Between Confirmation Date and Effective Date*

The Plan Proponents shall operate the Reorganizing Debtors, subject to the supervision of the Bankruptcy Court, during the period from the Confirmation Date through and until the Effective Date.

5. *Revesting of Assets*

Except as otherwise expressly provided in the PSP Plan, pursuant to sections 1123(a)(5), 1123(b)(3) and 1141(b) of the Bankruptcy Code, all Property comprising the Estates of each Reorganizing Debtor, including, but not limited to, all Avoidance Actions and all Causes of Action shall automatically be retained and revested in the relevant Reorganized Debtor or its respective successor, free and clear of all Claims, Liens, contractually-imposed restrictions, charges, encumbrances and Interests of Creditors and equity security holders on the Effective Date, with all such Claims, Liens, contractually-imposed restrictions, charges, encumbrances and Interests being extinguished except as otherwise provided in the PSP Plan. As of the Effective Date, each Reorganized Debtor may operate its business and use, acquire and dispose of Property and settle and compromise Claims or Interests without supervision of the Bankruptcy Court free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the PSP Plan and Confirmation Order. Without limiting the foregoing, each Reorganized Debtor may pay the charges it incurs for professional fees, disbursements, expenses or related support services after the Effective Date without any application to the Bankruptcy Court.

6. *Approval of Agreements*

The solicitation of votes on the PSP Plan shall be deemed a solicitation of the Holders of Claims for the approval of all other agreements and transactions contemplated by the PSP Plan and the PSP Plan Supplement, including, without limitation, the New Securities. Entry of the Confirmation Order shall constitute approval of such agreements and transactions and the Confirmation Order shall so provide.

7. *Change of Control*

The transactions contemplated under the PSP Plan shall not be deemed or considered a change of control that would result in any acceleration, vesting or similar change of control rights under any agreements or arrangements triggered by the consummation of the PSP Plan shall be waived or otherwise cancelled under the PSP Plan.

8. *Post Effective Date Management*

On the Effective Date, the management, control and operation of each Reorganized Debtor shall become the general responsibility of its respective board of directors or board of members in accordance with applicable non-bankruptcy law. On the Effective Date,

each member of the existing board of directors of each of the Reorganizing Debtors shall be deemed to have resigned. The initial new board of each Reorganized Debtor shall be comprised of five (5) directors, which shall include individuals as otherwise disclosed in the Plan Supplement. The initial new board members will serve from the Effective Date until their successors are duly elected or qualified or until earlier removed or replaced.

9. *Corporate Structure Changes*

Corporate structure changes, if necessary, will be set forth in the PSP Plan Supplement.

H. Preservation of Causes of Action and Right to Defend and Contest

1. *Preservation of Rights*

Except to the extent that any Claim is Allowed during the Chapter 11 Cases or expressly by the PSP Plan or the Confirmation Order, nothing, including, but not limited to, the failure of the Reorganizing Debtors, the Reorganized Debtors or the Plan Proponents (as applicable) to object to a Claim or Interest for any reason during the pendency of the Chapter 11 Cases, shall affect, prejudice, diminish or impair the rights and legal and equitable defenses of the Reorganizing Debtors, the Reorganized Debtors or the Plan Proponents (as applicable) with respect to any Claim or Interest, including, but not limited to, all rights of the Reorganizing Debtors, the Reorganized Debtors or the Plan Proponents (as applicable) to contest or defend themselves against such Claims or Interests in any lawful manner or forum when and if such Claim or Interest is sought to be enforced by the Holder thereof.

2. *Setoffs*

Except to the extent that any Claim is Allowed, the Reorganizing Debtors, the Disbursing Agent or the Reorganized Debtors, as applicable, may, but shall not be required to, set off against any Claims and the payments or distributions to be made pursuant to the PSP Plan in respect of such Claims, any and all debts, liabilities, Causes of Action and claims of every type and nature whatsoever which the Estates, the Reorganizing Debtors, the Disbursing Agent or the Reorganized Debtors (as applicable) may have against such Creditors, but neither the failure to do so nor the allowance of any such Claims, whether pursuant to the PSP Plan or otherwise, shall constitute a waiver or release by the Reorganizing Debtors, the Disbursing Agent or the Reorganized Debtors (as applicable) of any such claims or Causes of Action the Reorganizing Debtors, the Disbursing Agent or the Reorganized Debtors (as applicable) may have against such Creditors.

3. *No Payment or Distribution Pending Allowance*

All references to Claims and amounts of Claims refer to the amount of the Claim Allowed by agreement of the Reorganizing Debtors, the Disbursing Agent, Reorganized Debtors or the Plan Proponents (as applicable) and the Holder of such Claim, by operation of law, by Final Order or by the PSP Plan. Notwithstanding any other provision in the PSP Plan, no payment or distribution shall be made on account of or with respect to any Claim to the extent it is a Disputed Claim unless and until the Disputed Claim becomes an Allowed Claim.

4. *Resolution of Disputed Claims*

Unless otherwise ordered by the Court after notice and a hearing, the Reorganized Debtors and the Plan Proponents shall have the right, on and after the Effective Date, to File objections to Claims (except those specifically Allowed by the PSP Plan) and shall serve a copy of each such objection upon the Holder of the Claim to which the objection is made as soon as practicable, but in no event later than the applicable Claims Objection Deadline. The foregoing deadlines may be extended by order of the Bankruptcy Court. An objection to any Claim shall be deemed properly served on the Holder thereof if the Disbursing Agent, the Reorganized Debtors or the Plan Proponents (as applicable) effects service in any of the following manners: (a) in accordance with Rule 4 of the Federal Rules of Civil Procedure, as modified and made applicable by Bankruptcy Rule 7004; (b) by first class mail, postage prepaid, on the signatory and at the address set forth on the proof of claim or other representative identified in the proof of claim or any attachment thereto; or (c) by first class mail, postage prepaid, on any counsel that has appeared on the Holder's behalf in the Chapter 11 Cases.

I. Conditions to Consummation of the PSP Plan

1. *Conditions to Effective Date*

The PSP Plan shall not be consummated, and the Effective Date shall not occur, unless and until the following conditions have occurred or been duly waived (if waivable) pursuant to Section 9.02 of the PSP Plan:

- (a) the Bankruptcy Court shall have approved the information contained in the PSP Disclosure Statement as adequate;
- (b) the Confirmation Order, in a form acceptable in all respects to the Plan Proponents, shall have been entered and shall not be stayed by order of a court of competent jurisdiction and the Confirmation Order shall have become a Final Order;
- (c) the Confirmation Order shall contain a finding by the Bankruptcy Court that the aggregate amount of: (i) Allowed General Unsecured Claims shall not exceed \$1 million; and (ii) Allowed Miscellaneous Secured Claims shall not exceed \$1.25 million;
- (d) the Bankruptcy Court shall have entered an order (contemplated to be part of the Confirmation Order) authorizing and directing the Plan Proponents to take all actions necessary or appropriate to enter into, implement and consummate the documents created, amended, supplemented, modified or adopted in connection with the PSP Plan;
- (e) all authorizations, consents and regulatory approvals required, if any, in connection with the PSP Plan's effectiveness shall have been obtained; and

- (f) no order of a court shall have been entered and shall remain in effect restraining the Reorganizing Debtors from consummating the PSP Plan.

2. *Waiver of Conditions to Consummation*

The conditions to consummation in Section 9.01 of the PSP Plan (other than Sections 9.01(a) and (b)) may be waived at any time by a writing signed by an authorized representative of the Plan Proponents without notice or order of the Bankruptcy Court or any further action other than proceeding to consummation of the PSP Plan.

3. *Effect of Failure or Absence of Waiver of Conditions Precedent to the Effective Date of the PSP Plan*

In the event that one or more of the conditions specified in Section 9.01 of the PSP Plan have not occurred (or been waived), upon notification submitted by the Plan Proponents to the Bankruptcy Court: (a) the Confirmation Order, automatically and without further order of the Bankruptcy Court, shall be deemed, vacated, null and void and with no force or legal effect whatsoever; (b) no distributions under the PSP Plan shall be made; (c) all Property of the Estates shall remain in the Reorganizing Debtors' Estates; (d) the Reorganizing Debtors and all Holders of Claims and Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Order had never been entered and Confirmation had not occurred; and (e) the Reorganizing Debtors' obligations with respect to the Claims and Interests shall remain unchanged and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Interests by or against the Reorganizing Debtors or any other Person or Entity or to prejudice in any manner the rights of the Reorganizing Debtors or any Person or Entity in any further proceedings involving the Reorganizing Debtors.

J. Effects of Confirmation

1. *Discharge*

To the fullest extent permitted by applicable law (including, without limitation, section 105 of the Bankruptcy Code), and except as otherwise provided in the PSP Plan or in the Confirmation Order, all consideration distributed under the PSP Plan shall be in exchange for, and in complete satisfaction, settlement, discharge and release of, all Claims of any nature whatsoever against the Reorganizing Debtors or any of their assets or properties, regardless of whether any Property shall have been distributed or retained pursuant to the PSP Plan on account of such Claims. To the fullest extent permitted by applicable law (including, without limitation, section 105 of the Bankruptcy Code), upon the Effective Date, and except as expressly contemplated in the PSP Plan, the Reorganizing Debtors, and each of them, shall be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, debts (as such term is defined in section 101(12) of the Bankruptcy Code), Liens, security interests and encumbrances of and against all Property of the respective Estates or the Reorganizing Debtors that arose prior to the Effective Date, including, without limitation, all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether

or not: (a) such Claim has been Allowed pursuant to section 502 of the Bankruptcy Code; or (b) the Holder of such Claim has voted to accept the PSP Plan. Further, to the fullest extent under applicable law (including, without limitation, section 105 of the Bankruptcy Code), as of the Effective Date, all entities, including, without limitation, all Holders of Claims or Interests, shall be barred and enjoined from asserting against the Reorganizing Debtors, the Disbursing Agent or Reorganized Debtors (as applicable), their Property or their successors or assigns any other or further Claims, debts, rights, Causes of Action, liabilities or Interests relating to the Reorganizing Debtors based upon any act, omission, transaction or other activity of any nature that occurred prior to the Effective Date, except for those obligations expressly created by, or reserved in, the PSP Plan. In accordance with the foregoing, to the fullest extent permitted by applicable law (including, without limitation, section 105 of the Bankruptcy Code), except as provided in the PSP Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all such Claims and other debts and liabilities against the Reorganizing Debtors and termination of all Interests, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge and termination shall void any judgment obtained against the Reorganizing Debtors, the Disbursing Agent or the Reorganized Debtors (as applicable) at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

2. *Injunction*

(a) *Discharged Claims and Terminated Interests.* Except as otherwise expressly provided for in the PSP Plan or the Confirmation Order, and to the fullest extent authorized or provided by the Bankruptcy Code, including sections 524 and 1141 thereof, the entry of the Confirmation Order shall, provided that the Effective Date occurs, permanently enjoin all Persons that have held, currently hold or may hold a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is Impaired or terminated pursuant to the terms of the PSP Plan from taking any of the following actions against the Reorganizing Debtors, the Disbursing Agent or the Reorganized Debtors (as applicable), or the Property of any of the foregoing on account of any such discharged Claims, debts or liabilities or such terminated Interests or rights: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind; (ii) enforcing, levying, attaching, collecting or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree or order; (iii) creating, perfecting or enforcing in any manner, directly or indirectly, any Lien or encumbrance of any kind; (iv) asserting any setoff, offset, right of subrogation or recoupment of any kind, directly or indirectly, against any debt, liability or obligation due to the Reorganizing Debtors; and (v) proceeding in any manner in any place whatsoever, including employing any process, that does not conform to or comply with or is inconsistent with the provisions of the PSP Plan.

(b) *Released Claims.* As of the Effective Date, the Confirmation Order shall constitute an injunction permanently enjoining any Person that has held, currently holds or may hold a Claim, demand, debt, right, Cause of Action or liability that is released pursuant to Section 10.04 of the PSP Plan from enforcing or attempting to enforce any such Claim, demand, debt, right, Cause of Action or liability against any Releasee, the Disbursing Agent or any of their respective Property, based on, arising from or relating to, in whole or in part, any act, omission or other occurrence taking place on or prior to the Effective Date with respect to or in any way relating to the Chapter 11 Cases, all of which claims, demands, debts, rights, Causes of

Action or liabilities shall be deemed released on and as of the Effective Date; provided, however, that this injunction shall not apply to: (i) any Claims that Creditors may assert under the PSP Plan to enforce their rights thereunder, to the extent permitted by the Bankruptcy Code; or (ii) any claims Creditors or other third parties may have against each other, which Claims are not related to the Reorganizing Debtors, it being understood, however, that any defenses, offsets or counterclaims of any kind or nature whatsoever that the Reorganizing Debtors may have or assert in respect of any of the claims of the type described in (i) or (ii) of this proviso are fully preserved.

3. *Exculpation*

Neither the Disbursing Agent nor any Releasee shall have or incur any liability to any Person, including, without limitation, any Holder of a Claim or Interest or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys or Affiliates or any of their successors or assigns, for any act taken or omission made in connection with, relating to, or arising out of, the Chapter 11 Cases, Filing, negotiating, prosecuting, administering, formulating, implementing, confirming or consummating the PSP Plan, or the Property to be distributed under the PSP Plan, including all activities leading to the promulgation and confirmation of the PSP Plan, this PSP Disclosure Statement (including any information provided or statement made in the PSP Disclosure Statement or omitted herefrom), or any contract, instrument, release or other agreement or document created in connection with or related to the PSP Plan or the administration of the Reorganizing Debtors or the Chapter 11 Cases; provided, however, that the foregoing exculpation shall not apply to any act of gross negligence or willful misconduct.

4. *Releases*

(a) *Releases by Reorganizing Debtors.* Effective as of the Effective Date, and except as otherwise provided in the PSP Plan or the Confirmation Order, for good and valuable consideration, the adequacy of which is hereby confirmed, the Reorganizing Debtors, in their individual capacities and as debtors in possession, will be deemed to have forever released, waived and discharged: (i) the Prepetition Secured Parties, collectively and individually, and their respective current and former officers, directors, employees, agents, stockholders, managers, members, Affiliates, partners, attorneys, advisors and professionals; and (ii) Procurement, from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of the Reorganizing Debtors or the Disbursing Agent to enforce the PSP Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder), whether for tort, contract, violations of federal or state securities laws or otherwise, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence, including actions in connection with indebtedness for money borrowed by the Reorganizing Debtors, taking place on or prior to the Effective Date in any way relating to the Reorganizing Debtors, the Chapter 11 Cases or the PSP Plan.

(b) *Releases by Holders of Claims and Interests.* Effective as of the Effective Date, and except as otherwise provided in the PSP Plan or the Confirmation Order, to the fullest extent permitted under applicable law, in consideration for the obligations of the Persons set forth below under the PSP Plan and, if applicable, the Cash, securities, contracts, releases and other agreements or documents to be delivered in connection with the PSP Plan, each Holder of a Claim or Interest who votes or is deemed to have voted in favor of the PSP Plan, and any Affiliate of any such Holder (as well as any trustee or agent on behalf of each such Holder) shall be deemed to have forever waived, released and discharged the Releasees and the Disbursing Agent from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of the Plan Proponents to enforce the PSP Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder), whether for tort, contract, violations of federal or state securities laws or otherwise, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence, including actions in connection with indebtedness for money borrowed by the Reorganizing Debtors, taking place on or prior to the Effective Date in any way relating to the Reorganizing Debtors, the Chapter 11 Cases or the PSP Plan.

5. *Other Documents and Actions*

The Plan Proponents are authorized to execute such documents and take such other action as is necessary to effectuate the transactions provided for in the PSP Plan.

6. *Term of Injunctions or Stays*

Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under sections 105(a) or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

7. *Preservation of Insurance*

Except as necessary to be consistent with the PSP Plan, the PSP Plan and the discharge provided herein shall not diminish or impair the enforceability of insurance policies that may cover Claims against the Reorganizing Debtors or any other Person or Entity, including self-insurance programs.

8. *Guaranties*

Notwithstanding the existence of guaranties by the Reorganizing Debtors or obligations of any Entity or Entities, and the Reorganizing Debtors' joint obligations with another Entity or Entities with respect to the same obligations, all Claims against the Reorganizing Debtors based upon any such guaranties shall be satisfied, discharged and released in the manner provided in the PSP Plan and the Holders of Claims shall be entitled to only one distribution with respect to any given obligation of the Reorganizing Debtors.

9. *Subordination Rights*

Any distributions under the PSP Plan shall be received and retained free of and from any obligations to hold or transfer the same to any other Creditor, and shall not be subject to levy, garnishment, attachment or other legal process by any Holder by reason of claimed contractual subordination rights, which rights shall be waived and the Confirmation Order shall constitute an injunction enjoining any Person from enforcing or attempting to enforce any contractual, legal or equitable subordination rights to Property distributed under the PSP Plan, in each case other than as provided in the PSP Plan.

10. *No Successor Liability*

Except as otherwise expressly provided in the PSP Plan, the Reorganizing Debtors, the Disbursing Agent, the Reorganized Debtors and the Prepetition Secured Parties (as applicable) do not, pursuant to the PSP Plan or otherwise, assume, agree to perform, pay or indemnify, or otherwise have any responsibilities for any liabilities or obligations of the Reorganizing Debtors or any other party relating to or arising out of the operations of or assets of the Reorganizing Debtors, whether arising prior to, on or after the Effective Date. The Disbursing Agent, the Reorganized Debtors and the Prepetition Secured Parties (as applicable) are not, and shall not be, successors to the Reorganizing Debtors by reason of any theory of law or equity, and none shall have any successor or transferee liability of any kind or character, except that the Disbursing Agent and the Reorganized Debtors shall assume the obligations specified in the PSP Plan and the Confirmation Order.

K. Retention of Jurisdiction

1. *Exclusive Jurisdiction of Bankruptcy Court*

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain after the Effective Date exclusive jurisdiction of all matters arising out of, arising in or related to the Chapter 11 Cases to the fullest extent permitted by applicable law, including, without limitation, jurisdiction to:

- (a) classify or establish the priority or secured or unsecured status of any Claim (whether Filed before or after the Effective Date and whether or not contingent, Disputed or unliquidated) or resolve any dispute as to the treatment of any Claim pursuant to the PSP Plan;
- (b) grant or deny any applications for allowance of compensation or reimbursement of expenses pursuant to sections 330, 331 or 503(b) of the Bankruptcy Code, or otherwise provided for in the PSP Plan, for periods ending on or before the Effective Date;
- (c) determine and resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which any Reorganizing Debtor is a party or with respect to which any Reorganizing Debtor may be liable, and to hear, determine and, if necessary, liquidate any Claims arising therefrom;

- (d) ensure that all payments due under the PSP Plan and performance of the provisions of the PSP Plan are accomplished as provided herein and resolve any issues relating to distributions to Holders of Allowed Claims pursuant to the provisions of the PSP Plan;
- (e) construe, take any action and issue such orders, prior to and following the Confirmation Date and consistent with section 1142 of the Bankruptcy Code, as may be necessary for the enforcement, implementation, execution and consummation of the PSP Plan and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the PSP Plan, including, without limitation, the PSP Disclosure Statement and the Confirmation Order, for the maintenance of the integrity of the PSP Plan and protection of the Disbursing Agent in accordance with sections 524 and 1141 of the Bankruptcy Code following consummation;
- (f) determine and resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation, implementation or enforcement of the PSP Plan (and all Exhibits to the PSP Plan and the PSP Plan Supplement) or the Confirmation Order, including the indemnification and injunction provisions set forth in and contemplated by the PSP Plan or the Confirmation Order, or any Entity's rights arising under or obligations incurred in connection therewith;
- (g) hear any application of the Plan Proponents or the Reorganized Debtors to modify the PSP Plan after the Effective Date, pursuant to section 1127 of the Bankruptcy Code and Section 12.04 of the PSP Plan, or modify the PSP Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the PSP Plan, the PSP Disclosure Statement or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the PSP Plan, the PSP Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the PSP Plan, the PSP Disclosure Statement or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the PSP Plan, to the extent authorized by the Bankruptcy Code and the PSP Plan;
- (h) issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation, implementation or enforcement of the PSP Plan or the Confirmation Order;
- (i) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

- (j) determine any other matters that may arise in connection with or relating to the PSP Plan, the PSP Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the PSP Plan, the PSP Disclosure Statement or the Confirmation Order, except as otherwise provided in the PSP Plan;
- (k) determine such other matters and for such other purposes as may be provided in the Confirmation Order;
- (l) hear and determine any other matters related hereto and not inconsistent with chapter 11 of the Bankruptcy Code;
- (m) hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the PSP Plan;
- (n) enter one or more Final Decrees closing each of the Chapter 11 Cases;
- (o) determine and resolve any and all controversies relating to the rights and obligations of the Disbursing Agent in connection with the Chapter 11 Cases;
- (p) allow, disallow, determine, liquidate or estimate any Claim, including the compromise, settlement and resolution of any request for payment of any Claim, the resolution of any Objections to the allowance of Claims and to hear and determine any other issue presented hereby or arising hereunder, including during the pendency of any appeal relating to any Objection to such Claim (to the extent permitted under applicable law);
- (q) permit the Reorganizing Debtors (and the Reorganized Debtors, to the extent provided for in the PSP Plan) to recover all of the Reorganizing Debtors' assets and Property of their respective Estates wherever located;
- (r) hear and determine any motions or contested matters involving taxes, tax refunds, tax attributes, tax benefits and similar or related matters with respect to the Reorganizing Debtors or the Reorganizing Debtors' respective Estates arising prior to the Effective Date or relating to the period of administration of the Chapter 11 Cases, including, without limitation, matters concerning federal, state and local taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;
- (s) hear and determine any motions, applications, adversary proceedings, contested matters and other litigated matters pending on, Filed or commenced after the Effective Date that may be commenced by the Reorganized Debtors or the Plan Proponents (as applicable) thereafter, including Avoidance Actions, proceedings with respect to the rights of the Reorganized Debtors or the Plan Proponents (as applicable) to recover Property under sections 542, 543 or 553 of the Bankruptcy Code, or

proceedings to otherwise collect to recover on account of any claim or Cause of Action that the Reorganizing Debtors may have had; and

(t) hear any other matter not inconsistent with the Bankruptcy Code.

