

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT
BRIDGEPORT DIVISION**

IN RE:	§ CHAPTER 11
	§
IL LUGANO, LLC	§ Case No. 08-50811 (AHWS)
	§
Debtor	§

**PLAN OF REORGANIZATION
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

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Dated: March 31, 2009

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Il Lugano, LLC (the “Debtor”) files this Plan of Reorganization, pursuant to Bankruptcy Code section 1121(a). Reference is made to the Disclosure Statement, distributed contemporaneously herewith, for a discussion of the Debtor’s history, business, properties, results of operations, projections for future operations, risk factors, a summary and analysis of the Plan and certain related matters.

ARTICLE I

DEFINITIONS, CONSTRUCTION, AND INTERPRETATION

The capitalized terms used herein shall have the respective meanings set forth below. A capitalized term used herein that is not defined in this Article or otherwise defined in the Plan shall have the meaning ascribed to that term, if any, in the Bankruptcy Code. To the extent that there is an inconsistency between a definition in this Plan and a definition in the Bankruptcy Code, the definition set forth in this Plan shall control. The rules of construction contained in Bankruptcy Code section 102 shall apply to the construction of the Plan, provided, that in the event of any conflict between the Plan and the Disclosure Statement, the Plan shall govern over the Disclosure Statement. In the event a conflict between the Plan and any document implementing the Plan arises, the document shall govern. In the event a conflict between the Plan and the Confirmation Order arises, the Confirmation Order shall govern. Whenever the context requires, words denoting the singular number shall include the plural number and vice versa, and words denoting one gender shall include the other gender and vice versa. All exhibits and schedules to the Plan are incorporated herein. **PLEASE NOTE that all Exhibits to the Plan and any Plan Documents have been, or will be, filed electronically with the Bankruptcy Court. Copies of those Exhibits and Plan Documents may be viewed and/or downloaded from the Bankruptcy Court’s PACER website. Further, the Debtor will provide copies of any or all of the Exhibits to the Plan and the Plan Documents upon written request submitted to the Debtor’s counsel, Neligan Foley LLP, 325 N. St. Paul, Suite 3600, Dallas, Texas 75201 (Attn: Carolyn Perkins).**

1.01. “Administrative Claim” means a Claim for payment of an administrative expense of a kind within the scope of Bankruptcy Code section 503(b) and entitled to priority under Bankruptcy Code section 507(a)(2), including, without limitation, (a) actual, necessary costs and expenses, incurred after the Petition Date, of preserving the Estate and operating the Debtor’s business, including wages, salaries, or commissions for services rendered, (b) Fee Claims and all other claims for compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under the Bankruptcy Code, (c) all fees and charges assessed against the Estate under the Bankruptcy Code or under chapter 123 of title 28 of the United States Code, and (d) all other claims entitled to administrative priority claim status pursuant to a Final Order of the Bankruptcy Court.

1.02. “Allowance Date” means the date on which a Claim becomes an Allowed Claim.

1.03. “Allowed,” with respect to a Claim, other than an Administrative Claim, or any portion thereof, means such a Claim (a) that has been allowed by a Final Order, (b) that either (y) was listed in the Schedules as a liquidated, non-contingent, and undisputed Claim in an amount greater than zero or (z) is the subject of a timely filed proof of Claim as to which either (i) no objection to its allowance has been filed (either by way of objection or amendment of the Schedules) on or before the Objection Deadline or (ii) any objection to its allowance has been

settled, waived through payment, withdrawn or overruled by a Final Order of the Bankruptcy Court, or (c) that is expressly allowed in a liquidated amount in the Plan; with respect to an Administrative Claim, means an Administrative Claim for which a timely written request for payment has been made in accordance with the Plan (if such written request is required) and as to which (y) no timely objection to its allowance has been filed or (z) any objection to its allowance has been settled, waived through payment, withdrawn or overruled by a Final Order of the Bankruptcy Court; and with respect to an Interest, means any Interest that appears, as of the Voting Record Date, in the equity register maintained by or on behalf of the Debtor; provided, however, that for purposes of determining the status (i.e., Allowed or Disputed) of a particular Claim or Interest before the expiration of the applicable period fixed for filing objections to the allowance of Claims or Interests, any such Claim or Interest that has not been previously allowed or disallowed by a Final Order of the Bankruptcy Court or by the Plan shall be deemed a Disputed Claim or Interest unless such Claim or Interest is specifically identified by the Debtor as being an Allowed Claim or Interest.

1.04. “Avoidance Action” means any claim or cause of action arising under Chapter 5 of the Bankruptcy Code including, but not limited to, 11 U.S.C. §§ 502, 510, 541, 542, 544, 545, 547, 548, 549, 550, 551, or 553, or under related state or federal statutes or common law, including, without limitation, fraudulent transfer laws, whether or not litigation is commenced to prosecute such causes of action.

1.05. “Ballot” means each of the ballot forms distributed to each Holder of a Claim or Interest entitled to vote to accept or reject this Plan.

1.06. “Ballot Deadline” means _____, 2009, the deadline set by the Bankruptcy Court for the receipt of Ballots for accepting or rejecting the Plan.

1.07. “Bankruptcy Case” means case no. 08-50811 in the Bankruptcy Court commenced by the Debtor under chapter 11 of the Bankruptcy Code.

1.08. “Bankruptcy Code” means title 11 of the United States Code, as now in effect or hereafter amended and as applicable to the Bankruptcy Case.

1.09. “Bankruptcy Court” means the Bankruptcy Court for the District of Connecticut, Bridgeport Division, or any other court having jurisdiction over the Bankruptcy Case.

1.10. “Bankruptcy Rules” means, collectively, the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended, the Federal Rules of Civil Procedure, as amended and as applicable to the Bankruptcy Case or proceedings therein, and the Local Rules of the Bankruptcy Court, all as now in effect or hereafter amended.

1.11. “Bar Date” means the bar date for filing in the Bankruptcy Case proofs of Claims or Interests arising before the Petition Date against or in the Debtor, which date was December 29, 2008, other than (a) those Claims or Interests expressly excluded from such date by a Final Order of the Bankruptcy Court and (b) Claims whose filing deadline is otherwise subject to the Rejection Bar Date.

1.12. “Business Day” means any day other than a Saturday, Sunday, or a legal holiday as such term is defined in Bankruptcy Rule 9006(a).

1.13. “Case Interest Rate” means the federal judgment rate provided in 28 U.S.C. § 1961 in effect on the Petition Date, which is 2.12%, compounded annually on each anniversary of the Petition Date.

1.14. “Cash” means legal tender of the United States of America and equivalents thereof, which may be conveyed by check or wire transfer.

1.15. “Causes of Action” means any and all claims, actions, proceedings, causes of action, rights, suits, accounts, controversies, agreements, promises, rights of action, rights to legal or equitable remedies, rights to payment and Claims, 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 or derivatively, in law, equity or otherwise, that the Debtor and/or the Estate may hold against any Person, or which could be asserted by the Debtor on behalf