2. *Failure of Bankruptcy Court to Exercise Jurisdiction*

If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction over any matter arising under, arising in or related to the Reorganizing Debtors, including with respect to the matters set forth above in Section 11.01 of the PSP Plan, Article XI of the PSP Plan shall not prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such subject matter.

L. Miscellaneous Provisions

1. *Binding Effect of PSP Plan*

The provisions of the PSP Plan shall be binding upon and inure to the benefit of the Reorganizing Debtors, the Estates, the Disbursing Agent, Reorganized Debtors or the Prepetition Secured Parties (as applicable), any Holder of any Claim or Interest treated herein or any Person named or referred to in the PSP Plan, and each of their respective heirs, executors, administrators, representatives, predecessors, successors, assigns, agents, officers and directors, and, to the fullest extent permitted under the Bankruptcy Code and other applicable law, each other Person affected by the PSP Plan.

2. *Withdrawal of the PSP Plan*

The Plan Proponents reserve the right, at any time prior to Confirmation of the PSP Plan to withdraw the PSP Plan. If the PSP Plan is withdrawn, the PSP Plan shall be null and void and have no force and effect. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Reorganizing Debtors or any other Person or to prejudice in any manner the rights of the Reorganizing Debtors or any Person in any further proceedings involving the Reorganizing Debtors.

3. *Final Order*

Except as otherwise expressly provided in the PSP Plan, any requirement in the PSP Plan for a Final Order may be waived by the Plan Proponents or, after the Effective Date, the Disbursing Agent and the Reorganized Debtors upon written notice to the Bankruptcy Court. No such waiver shall prejudice the right of any party in interest to seek a stay pending appeal of any order that is not a Final Order

4. *Modification of the PSP Plan*

The Plan Proponents may alter, amend or modify the PSP Plan in accordance with section 1127 of the Bankruptcy Code or as otherwise permitted at any time prior to the Confirmation Date. After the Confirmation Date and prior to the substantial consummation of the PSP Plan, and in accordance with the provisions of section 1127(b) of the Bankruptcy Code

and the Bankruptcy Rules, the Plan Proponents may, so long as the treatment of Holders of Claims or Interests under the PSP Plan is not adversely affected, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the PSP Plan, the PSP Disclosure Statement or the Confirmation Order and any other matters as may be necessary to carry out the purposes and effects of the PSP Plan; provided, however, prior notice of such proceedings shall be served in accordance with Bankruptcy Rules 2002 and 9014.

5. *Business Days*

If any payment or act under the PSP 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.

6. *Severability*

Should the Bankruptcy Court determine, prior to the Confirmation Date, that any provision of the PSP Plan is either illegal on its face or illegal as applied to any Claim or Interest, such provision shall be unenforceable as to all Holders of Claims or Interests or to the specific Holder of such Claim or Interest, as the case may be, as to which such provision is illegal. Unless otherwise determined by the Bankruptcy Court, such a determination of unenforceability shall in no way limit or affect the enforceability and operative effect of any other provision of the PSP Plan. The Plan Proponents reserve the right not to proceed with Confirmation or consummation of the PSP Plan if any such ruling occurs.

7. *Governing Law*

EXCEPT TO THE EXTENT THAT THE BANKRUPTCY CODE, BANKRUPTCY RULES OR OTHER FEDERAL LAWS ARE APPLICABLE, AND SUBJECT TO THE PROVISIONS OF ANY CONTRACT, INSTRUMENT, RELEASE, INDENTURE OR OTHER AGREEMENT OR DOCUMENT ENTERED INTO IN CONNECTION WITH THE PSP PLAN, THE CONSTRUCTION, IMPLEMENTATION AND ENFORCEMENT OF THE PSP PLAN AND ALL RIGHTS AND OBLIGATIONS ARISING UNDER THE PSP PLAN SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO CONFLICTS-OF-LAW PRINCIPLES THAT WOULD APPLY THE LAW OF A JURISDICTION OTHER THAN THE STATE OF TEXAS.

8. *Dissolution of Committee*

On the Effective Date, any statutory committee that has been established shall be automatically dissolved and all of its members, Professionals and agents shall be deemed released of their duties, responsibilities and obligations, and shall be without further duties, responsibilities and authority in connection with the Reorganizing Debtors, the Chapter 11 Cases, the PSP Plan or its implementation.

9. *Payment of Statutory Fees*

All U.S. Trustee's Fee Claims, as determined, if necessary, by the Bankruptcy Court at the hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid on or before the Effective Date by the Reorganized Debtors.

10. *Post-Confirmation Operating Reports*

The Disbursing Agent shall file quarterly operating reports as required by the United States Trustee until such time as a Final Decree or other order is entered under section 350(a) of the Bankruptcy Code closing the Bankruptcy Cases.

11. *Notices*

Any notice required or permitted to be provided under the PSP Plan to the Plan Proponents, or any request for information with respect to the PSP Plan, shall be in writing and served by either: (a) certified mail, return receipt requested, postage prepaid; (b) hand delivery; or (c) reputable overnight delivery service, freight prepaid, to be addressed as follows:

If to the Prepetition Agent, to Credit Suisse AG, Cayman Islands Branch, Attn: Didier Siffer and Benjamin Son, with a copy to Latham & Watkins, LLP, Attn: Mitchell A. Seider, Esq. and David Hammerman, Esq., 885 Third Avenue, New York, New York 10022-4834;

If to the Required Lenders, to Milbank, Tweed, Hadley & McCloy LLP, Attn: Dennis F. Dunne, Esq., William Bice, Esq. and Steven Z. Szanzer, Esq., One Chase Manhattan Plaza, New York, New York 10005-1413;

With a copy to:

Haynes and Boone, LLP, Attn: Robert D. Albergotti, Esq. and Abigail Ottmers, Esq., 2323 Victory Avenue, Suite 700, Dallas, Texas 75219.

12. *Filing of Additional Documents*

On or before substantial consummation of the PSP Plan, the Plan Proponents shall issue, execute, deliver, and File with the Bankruptcy Court or record any agreements and other documents, and take any action as may be necessary or appropriate to effectuate, consummate and further evidence the terms and conditions of the PSP Plan.

13. *Section 1125 of the Bankruptcy Code*

The Plan Proponents have, and upon Confirmation of the PSP Plan shall be deemed to have, solicited acceptances of the PSP Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code. The Plan Proponents (and each of their respective Affiliates, officers, directors, employees, consultants, agents, advisors, members, attorneys, accountants, financial advisors, other representatives and Professionals) have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer, issuance, sale, solicitation and/or purchase of the securities offered and sold under the PSP Plan, and are not, and on account of such offer, issuance, sale, solicitation and/or purchase will not be

liable at any time for the violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the PSP Plan or the offer, issuance, sale, solicitation and/or purchase of the securities offered and sold under the PSP Plan.

14. *Section 1146 Exemption*

To the fullest extent permitted under section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of any security under the PSP Plan, if any, or the execution, delivery or recording of an instrument of transfer under the PSP Plan, or the revesting, transfer or sale of any real or other Property of or to the Reorganized Debtors or the Disbursing Agent, shall not be taxed under any state or local law imposing a stamp tax, transfer tax or similar tax or fee. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, mortgage recording tax, intangible tax or similar tax.

15. *Section 1145 Exemption*

To the fullest extent permitted under section 1145 of the Bankruptcy Code, the issuance of any interests in the Reorganized Debtors on or around the Effective Date shall be exempt from the registration requirements of Section 5 of the Securities Act and any and all federal, state and local laws requiring the registration or licensing of an issuer, underwriter, broker or dealer in such securities.

16. *Time*

Unless otherwise specified herein, in computing any period of time prescribed or allowed by the PSP Plan, the day of the act or event from which the designated period begins to run shall not be included. The last day of the period so computed shall be included, unless it is not a Business Day, in which event the period runs until the end of next succeeding day that is a Business Day. Otherwise, the provisions of Bankruptcy Rule 9006 shall apply.

17. *No Attorneys' Fees*

No attorneys' fees will be paid by the Reorganizing Debtors with respect to any Claim or Interest, except as expressly specified herein or by order of the Bankruptcy Court (including the Cash Collateral Order).

18. *No Injunctive Relief*

No Claim or Interest shall under any circumstances be entitled to specific performance or other injunctive, equitable or other prospective relief.

19. *Continued Confidentiality Obligations*

Pursuant to the terms thereof, members of and advisors to any statutory committee, any other Holder of a Claim or Interest and their respective predecessors, successors

and assigns shall continue to be obligated and bound by the terms of any confidentiality agreement executed by them in connection with the Chapter 11 Cases or the Reorganizing Debtors, to the extent that such agreement, by its terms, may continue in effect after the Confirmation Date.

20. *No Admissions or Waivers*

Notwithstanding anything herein to the contrary, nothing contained in the PSP Plan shall be deemed an admission or waiver by the Reorganizing Debtors or the Plan Proponents with respect to any matter set forth herein, including, without limitation, liability on any Claim or Interest or the propriety of any classification of any Claim or Interest.

21. *Entire Agreement*

The PSP Plan (and all Exhibits to the PSP Plan and the PSP Plan Supplement) sets forth the entire agreement and undertakings relating to the subject matter hereof and supersedes all prior discussions and documents. The Plan Proponents shall not be bound by any terms, conditions, definitions, warranties, understandings or representations with respect to the subject matter hereof, other than as expressly provided for herein or as may hereafter be agreed to by the parties in writing.

22. *Waiver*

The Plan Proponents reserve the right to waive any provision of the PSP Plan to the extent such provision is for the sole benefit of the Plan Proponents.

23. *Bar Date for Professionals*

All Professionals asserting Professional Fee Claims shall file and serve on counsel for the Reorganized Debtors, the Required Lenders, the United States Trustee and any other party specifically requesting a copy in writing, an application for its Professional Fee Claim no later than forty-five (45) days after the Effective Date. Any interested party desiring to object to any Professional Fee Claim must file and serve its Objection on the Reorganized Debtors, the Required Lenders, the United States Trustee and the Professional to whose application the Objection is addressed no later than sixty (60) days after the Effective Date. In the event that a party files an Objection to all or a portion of a Professional's Professional Fee Claim, and such objecting party and the Professional cannot mutually resolve the Objection(s) with respect to the Disputed portion of such Professional's Professional Fee Claim, the Professional may apply to the Bankruptcy Court for approval of the such Professional's Professional Fee Claim upon notice to the objecting party, the Reorganized Debtors, the Required Lenders and the United States Trustee of not less than ten (10) Business Days.

M. PSP Plan Implementation Documents

The documents necessary to implement the PSP Plan include, among others, the following:

- (a) Reorganized Debtors' governing documents; and

(b) New Securities.

Such documents are either enclosed herewith or will be submitted in substantially the form to be implemented on the Effective Date as part of the PSP Plan Supplement. All documents in the PSP Plan Supplement shall be in form, scope and substance satisfactory to the Plan Proponents. Upon such filing, all documents included in the PSP Plan Supplement may be viewed and downloaded from the Bankruptcy Court's electronic case filing system, available at <https://ecf.txwb.uscourts.gov/>, or inspected in the office of the Clerk of the Bankruptcy Court during normal court hours. Holders of Claims or Interests may obtain a copy of any document included in the PSP Plan Supplement upon written request to the Reorganizing Debtors' Voting Agent at the address set forth in Article III.C. of the PSP Plan or to the Required Lenders' counsel, as set forth in Article VI.M.11.

VII. CERTAIN RISK FACTORS TO BE CONSIDERED

The Holders of Claims in Class 2 should read and carefully consider the following factors, as well as the other information set forth in this PSP Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference herein), before deciding whether to vote to accept or reject the PSP Plan. These risk factors should not, however, be regarded as constituting the only risks associated with the PSP Plan and its implementation.

A. General Considerations

The PSP Plan sets forth the means for satisfying the Claims against and Interests in each of the Reorganizing Debtors. Certain Interests receive no distributions pursuant to the PSP Plan.

Nevertheless, reorganization of the Reorganizing Debtors' business and operations under the proposed PSP Plan avoids the potentially adverse impact of a liquidation on the Reorganizing Debtors' customers, suppliers, employees, communities and other stakeholders.

The financial information contained in this PSP Disclosure Statement have been prepared by the Plan Proponents and their advisors, and are based on information provided to them by the Reorganizing Debtors and their advisors. As a result, the Plan Proponents are unable to warrant or represent that the financial information contained herein and attached hereto are without inaccuracies.

B. Certain Bankruptcy Considerations

Even if Class 2 (the only Impaired Class entitled to vote on the PSP Plan) votes in favor of the PSP Plan, the Bankruptcy Court may choose not to confirm the PSP Plan. Section 1129 of the Bankruptcy Code requires, among other things, a showing that confirmation of the PSP Plan will not be followed by liquidation or the need for further financial reorganization of the Reorganizing Debtors (see Section X.A.) and that the value of distributions to dissenting Holders of Claims and Interests will not be less than the value such Holders would receive if the Reorganizing Debtors were liquidated under chapter 7 of the Bankruptcy Code (see Section X.D.). Although the Plan Proponents believe that the PSP Plan will meet such tests,

there can be no assurance that the Bankruptcy Court will reach the same conclusion. See Appendix C for a liquidation analysis of the Reorganizing Debtors.

If a liquidation or protracted reorganization were to occur, there is a significant risk that the value of the Reorganizing Debtors' enterprise value would be substantially eroded to the detriment of all stakeholders.

The Reorganizing Debtors' future results are dependent upon the successful confirmation and implementation of a plan of reorganization. Failure to obtain this approval in a timely manner could adversely affect the Reorganizing Debtors' operating results, as the Reorganizing Debtors' relations with their customers and suppliers may be harmed by protracted bankruptcy proceedings. Furthermore, the Plan Proponents cannot predict the ultimate amount of all the Reorganizing Debtors' liabilities that will be subject to a plan of reorganization. Once a plan of reorganization is approved and implemented, the Reorganizing Debtors' operating results may be adversely affected by the possible reluctance of prospective lenders, customers and suppliers to do business with a company that recently emerged from bankruptcy proceedings.

C. Claims Estimations

There can be no assurance that any estimated Claim amounts set forth in this PSP Disclosure Statement are correct. The actual Allowed amount of Claims likely will differ in some respect from the estimates. The estimated amounts are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, the actual Allowed amount of Claims may vary from those estimated herein.

D. Conditions Precedent to Consummation

The PSP Plan provides for certain conditions that must be satisfied (or waived) prior to confirmation of the PSP Plan and for certain other conditions that must be satisfied (or waived) prior to the Effective Date. As of the date of this PSP Disclosure Statement, there can be no assurance that any or all of the conditions in the PSP Plan will be satisfied (or waived). Accordingly, even if the PSP Plan is confirmed by the Bankruptcy Court, there can be no assurance that the PSP Plan will be consummated and the restructuring completed.

E. Inherent Uncertainty of Financial Projections

The Projections set forth in Appendix B hereto have been prepared by the Plan Proponents in consultation with their financial advisors and cover the projected operations of the successor to the Reorganizing Debtors through fiscal year 2014. These Projections are based on numerous assumptions that are an integral part of the Projections, including confirmation and consummation of the PSP Plan in accordance with its terms, realization of the operating strategy of the Reorganizing Debtors, industry performance, no material adverse changes in applicable legislation or regulations, or the administration thereof, or regulations, exchange rates or generally accepted accounting principles, general business and economic conditions, competition, retention of key management and other key employees, absence of material contingent or unliquidated litigation, indemnity or other claims, and other matters. Certain

additional material assumptions are disclosed on Appendix B, and the Projections should be read in conjunction with these assumptions.

To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and are based on assumptions considered reasonable by the Plan Proponents, the assumptions and estimates underlying the Projections are subject to business, economic and competitive uncertainties and contingencies. Accordingly, the Projections are only the Plan Proponents' educated, good faith estimates and are necessarily contingent in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that actual results will vary from the Projections, which variations may be material and may increase over time. The projected financial information contained herein should not be regarded as a guaranty by the Plan Proponents, their respective advisors or any other Person that the Projections can or will be achieved. However, the Plan Proponents believe that the Projections are credible and that there is a reasonable likelihood that the results set forth in the Projections can be achieved.

This PSP Disclosure Statement incorporates by reference various projections concerning the future financial results of the Reorganized Debtors' operations that were prepared by the Debtors and are attached hereto as Appendix B (the "Debtors' Projections"). The Plan Proponents are not in control of the Debtors' books and records. The Plan Proponents have evaluated the Debtors' Projections with respect to the future financial results of the Reorganizing Debtors' operations as prepared by the Debtors. The Plan Proponents can provide no assurances regarding the accuracy of the Debtors' Projections. In connection with Confirmation of the PSP Plan, however, the Plan Proponents will demonstrate that the PSP Plan is feasible and Confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the Reorganized Debtors.

F. Merchant Exposure

The energy and natural gas market has experienced, and is likely to continue to experience, significant volatility. The Reorganizing Debtors will not have any of their capacity hedged, and will operate as a merchant facility, and, therefore, be 100% exposed to fluctuations in the commodities market. Uncertainty around future energy and natural gas prices makes it difficult for the Reorganizing Debtors to forecast operating results.

G. Generator Step-Up Transformer & Unit 5 Steam Turbine Operational Risk

Upon information and belief, the Reorganizing Debtors are approximately four weeks behind schedule in the replacement of a generator step-up (the "GSU") transformer necessary to run their 2x1 combined cycle units. The GSU was built for another power plant, and though never used, has spent the past seven years in a storage facility in New York. Once transported to Texas, because the GSU was not built for the Reorganizing Debtors' Plant, it must be reconfigured in order to function in the Plant. If the GSU does not work, the Debtors would not be able to run their 2x1 combined cycle units, and the Reorganizing Debtors' operations would be materially adversely affected. In addition, there will be "shakedown" issues related to running the 2x1 with the new GSU, the magnitude of which is currently unknown.

H. Other Construction Completion Risks

The Reorganizing Debtors have certain outstanding construction completion items that they will need to address in the next twelve to eighteen months. Downtime related to completing these items could be longer than expected and costs could be higher than expected, negatively affecting the Reorganizing Debtors' ability to generate revenues. In addition to the identified construction completion items, there could be other additional construction completion issues yet to be identified.

I. Competition

The high degree of competition in the Reorganizing Debtors' businesses and the potential for new competitors to enter into those businesses could cause actual results to differ from those expected by the Reorganizing Debtors.

J. Cyclically

There have been occasional general downward trends in the Reorganizing Debtors' industry. While no such general downward trend is anticipated during the period of the Reorganizing Debtors' projections, there can be no assurance that general market conditions relating to the Reorganizing Debtors' services will not impair the Reorganizing Debtors' future financial performance.

K. Litigation

The Reorganized Debtors will be subject to various claims and legal actions arising in the ordinary course of their business. The Plan Proponents are not able to predict the nature and extent of any such claims and actions and cannot guarantee that the ultimate resolution of such claims and actions will not have a material adverse effect on the Reorganized Debtors.

L. Certain Tax Considerations

There are a number of income tax considerations, risks and uncertainties associated with consummation of the PSP Plan. An interested party should consult counsel or a tax advisor on any questions or concerns regarding certain U.S. federal income tax consequences of the transactions proposed by the PSP Plan and to Holders of Claims who are entitled to vote to accept or reject the PSP Plan.

VIII. APPLICABILITY OF FEDERAL AND OTHER SECURITIES LAWS

It is not currently expected that any registration statement will be filed under the Securities Act or any state securities laws with respect to the issuance or distribution of equity interests in the Reorganized Debtors, as applicable, under the PSP Plan, or any subsequent transfer or resale of any interests therein. The Plan Proponents believe that, subject to certain exceptions described below, various provisions of the Securities Act, the Bankruptcy Code and state securities laws exempt from federal and state securities registration requirements with

respect to: (a) the issuance of such securities pursuant to the PSP Plan; and (b) subsequent transfers of such securities.

A. Issuance of New Securities Pursuant to the PSP Plan: Bankruptcy Code Exemption from Registration Requirements

Holders of Prepetition Secured Obligation Claims will receive a pro rata share of a percentage of equity interests in the Reorganized Debtors. Section 1145(a)(1) of the Bankruptcy Code exempts the offer or sale of securities under a plan of reorganization from registration under Section 5 of the Securities Act and state laws if three principal requirements are satisfied: (i) the securities must be issued “under a plan” of reorganization by the debtor or its successor under a plan or by an affiliate participating in a joint plan of reorganization with the debtor; (ii) the recipients of the securities must hold a prepetition or administrative expense claim against the debtor or an interest in the debtor; and (iii) the securities must be issued entirely in exchange for the recipient’s claim against or interest in the debtor, or “principally” in such exchange and “partly” for cash or property. In reliance upon this exemption, the Plan Proponents believe that the issuance of the equity interests in the Reorganized Debtors under the PSP Plan will be exempt from registration under the Securities Act and state securities laws.

In addition, the Plan Proponents will seek to obtain, as part of the Confirmation Order, a provision confirming such exemption. Accordingly, such securities may be resold without registration under the Securities Act or other federal securities laws pursuant to an exemption provided by Section 4(1) of the Securities Act, unless the Holder is an “underwriter” (see discussion below) with respect to such securities, as that term is defined under the Bankruptcy Code. In addition, such securities generally may be resold without registration under state securities or “blue sky” laws pursuant to various exemptions provided by the respective laws of the several states. However, recipients of securities issued under the PSP Plan are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirements or conditions to such availability.

B. Subsequent Transfers of New Securities

Section 1145(b) of the Bankruptcy Code defines the term “underwriter” for purposes of the Securities Act as one who, except with respect to “ordinary trading transactions” of an entity that is not an “issuer”: (i) purchases a claim against, interest in or claim for an administrative expense in the case concerning the debtor, if such purchase is with a view to distributing any security received in exchange for such a claim or interest; (ii) offers to sell securities offered or sold under a plan for the Holders of such securities; (iii) offers to buy securities offered or sold under the plan from the Holders of such securities, if the offer to buy is: (a) with a view to distribution of such securities; and (b) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; or (iv) is an issuer” with respect to the securities, as the term “issuer” is defined in section 2(11) of the Securities Act.

The term “issuer” is defined in section 2(4) of the Securities Act; however, the reference contained in section 1145(b)(1)(D) of the Bankruptcy Code to section 2(11) of the

Securities Act purports to include as statutory underwriters all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. “Control” (as such term is defined in Rule 405 of Regulation C under the Securities Act) means the possession, direct or indirect, of the power to direct or cause the direction of the policies of a person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor (or its successor) under a plan of reorganization may be deemed to be a “control person,” particularly if such management position is coupled with the ownership of a significant percentage of the debtor’s (or successor’s) voting securities. Moreover, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns at least 10% of the securities of a reorganized debtor may be presumed to be a “control person.”

To the extent that persons deemed to be “underwriters” receive any equity interests in the Reorganized Debtors pursuant to the PSP Plan, resales by such persons would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Such persons would not be permitted to resell such new equity interests unless such securities in the Reorganized Debtors were registered under the Securities Act or an exemption from such registration requirements were available. Entities deemed to be statutory underwriters for purposes of section 1145 of the Bankruptcy Code may, however, be able, at a future time and under certain conditions, to sell securities without registration pursuant to the resale provisions of Rule 144 and Rule 144A under the Securities Act.

Certificates evidencing New Securities in Reorganized Debtors received by a Holder of ten percent (10%) of any class of such securities will bear a legend substantially in the form below:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND MAY NOT BE SOLD, OFFERED FOR SALE, OR OTHERWISE TRANSFERRED UNLESS REGISTERED OR QUALIFIED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS OR UNLESS THE COMPANY RECEIVES AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT SUCH REGISTRATION OR QUALIFICATION IS NOT REQUIRED.

Whether or not any particular person would be deemed to be an “underwriter,” or an “affiliate” of the Debtors would depend upon various facts and circumstances applicable to that person. Accordingly, the Plan Proponents express no view as to whether any such person would be such an “underwriter” or “affiliate.” Persons who receive securities under the PSP Plan are urged to consult their own legal advisor with respect to the restrictions applicable under Rule 144 and the circumstances under which such securities may be sold in reliance upon such Rule.

THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE AND HAS BEEN INCLUDED IN THIS PSP DISCLOSURE STATEMENT SOLELY FOR INFORMATIONAL PURPOSES. THE PLAN PROPONENTS MAKE NO REPRESENTATIONS CONCERNING, AND DO NOT HEREBY PROVIDE, ANY

OPINIONS OR ADVICE WITH RESPECT TO THE NEW SECURITIES OR THE BANKRUPTCY MATTERS DESCRIBED HEREIN. IN LIGHT OF THE UNCERTAINTY CONCERNING THE AVAILABILITY OF EXEMPTIONS FROM THE RELEVANT PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS, THE PLAN PROPONENTS ENCOURAGE EACH CREDITOR AND PARTY-IN-INTEREST TO CONSIDER CAREFULLY AND CONSULT WITH ITS OWN LEGAL ADVISORS WITH RESPECT TO ALL SUCH MATTERS. BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR HOLDER MAY BE AN UNDERWRITER, THE PLAN PROPONENTS MAKE NO REPRESENTATION CONCERNING THE ABILITY OF A PERSON TO DISPOSE OF THE NEW SECURITIES.

IX. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PSP PLAN

A. Introduction.

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the PSP Plan to holders of Claims in Class 2 that are U.S. persons, as defined in the Internal Revenue Code of 1986, as amended (the “IRC” and such a U.S. person, a “U.S. Holder”). The following summary does not address the U.S. federal income tax consequences to U.S. Holders whose Claims are unimpaired or otherwise entitled to payment in full under the PSP Plan. The following summary is based on the IRC, the U.S. Department of the Treasury (“Treasury”) regulations promulgated thereunder, judicial decisions, and published administrative rules and pronouncements of the Internal Revenue Service (the “IRS”), all as in effect on the date hereof. Changes in such rules or new interpretations thereof may have a retroactive effect and could significantly affect the tax consequences described below.

The U.S. federal income tax consequences of the PSP Plan are complex and are subject to significant uncertainties. No assurance can be given that legislative or administrative changes or court decisions will not be forthcoming which would require significant modification of the statements in this section. No ruling has been requested from the IRS or an opinion of counsel with respect to any tax aspects of the PSP Plan. Therefore, no assurance can be given as to the position the IRS will take on the tax consequences of the transactions that are to occur in accordance with the PSP Plan.

This summary does not address foreign, state or local tax consequences of the PSP Plan, nor does it address the U.S. federal income tax consequences of the PSP Plan to the particular circumstances of any Holder or to Holders subject to special income tax rules (such as, regulated investment companies, insurance companies, financial institutions, small business investment companies, broker-dealers, tax-exempt organizations (including pension funds), persons holding a Claim as part of an integrated constructive sale or straddle or part of a conversion transaction, and investors in pass-through entities). In addition, the summary does not include a full summary of the consequences to Holders of Claims who are not U.S. Persons and tax-exempt Holders. However, there may be some potentially significant consequences to non-U.S. Persons which are not discussed below, and such non-U.S. Persons are encouraged to carefully consider their particular tax consequences with their own tax advisers. Moreover, the summary only contains a certain limited discussion of tax consequences to tax-exempt Holders.

The following discussion is a general summary of certain U.S. federal income tax aspects of the Plan and should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular Holder of a Claim. EACH HOLDER OF A CLAIM AFFECTED BY THE PSP PLAN SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE PSP PLAN WITH RESPECT TO THAT HOLDER'S CLAIM, INCLUDING UNDER ANY APPLICABLE STATE, LOCAL OR FOREIGN LAW.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230 AND THE REQUIREMENTS IMPOSED BY THE IRS, HOLDERS OF CLAIMS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAX RELATED PENALTIES THAT MAY BE IMPOSED UNDER THE IRC; AND (B) THIS DISCUSSION WAS WRITTEN IN CONNECTION WITH THE PROMOTION OF THE PSP PLAN.

B. Consequences to U.S. Holders of Allowed Class 2 Claims (Prepetition Secured Obligation Claims).

U.S. Holders of Allowed Class 2 Claims will be deemed to exchange their debt for the assets of BPP (which for tax purposes will include the assets of BPC), and to contribute those assets to Reorganized BPP, characterized as a partnership for federal tax purposes. The exchange of debt for assets will be a taxable exchange. A U.S. Holder of an Allowed Class 2 Claim will recognize gain or loss equal to the difference between its tax basis in their Claim (other than any tax basis attributable to accrued but unpaid interest) and the fair market value of the assets that it is deemed to receive (other than any such amounts treated as received with respect to a claim for accrued but unpaid interest). In general, such gain or loss should be capital in nature (subject to the market discount rules discussed below) and should be long-term capital gain or loss if the debts constituting the Allowed Class 2 Claim were held for more than one year. To the extent that all or a portion of the share of the consideration received by such U.S. Holder is allocable to accrued but untaxed interest, such U.S. Holder may recognize ordinary interest income (see discussion below regarding accrued interest). A U.S. Holder's tax basis in the assets that it is deemed to receive should be equal to their fair market value, and the holding period in such assets should begin on the day following the Effective Date.

A U.S. Holder of an Allowed Class 2 Claim will be deemed to contribute its share of the BPP assets that it is deemed to receive for the New Securities. The contribution of assets in exchange for the New Securities should be treated as a tax free contribution to Reorganized BPP. The Holder's basis in the New Securities will be equal to the basis of the assets deemed contributed for such equity interest which will equal the fair market value of such assets. A Holder's holding period for its New Securities will begin on the day following the Effective Date.

Accrued Interest. To the extent that any amount received by a U.S. Holder of a surrendered Claim under the PSP Plan is attributable to accrued but unpaid interest and such

amount has not previously been included in the U.S. Holder's gross income, such amount would be taxable to the U.S. Holder as ordinary interest income. Conversely, a U.S. Holder of a surrendered Claim may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for worthless debts) to the extent that any accrued interest on the debt instruments constituting such Claim was previously included in the U.S. Holder's gross income but was not paid in full. Such loss may be ordinary, but the tax law is unclear on this point. The extent to which the consideration received by a U.S. Holder of a surrendered Claim will be attributable to accrued interest on the debts constituting the surrendered Claim is unclear. The PSP Plan provides that all payments in satisfaction of Claims will be treated as first allocable to principal until paid in full, but there can be no assurance that the IRS will agree to this treatment.

Market Discount. Under the "market discount" provisions of IRC sections 1276 through 1278, some or all of any gain realized by a U.S. Holder exchanging the debt instruments constituting its Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the debt constituting the surrendered Claim.

In general, a debt instrument is considered to have been acquired with "market discount" if the U.S. Holder's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or (b) in the case of a debt instrument issued with original issue discount, its adjusted issue price, by at least a de minimis amount (equal to 0.25% of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a U.S. Holder on the taxable disposition (as discussed above) of a debt that it acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such debt was considered to be held by the U.S. Holder (unless the U.S. Holder elected to include market discount in income as it accrued).

C. Consequences of Holding the New Securities.

Reorganized BPP is expected to be treated as a partnership for federal income tax purposes. As such, it will not itself be subject to tax. Instead, Reorganized BPP will file an annual information return with the IRS, reporting its taxable income and loss and each partner's allocable share of the taxable income, gain, loss, deduction and credit resulting from its operations. Each Holder of New Securities must include in income its distributive share of Reorganized BPP's net long-term capital gain and loss, net short-term capital gain or loss and all other items of ordinary income, loss, deduction or credit, which will include such items generated by Reorganized BPP, whether or not any amounts have been distributed from Reorganized BPP to the Holder. Thus, a Holder of New Securities may incur tax liability without being distributed Cash to pay such tax liability.

Non-U.S. Persons and tax exempt persons, who own New Securities, would be treated as engaged in a U.S. trade or business and as receiving allocations of Reorganized BPP income, which will consist primarily of ordinary operating income. Non-U.S. Persons would be required to file U.S. tax returns and to pay U.S. income taxes on their allocated share of the

Reorganized BPP income. Tax-exempt persons would be treated as realizing unrelated business taxable income and would be required to pay tax on that income.

Generally, a Holder of New Securities would recognize gain or loss upon disposing of such equity equal to the excess (or deficiency) of the Holder's amount realized with respect to the sold equity over the Holder's basis in the sold equity. The amount realized will equal the cash received by the Holder (and the fair market value of any other property received). The Holder's basis would equal its initial basis in the New Securities increased by any additional contributions made by the Holder to Reorganized BPP and the Holder's allocated share of Reorganized BPP income and reduced by the Holder's allocated share of Reorganized BPP losses and the amount of cash and the basis of assets distributed to such Holder (with marketable securities being treated as cash in certain circumstances). Subject to certain exceptions, any gain or loss on a sale of the equity generally will be capital gain or loss and gain will be long-term gain, subject to preferential capital gains rates for an individual Holder if the New Securities have been held for over a year. The IRS's position is that a non-U.S. Person would be subject to U.S. tax on its sale of New Securities, as such equity is an interest in a partnership doing business in the U.S. To the extent that Reorganized BPP was subject to debt at the time of any sale, a portion of any gain recognized by a tax-exempt person on a sale of the New Securities may be taxable as unrelated debt-financed income.

Generally, a Holder of New Securities will not recognize income or gain upon a distribution of cash to it unless and to the extent that the amount of cash distributed to the Holder exceeds its basis in the New Securities immediately before the distribution. Any such gain will generally be treated as gain from the sale of a capital asset and will be long-term gain subject to preferential capital gain rates for individual Holders if the New Securities have been held for more than one year. Non-U.S. Persons and tax-exempt persons may be taxable on such gain to the extent described above. A Holder of New Securities will not recognize loss on a distribution of cash except for distributions in complete liquidation of its equity.

A number of limitations may apply to losses allocated by Reorganized BPP to a Holder of New Securities. As such loss limitations may depend on a Holder's own status and circumstances, such loss limitations are not discussed in detail in this summary. Holders should consult their own tax advisors regarding the application of any such loss limitations.

Generally, a partnership the equity interests of which are considered "publicly traded," within the meaning of the IRC, is taxable as a corporation. Certain limitations may be placed on the ability to transfer the New Securities to avoid Reorganized BPP becoming a publicly traded partnership taxable as a corporation.

X. FEASIBILITY OF THE PSP PLAN AND BEST INTERESTS OF CREDITORS

A. Feasibility of the PSP Plan

In connection with confirmation of the PSP Plan, the Bankruptcy Court will be required to determine that the PSP Plan is feasible pursuant to section 1129(a)(11) of the Bankruptcy Code, which means that the confirmation of the PSP Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Reorganizing Debtors.

To support their belief in the feasibility of the PSP Plan, the Plan Proponents have prepared and relied upon the Projections, which are annexed to this PSP Disclosure Statement as Appendix B.

The PSP Plan proposes a reorganization of the Reorganizing Debtors' assets and liabilities. By the PSP Plan, the Reorganizing Debtors will be significantly deleveraged by the conversion of their prepetition secured debt into equity. Further, the Plan Proponents believe that the Projections indicate that the Reorganized Debtors should have sufficient cash flow to fund their operations. Accordingly, the Plan Proponents believe that the PSP Plan complies with the financial feasibility standard of section 1129(a)(11) of the Bankruptcy Code.

The Projections were developed by the financial advisors of the Plan Proponents. The Projections are based on the Plan Proponents' and their advisors' knowledge of the Reorganizing Debtors' business and by reference to publicly available projections for industry revenue growth.

The Projections, however, are based upon numerous assumptions that are an integral part of the Projections, including, without limitation, confirmation and consummation of the PSP Plan in accordance with its terms, industry performance, no material adverse changes in applicable legislation or regulations, or the administration thereof, exchange rates or generally accepted accounting principles, general business and economic conditions, competition, absence of material contingent or unliquidated litigation, indemnity or other claims, and other matters. To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and the assumptions on which they are based are considered reasonable by the Plan Proponents, the assumptions and estimates underlying the Projections are subject to business, economic and competitive uncertainties and contingencies. Accordingly, the Projections are only an educated, good faith estimate and are necessarily contingent in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that actual results will vary from the Projections, which variations may be material and may be adverse. The Projections should therefore not be regarded as a guaranty by the Plan Proponents or any other Person that the results set forth in the Projections will be achieved. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections. The projected financial information contained herein and in the Projections should not be regarded as a representation or warranty by the Plan Proponents, their respective advisors or any other Person that the Projections can or will be achieved. The Projections should be read together with the assumptions set forth in the Projections and information in Article VII of this PSP Disclosure Statement entitled "Certain Risk Factors to be Considered," which sets forth important factors that could cause actual results to differ from those in the Projections. The Plan Proponents, however, believe that the Projections are credible and that there is a reasonable likelihood that the results set forth in the Projections can be achieved.

The Plan Proponents do not intend to update or otherwise revise the Projections, including any revisions to reflect events or circumstances existing or arising after the date of the Projections or to reflect the occurrence of unanticipated events, even if any or all of the underlying assumptions do not come to fruition. Furthermore, the Plan Proponents do not intend to update or revise the Projections to reflect changes in general economic or industry conditions.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: This PSP Disclosure Statement and the financial projections contained herein and in the Projections include “forward-looking statements” within the meaning of section 27A of the Securities Act and section 21E of the Exchange Act. All statements other than statements of historical fact included in this PSP Disclosure Statement are forward-looking statements, including, without limitation, financial projections, the statements, and the underlying assumptions, regarding the timing of, completion of and scope of the current restructuring, the PSP Plan, debt and equity market conditions, the cyclical nature of the Reorganizing Debtors’ industry, current and future industry conditions, the potential effects of such matters on the Reorganizing Debtors’ business strategy, results of operations or financial position, the adequacy of the Reorganizing Debtors’ liquidity and the market sensitivity of the Reorganizing Debtors’ financial instruments. The forward-looking statements are based upon current information and expectations. Estimates, forecasts and other statements contained in or implied by the forward-looking statements speak only as of the date on which they are made, are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to evaluate and predict. Although the Plan Proponents believe that the expectations reflected in the forward-looking statements are reasonable, parties are cautioned that any such forward-looking statements are not guarantees of future performance, and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Certain important factors that could cause actual results to differ materially from the Plan Proponents’ expectations or what is expressed, implied or forecasted by or in the forward-looking statements include developments in the Chapter 11 Cases, adverse developments in the timing or results of the Reorganizing Debtors’ business plan (including the time line to emerge from chapter 11), the timing and extent of changes in economic conditions, industry capacity and operating rates, the supply-demand balance for the Reorganizing Debtors’ services, competitive products and pricing pressures, federal and state regulatory developments, the Reorganizing Debtors’ financial leverage, motions filed or actions taken in connection with the bankruptcy proceedings, the availability of skilled personnel, the Reorganizing Debtors’ ability to attract or retain high quality employees and operating hazards attendant to the industry. Additional factors that could cause actual results to differ materially from the Projections or what is expressed, implied or forecasted by or in the forward-looking statements are stated herein in cautionary statements made in conjunction with the forward-looking statements or are included elsewhere in this PSP Disclosure Statement.

B. Acceptance of the PSP Plan

As a condition to Confirmation, the Bankruptcy Code requires that each Class of Impaired Claims entitled to vote to accept the PSP Plan.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the PSP Plan. Thus, Holders of Claims in Class 2 will have voted to accept the PSP Plan only if two-thirds (2/3) in amount and a majority in number of the Claims actually voting in that Class cast their ballots in favor of acceptance. Holders of Claims who fail to vote are not counted as either accepting or rejecting the PSP Plan.

C. Best Interests Test

As noted above even if a plan is accepted by each class of claims and interests, the Bankruptcy Code requires a bankruptcy court to determine that the plan is in the best interests of all holders of claims or interests that are impaired by the plan and that have not accepted the plan. The “best interests” test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a bankruptcy court to find either that all members of an impaired class of claims or interests have accepted the plan or that the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to holders of each impaired class of claims and interests if the debtor were liquidated under chapter 7, a bankruptcy court must first determine the aggregate dollar amount that would be generated from the debtor’s assets if its chapter 11 case were converted to a chapter 7 case under the Bankruptcy Code. This “liquidation value” would consist primarily of the proceeds from a forced sale of the debtor’s assets by a chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by, first, the claims of secured creditors to the extent of the value of their collateral and, second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the chapter 7 cases and the Chapter 11 Cases. Costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid administrative expenses incurred by the debtors in their chapter 11 cases that are allowed in the chapter 7 cases, litigation costs and claims arising from the operations of the debtor during the pendency of the chapter 11 case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general unsecured claims or to make any distribution in respect of equity security interests. The liquidation would also prompt the rejection of a large number of executory contracts and unexpired leases and thereby significantly enlarge the total pool of unsecured claims by reason of resulting rejection damages claims.

Once the bankruptcy court ascertains the recoveries in liquidation of secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If such probable distribution has a value greater than the distributions to be received by such creditors and equity security holders under the plan, then the plan is not in the best interests of creditors and equity security holders.

D. Liquidation Analysis

For purposes of the best interests test, in order to determine the amount of liquidation value available to Creditors, the Plan Proponents, with the assistance of their financial advisor, prepared a liquidation analysis, annexed hereto as Appendix C (the

“Liquidation Analysis”), which concludes that, other than the Prepetition Secured Lenders, no Holders of prepetition Claims would receive any recovery whatsoever. In the event of an orderly liquidation of the Reorganizing Debtors’ assets in chapter 7, the aggregate value to be realized by the Reorganizing Debtors’ Estates would be between approximately \$215,800,000 and \$257,500,000. In either event, all such value would be distributed to Holders of Allowed Class 2 Prepetition Secured Obligation Claims, and no other Holder of a Claim or Interest, including unpaid Administrative Expense Claims incurred during the administration of the Chapter 11 Cases, would receive a distribution. These conclusions are premised upon the assumptions set forth in Appendix C, which the Plan Proponents and their financial advisors believe are reasonable.

The Plan Proponents believe that any liquidation analysis with respect to the Reorganizing Debtors is inherently speculative. The Liquidation Analysis for the Reorganizing Debtors necessarily contains estimates of the net proceeds that would be received from a forced or orderly sale of assets, as well as the amount of Claims that would ultimately become Allowed Claims. Claims estimates are based solely upon the Reorganizing Debtors’ books and records. No order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in the Liquidation Analysis. In preparing the Liquidation Analysis, the Plan Proponents have projected an amount of Allowed Claims that represents their best estimate of what Claims would be Allowed by the Bankruptcy Court. The estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims under the PSP Plan.

E. Application of the “Best Interests” of Creditors Test to the Liquidation Analysis and the Valuation

Except as otherwise agreed, Holders of Claims in Classes 1, 3, 4 and 5 will be paid in Cash in full. However, it is impossible to determine with certainty the value each Holder of a Claim in Class 2 will receive under the PSP Plan as a percentage of any Allowed Claim. Notwithstanding the difficulty in quantifying recoveries with precision, the Plan Proponents believe that the financial disclosures and Projections contained herein imply a greater recovery to Holders of all Claims in all Classes than the recovery available in a chapter 7 liquidation. Accordingly, the Plan Proponents believe that the “best interests” test of section 1129 of the Bankruptcy Code is satisfied.

XI. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PSP PLAN

The Plan Proponents believe that the PSP Plan affords Holders of all Claims in all Classes the potential for the greatest realization on the Reorganizing Debtors’ assets and, therefore, is in the best interests of such Holders. If, however, the requisite acceptances are not received, or the PSP Plan is not confirmed and consummated, the alternatives include: (a) the Debtors’ Plan; (b) formulation of an alternative plan or plans of reorganization; or (c) liquidation of the Reorganizing Debtors under chapter 7 of the Bankruptcy Code.

A. The Debtors' Plan

On July 19, 2010, the Debtors filed the Debtors' Joint Chapter 11 Plan as of July 19, 2010 (the "Debtors' Plan"), which provides for a means of implementation through either a reorganization or a sale. Under the Debtors Plan, there are two Impaired Classes entitled to vote: (i) a Class comprised of the Prepetition Secured Obligation Claims; and (ii) a Class comprised of the LEC Allowed Claim (together, the "Debtors' Plan Voting Classes").

The Debtors' Plan Voting Classes can vote in one of four ways: (i) to confirm the Debtors' Plan with respect to a reorganization; (ii) to confirm the Debtors' Plan with respect to a sale; (iii) to confirm the Debtors' Plan in general and without specifying a preference for a reorganization or a sale; or (iv) to reject the Debtors' Plan. In the event that the Debtors Plan Voting Classes vote in favor of the Debtors' Plan, but differently (*e.g.*, one votes in favor of a reorganization and the other votes in favor of a sale), then the Debtors have the sole discretion to select either a reorganization or a sale. Regardless of whether the Debtors' Plan is confirmed with respect to a reorganization or a sale, the Debtors' Plan Voting Classes will receive less than the full and true amounts owed.

The following are certain material terms of the Debtors' Plan:

- The Debtors' Plan bifurcates the Prepetition Secured Obligation Claims into two Classes of Claims: Secured Claims in the aggregate amount of \$286,256,000 and deficiency claims in the aggregate amount of \$133,597,016. The Prepetition Secured Obligation Claims are Impaired.
 - On account of their Secured Claims, the Holders of Prepetition Secured Obligation Claims will receive: (i) in the event a reorganization is consummated, a combination of: (a) the Pro Rata Share of a certain amount of Cash (which the Debtors estimate to be approximately \$14,371,000); (b) notes in the principal amount of \$300,000,000; and (c) in the event that the Holders of Prepetition Secured Obligation Claims do not make an election pursuant to section 1111(b) of the Bankruptcy Code (the "1111(b) Election"), fifteen percent (15%) of the new equity securities in each of the Reorganized Debtors, or notes in the principal amount of \$27,500,000 in the event that the Holders of Prepetition Secured Obligation Claims do make the 1111(b) Election; or (ii) in the event a sale is consummated, an undetermined amount of Cash.
 - On account of their deficiency claims, the Holders of Prepetition Secured Obligation Claims will not receive or retain any Property.
- The Debtors' Plan provides the Holder of the LEC Allowed Claim an Allowed Claim in the amount of \$8,393,198, based on the LEC Arbitration Award. On account of such Claim, the Holder of the LEC Allowed Claim will receive: (i) in the event a reorganization is consummated, \$5,000,000 in Cash and notes in the principal amount of \$3,393,198; or (ii) in the event a sale is consummated, an undetermined amount of Cash. The LEC Allowed Claim is Impaired.

- The Debtors' Plan estimates that the aggregated amount of Allowed General Unsecured Claims is \$726,500. On account of such Claims, the Holders of General Unsecured Claims will not receive or retain any Property. The General Unsecured Claims are Impaired.
- In the event a reorganization is consummated, the means for implementation of the Debtors' Plan include a \$42,500,000 equity infusion to be contributed by the prepetition equity sponsor in exchange for eighty-five percent (85%) (in the event that the Holders of the Prepetition Secured Obligation Claims do not make the 1111(b) Election) or 100% (in the event that the Holders of the Prepetition Secured Obligation Claims do make the 1111(b) Election) of the new equity securities in each of the Reorganized Debtors, as defined in the Debtors' Plan.
- In the event a sale is consummated, proceeds of the sale shall be applied: (i) to fund the Allowed Administrative Claims, Allowed Professional Fee Claims, Allowed Priority Tax Claims, Allowed Miscellaneous Secured Claims and Allowed Miscellaneous Priority Claims; (ii) to establish a fund to be distributed pro rata to each Holder of a Prepetition Secured Obligation Claim in accordance with Section 3.07 of the Debtors' Plan; and (iii) to be distributed pro rata to each Holder of an Allowed Class 3 Lauren Claim, as defined in the Debtors' Plan, in accordance with the Debtors' Plan.

B. Alternative Plan(s) of Reorganization

If the requisite acceptances are not received or if the PSP Plan is not confirmed, the Plan Proponents, the Debtors or any other party in interest, could attempt to formulate and propose a different plan or plans of reorganization. Such a plan or plans might involve either a reorganization and continuation of the Reorganizing Debtors' business or an orderly liquidation of assets.

The Plan Proponents believe that the PSP Plan enables Creditors to realize the greatest possible value under the circumstances and has the greatest chance to be confirmed and consummated.

C. Liquidation Under Chapter 7

If no plan is confirmed, the Reorganizing Debtors' cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the Reorganizing Debtors' assets for distribution in accordance with the priorities established by the Bankruptcy Code. It is impossible to predict with certainty how the proceeds of the liquidation would be distributed to the respective Holders of Claims against or Interests in the Reorganizing Debtors. However, because the Prepetition Secured Parties have first priority perfected liens on substantially all assets to be liquidated, it is possible that nothing will be distributed to any other Class of Claims or Interests.

The Plan Proponents believe that a liquidation under chapter 7 would cause a substantial diminution in the Reorganizing Debtors' Estates given the substantial premium in the enterprise value of their business over the liquidation value of their assets, and the additional administrative expenses involved in the appointment of a trustee or trustees and attorneys, accountants and other professionals to assist such trustees. The assets available for distribution to Creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, arising by reason of the liquidation and from the rejection of leases and other executory contracts in connection with the cessation of operations and the failure to realize the greater going concern value of the Reorganizing Debtors' assets. More importantly, conversion to a chapter 7 liquidation would likely result in the immediate cessation of the Reorganizing Debtors' business, as most chapter 7 trustees are disinclined to continue operations.

XII. THE SOLICITATION; VOTING PROCEDURES

A. Parties in Interest Entitled to Vote

In general, a holder of a claim or interest may vote to accept or to reject a plan if: (i) the claim or interest is "allowed," which means generally that no party in interest has objected to such claim or interest; and (ii) the claim or interest is "impaired" by the plan but entitled to receive or retain property under the plan.

Under section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be "impaired" under a plan unless: (i) the plan leaves unaltered the legal, equitable and contractual rights to which such claim or interest entitles the holder thereof; or (ii) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

If, however, the holder of an impaired claim or interest will not receive or retain any distribution under the plan on account of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan and, accordingly, holders of such claims and interests do not actually vote on the plan. If a claim or interest is not impaired by the plan, the Bankruptcy Code deems the holder of such claim or interest to have accepted the plan and, accordingly, holders of such claims and interests are not entitled to vote on the plan.

B. Classes Entitled to Vote to Accept or Reject the PSP Plan

Holders of Claims in Class 2 are entitled to vote to accept or reject the PSP Plan. By operation of law, each Unimpaired Class of Claims is deemed to have accepted the PSP Plan and each Impaired Class of Interests that will receive nothing under the PSP Plan is deemed to have rejected the PSP Plan and, therefore, the Holders of Claims or Interests in such Classes are not entitled to vote to accept or reject the PSP Plan. Consequently, Classes 1, 3, 4, 5, 7, and 8, are deemed to have accepted the PSP Plan and Classes 6 and 9 are deemed to have rejected the PSP Plan; therefore, none of the Holders of Claims or Interests in such Classes are entitled to vote to accept or reject the PSP Plan.

C. Solicitation Order

Upon approval of this PSP Disclosure Statement, the Bankruptcy Court will enter an order that, among other things, determines the dates, procedures and forms applicable to the process of soliciting votes on the PSP Plan and establishes certain procedures with respect to the tabulation of such votes (the “Solicitation Order”). Parties in interest may obtain a copy of the Solicitation Order through the Bankruptcy Court’s electronic case filing system, available at <https://ecf.txwb.uscourts.gov/>, or by making written request upon the Plan Proponents’ respective counsel or Voting Agent.

D. Waivers of Defects, Irregularities, Etc.

All questions with respect to the validity, form, eligibility (including time of receipt), acceptance and revocation or withdrawal of ballots will be determined by the Bankruptcy Court. As indicated below under “Withdrawal of Ballots; Revocation,” effective withdrawals of ballots must be delivered to the Voting Agent prior to the Voting Deadline. The Plan Proponents reserve the absolute right to contest the validity of any such withdrawal. The Plan Proponents also reserve the right to seek rejection of any and all ballots not in proper form. The Plan Proponents further reserve the right to seek waiver of any defects or irregularities or conditions of delivery as to any particular ballot. Neither the Plan Proponents nor any other Person will be under any duty to provide notification of defects or irregularities with respect to deliveries of ballots nor will any of them incur any liabilities for failure to provide such notification. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) may be invalidated by the Bankruptcy Court.

E. Withdrawal of Ballots; Revocation

Any party who has delivered a valid ballot for the acceptance or rejection of the PSP Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Voting Agent at any time prior to the Voting Deadline. A notice of withdrawal, to be valid, must: (i) contain the description of the Claim(s) to which it relates and the aggregate principal amount represented by such Claim(s); (ii) be signed by the withdrawing party in the same manner as the ballot being withdrawn; (iii) contain a certification that the withdrawing party owns the Claim(s) and possesses the right to withdraw the vote sought to be withdrawn; and (iv) be received by the Voting Agent in a timely manner *via* regular mail, overnight courier or hand delivery at Haynes & Boone LLP, 112 East Pecan Street Suite 1200 San Antonio, Texas 78205. The Plan Proponents intend to consult with the Voting Agent to determine whether any withdrawals of ballots were received and whether the requisite acceptances of the PSP Plan have been received. As stated above, the Plan Proponents expressly reserve the absolute right to contest the validity of any such withdrawals of ballots.

Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of ballots which is not received in a timely manner by the Voting Agent will not be effective to withdraw a previously cast ballot.

Any party who has previously submitted to the Voting Agent prior to the Voting Deadline a properly completed ballot may revoke such ballot and change its vote by submitting to the Voting Agent prior to the Voting Deadline a subsequent properly completed ballot for acceptance or rejection of the PSP Plan. In the case where more than one timely, properly

completed ballot is received, only the ballot which bears the latest date will be counted for purposes of determining whether the requisite acceptances have been received.

F. Voting Rights of Disputed Claimants

Holders of Disputed Claims in Class 2 whose Claims are: (i) asserted as wholly unliquidated or wholly contingent in Proofs of Claim filed prior to the Distribution Record Date; or (ii) whose Claims are asserted in Proofs of Claim as to which an objection to the entirety of the Claim is pending as of the Distribution Record Date (collectively, the “Disputed Claimants”), are not permitted to vote on the PSP Plan except as provided in the Solicitation Order. Pursuant to the procedures outlined in the Solicitation Order, Disputed Claimants may obtain a ballot for voting on the PSP Plan only by filing a motion under Bankruptcy Rule 3018(a) seeking to have their Claims temporarily Allowed for voting purposes (a “Rule 3018 Motion”). Any such Rule 3018 Motion must be filed and served upon the Plan Proponents’ respective counsel and the Voting Agent no later than 5:00 p.m. (Central time) on the fourteenth (14th) day after the later of: (i) the Solicitation Date; and (ii) the date of service of an objection, if any, to such claim. The ballot of any creditor filing such a motion will not be counted unless temporarily allowed by the Bankruptcy Court for voting purposes, after notice and a hearing. Any party timely filing and serving a Rule 3018 Motion will be provided a ballot and be permitted to cast a provisional vote to accept or reject the PSP Plan. If and to the extent that the Plan Proponents and such party are unable to resolve the issues raised by the Rule 3018 Motion prior to the Voting Deadline established by the Bankruptcy Court, then at the Confirmation Hearing the Bankruptcy Court will determine whether the provisional ballot should be counted as a vote on the PSP Plan. Nothing herein affects the Reorganized Debtors’ right to object to any Proof of Claim after the Distribution Record Date. With respect to any such objection, the Plan Proponents may request that any vote cast by the Holder of the Claim subject to the objection be disallowed and not counted in determining whether the requirements of section 1126(c) of the Bankruptcy Code have been met.

G. Further Information; Additional Copies

If you have any questions or require further information about the voting procedures for voting your Claim or about the package of materials you received, or if you wish to obtain an additional copy of the PSP Plan or this PSP Disclosure Statement, or any exhibits or appendices to such documents (at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d) or the Solicitation Order), please contact the Voting Agent at:

If by regular mail, overnight mail or hand delivery:

HAYNES & BOONE LLP
112 EAST PECAN STREET
SUITE 1200
SAN ANTONIO, TEXAS 78205

If by telephone:

HAYNES & BOONE LLP
(210) 978-7450

RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this PSP Disclosure Statement, the Plan Proponents believe that confirmation and consummation of the PSP Plan is preferable to all other alternatives, including the Debtors' Plan. Consequently, the Plan Proponents urge all Holders of Claims in Class 2 to vote to ACCEPT the PSP Plan, and to complete and return their ballots so that they will be RECEIVED on or before [_____], 2010, at 5:00 p.m. (prevailing Central time).

Dated: August 2, 2010
San Antonio, Texas

Dated: August 2, 2010
San Antonio, Texas

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Appendix A

[Joint Chapter 11 Plan]

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
WACO DIVISION**

In re)	Chapter 11
Bosque Power Company, LLC, <i>et al.</i> , ¹)	Case No. 10-60348
Debtors.)	Jointly Administered

**THE PREPETITION AGENT'S AND THE REQUIRED LENDERS'
JOINT PLAN OF REORGANIZATION FOR THE REORGANIZING DEBTORS
UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE**

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Counsel to the Required Lenders

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: BosPower Development LLC (3544); BosPower Partners LLC (6652); Bosque Power Company, LLC (8361); BosPower Development Blocker I Inc. (1043); BosPower Development Blocker II Inc. (1097); Fulcrum Marketing and Trade LLC (8911).

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INTRODUCTION

The Prepetition Agent and the Required Lenders propose this joint chapter 11 plan of reorganization, dated as of August 2, 2010 (as further amended or modified hereafter, the “PSP Plan”), for Bosque Power Company, LLC, Fulcrum Marketing and Trade LLC and BosPower Partners LLC, each a debtor and debtor in possession that filed a petition for relief under chapter 11 of the Bankruptcy Code (collectively, the “Reorganizing Debtors”). Reference is made to the PSP Disclosure Statement accompanying the PSP Plan for a discussion of the Debtors’ history, business, results of operations, historical financial information, properties, projections for future operations and risk factors, a summary and analysis of the PSP Plan and certain related matters. The Prepetition Agent and the Required Lenders are proponents of the PSP Plan within the meaning of section 1129 of the Bankruptcy Code (collectively, the “Plan Proponents”).

ALL CREDITORS OF THE REORGANIZING DEBTORS ARE ENCOURAGED TO READ THE PSP PLAN AND THE PSP DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PSP PLAN. SUBJECT TO CERTAIN RESTRICTIONS AND REQUIREMENTS SET FORTH IN SECTION 1127 OF THE BANKRUPTCY CODE, BANKRUPTCY RULE 3019 AND THE PSP PLAN, THE PLAN PROPONENTS RESERVE THE RIGHT TO ALTER, AMEND, MODIFY, REVOKE OR WITHDRAW THE PSP PLAN PRIOR TO ITS SUBSTANTIAL CONSUMMATION.

Capitalized terms used herein shall have the meanings set forth in Article I hereof. The Debtors have obtained Bankruptcy Court authority to have the Chapter 11 Cases jointly administered for administrative and procedural purposes only. Accordingly, the PSP Plan is being proposed as a joint plan of the Reorganizing Debtors for administrative and procedural purposes only. The PSP Plan is not premised upon the substantive consolidation of the Reorganizing Debtors or the Chapter 11 Cases and nothing herein shall be otherwise construed. The Plan Proponents, however, reserve the right to seek substantive consolidation by motion or amendment to the PSP Plan if they conclude that substantive consolidation is necessary or appropriate for effectuation of the PSP Plan. Claims against, and Interests in, the Reorganizing Debtors are classified in Article II hereof and treated in Article III hereof.

ARTICLE I DEFINITIONS, INTERPRETATION AND EXHIBITS

Section 1.01. Definitions. Unless the context requires otherwise, the following terms shall have the following meanings whether presented in the PSP Plan or the PSP Disclosure Statement with initial capital letters or otherwise. As used herein:

“Administrative Expense Application” shall have the meaning set forth in Section 12.23.

“Administrative Expense Claim” means a Claim for: (a) any cost or expense of administration of any of the Chapter 11 Cases asserted or arising under sections 503, 507(a)(1), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, but not limited to: (i) any actual and

necessary post Petition Date cost or expense of preserving the Reorganizing Debtors' respective Estates or operating the business of the Reorganizing Debtors; (ii) any post Petition Date cost, indebtedness or contractual obligation duly and validly incurred or assumed by the Reorganizing Debtors in the ordinary course of their respective businesses; and (iii) all Allowed Expense Claims that are entitled to be treated as Administrative Expense Claims pursuant to a Final Order of the Bankruptcy Court under section 546 of the Bankruptcy Code; (b) any fees or charges assessed against the Reorganizing Debtors' respective Estates under section 1930 of title 28 of the United States Code; and (c) any Allowed Administrative Expense Claims or superpriority Claims granted by the Bankruptcy Court pursuant to the Cash Collateral Order.

“Affiliate” shall have the meaning set forth in section 101(2) of the Bankruptcy Code.

“Allowed” means, with reference to any Claim: (a) any Claim against any of the Reorganizing Debtors that has been listed by the Reorganizing Debtors in the Schedules, as such Schedules may have been amended by the Reorganizing Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent, and with respect to which no contrary proof of claim has been filed; (b) any Claim specifically allowed under the PSP Plan; (c) any Claim the amount or existence of which has been determined or allowed by a Final Order; or (d) any Claim as to which a proof of claim has been timely filed before the Bar Date, provided that at the time of the Effective Date the Reorganizing Debtors have not identified such Claim as being objectionable in part or in whole and no objection to the allowance thereof has been filed by the Claims Objection Deadline. Notwithstanding the foregoing, the term “Allowed”, with reference to any Claim, shall not include: (x) any unliquidated claim; or (y) interest or attorneys' fees on or related to any Claim that accrues from and after the Petition Date unless otherwise expressly provided for in the PSP Plan.

“Allowed Claim” means a Claim that is Allowed.

“Allowed Interest” means an Interest that is Allowed.

“Avoidance Actions” means any and all Causes of Action which a trustee, debtor in possession, the Estates or other appropriate party in interest may assert under sections 502, 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551 or 553 of the Bankruptcy Code (other than those which are released or dismissed as part of and pursuant to the PSP Plan) or under other similar or related state or federal statutes or common law, including fraudulent conveyance laws.

“Ballot” means the forms of ballots accompanying the PSP Disclosure Statement upon which Holders of Impaired Claims entitled to vote on the PSP Plan shall, among other things, indicate their acceptance or rejection of the PSP Plan in accordance with the instructions regarding voting.

“Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*, as in effect on the Petition Date, together with all amendments and modifications thereto.

“Bankruptcy Court” means the United States Bankruptcy Court for the Western District of Texas, Waco Division, or, if such court ceases to exercise jurisdiction over these proceedings, the court or adjunct thereof that exercises jurisdiction over the Chapter 11 Cases.

“Bankruptcy Rules” means: (a) the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended and promulgated under section 2075 of title 28 of the United States Code; (b) the Federal Rules of Civil Procedure, as amended and promulgated under section 2072 of title 28 of the United States Code; (c) any local rules applicable to the Bankruptcy Court; and (d) any standing orders governing practice and procedure issued by the Bankruptcy Court, each as in effect on the Petition Date, together with all amendments and modifications thereto that were subsequently made applicable to the Chapter 11 Cases or proceedings therein, as the case may be.

“Bar Date” means the applicable bar date by which a proof of Claim must be, or must have been, Filed, as established by an order of the Bankruptcy Court.

“Blocker I” means Debtor BosPower Development Blocker I, Inc.

“Blocker II” means Debtor BosPower Development Blocker II, Inc.

“BPC” means Debtor Bosque Power Company, LLC.

“BPD” means Debtor BosPower Development LLC.

“BPP” means Debtor BosPower Partners LLC.

“Business Day” means any day which is not a Saturday, a Sunday, a “legal holiday” as defined in Bankruptcy Rule 9006(a) or a day on which banking institutions in the State of Texas are authorized or obligated by law, executive order or governmental decree to be closed.

“Cash” means money, currency and coins, negotiable checks, balances in bank accounts and other lawful currency of the United States of America and its equivalents.

“Cash Collateral Order” means the interim or Final Order, as in effect from time-to-time, entered by the Bankruptcy Court authorizing and approving the Debtors’ use of cash collateral pursuant to section 363 of the Bankruptcy Code, and any extensions or amendments thereof.

“Causes of Action” means any and all actions, claims, rights, defenses, third party claims, damages, executions, demands, crossclaims, counterclaims, suits, choses in action, controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to payment and claims whatsoever, whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or assertable directly, indirectly or derivatively, at law, in equity or otherwise, accruing to the Reorganizing Debtors, including, but not limited to, the Avoidance Actions.

“Chapter 11 Cases” means the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors in the Bankruptcy Court on the Petition Date.

“Claim” shall have the meaning set forth in section 101(5) of the Bankruptcy Code.

“Claims Objection Deadline” means the latest of: (a) 75 days after the Effective Date; (b) 75 days after the date on which any Claim is Filed; or (c) such other date as may be fixed by the Bankruptcy Court, whether fixed before or after the date specified in clauses (a) and (b) above.

“Class” means each class, subclass or category of Claims or Interests as classified in Article II hereof.

“Confirmation” or “Confirmed” means the entry by the Bankruptcy Court of the Confirmation Order.

“Confirmation Date” means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court with respect to the Chapter 11 Cases within the meaning of Bankruptcy Rules 5003 and 9021.

“Confirmation Hearing” means the hearing held before the Bankruptcy Court to consider Confirmation of the PSP Plan pursuant to sections 1128 and 1129 of the Bankruptcy Code.

“Confirmation Order” means the order entered by the Bankruptcy Court confirming the PSP Plan pursuant to section 1129 of the Bankruptcy Code.

“Creditor” means any Person that is the Holder of any Claim against any of the Reorganizing Debtors.

“CS Secured Hedge Claims” means the Claims of Credit Suisse International arising under that certain ISDA Master Agreement, dated as of January 16, 2008, between Credit Suisse International and BPC.

“Cure Amount” means, with respect to any executory contract or unexpired lease that is assumed and/or assumed and assigned by the Reorganizing Debtors pursuant to Article VI hereof, the amount necessary to cure any existing defaults in order to permit the Reorganizing Debtors to assume such contract or lease pursuant to section 365 of the Bankruptcy Code, which amount shall be the amount indicated for each such contract or lease on the Schedule of Assumed Contracts (as the same may be amended or modified by the Plan Proponents at any time prior to the Effective Date) unless modified by order of the Bankruptcy Court pursuant to an objection by the non-Debtor counterparty in accordance with the procedure set forth in Section 6.02 hereof.

“Day(s)” means, unless expressly otherwise provided, calendar day(s).

“Debtors” means Blocker I, Blocker II, BPC, BPD, BPP and FMT.

“Disallowed” means, with respect to any Claim or Interest or portion thereof, any Claim against or Interest in the Reorganizing Debtors which: (a) has been withdrawn, in whole or in part, by agreement of the Reorganizing Debtors and the Holder thereof; (b) has been withdrawn, in whole or in part, by the Holder thereof; or (c) has been disallowed, in whole or in part, by Final Order of a court of competent jurisdiction. In each case, a Disallowed Claim or a Disallowed Interest is disallowed only to the extent of disallowance or withdrawal.

“Disallowed Claim” means a Claim, or any portion thereof, that is Disallowed.

“Disallowed Interest” means an Interest, or any portion thereof, that is Disallowed.

“Disbursing Agent” means the Reorganized Debtors or such other Entity or Entities that is or are designated by the Reorganized Debtors to disburse Property pursuant to the PSP Plan.

“Disputed” means any Claim or Interest that has been neither Allowed nor Disallowed.

“Disputed Claim” means a Claim, or any portion thereof, that is Disputed. For purposes of the PSP Plan, a Claim that has been neither Allowed nor Disallowed shall be considered a Disputed Claim.

“Disputed Interest” means an Interest, or any portion thereof, that is Disputed. For purposes of the PSP Plan, an Interest that has been neither Allowed nor Disallowed shall be considered a Disputed Interest.

“Effective Date” means the first Business Day following the date on which all conditions to consummation set forth in Article IX hereof have been satisfied or waived (if capable of being duly and expressly waived), provided that no stay of the Confirmation Order is then in effect.

“Entity” means any individual, corporation, limited or general partnership, joint venture, association, joint stock company, limited liability company, estate, trustee, United States Trustee, unincorporated organization, government, governmental unit (as defined in the Bankruptcy Code), agency or political subdivision thereof.

“Equity Interests” means, with respect to each Reorganizing Debtor, all authorized, issued and outstanding shares of common stock of, and Interests in, such Reorganizing Debtor, as of the Petition Date, including, without limitation, all issued, outstanding and unexpired options, warrants, conversion, privilege or other legal or contractual rights to acquire shares or Interests in such Reorganizing Debtor. Equity Interests also include any contingent, disputed, or unliquidated Claims related to or in connection with any of the foregoing.

“Estates” means the estates of the Reorganizing Debtors created in the Chapter 11 Cases pursuant to section 541 of the Bankruptcy Code upon commencement of the Chapter 11 Cases.

“Federal Governmental Unit” means the United States and/or any department, agency or instrumentality of the United States (but not a United States trustee while serving as a trustee in a case under title 11 of the United States Code).

“File,” “Filed” or “Filing” means file, filed or filing with the Bankruptcy Court in the Chapter 11 Cases.

“Final Decree” means the final decree entered by the Bankruptcy Court after the Effective Date and pursuant to section 350(a) of the Bankruptcy Code and Bankruptcy Rule 3022.

“Final Order” means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket of such court, the operation or effect of which has not been stayed, reversed, vacated, modified or amended, and as to which order or judgment (or any revision, modification or amendment thereof) of the time to appeal, petition for certiorari or seek review or rehearing has expired and as to which no appeal, petition for certiorari or petition for review or rehearing was filed or, if filed, remains pending; provided, however, that the possibility that a motion may be filed pursuant to Rules 9023 or 9024 of the Bankruptcy Rules or Rules 59 or 60(b) of the Federal Rules of Civil Procedure shall not mean that an order or judgment is not a Final Order.

“FMT” means Debtor Fulcrum Marketing and Trade LLC.

“General Unsecured Claims” means all Claims that are not Administrative Expense Claims, Professional Fee Claims, Priority Tax Claims, Priority Non-Tax Claims, Prepetition Secured Obligation Claims, the LEC Allowed Claim, Miscellaneous Secured Claims or Intercompany Claims.

“Holder” means an Entity holding a beneficial interest in a Claim or Interest and, when used in conjunction with a Class or type of Claim or Interest, means a holder of a beneficial interest in a Claim or Interest in such Class or of such type.

“Impaired” means, when used with reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

“Impaired Claim” means a Claim that is Impaired.

“Impaired Interest” means an Interest that is Impaired.

“Intercompany Claims” means any Claim held by a Debtor against a Reorganizing Debtor.

“Intercompany Interests” means any Interest in a Reorganizing Debtor held by another Debtor.

“Interests” means any and all equity interests, ownership interests or shares in the Reorganizing Debtors issued by the Reorganizing Debtors prior to the Petition Date (including, without limitation, all capital stock, stock certificates, common stock, preferred stock,

partnership interests, membership and other interests in a limited liability company, rights, options, warrants, contingent warrants, convertible or exchangeable securities, investment securities, subscriptions or other agreements and contractual rights to acquire or obtain such an interest or share in the Reorganizing Debtors, partnership interests in the Reorganizing Debtors' stock appreciation rights, conversion rights, repurchase rights, redemption rights, dividend rights, preemptive rights and liquidation preferences, puts, calls or commitments of any character whatsoever relating to any such equity, ownership interests or shares of capital stock of the Reorganizing Debtors or obligating the Reorganizing Debtors to issue, transfer or sell any shares of capital stock) whether or not certificated, transferable, voting or denominated "stock" or a similar security, and any Claim or Cause of Action related to or arising from any of the foregoing.

"L/C Issuer" means Credit Suisse AG (formerly Credit Suisse), Cayman Islands Branch as issuing bank under certain Prepetition FMT L/C Agreements.

"LEC" means Lauren Engineers & Constructors, Inc.

"LEC Allowed Claim" means any and all Claims of LEC against any of the Reorganizing Debtors, including LEC's Mechanics' Liens Claim against BPC, which includes the following: (i) the LEC Arbitration Award; (ii) interest on the LEC Arbitration Award at the contractual rate of 5.25% accruing from February 24, 2010 through the Effective Date; and (iii) reasonable and documented fees and expenses incurred by LEC for collection efforts from February 24, 2010 through the Effective Date. Notwithstanding the foregoing, the LEC Allowed Claim shall not exceed \$8,450,000; provided, however, interest will continue to accrue at the daily rate of \$1,143.00 after December 1, 2010 if the Effective Date does not occur by December 1, 2010.

"LEC Arbitration Award" means the \$7,950,000 arbitration award in the LEC Arbitration Proceeding in favor of LEC, dated February 23, 2010, for any and all Claims of LEC against any of the Reorganizing Debtors, including LEC's Mechanics' Liens Claim against BPC.

"LEC Arbitration Proceeding" means the arbitration proceeding that LEC filed with the American Arbitration Association, styled *In the Matter of the Arbitration between Lauren Engineers & Constructors, Inc. v. Bosque Power Company, LLC*, Case No. 71 110 Y 00387 09, to collect amounts allegedly owed to LEC by BPC under that certain Amended and Restated Engineering, Procurement and Construction Agreement for the conversion of the simple cycle combustion turbine plant into a combined cycle configuration.

"Liens" means, with respect to any asset or Property (or the rents, revenues, income, profits or proceeds therefrom), and in each case, whether the same is consensual or nonconsensual or arises by contract, operation of law, legal process or otherwise: (a) any and all mortgages, liens, pledges, attachments, charges, leases evidencing a capitalizable lease obligation, conditional sale or other title retention agreement, or other security interest or encumbrance or other legally cognizable security devices of any kind in respect of any asset or Property, or upon the rents, revenues, income, profits or proceeds therefrom; or (b) any arrangement, express or implied, under which any Property is transferred, sequestered or otherwise identified for the purpose of subjecting or making available the same for the payment

of debt or performance of any other obligation in priority to the payment of general unsecured Creditors.

“Mechanics’ Liens Claims” means the Claim of a Creditor who, prior to the Petition Date, duly filed and perfected a mechanics or similar lien under Texas Property Code § 53.001 *et seq.*, which is not subject to avoidance in accordance with the provisions of section 546(b) of the Bankruptcy Code.

“Miscellaneous Secured Claims” means any Secured Claim, including any Mechanics’ Liens Claim, other than the Prepetition Secured Obligation Claims and the LEC Allowed Claim.

“New Securities” means the authorized common stock or membership interests for Reorganized BPP to be issued to the Holders of Class 2 Prepetition Secured Obligation Claims.

“Objection” means any objection, application, motion, complaint or any other legal proceeding seeking, in whole or in part, to Disallow, determine, liquidate, classify, reclassify or establish the priority, expunge, subordinate or estimate any Claim (including the resolution of any request for payment of any Administrative Expense Claim) or Interest other than a Claim or an Interest that is Allowed.

“Person” means and includes a natural person, individual, partnership, corporation (as defined in section 101 (a) of the Bankruptcy Code) or organization including, without limitation, corporations, limited partnerships, limited liability companies, general partnerships, joint ventures, joint stock companies, trusts, land trusts, business trusts, unincorporated organizations or associations, or other organizations, irrespective of whether they are legal entities, governmental bodies (or any agency, instrumentality or political subdivision thereof) or any other form of legal entities; provided, however, “Person” does not include governmental units, except that a governmental unit that: (a) acquires an asset from a Person: (i) as a result of the operation of a loan guarantee agreement; or (ii) as receiver or liquidating agent of a Person; (b) is a guarantor of a pension benefit payable by or on behalf of a Reorganizing Debtor or an Affiliate of a Reorganizing Debtor of; or (c) is the legal or beneficial owner of an asset of: (i) an employee pension benefit plan that is a governmental plan, as defined in section 414(d) of the Internal Revenue Code of 1986; or (ii) an eligible deferred compensation plan, as defined in section 457(b) of the Internal Revenue Code of 1986, shall be considered for purposes of section 1102 of the Bankruptcy Code to be a Person with respect to such asset or such benefit.

“Petition Date” means March 24, 2010.

“Plan Proponents” shall have the meaning set forth in the Introduction.

“Prepetition Agent” means Credit Suisse AG, Cayman Islands Branch, as: (a) administrative agent under the Prepetition Credit Agreement; and (b) collateral agent under the Prepetition Security Agreement. The Prepetition Agent is acting at the direction of the Required Lenders and on behalf of the Prepetition Senior Lenders.

“Prepetition Credit Agreement” means that certain Credit Agreement, dated as of January 16, 2008, by and among BPC, as Project Co and Surviving Borrower, as applicable, Bosque Acquisition, LLC, as Initial Borrower, Procurement, as Guarantor, the Prepetition Senior Lenders, the Prepetition Agent, as Administrative Agent, Credit Suisse Securities (USA) LLC, as Syndication Agent and Documentation Agent, and Credit Suisse Securities (USA) LLC, as Sole Lead Arranger and Sole Bookrunner (as amended, modified or supplemented and in effect on the date hereof).

“Prepetition Depositary Agreement” means that certain Depositary Agreement, dated as of January 16, 2008, among BPC, as Project Co and Surviving Borrower, the Prepetition Agent, as Collateral Agent, JPMorgan Chase Bank N.A. and its permitted successors and assigns, as the depository bank, and each other Person party thereto (as amended, modified or supplemented and in effect on the date hereof).

“Prepetition FMT L/C Agreements” means that certain Cash Collateralized Letter of Credit Reimbursement Agreement, dated as of June 1, 2009, among FMT, as Borrower, and the L/C Issuer, together with that certain Securities Collateralized Letter of Credit Reimbursement Agreement, dated as of June 1, 2009, among FMT, as Borrower, and the L/C Issuer.

“Prepetition Secured Obligation Claims” means the Prepetition Senior Claims together with the CS Secured Hedge Claims.

“Prepetition Secured Parties” means the Prepetition Agent, the Prepetition Senior Lenders and Credit Suisse International, collectively.

“Prepetition Security Agreement” means that certain Security Agreement, dated as of January 16, 2008, by and among BPC, the other Grantors thereunder and the Prepetition Agent, as Collateral Agent for the Prepetition Secured Parties (as amended, supplemented and modified and in effect on the date hereof).

“Prepetition Security Documents” means the Prepetition Security Agreement together with certain other security documentation to which the Prepetition Agent, as Collateral Agent, is party, including, without limitation, security agreement supplements, mortgages, deeds of trust, lien sharing and priority confirmations, account control agreements, the Prepetition Depositary Agreement and similar documents.

“Prepetition Senior Claims” means the Claims of the Prepetition Senior Lenders arising under and in connection with the Prepetition Credit Agreement and the Prepetition Security Documents.

“Prepetition Senior Lenders” means the lender parties to the Prepetition Credit Agreement.

“Priority Tax Claims” means any and all Claims accorded priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code.

“Priority Non-Tax Claims” means any Claim against the Reorganizing Debtors entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or an Administrative Expense Claim.

“Pro Rata Share” means, with respect to any Claim, a proportionate share, so that the ratio of the consideration distributed on account of an Allowed Claim in one or more Classes to the consideration distributed on account of all Allowed Claims in such Classes is the same as the ratio such Claim bears to the total amount of all Allowed Claims in such Classes (plus Disputed Claims in such Classes until disallowed).

“Procurement” means LSP Procurement I, LLC.

“Professional Fee Claims” means claims for compensation and/or reimbursement of expenses pursuant to sections 327, 328, 330, 331 or 503(b) of the Bankruptcy Code relating to services incurred on and after the Petition Date and prior to and including the Effective Date in connection with an application made to the Bankruptcy Court by Professionals in the Chapter 11 Cases.

“Professionals” means any professional employed in these Chapter 11 Cases pursuant to sections 327 or 1103 of the Bankruptcy Code or any Professional entitled to compensation pursuant to sections 327, 328, 330, 331, 503(b)(2) or (4) or 1103 of the Bankruptcy Code.

“Property” means all assets or property of the Reorganizing Debtors’ respective Estates of any nature whatsoever, real or personal, tangible or intangible, including contract rights, accounts and Causes of Action, previously or now owned by the Reorganizing Debtors, or acquired by the Reorganizing Debtors’ respective Estates, as defined in section 541 of the Bankruptcy Code.

“PSP Disclosure Statement” means the Disclosure Statement with Respect to the Prepetition Agent’s and the Required Lenders’ Joint Plan of Reorganization for the Reorganizing Debtors Under Chapter 11 of the United States Bankruptcy Code, File on August 2, 2010, including all exhibits, appendices, schedules and annexes, if any, attached thereto, as submitted by the Plan Proponents, as the same may be altered, amended, supplemented or modified from time to time, and which was prepared and distributed in accordance with sections 1125 and 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018.

“PSP Plan” means the Prepetition Agent’s and the Required Lenders’ Joint Plan of Reorganization for the Reorganizing Debtors Under Chapter 11 of the United States Bankruptcy Code, Dated as of August 2, 2010, including all exhibits, appendices, schedules and annexes, if any, attached hereto, as submitted by the Plan Proponents, including the PSP Plan Supplement, as such PSP Plan may be altered, amended, supplemented or modified from time to time in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Confirmation Order and the terms and conditions of Section 12.04 hereof.

“PSP Plan Documents” means, collectively, the PSP Disclosure Statement, the PSP Plan, the PSP Plan Supplement and the Confirmation Order (including any provision that purports to be preemptory or supervening).

“PSP Plan Supplement” means the supplement to the PSP Plan to be Filed with the Bankruptcy Court on or before the date that is five (5) days prior to the Voting Deadline.

“Reinstated or Reinstatement” means: (a) leaving unaltered the legal, equitable, and contractual rights to which a Claim or Interest entitles the Holder of such Claim or Interest so as to leave such Claim or Interest Unimpaired in accordance with section 1124 of the Bankruptcy Code; or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of such Claim to demand or receive accelerated payment of such Claim after the occurrence of a default: (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code; (ii) reinstating the maturity of such Claim as such maturity existed before such default; (iii) compensating the Holder of such Claim for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; and (iv) not otherwise altering the legal, equitable or contractual rights to which such Claim entitled the Holder of such Claim; provided, however, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim is based, including, but not limited to, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, and affirmative covenants regarding corporate existence or which prohibit certain transactions or actions contemplated by the PSP Plan, or conditioning such transactions or action on certain factors, shall not be required to be reinstated in order to accomplish Reinstatement.

“Rejection Claims” means Claims of any non-Debtor counterparty to any unexpired lease of nonresidential real property or any executory contract arising on account of the rejection of such lease or contract during the administration of these Chapter 11 Cases under section 365 of the Bankruptcy Code or pursuant to the PSP Plan.

“Releasees” means: (a) the Reorganizing Debtors; (b) the Prepetition Secured Parties, collectively and individually, and their respective current and former officers, directors, employees, agents, stockholders, managers, members, Affiliates, partners, attorneys, advisors and professionals; (c) the Reorganized Debtors; and (d) Procurement.

“Reorganized BPC” means BPC on and after the Effective Date.

“Reorganized BPP” means BPP on and after the Effective Date.

“Reorganized Debtors” means Reorganized BPC, Reorganized BPP and Reorganized FMT.

“Reorganizing Debtors” shall have the meaning set forth in the Introduction.

“Reorganized Debtors’ Organizational Documents” means the Amended and Restated certificates of incorporation, articles of organization, limited liability company agreements, partnership agreements, by-laws or other organizational documents, as appropriate, of each of the Reorganized Debtors. The PSP Plan Supplement will include the forms of the Reorganized Debtors’ Organizational Documents in substantially the form to be implemented on the Effective Date.

“Reorganized FMT” means FMT on and after the Effective Date.

“Required Lenders” means certain of the Prepetition Senior Lenders who, in the aggregate, hold a majority of the debt incurred under the Prepetition Credit Agreement.

“Schedule of Assumed Contracts” means the schedule included in the PSP Plan Supplement listing certain executory contracts and unexpired leases to be assumed by the Reorganizing Debtors and assigned to the Reorganized Debtors.

“Schedule of Rejected Contracts” means the schedule included in the PSP Plan Supplement listing certain executory contracts and unexpired leases to be rejected by the Reorganizing Debtors as of the Effective Date.

“Schedules” means the schedules of assets and liabilities and statements of financial affairs Filed by any of the Debtors in the Chapter 11 Cases, as required by section 521 of the Bankruptcy Code, as the same may have been or may be amended, modified or supplemented.

“Secured Claim” means any Claim arising before the Petition Date that is: (a) secured in whole or part, as of the Petition Date, by a Lien which is valid, perfected and enforceable under applicable law on Property in which the Reorganizing Debtors’ respective Estates have an interest and which is not subject to avoidance under the Bankruptcy Code or applicable non-bankruptcy law; or (b) subject to setoff under section 553 of the Bankruptcy Code, but, with respect to both cases (a) and (b), only to the extent of the value of the assets or Property securing any such Claim or the amount subject to setoff, as the case may be.

“Securities Act” means the Securities Act of 1933, as amended.

“Tax” means any tax, charge, fee, levy, impost or other assessment by any federal, state, local or foreign governmental authority, including, without limitation, income, excise, property, sales, transfer, employment, payroll, franchise, profits, license, use, *ad valorem*, estimated, severance, stamp, occupation and withholding tax, together with any interest, penalties, fines or additions attributable to, imposed on or collected by any such federal, state, local or foreign governmental authority.

“Unclaimed Property” means any distribution of Cash or any other Property made to the Holder of an Allowed Claim pursuant to the PSP Plan that is returned to the Reorganized Debtors or the Disbursing Agent as undeliverable and no appropriate forwarding address is received prior to the date on which the Final Decree is entered in the Chapter 11 Cases, and in the case of a distribution made in the form of a check, is not negotiated and no request for reissuance is made as provided for in Section 5.05 hereof.

“Unimpaired” means any Claim that is not Impaired within the meaning of section 1124 of the Bankruptcy Code.

“United States Trustee” means the Office of the United States Trustee appointed under section 581(a)(3) of title 28 of the United States Code to serve in the Western District of Texas.

“U.S. Trustee’s Fee Claims” means any fees assessed against the Reorganizing Debtors’ Estates pursuant to section 1930(a)(6) of title 28 of the United States Code.

“Voting Agent” means Haynes & Boone LLP.

“Voting Deadline” means the date and time set by the Bankruptcy Court as the deadline by which Holders of Impaired Claims must cast their votes to accept or reject the PSP Plan for such votes to count.

Section 1.02. Rules of Interpretation. All references to “the PSP Plan” herein shall be construed, where applicable, to include references to this document and all its exhibits, appendices, schedules and annexes, if any (and any amendments thereto made in accordance with the Bankruptcy Code). Whenever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter. The words “herein,” “hereof,” “hereto,” “hereunder” and other words of similar import refer to the PSP Plan as a whole and not to any particular paragraph, subparagraph, or clause contained in the PSP Plan. The words “includes” and “including” are not limiting and mean that the things specifically identified are set forth for purposes of illustration, clarity or specificity and do not in any respect qualify, characterize or limit the generality of the class within which such things are included. The captions and headings in the PSP Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. Any term used in the PSP Plan that is not defined in the PSP Plan, either in Article I hereof or elsewhere, but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in (and shall be construed in accordance with the rules of construction under) the Bankruptcy Code or the Bankruptcy Rules (with the Bankruptcy Code controlling in the case of a conflict or ambiguity). Without limiting the preceding sentence, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply to the PSP Plan unless superseded herein; provided, however, the rule of construction set forth in section 102(5) of the Bankruptcy Code shall not apply. In computing any period of time prescribed or allowed by the PSP Plan, the provisions of Bankruptcy Rule 9006(a) and Section 12.16 hereof shall apply, but Bankruptcy Rule 9006(a) shall govern.

Section 1.03. Exhibits. All Exhibits to the PSP Plan, including the PSP Plan Supplement, are incorporated into and are a part of the PSP Plan as if set forth in full herein, regardless of when Filed.

ARTICLE II CLASSIFICATION OF CLAIMS AND INTERESTS

Section 2.01. Generally. Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims and Interests. A Claim or an Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of the Class and is classified in a different Class to the extent the Claim or Interest qualifies within the description of that different Class. A Claim or Interest is placed in a particular Class for the purpose of receiving distributions pursuant to the PSP Plan only to the extent that such Claim or Interest is an Allowed Claim or an Allowed Interest in that Class and

such Claim or Interest has not been paid, released, settled or otherwise satisfied prior to the Effective Date.

Section 2.02. Unclassified Claims. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims are not classified and are excluded from the Classes designated in this Article II of the PSP Plan. The treatment accorded Administrative Expense Claims and Priority Tax Claims is set forth in Article III of the PSP Plan.

Section 2.03. Unimpaired Classes. The PSP Plan classifies the following Unimpaired Claims and Interests as Unimpaired Classes that are not entitled to vote to accept or reject the PSP Plan. Pursuant to section 1126(f) of the Bankruptcy Code, each Holder of a Claim or Interest in the following Classes is conclusively presumed to have accepted the PSP Plan in respect of such Claims or Interests and is not entitled to vote to accept or reject the PSP Plan:

Class 1 shall consist of all of the Priority Non-Tax Claims.

Class 3 shall consist of the LEC Allowed Claim.

Class 4 shall consist of all of the Miscellaneous Secured Claims.

Class 5 shall consist of all of the General Unsecured Claims.

Class 7 shall consist of all of the Intercompany Interests in BPC.

Class 8 shall consist of all of the Intercompany Interests in FMT.

Section 2.04. Impaired Class Entitled to Vote. The PSP Plan classifies the following Class as the only Impaired Class that may receive a distribution under the PSP Plan and that is entitled to vote to accept or reject the PSP Plan:

Class 2 shall consist of all of the Prepetition Secured Obligation Claims.

Section 2.05. Impaired Classes Deemed to Reject. The PSP Plan classifies the following Impaired Claims and Interests as Impaired Classes that are not entitled to vote to accept or reject the PSP Plan. Pursuant to section 1126(g) of the Bankruptcy Code, each Holder of a Claim or Interest in such Classes is conclusively presumed to have rejected the PSP Plan in respect of such Claims or Interests because the PSP Plan does not entitle the Holders of such Claims or Interests to receive or retain any Property under the PSP Plan on account of such Claims or Interests. Accordingly, each Holder of a Claim or Interest in the following Classes is not entitled to vote to accept or reject the PSP Plan:

Class 6 shall consist of all of the Intercompany Claims.

Class 9 shall consist of all of the Equity Interests and Intercompany Interests in BPP.

ARTICLE III
PROVISIONS FOR TREATMENT OF CLASSES OF
CLAIMS AND INTERESTS

Section 3.01. Satisfaction of Claims and Interests. The treatment of and consideration to be received by Holders of Allowed Claims or Allowed Interests pursuant to this Article III and the PSP Plan shall be in full satisfaction, settlement, release, extinguishment and discharge of their respective Claims against and Interests in the Reorganizing Debtors and the Reorganizing Debtors' respective Estates, except as otherwise provided in the PSP Plan or the Confirmation Order.

Section 3.02. Unclassified Claims. Administrative Claims and Priority Tax Claims are treated in accordance with section 1129(a)(9)(A) and section 1129(a)(9)(C) of the Bankruptcy Code, respectively. Such Claims are Unimpaired under the PSP Plan and, in accordance with section 1123(a)(1) of the Bankruptcy Code, are not designated as Classes of Claims for purposes of this PSP Plan and for purposes of sections 1123, 1124, 1126 and 1129 of the Bankruptcy Code.

Section 3.03. Administrative Expense Claims. Administrative Expense Claims are Unimpaired. Each Allowed Administrative Expense Claim shall, in full and final satisfaction of such Allowed Administrative Expense Claim, be paid by the Reorganized Debtors, in full, in Cash, in such amounts as are incurred in the ordinary course of business by the Reorganized Debtors, or in such amounts as such Administrative Expense Claim is Allowed by the Bankruptcy Court upon: (a) the later of: (i) the Effective Date; and (ii) if such Claim is Allowed after the Effective Date, the date upon which there is a Final Order allowing such Administrative Expense Claim; (b) such other terms as may exist in the ordinary course of the Reorganizing Debtors' business and in accordance with the terms and conditions of any agreement governing or document evidencing such Administrative Expense Claim; or (c) such terms and conditions as may be agreed upon between the Holder of such Allowed Administrative Expense Claim and the Reorganized Debtors (with the consent of the Required Lenders).

Section 3.04. Priority Tax Claims. Priority Tax Claims are Unimpaired. Each Holder of an Allowed Priority Tax Claim shall, in full and final satisfaction of such Holder's Allowed Priority Tax Claim, be paid either: (a) in Cash, in full, on the later of the: (i) Effective Date; and (ii) date such Priority Tax Claim becomes due and payable in the ordinary course of business; (b) in equal annual Cash payments aggregating the amount of such Allowed Priority Tax Claim together with interest at the applicable non-bankruptcy rate over a period not exceeding five (5) years from the Petition Date; or (c) on such other terms and conditions as may be agreed upon between the Holder of such Allowed Priority Tax Claim and the Reorganized Debtors (with the consent of the Required Lenders).

Section 3.05. Class 1: Priority Non-Tax Claims. Class 1 Priority Non-Tax Claims are Unimpaired. Each Holder of an Allowed Priority Non-Tax Claim shall, in full and final satisfaction of such Holder's Allowed Priority Non-Tax Claim, be paid either: (a) in Cash, in full, on the later of the: (i) Effective Date; and (ii) date such Priority Non-Tax Claim becomes due and payable in the ordinary course of business; or (b) on such other terms and conditions as

may be agreed upon between the Holder of such Allowed Priority Non-Tax Claim and the Reorganized Debtors (with the consent of the Required Lenders).

Section 3.06. Class 2: Prepetition Secured Obligation Claims. Class 2 Prepetition Secured Obligation Claims are Impaired. Each Holder of an Allowed Prepetition Secured Obligation Claim shall, in full and final satisfaction of each such Holder's Allowed Prepetition Secured Obligation Claim, receive its Pro Rata Share of 100% of the New Securities issued by BPP and outstanding on the Effective Date. Furthermore, the Reorganized Debtors shall pay in full, in Cash, any and all outstanding and unpaid fees and expenses incurred by the Prepetition Secured Parties' professionals and the L/C Issuer through the Effective Date without further motion, fee application or order of the Bankruptcy Court.

Section 3.07. Class 3: LEC Allowed Claim. Class 3 LEC Allowed Claim is Unimpaired. The Holder of the LEC Allowed Claim shall, in full and final satisfaction of the LEC Allowed Claim, be paid either: (a) in Cash, in full, on the Effective Date; or (b) on such other terms and conditions as may be agreed upon between the Holder of the LEC Allowed Claim and the Reorganized Debtors (with the consent of the Required Lenders).

Section 3.08. Class 4: Miscellaneous Secured Claims. Class 4 Miscellaneous Secured Claims are Unimpaired. Each Holder of an Allowed Miscellaneous Secured Claim shall, in full and final satisfaction of such Allowed Miscellaneous Secured Claim, be paid either: (a) in Cash, in full, on the Effective Date; or (b) on such other terms and conditions as may be agreed upon between the Holder of such Allowed Miscellaneous Secured Claim and the Reorganized Debtors (with the consent of the Required Lenders).

Section 3.09. Class 5: General Unsecured Claims. Class 5 General Unsecured Claims are Unimpaired. Each Holder of an Allowed General Unsecured Claim shall, in full and final satisfaction of such Allowed General Unsecured Claim, be paid either: (a) in Cash, in full, on the later of the: (i) Effective Date; and (ii) date such General Unsecured Claim becomes due and payable in the ordinary course of business; or (b) on such other terms and conditions as may be agreed upon between the Holder of such Allowed General Unsecured Claim and the Reorganized Debtors (with the consent of the Required Lenders).

Section 3.10. Class 6: Intercompany Claims. Class 6 Intercompany Claims are Impaired. Intercompany Claims are hereby characterized as equity contributions among the Debtors and, as such, Holders of Intercompany Claims shall not receive any distribution on account of such Claims. All Intercompany Claims shall be discharged, cancelled, released and extinguished as of the Effective Date.

Section 3.11. Class 7: Intercompany Interests in BPC. Class 7 Intercompany Interests in BPC are Unimpaired. Although Holders of Intercompany Interests in BPC shall not receive any distribution on account of such Intercompany Interests, Intercompany Interests in BPC will not be cancelled and, solely to implement the PSP Plan, will be Reinstated.

Section 3.12. Class 8: Intercompany Interests in FMT. Class 8 Intercompany Interests in FMT are Unimpaired. Although Holders of Intercompany Interests in FMT shall not

receive any distribution on account of such Intercompany Interests, Intercompany Interests in FMT will not be cancelled and, solely to implement the PSP Plan, will be Reinstated.

Section 3.13. Class 9: Equity Interests and Intercompany Interests in BPP. Class 9 Equity Interests and Intercompany Interests in BPP are Impaired. Holders of Equity Interests or Intercompany Interests in BPP shall not receive any distribution on account of such Equity Interests or Intercompany Interests, and such Equity Interests and Intercompany Interests shall be discharged, cancelled, released and extinguished as of the Effective Date.

ARTICLE IV ACCEPTANCE OR REJECTION OF THE PSP PLAN

Section 4.01. Acceptance by Impaired Classes of Claims. The Holders of Claims in Class 2 are Impaired, entitled to vote on the PSP Plan and shall be provided with a Ballot pursuant to which they may vote to accept or reject the PSP Plan. Pursuant to section 1126(c) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted the PSP Plan if: (a) the Holders of at least two-thirds (2/3) in dollar amount of the Allowed Claims actually voting in such Class (other than Claims held by any Holder designated pursuant to section 1126(e) of the Bankruptcy Code) have timely and properly voted to accept the PSP Plan; and (b) more than one-half (1/2) in number of the Holders of such Allowed Claims actually voting in such Class (other than Claims held by any Holder designated pursuant to section 1126(e) of the Bankruptcy Code) have timely and properly voted to accept the PSP Plan. No Class of Interests is entitled to vote on the PSP Plan pursuant to section 1126 of the Bankruptcy Code.

Section 4.02. Voting Classes. Except as otherwise required by the Bankruptcy Code or the Bankruptcy Rules or as otherwise provided in this Section 4.02, the Holders of Claims in Class 2 shall be entitled to vote to accept or reject the PSP Plan in accordance with Section 4.01 of the PSP Plan. Classes of Claims or Interests Unimpaired under the PSP Plan (Claims in Classes 1, 3, 4 and 5 and Interests in Classes 7 and 8) shall not be entitled to vote to accept or reject the PSP Plan, and shall be conclusively presumed to have accepted the PSP Plan pursuant to section 1126(f) of the Bankruptcy Code. The Classes of Claims or Interests that are Impaired under the PSP Plan and whose Holders neither receive nor retain any Property on account of such Interests under the PSP Plan (Claims in Class 6 and Interests in Class 9) shall not be entitled to vote to accept or reject the PSP Plan, and shall be conclusively presumed to have rejected the PSP Plan pursuant to section 1126(g) of the Bankruptcy Code.

Section 4.03. Ballot Instructions. Each Holder of a Claim entitled to vote on the PSP Plan will be asked to complete and return a Ballot to the Voting Agent, which will compile the votes so received. Any questions as to the validity, form and eligibility (including time of receipt) of Ballots will be resolved by the Bankruptcy Court upon application or at the Confirmation Hearing.

ARTICLE V
PROVISIONS GOVERNING DISTRIBUTIONS UNDER THE PSP PLAN

Section 5.01. Timing of Distributions. Except as specifically set forth in the PSP Plan, distributions of Property will be made to Holders of Allowed Claims in accordance with Article III hereof. If a Claim is not an Allowed Claim as of the applicable distribution date, distributions will be made only if and when the Claim is Allowed, and then in accordance with Article III hereof and, with respect to the cure of defaults for assumed executory contracts and unexpired leases, Section 6.02 hereof, and in each case, subject to Article VIII hereof. Distributions to be made as of the Effective Date on account of Claims that are Allowed as of the Effective Date, and are entitled to receive distributions under the PSP Plan, shall be made on the Effective Date or as soon as reasonably practicable thereafter.

Section 5.02. Distributions to Holders of Allowed Claims. Except as otherwise provided herein, the Disbursing Agent or the Reorganized Debtors (as applicable) shall make all distributions required under the PSP Plan in a manner consistent with the PSP Plan. Distributions to Holders of Allowed Claims will be made in accordance with Article III hereof. Payments and other distributions to be made pursuant to the PSP Plan will be made by the Disbursing Agent or the Reorganized Debtors, and will be available from assets and funds transferred to or otherwise held by the Disbursing Agent or the Reorganized Debtors as of and after the Effective Date. If any dispute arises as to the identity of a Holder of an Allowed Claim who is to receive any distribution, the Disbursing Agent, the Reorganizing Debtors or the Reorganized Debtors (as applicable) shall, as appropriate and in lieu of making such distribution to such Holder, delay such distribution until the disposition thereof shall be determined by Final Order of the Bankruptcy Court or by written agreement among the interested parties to such dispute.

Section 5.03. Delivery of Distributions. Except for distributions to Holders of Allowed Class 2 Prepetition Secured Obligations Claims, which shall be made to the Prepetition Agent for the benefit of such Holders, distributions to Holders of Allowed Claims shall be made by the Disbursing Agent: (a) at the last known addresses of such Holders; or (b) at the addresses set forth in any written notices of address changes delivered to the Reorganized Debtors or the Disbursing Agent. If any Holder's distribution is returned as undeliverable, no further distributions to such Holder shall be made unless and until the Disbursing Agent is notified of such Holder's then current address, at which time all missed distributions shall be made to such Holder without interest.

Section 5.04. Method of Cash Distributions. Any Cash payment to be made pursuant to the PSP Plan may be made by Cash, draft, check, wire transfer or as otherwise required or provided in any relevant agreement or applicable law at the option of the Disbursing Agent or the Reorganized Debtors (with the consent of the Required Lenders).

Section 5.05. Failure to Negotiate Checks. Checks issued in respect of distributions under the PSP Plan shall be null and void if not negotiated within sixty (60) days after the date of issuance. Any amounts returned to the Disbursing Agent or Reorganized Debtors (as applicable) in respect of such non-negotiated checks shall be forwarded to (if necessary) and held by the Disbursing Agent. Requests for reissuance for any such check shall

be made directly to the issuer of the check by the Holder of the Allowed Claim with respect to which such check originally was issued. All amounts represented by any voided check will be held until the earlier of: (a) one (1) month after the date on which the check is voided; or (b) the date on which the Bankruptcy Court enters the Final Decree, and all requests for reissuance by the Holder of the Allowed Claim in respect of a voided check are required to be made prior to such date. Thereafter, all such amounts shall be deemed to be Unclaimed Property, in accordance with Section 5.06 hereof, and all Holders of Claims in respect of void checks shall be forever barred, estopped and enjoined from asserting a claim to such funds in any manner against the Reorganizing Debtors or their respective assets, the Disbursing Agent or Reorganized Debtors (as applicable).

Section 5.06. Unclaimed Distributions. All Property distributed on account of Claims must be claimed prior to the date on which the Bankruptcy Court enters the Final Decree, or, in the case of a distribution made in the form of a check, must be negotiated and a request for reissuance be made as provided for in Section 5.05 hereof. All Unclaimed Property will be retained by and will vest in the Reorganized Debtors. All full or partial payments made by the Reorganizing Debtors and received by the Holder of a Claim prior to the Effective Date will be deemed to be payments under the PSP Plan for purposes of satisfying the obligations of the Reorganizing Debtors or the Disbursing Agent pursuant to the PSP Plan. Nothing contained in the PSP Plan shall require the Reorganizing Debtors, the Disbursing Agent or Reorganized Debtors (as applicable) to attempt to locate any Holder of an Allowed Claim other than by reviewing the records of the Reorganizing Debtors and any Claims filed in the Chapter 11 Cases. Pursuant to section 1143 of the Bankruptcy Code, all claims in respect of Unclaimed Property shall be deemed Disallowed and the Holder of any Claim Disallowed in accordance with this Section 5.06 will be forever barred, expunged, estopped and enjoined from asserting such Claim in any manner against the Reorganizing Debtors or their respective assets, the Disbursing Agent or the Reorganized Debtors (as applicable).

Section 5.07. Limitation on Distribution Rights. If a claimant holds more than one Claim in any one Class, all Claims of the claimant in that Class will be aggregated into one Claim and one distribution will be made with respect to the aggregated Claim.

Section 5.08. Fractional Dollars. Notwithstanding any other provision of the PSP Plan, Cash distributions of fractions of dollars will not be made; rather, whenever any payment of a fraction of a dollar would be called for, the actual payment made shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars being rounded down. To the extent that Cash remains undistributed as a result of the rounding of such fraction to the nearest whole dollar, such Cash shall be treated as Unclaimed Property pursuant to Section 5.06 hereof.

Section 5.09. Compliance With Tax Requirements. In connection with each distribution with respect to which the filing of an information return (such as an Internal Revenue Service Form 1099 or 1042) or withholding is required, the Reorganizing Debtors, the Disbursing Agent or the Reorganized Debtors, as appropriate, shall file such information return with the Internal Revenue Service and provide any required statements in connection therewith to the recipients of such distribution or effect any such withholding and deposit all moneys so withheld as required by law. With respect to any Person from whom a tax identification number,

certified tax identification number or other tax information required by law to avoid withholding has not been received by the Reorganizing Debtors, the Disbursing Agent or the Reorganized Debtors (as applicable) within thirty (30) days from the date of such request, the Reorganizing Debtors, the Disbursing Agent or Reorganized Debtors (as applicable) may, at their or its option, withhold the amount required and distribute the balance to such Person or decline to make such distribution until the information is received.

Section 5.10. Character of Distributions. The Reorganized Debtors shall treat all distributions to Holders of Prepetition Secured Obligations Claims pursuant to the PSP Plan as repayments of principal amounts due with respect to such Claims, with no amounts allocable to the payment of any accrued but unpaid interest thereon. Consistent with that treatment, Holders of Prepetition Secured Obligation Claims covenant and agree to treat the entire amount of such distributions as repayments of principal amounts due on their claims and shall not allocate any portion of such distributions to accrued but unpaid interest.

Section 5.11. De Minimis Distributions. No Cash payment of less than twenty-five (\$25.00) dollars shall be made to any Holder of an Allowed Claim on account of such Allowed Claim.

ARTICLE VI

EXECUTORY CONTRACTS AND UNEXPIRED LEASES; INDEMNIFICATION OBLIGATIONS; BENEFIT PROGRAMS

Section 6.01. Treatment of Executory Contracts and Unexpired Leases.

(a) All executory contracts and unexpired leases of BPC and FMT shall be deemed to be assumed by the Reorganizing Debtors and assigned to the Reorganized Debtors as of the Effective Date, except for any executory contract or unexpired lease that: (a) has previously been assumed and assigned or rejected pursuant to an order of the Bankruptcy Court on or prior to the Confirmation Date; or (b) is listed on the Schedule of Rejected Contracts; provided, however, that the Plan Proponents shall have the right, at any time prior to the Confirmation Date, to amend the Schedule of Rejected Contracts by filing an amended version of such schedule to provide for the assumption and assignment or rejection of an executory contract or unexpired lease pursuant to this Section 6.01.

(b) All executory contracts and unexpired leases of BPP shall be deemed to be rejected by the Reorganizing Debtors, except for any executory contract or unexpired lease that: (a) has previously been assumed and assigned or rejected pursuant to an order of the Bankruptcy Court on or prior to the Confirmation Date; or (b) is listed on the Schedule of Assumed Contracts; provided, however, that the Plan Proponents shall have the right, at any time prior to the Confirmation Date, to amend the Schedule of Assumed Contracts by filing an amended version of such schedule to provide for the assumption and assignment or rejection of an executory contract or unexpired lease pursuant to this Section 6.01.

(c) The Confirmation Order (except as otherwise provided therein) shall constitute an order of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code, effective as of the Effective Date, approving the assumptions, assignments and rejections

hereunder. Each contract and lease assumed pursuant to this Section 6.01 shall be assumed only to the extent that any such contract or lease constitutes an executory contract or unexpired lease. Assumption of a contract or lease pursuant to this Section 6.01 shall not constitute an admission by the Reorganizing Debtors, the Reorganized Debtors or the Plan Proponents (as applicable) that such contract or lease is an executory contract or unexpired lease or that the Reorganizing Debtors, the Reorganized Debtors or the Prepetition Secured Parties (as applicable) have any liability thereunder. All executory contracts and unexpired leases that are assumed will be assumed under their present terms or upon such terms as are agreed to in writing between the applicable Reorganizing Debtor and the counterparty to such contract or lease (with the consent of the Required Lenders).

Section 6.02. Cure of Defaults for Assumed Contracts and Leases. The Schedule of Assumed Contracts will identify, with respect to each executory contract and unexpired lease to be assumed and assigned, the relevant Cure Amount for each executory contract or unexpired lease. The Plan Proponents will serve the Schedule of Assumed Contracts on the non-Debtor counterparties to each such executory contract or unexpired lease prior to the Confirmation Hearing. Each such counterparty shall have until the later of: (a) the date that is five (5) Business Days prior to the Confirmation Hearing; or (b) thirty (30) days from the date of service of the Schedule of Assumed Contracts to File an objection to the assumption and assignment of their executory contract or unexpired lease (whether the objection relates to the Cure Amount or otherwise). If any objections are Filed and cannot be resolved by agreement, the Bankruptcy Court shall hold a hearing to determine the Cure Amount with respect to such executory contract or unexpired lease or to otherwise resolve the objection. Any party failing to object to the assumption of their executory contract or unexpired lease as set forth above shall be forever barred from asserting, collecting or seeking to collect from the Reorganized Debtors any amounts in excess of the Cure Amount or from otherwise objecting to the assumption or assignment of such executory contract or unexpired lease. Notwithstanding the foregoing, or anything else in this Article VI, with respect to any executory contract or unexpired lease which is the subject of an objection, the Reorganized Debtors shall retain the right, until five (5) Business Days following any order resolving such objection having become a Final Order, to reject such executory contract or unexpired lease. Within fifteen (15) days of the Effective Date, or as otherwise agreed with the counterparty to each executory contract or unexpired lease, the Reorganized Debtors shall pay the Cure Amounts to the non-Debtor parties to such executory contracts and unexpired leases being assumed.

Section 6.03. Bar Date for Claims for Rejection Damages. Claims arising out of the rejection of any executory contract or unexpired lease pursuant to Article VI of the PSP Plan must be Filed with the Bankruptcy Court no later than the later of: (a) twenty (20) days after the Effective Date; or (b) thirty (30) days after the entry of an order rejecting such executory contract or unexpired lease. Any Claim not Filed within such time period shall be forever barred. The Reorganizing Debtors, the Reorganized Debtors, the Disbursing Agent and the Plan Proponents shall have the right to object to any Claim arising out of the rejection of an executory contract or unexpired lease pursuant to the terms of Section 8.04 hereof.

Section 6.04. Treatment of Rejection Claims. The Bankruptcy Court shall determine any objections Filed in accordance with Section 8.04 hereof at a hearing to be held on a date to be determined by the Bankruptcy Court. Subject to any statutory limitation, including,

but not limited to the limitations contained in sections 502(b)(6) and 502(b)(7) of the Bankruptcy Code, any Claims arising out of the rejection of executory contracts and unexpired leases shall, pursuant to section 502(g) of the Bankruptcy Code, be Unimpaired and treated as Class 5 General Unsecured Claims in accordance with Section 3.09 hereof.

Section 6.05. Executory Contracts and Unexpired Leases Entered Into and Other Obligations Incurred After the Petition Date. On the Effective Date, all contracts, leases, and other agreements entered into by any or all of the Reorganizing Debtors on or after the Petition Date, which agreements have not been terminated in accordance with their terms on or before the Effective Date, shall be deemed assumed and assigned to the Reorganized Debtors.

ARTICLE VII MEANS FOR IMPLEMENTATION OF THE PSP PLAN

Section 7.01. Corporate Action. The entry of the Confirmation Order shall constitute authorization for the Reorganizing Debtors, the Reorganized Debtors and the Plan Proponents to take or to cause to be taken all corporate and limited liability company actions necessary or appropriate to consummate and implement the provisions of the PSP Plan prior to, on and after the Effective Date, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court, including, without limitation: (a) the cancellation of all of the issued and outstanding Equity Interests in BPP; (b) the issuance of the New Securities to the Holders of Class 2 Prepetition Secured Obligation Claims; (c) the election of directors, managers and officers in accordance with the PSP Plan; and (d) the adoption of the Reorganized Debtors' Organizational Documents, which shall supersede the prior certificates of incorporation, articles of organization, limited liability company agreements, by-laws or other organizational documents, as appropriate, of each of the Reorganizing Debtors. All such actions shall be deemed to have occurred and shall be in effect pursuant to applicable non-bankruptcy law and the Bankruptcy Code, without any requirement of further action by the members, stockholders, directors or managers of the Reorganizing Debtors, the Reorganized Debtors or their Affiliates. On the Effective Date, the appropriate officers, directors, members and managers of the Reorganizing Debtors, the Reorganized Debtors or the Plan Proponents are authorized and directed to execute and deliver the agreements, documents and instruments contemplated by the PSP Plan and the PSP Plan Supplement in the name and on behalf of the Reorganizing Debtors, the Reorganized Debtors and the Plan Proponents.

Section 7.02. Articles of Organization. The Reorganized Debtors' Organizational Documents shall contain such provisions as are required to satisfy the provisions of the PSP Plan and the Bankruptcy Code and shall include, among other things: (a) authorization for Reorganized BPP to issue to the Holders of the Class 2 Prepetition Secured Obligation Claims the New Securities; (b) a prohibition on the issuance of nonvoting equity securities to the extent, and only to the extent, required by section 1123(a)(6) of the Bankruptcy Code; and (c) other provisions ordinary and customary in such situations so long as they are not inconsistent with any of the provisions to contained in the foregoing.

Section 7.03. Issuance of New Securities in Reorganized BPP. On the Effective Date: (a) all of the issued and outstanding Equity Interests in BPP shall be cancelled; and

(b) Reorganized BPP shall issue the New Securities to the Holders of the Class 2 Prepetition Secured Obligation Claims.

Section 7.04. Operations Between Confirmation Date and Effective Date. The Plan Proponents shall operate the Reorganized Debtors, subject to the supervision of the Bankruptcy Court, during the period from the Confirmation Date through and until the Effective Date.

Section 7.05. Revesting of Assets. Except as otherwise expressly provided in the PSP Plan, pursuant to sections 1123(a)(5), 1123(b)(3) and 1141(b) of the Bankruptcy Code, all Property comprising the Estates of each Reorganizing Debtor, including, but not limited to, all Avoidance Actions and all Causes of Action shall automatically be retained and revested in the relevant Reorganized Debtor or its respective successor, free and clear of all Claims, Liens, contractually-imposed restrictions, charges, encumbrances and Interests of Creditors and equity security holders on the Effective Date, with all such Claims, Liens, contractually-imposed restrictions, charges, encumbrances and Interests being extinguished except as otherwise provided in the PSP Plan. As of the Effective Date, each Reorganized Debtor may operate its business and use, acquire and dispose of Property and settle and compromise Claims or Interests without supervision of the Bankruptcy Court free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the PSP Plan and Confirmation Order. Without limiting the foregoing, each Reorganized Debtor may pay the charges it incurs for professional fees, disbursements, expenses or related support services after the Effective Date without any application to the Bankruptcy Court.

Section 7.06. Approval of Agreements. The solicitation of votes on the PSP Plan shall be deemed a solicitation of the Holders of Claims for the approval of all other agreements and transactions contemplated by the PSP Plan and the PSP Plan Supplement, including, without limitation, the New Securities. Entry of the Confirmation Order shall constitute approval of such agreements and transactions and the Confirmation Order shall so provide.

Section 7.07. Change of Control. The transactions contemplated under the PSP Plan shall not be deemed or considered a change of control that would result in any acceleration, vesting or similar change of control rights under any agreements or arrangements triggered by the consummation of the PSP Plan shall be waived or otherwise cancelled under the PSP Plan.

Section 7.08. Post Effective Date Management. On the Effective Date, the management, control and operation of each Reorganized Debtor shall become the general responsibility of its respective board of directors or board of members in accordance with applicable non-bankruptcy law. On the Effective Date, each member of the existing board of directors of each of the Reorganizing Debtors shall be deemed to have resigned. The initial new board of each Reorganized Debtor shall be comprised of five (5) directors, which shall include individuals as otherwise disclosed in the Plan Supplement. The initial new board members will serve from the Effective Date until their successors are duly elected or qualified or until earlier removed or replaced.

Section 7.09. Corporate Structure Changes. Corporate structure changes, if necessary, will be set forth in the PSP Plan Supplement.

ARTICLE VIII
PRESERVATION OF CAUSES OF ACTION AND RIGHT TO DEFEND AND
CONTEST

Section 8.01. Preservation of Rights. Except to the extent that any Claim is Allowed during the Chapter 11 Cases or expressly by this PSP Plan or the Confirmation Order, nothing, including, but not limited to, the failure of the Reorganizing Debtors, the Reorganized Debtors or the Plan Proponents (as applicable) to object to a Claim or Interest for any reason during the pendency of the Chapter 11 Cases, shall affect, prejudice, diminish or impair the rights and legal and equitable defenses of the Reorganizing Debtors, the Reorganized Debtors or the Plan Proponents (as applicable) with respect to any Claim or Interest, including, but not limited to, all rights of the Reorganizing Debtors, the Reorganized Debtors or the Plan Proponents (as applicable) to contest or defend themselves against such Claims or Interests in any lawful manner or forum when and if such Claim or Interest is sought to be enforced by the Holder thereof.

Section 8.02. Setoffs. Except to the extent that any Claim is Allowed, the Reorganizing Debtors, the Disbursing Agent or the Reorganized Debtors, as applicable, may, but shall not be required to, set off against any Claims and the payments or distributions to be made pursuant to the PSP Plan in respect of such Claims, any and all debts, liabilities, Causes of Action and claims of every type and nature whatsoever which the Estates, the Reorganizing Debtors, the Disbursing Agent or the Reorganized Debtors (as applicable) may have against such Creditors, but neither the failure to do so nor the allowance of any such Claims, whether pursuant to the PSP Plan or otherwise, shall constitute a waiver or release by the Reorganizing Debtors, the Disbursing Agent or the Reorganized Debtors (as applicable) of any such claims or Causes of Action the Reorganizing Debtors, the Disbursing Agent or the Reorganized Debtors (as applicable) may have against such Creditors.

Section 8.03. No Payment or Distribution Pending Allowance. All references to Claims and amounts of Claims refer to the amount of the Claim Allowed by agreement of the Reorganizing Debtors, the Disbursing Agent, Reorganized Debtors or the Plan Proponents (as applicable) and the Holder of such Claim, by operation of law, by Final Order or by this PSP Plan. Notwithstanding any other provision in the PSP Plan, no payment or distribution shall be made on account of or with respect to any Claim to the extent it is a Disputed Claim unless and until the Disputed Claim becomes an Allowed Claim.

Section 8.04. Resolution of Disputed Claims. Unless otherwise ordered by the Court after notice and a hearing, the Reorganized Debtors and the Plan Proponents shall have the right, on and after the Effective Date, to File objections to Claims (except those specifically Allowed by this PSP Plan) and shall serve a copy of each such objection upon the Holder of the Claim to which the objection is made as soon as practicable, but in no event later than the applicable Claims Objection Deadline. The foregoing deadlines may be extended by order of the Bankruptcy Court. An objection to any Claim shall be deemed properly served on the Holder thereof if the Disbursing Agent, the Reorganized Debtors or the Plan Proponents (as applicable) effects service in any of the following manners: (a) in accordance with Rule 4 of the Federal Rules of Civil Procedure, as modified and made applicable by Bankruptcy Rule 7004; (b) by first class mail, postage prepaid, on the signatory and at the address set forth on the proof of claim or other representative identified in the proof of claim or any attachment thereto; or (c) by first class mail, postage prepaid, on any counsel that has appeared on the Holder's behalf in the Chapter 11 Cases.

ARTICLE IX CONDITIONS TO CONSUMMATION OF THE PSP PLAN

Section 9.01. Conditions to Effective Date. The PSP Plan shall not be consummated, and the Effective Date shall not occur, unless and until the following conditions have occurred or been duly waived (if waivable) pursuant to Section 9.02 below:

- (a) the Bankruptcy Court shall have approved the information contained in the PSP Disclosure Statement as adequate;
- (b) the Confirmation Order, in a form acceptable in all respects to the Plan Proponents, shall have been entered and shall not be stayed by order of a court of competent jurisdiction and the Confirmation Order shall have become a Final Order;
- (c) the Confirmation Order shall contain a finding by the Bankruptcy Court that the aggregate amount of: (i) Allowed General Unsecured Claims shall not exceed \$1 million; and (ii) Allowed Miscellaneous Secured Claims shall not exceed \$1.25 million;
- (d) the Bankruptcy Court shall have entered an order (contemplated to be part of the Confirmation Order) authorizing and directing the Plan Proponents to take all actions necessary or appropriate to enter into, implement and consummate the documents created, amended, supplemented, modified or adopted in connection with the PSP Plan;
- (e) all authorizations, consents and regulatory approvals required, if any, in connection with the PSP Plan's effectiveness shall have been obtained; and

- (f) no order of a court shall have been entered and shall remain in effect restraining the Reorganizing Debtors from consummating the PSP Plan.

Section 9.02. Waiver of Conditions to Consummation. The conditions to consummation in Section 9.01 (other than Sections 9.01(a), (b) and (f)) may be waived at any time by a writing signed by an authorized representative of the Plan Proponents without notice or order of the Bankruptcy Court or any further action other than proceeding to consummation of the PSP Plan.

Section 9.03. Effect of Failure or Absence of Waiver of Conditions Precedent to the Effective Date of the PSP Plan. In the event that one or more of the conditions specified in Section 9.01 hereof have not occurred (or been waived), upon notification submitted by the Plan Proponents to the Bankruptcy Court: (a) the Confirmation Order, automatically and without further order of the Bankruptcy Court, shall be deemed, vacated, null and void and with no force or legal effect whatsoever; (b) no distributions under the PSP Plan shall be made; (c) all Property of the Estates shall remain in the Reorganizing Debtors' Estates; (d) the Reorganizing Debtors and all Holders of Claims and Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Order had never been entered and Confirmation had not occurred; and (e) the Reorganizing Debtors' obligations with respect to the Claims and Interests shall remain unchanged and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Interests by or against the Reorganizing Debtors or any other Person or Entity or to prejudice in any manner the rights of the Reorganizing Debtors or any Person or Entity in any further proceedings involving the Reorganizing Debtors.

ARTICLE X EFFECTS OF CONFIRMATION

Section 10.01. Discharge. To the fullest extent permitted by applicable law (including, without limitation, section 105 of the Bankruptcy Code), and except as otherwise provided in the PSP Plan or in the Confirmation Order, all consideration distributed under the PSP Plan shall be in exchange for, and in complete satisfaction, settlement, discharge and release of, all Claims of any nature whatsoever against the Reorganizing Debtors or any of their assets or properties, regardless of whether any Property shall have been distributed or retained pursuant to the PSP Plan on account of such Claims. To the fullest extent permitted by applicable law (including, without limitation, section 105 of the Bankruptcy Code), upon the Effective Date, and except as expressly contemplated in this PSP Plan, the Reorganizing Debtors, and each of them, shall be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, debts (as such term is defined in section 101(12) of the Bankruptcy Code), Liens, security interests and encumbrances of and against all Property of the respective Estates or the Reorganizing Debtors that arose prior to the Effective Date, including, without limitation, all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not: (a) such Claim has been Allowed pursuant to section 502 of the Bankruptcy Code; or (b) the Holder of such Claim has voted to accept the PSP Plan. Further, to the fullest extent under applicable law (including, without limitation, section 105 of the

Bankruptcy Code), as of the Effective Date, all entities, including, without limitation, all Holders of Claims or Interests, shall be barred and enjoined from asserting against the Reorganizing Debtors, the Disbursing Agent or Reorganized Debtors (as applicable), their Property or their successors or assigns any other or further Claims, debts, rights, Causes of Action, liabilities or Interests relating to the Reorganizing Debtors based upon any act, omission, transaction or other activity of any nature that occurred prior to the Effective Date, except for those obligations expressly created by, or reserved in, this PSP Plan. In accordance with the foregoing, to the fullest extent permitted by applicable law (including, without limitation, section 105 of the Bankruptcy Code), except as provided in the PSP Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all such Claims and other debts and liabilities against the Reorganizing Debtors and termination of all Interests, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge and termination shall void any judgment obtained against the Reorganizing Debtors, the Disbursing Agent or the Reorganized Debtors (as applicable) at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

Section 10.02. Injunction.

(a) *Discharged Claims and Terminated Interests.* Except as otherwise expressly provided for in the PSP Plan or the Confirmation Order, and to the fullest extent authorized or provided by the Bankruptcy Code, including sections 524 and 1141 thereof, the entry of the Confirmation Order shall, provided that the Effective Date occurs, permanently enjoin all Persons that have held, currently hold or may hold a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is Impaired or terminated pursuant to the terms of the PSP Plan from taking any of the following actions against the Reorganizing Debtors, the Disbursing Agent or the Reorganized Debtors (as applicable), or the Property of any of the foregoing on account of any such discharged Claims, debts or liabilities or such terminated Interests or rights: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind; (ii) enforcing, levying, attaching, collecting or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree or order; (iii) creating, perfecting or enforcing in any manner, directly or indirectly, any Lien or encumbrance of any kind; (iv) asserting any setoff, offset, right of subrogation or recoupment of any kind, directly or indirectly, against any debt, liability or obligation due to the Reorganizing Debtors; and (v) proceeding in any manner in any place whatsoever, including employing any process, that does not conform to or comply with or is inconsistent with the provisions of the PSP Plan.

(b) *Released Claims.* As of the Effective Date, the Confirmation Order shall constitute an injunction permanently enjoining any Person that has held, currently holds or may hold a Claim, demand, debt, right, Cause of Action or liability that is released pursuant to Section 10.04 hereof from enforcing or attempting to enforce any such Claim, demand, debt, right, Cause of Action or liability against any Releasee, the Disbursing Agent or any of their respective Property, based on, arising from or relating to, in whole or in part, any act, omission or other occurrence taking place on or prior to the Effective Date with respect to or in any way relating to the Chapter 11 Cases, all of which claims, demands, debts, rights, Causes of Action or liabilities shall be deemed released on and as of the Effective Date; provided, however, that this injunction shall not apply to: (i) any Claims that Creditors may assert under the PSP

Plan to enforce their rights thereunder, to the extent permitted by the Bankruptcy Code; or (ii) any claims Creditors or other third parties may have against each other, which Claims are not related to the Reorganizing Debtors, it being understood, however, that any defenses, offsets or counterclaims of any kind or nature whatsoever that the Reorganizing Debtors may have or assert in respect of any of the claims of the type described in (i) or (ii) of this proviso are fully preserved.

Section 10.03. Exculpation. Neither the Disbursing Agent nor any Releasee shall have or incur any liability to any Person, including, without limitation, any Holder of a Claim or Interest or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys or Affiliates or any of their successors or assigns, for any act taken or omission made in connection with, relating to, or arising out of, the Chapter 11 Cases, Filing, negotiating, prosecuting, administering, formulating, implementing, confirming or consummating this PSP Plan, or the Property to be distributed under this PSP Plan, including all activities leading to the promulgation and confirmation of the PSP Plan, the PSP Disclosure Statement (including any information provided or statement made in the PSP Disclosure Statement or omitted therefrom), or any contract, instrument, release or other agreement or document created in connection with or related to the PSP Plan or the administration of the Reorganizing Debtors or these Chapter 11 Cases; provided, however, that the foregoing exculpation shall not apply to any act of gross negligence or willful misconduct.

Section 10.04. Releases.

(a) *Releases by Reorganizing Debtors*. Effective as of the Effective Date, and except as otherwise provided in the PSP Plan or the Confirmation Order, for good and valuable consideration, the adequacy of which is hereby confirmed, the Reorganizing Debtors, in their individual capacities and as debtors in possession, will be deemed to have forever released, waived and discharged: (i) the Prepetition Secured Parties, collectively and individually, and their respective current and former officers, directors, employees, agents, stockholders, managers, members, Affiliates, partners, attorneys, advisors and professionals; and (ii) Procurement, from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of the Reorganizing Debtors or the Disbursing Agent to enforce the PSP Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder), whether for tort, contract, violations of federal or state securities laws or otherwise, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence, including actions in connection with indebtedness for money borrowed by the Reorganizing Debtors, taking place on or prior to the Effective Date in any way relating to the Reorganizing Debtors, the Chapter 11 Cases or the PSP Plan.

(b) *Releases by Holders of Claims and Interests*. Effective as of the Effective Date, and except as otherwise provided in the PSP Plan or the Confirmation Order, to the fullest extent permitted under applicable law, in consideration for the obligations of the Persons set forth below under the PSP Plan and, if applicable, the Cash, securities, contracts, releases and other agreements or documents to be delivered in connection with the PSP Plan,

each Holder of a Claim or Interest who votes or is deemed to have voted in favor of the PSP Plan, and any Affiliate of any such Holder (as well as any trustee or agent on behalf of each such Holder) shall be deemed to have forever waived, released and discharged the Releasees and the Disbursing Agent from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of the Plan Proponents to enforce the PSP Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder), whether for tort, contract, violations of federal or state securities laws or otherwise, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence, including actions in connection with indebtedness for money borrowed by the Reorganizing Debtors, taking place on or prior to the Effective Date in any way relating to the Reorganizing Debtors, the Chapter 11 Cases or the PSP Plan.

Section 10.05. Other Documents and Actions. The Plan Proponents are authorized to execute such documents and take such other action as is necessary to effectuate the transactions provided for in the PSP Plan.

Section 10.06. Term of Injunctions or Stays. Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under sections 105(a) or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

Section 10.07. Preservation of Insurance. Except as necessary to be consistent with the PSP Plan, the PSP Plan and the discharge provided herein shall not diminish or impair the enforceability of insurance policies that may cover Claims against the Reorganizing Debtors or any other Person or Entity, including self-insurance programs.

Section 10.08. Guaranties. Notwithstanding the existence of guaranties by the Reorganizing Debtors of obligations of any Entity or Entities, and the Reorganizing Debtors' joint obligations with another Entity or Entities with respect to the same obligations, all Claims against the Reorganizing Debtors based upon any such guaranties shall be satisfied, discharged and released in the manner provided in this PSP Plan and the Holders of Claims shall be entitled to only one distribution with respect to any given obligation of the Reorganizing Debtors.

Section 10.09. Subordination Rights. Any distributions under the PSP Plan shall be received and retained free of and from any obligations to hold or transfer the same to any other Creditor, and shall not be subject to levy, garnishment, attachment or other legal process by any Holder by reason of claimed contractual subordination rights, which rights shall be waived and the Confirmation Order shall constitute an injunction enjoining any Person from enforcing or attempting to enforce any contractual, legal or equitable subordination rights to Property distributed under the PSP Plan, in each case other than as provided in the PSP Plan.

Section 10.10. No Successor Liability. Except as otherwise expressly provided in the PSP Plan, the Reorganizing Debtors, the Disbursing Agent, the Reorganized Debtors and the Prepetition Secured Parties (as applicable) do not, pursuant to the PSP Plan or otherwise, assume, agree to perform, pay or indemnify, or otherwise have any responsibilities for any

liabilities or obligations of the Reorganizing Debtors or any other party relating to or arising out of the operations of or assets of the Reorganizing Debtors, whether arising prior to, on or after the Effective Date. The Disbursing Agent, the Reorganized Debtors and the Prepetition Secured Parties (as applicable) are not, and shall not be, successors to the Reorganizing Debtors by reason of any theory of law or equity, and none shall have any successor or transferee liability of any kind or character, except that the Disbursing Agent and the Reorganized Debtors shall assume the obligations specified in the PSP Plan and the Confirmation Order.

ARTICLE XI RETENTION OF JURISDICTION

Section 11.01. Exclusive Jurisdiction of Bankruptcy Court. Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain after the Effective Date exclusive jurisdiction of all matters arising out of, arising in or related to the Chapter 11 Cases to the fullest extent permitted by applicable law, including, without limitation, jurisdiction to:

(a) classify or establish the priority or secured or unsecured status of any Claim (whether Filed before or after the Effective Date and whether or not contingent, Disputed or unliquidated) or resolve any dispute as to the treatment of any Claim pursuant to the PSP Plan;

(b) grant or deny any applications for allowance of compensation or reimbursement of expenses pursuant to sections 330, 331 or 503(b) of the Bankruptcy Code, or otherwise provided for in the PSP Plan, for periods ending on or before the Effective Date;

(c) determine and resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which any Reorganizing Debtor is a party or with respect to which any Reorganizing Debtor may be liable, and to hear, determine and, if necessary, liquidate any Claims arising therefrom;

(d) ensure that all payments due under the PSP Plan and performance of the provisions of the PSP Plan are accomplished as provided herein and resolve any issues relating to distributions to Holders of Allowed Claims pursuant to the provisions of the PSP Plan;

(e) construe, take any action and issue such orders, prior to and following the Confirmation Date and consistent with section 1142 of the Bankruptcy Code, as may be necessary for the enforcement, implementation, execution and consummation of the PSP Plan and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the PSP Plan, including, without limitation, the PSP Disclosure Statement and the Confirmation Order, for the maintenance of the integrity of the PSP Plan and protection of the Disbursing Agent in accordance with sections 524 and 1141 of the Bankruptcy Code following consummation;

(f) determine and resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation, implementation or enforcement of the PSP Plan (and all Exhibits to the PSP Plan and the PSP Plan Supplement) or

the Confirmation Order, including the indemnification and injunction provisions set forth in and contemplated by the PSP Plan or the Confirmation Order, or any Entity's rights arising under or obligations incurred in connection therewith;

(g) hear any application of the Plan Proponents or the Reorganized Debtors to modify the PSP Plan after the Effective Date, pursuant to section 1127 of the Bankruptcy Code and Section 12.04 hereof, or modify the PSP Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the PSP Plan, the PSP Disclosure Statement or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the PSP Plan, the PSP Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the PSP Plan, the PSP Disclosure Statement or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the PSP Plan, to the extent authorized by the Bankruptcy Code and the PSP Plan;

(h) issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation, implementation or enforcement of the PSP Plan or the Confirmation Order;

(i) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

(j) determine any other matters that may arise in connection with or relating to the PSP Plan, the PSP Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the PSP Plan, the PSP Disclosure Statement or the Confirmation Order, except as otherwise provided in the PSP Plan;

(k) determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(l) hear and determine any other matters related hereto and not inconsistent with chapter 11 of the Bankruptcy Code;

(m) hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the PSP Plan;

(n) enter one or more Final Decrees closing each of the Chapter 11 Cases;

(o) determine and resolve any and all controversies relating to the rights and obligations of the Disbursing Agent in connection with the Chapter 11 Cases;

(p) allow, disallow, determine, liquidate or estimate any Claim, including the compromise, settlement and resolution of any request for payment of any Claim, the resolution of any Objections to the allowance of Claims and to hear and determine any other

issue presented hereby or arising hereunder, including during the pendency of any appeal relating to any Objection to such Claim (to the extent permitted under applicable law);

(q) permit the Reorganizing Debtors (and the Reorganized Debtors, to the extent provided for in the PSP Plan) to recover all of the Reorganizing Debtors' assets and Property of their respective Estates wherever located;

(r) hear and determine any motions or contested matters involving taxes, tax refunds, tax attributes, tax benefits and similar or related matters with respect to the Reorganizing Debtors or the Reorganizing Debtors' respective Estates arising prior to the Effective Date or relating to the period of administration of the Chapter 11 Cases, including, without limitation, matters concerning federal, state and local taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

(s) hear and determine any motions, applications, adversary proceedings, contested matters and other litigated matters pending on, Filed or commenced after the Effective Date that may be commenced by the Reorganized Debtors or the Plan Proponents (as applicable) thereafter, including Avoidance Actions, proceedings with respect to the rights of the Reorganized Debtors or the Plan Proponents (as applicable) to recover Property under sections 542, 543 or 553 of the Bankruptcy Code, or proceedings to otherwise collect to recover on account of any claim or Cause of Action that the Reorganizing Debtors may have had; and

(t) hear any other matter not inconsistent with the Bankruptcy Code.

Section 11.02. Failure of Bankruptcy Court to Exercise Jurisdiction. If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction over any matter arising under, arising in or related to the Reorganizing Debtors, including with respect to the matters set forth above in Section 11.01 hereof, this Article XI shall not prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such subject matter.

ARTICLE XII MISCELLANEOUS PROVISIONS

Section 12.01. Binding Effect of PSP Plan. The provisions of the PSP Plan shall be binding upon and inure to the benefit of the Reorganizing Debtors, the Estates, the Disbursing Agent, Reorganized Debtors or the Prepetition Secured Parties (as applicable), any Holder of any Claim or Interest treated herein or any Person named or referred to in the PSP Plan, and each of their respective heirs, executors, administrators, representatives, predecessors, successors, assigns, agents, officers and directors, and, to the fullest extent permitted under the Bankruptcy Code and other applicable law, each other Person affected by the PSP Plan.

Section 12.02. Withdrawal of the PSP Plan. The Plan Proponents reserve the right, at any time prior to Confirmation of the PSP Plan to withdraw the PSP Plan. If the PSP Plan is withdrawn, the PSP Plan shall be null and void and have no force and effect. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Reorganizing Debtors or any other Person or to prejudice in any manner the

rights of the Reorganizing Debtors or any Person in any further proceedings involving the Reorganizing Debtors.

Section 12.03. Final Order. Except as otherwise expressly provided in the PSP Plan, any requirement in the PSP Plan for a Final Order may be waived by the Plan Proponents or, after the Effective Date, the Disbursing Agent and the Reorganized Debtors upon written notice to the Bankruptcy Court. No such waiver shall prejudice the right of any party in interest to seek a stay pending appeal of any order that is not a Final Order.

Section 12.04. Modification of the PSP Plan. The Plan Proponents may alter, amend or modify the PSP Plan in accordance with section 1127 of the Bankruptcy Code or as otherwise permitted at any time prior to the Confirmation Date. After the Confirmation Date and prior to the substantial consummation of the PSP Plan, and in accordance with the provisions of section 1127(b) of the Bankruptcy Code and the Bankruptcy Rules, the Plan Proponents may, so long as the treatment of Holders of Claims or Interests under the PSP Plan is not adversely affected, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the PSP Plan, the PSP Disclosure Statement or the Confirmation Order and any other matters as may be necessary to carry out the purposes and effects of the PSP Plan; provided, however, prior notice of such proceedings shall be served in accordance with Bankruptcy Rules 2002 and 9014.

Section 12.05. Business Days. If any payment or act under the PSP 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.

Section 12.06. Severability. Should the Bankruptcy Court determine, prior to the Confirmation Date, that any provision of the PSP Plan is either illegal on its face or illegal as applied to any Claim or Interest, such provision shall be unenforceable as to all Holders of Claims or Interests or to the specific Holder of such Claim or Interest, as the case may be, as to which such provision is illegal. Unless otherwise determined by the Bankruptcy Court, such a determination of unenforceability shall in no way limit or affect the enforceability and operative effect of any other provision of the PSP Plan. The Plan Proponents reserve the right not to proceed with Confirmation or consummation of the PSP Plan if any such ruling occurs.

Section 12.07. Governing Law. EXCEPT TO THE EXTENT THAT THE BANKRUPTCY CODE, BANKRUPTCY RULES OR OTHER FEDERAL LAWS ARE APPLICABLE, AND SUBJECT TO THE PROVISIONS OF ANY CONTRACT, INSTRUMENT, RELEASE, INDENTURE OR OTHER AGREEMENT OR DOCUMENT ENTERED INTO IN CONNECTION WITH THE PSP PLAN, THE CONSTRUCTION, IMPLEMENTATION AND ENFORCEMENT OF THE PSP PLAN AND ALL RIGHTS AND OBLIGATIONS ARISING UNDER THE PSP PLAN SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO CONFLICTS-OF-LAW PRINCIPLES THAT WOULD APPLY THE LAW OF A JURISDICTION OTHER THAN THE STATE OF TEXAS.

Section 12.08. Dissolution of Committee. On the Effective Date, any statutory committee that has been established shall be automatically dissolved and all of its members, Professionals and agents shall be deemed released of their duties, responsibilities and obligations, and shall be without further duties, responsibilities and authority in connection with the Reorganizing Debtors, the Chapter 11 Cases, the PSP Plan or its implementation.

Section 12.09. Payment of Statutory Fees. All U.S. Trustee's Fee Claims, as determined, if necessary, by the Bankruptcy Court at the hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid on or before the Effective Date by the Reorganized Debtors.

Section 12.10. Post-Confirmation Operating Reports. The Plan Proponents shall file quarterly operating reports as required by the United States Trustee until such time as a Final Decree or other order is entered under section 350(a) of the Bankruptcy Code closing the Bankruptcy Cases.

Section 12.11. Notices. Any notice required or permitted to be provided under this PSP Plan to the Plan Proponents, or any request for information with respect to the PSP Plan, shall be in writing and served by either: (a) certified mail, return receipt requested, postage prepaid; (b) hand delivery; or (c) reputable overnight delivery service, freight prepaid, to be addressed as follows:

If to the Prepetition Agent, to Credit Suisse AG, Cayman Islands Branch, Attn: Didier Siffer and Benjamin Son, with a copy to Latham & Watkins, LLP, Attn: Mitchell A. Seider, Esq. and David Hammerman, Esq., 885 Third Avenue, New York, New York 10022-4834;

If to the Required Lenders, to Milbank, Tweed, Hadley & McCloy LLP, Attn: Dennis F. Dunne, Esq., William Bice, Esq. and Steven Z. Szanzer, Esq., One Chase Manhattan Plaza, New York, New York 10005-1413;

With a copy to:

Haynes and Boone, LLP, Attn: Robert D. Albergotti, Esq. and Abigail Ottmers, Esq., 2323 Victory Avenue, Suite 700, Dallas, Texas 75219.

Section 12.12. Filing of Additional Documents. On or before substantial consummation of the PSP Plan, the Plan Proponents shall issue, execute, deliver, and File with the Bankruptcy Court or record any agreements and other documents, and take any action as may be necessary or appropriate to effectuate, consummate and further evidence the terms and conditions of the PSP Plan.

Section 12.13. Section 1125 of the Bankruptcy Code. The Plan Proponents have, and upon Confirmation of the PSP Plan shall be deemed to have, solicited acceptances of the PSP Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code. The Plan Proponents (and each of their respective Affiliates, officers, directors, employees, consultants, agents, advisors, members, attorneys, accountants, financial advisors, other

representatives and Professionals) have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer, issuance, sale, solicitation and/or purchase of the securities offered and sold under the PSP Plan, and are not, and on account of such offer, issuance, sale, solicitation and/or purchase will not be liable at any time for the violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the PSP Plan or the offer, issuance, sale, solicitation and/or purchase of the securities offered and sold under the PSP Plan.

Section 12.14. Section 1146 Exemption. To the fullest extent permitted under section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of any security under the PSP Plan, if any, or the execution, delivery or recording of an instrument of transfer under the PSP Plan, or the revesting, transfer or sale of any real or other Property of or to the Reorganized Debtors or the Disbursing Agent, shall not be taxed under any state or local law imposing a stamp tax, transfer tax or similar tax or fee. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, mortgage recording tax, intangible tax or similar tax.

Section 12.15. Section 1145 Exemption. To the fullest extent permitted under section 1145 of the Bankruptcy Code, the issuance of any interests in the Reorganized Debtors on or around the Effective Date shall be exempt from the registration requirements of Section 5 of the Securities Act and any and all federal, state and local laws requiring the registration or licensing of an issuer, underwriter, broker or dealer in such securities.

Section 12.16. Time. Unless otherwise specified herein, in computing any period of time prescribed or allowed by the PSP Plan, the day of the act or event from which the designated period begins to run shall not be included. The last day of the period so computed shall be included, unless it is not a Business Day, in which event the period runs until the end of next succeeding day that is a Business Day. Otherwise, the provisions of Bankruptcy Rule 9006 shall apply.

Section 12.17. No Attorneys' Fees. No attorneys' fees will be paid by the Reorganizing Debtors with respect to any Claim or Interest, except as expressly specified herein or by order of the Bankruptcy Court (including the Cash Collateral Order).

Section 12.18. No Injunctive Relief. No Claim or Interest shall under any circumstances be entitled to specific performance or other injunctive, equitable or other prospective relief.

Section 12.19. Continued Confidentiality Obligations. Pursuant to the terms thereof, members of and advisors to any statutory committee, any other Holder of a Claim or Interest and their respective predecessors, successors and assigns shall continue to be obligated and bound by the terms of any confidentiality agreement executed by them in connection with these Chapter 11 Cases or the Reorganizing Debtors, to the extent that such agreement, by its terms, may continue in effect after the Confirmation Date.

Section 12.20. No Admissions or Waivers. Notwithstanding anything herein to the contrary, nothing contained in the PSP Plan shall be deemed an admission or waiver by the Reorganizing Debtors or the Plan Proponents with respect to any matter set forth herein, including, without limitation, liability on any Claim or Interest or the propriety of any classification of any Claim or Interest.

Section 12.21. Entire Agreement. The PSP Plan (and all Exhibits to the PSP Plan and the PSP Plan Supplement) sets forth the entire agreement and undertakings relating to the subject matter hereof and supersedes all prior discussions and documents. The Plan Proponents shall not be bound by any terms, conditions, definitions, warranties, understandings or representations with respect to the subject matter hereof, other than as expressly provided for herein or as may hereafter be agreed to by the parties in writing.

Section 12.22. Waiver. The Plan Proponents reserve the right to waive any provision of this PSP Plan to the extent such provision is for the sole benefit of the Plan Proponents.

Section 12.23. Bar Date for Holders of Administrative Expense Claims. All Holders of Administrative Expense Claims incurred on and after the Petition Date and prior to and including the Effective Date, and not otherwise paid in the ordinary course of the Reorganizing Debtors' business, shall file and serve on counsel for the Reorganized Debtors, the Required Lenders, the United States Trustee and any other party specifically requesting a copy in writing, an application for an Administrative Expense Claim (the "Administrative Expense Application") no later than forty-five (45) days after the Effective Date. Each Administrative Expense Application shall: (a) state the name of the specific Reorganizing Debtor against which such Administrative Expense Claim is asserted; (b) set forth with specificity the legal and factual basis for the Administrative Expense Claim; and (c) include supporting documentation or an explanation as to why documentation is not available. Any interested party desiring to object to any Administrative Expense Application must file and serve its Objection on the Reorganized Debtors, the Required Lenders, the United States Trustee and the Creditor to whose application the Objection is addressed no later than sixty (60) days after the Effective Date. In the event that a party files an Objection to all or a portion of an Administrative Expense Application, and such objecting party and the Creditor cannot mutually resolve the Objection(s) with respect to the Disputed portion of such Administrative Expense Application, such Creditor may apply to the Bankruptcy Court for approval of the Administrative Expense Application upon notice to the objecting party, the Reorganized Debtors, the Required Lenders and the United States Trustee of not less than ten (10) Business Days. Any Holder of an Administrative Expense Claim who fails to timely file an Administrative Expense Application: shall be forever barred, estopped and enjoined from asserting such Administrative Expense Claim, or filing a request for the allowance thereof, against the Debtors or the Reorganizing Debtors and their Property, and the Reorganized Debtors shall be forever discharged from any and all indebtedness or liability with respect to any Administrative Expense Claim from such Holder; and such Holder shall not be permitted to participate in any distribution under the PSP Plan on account of any Administrative Expense Claim.

Section 12.24. Bar Date for Professionals. All Professionals asserting Professional Fee Claims shall file and serve on counsel for the Reorganized Debtors, the

Required Lenders, the United States Trustee and any other party specifically requesting a copy in writing, an application for its Professional Fee Claim no later than forty-five (45) days after the Effective Date. Any interested party desiring to object to any Professional Fee Claim must file and serve its Objection on the Reorganized Debtors, the Required Lenders, the United States Trustee and the Professional to whose application the Objection is addressed no later than sixty (60) days after the Effective Date. In the event that a party files an Objection to all or a portion of a Professional's Professional Fee Claim, and such objecting party and the Professional cannot mutually resolve the Objection(s) with respect to the Disputed portion of such Professional's Professional Fee Claim, the Professional may apply to the Bankruptcy Court for approval of the such Professional's Professional Fee Claim upon notice to the objecting party, the Reorganized Debtors, the Required Lenders and the United States Trustee of not less than ten (10) Business Days.

CONFIRMATION REQUEST

The Plan Proponents hereby request confirmation of the PSP Plan pursuant to section 1129(a) or section of the Bankruptcy Code.

Dated: August 2, 2010
San Antonio, Texas

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Appendix B

[Financial Projections]

Appendix C

[Plan Proponent's Liquidation Analysis]

Appendix D

[Selected Financial Data for Reorganizing Debtors]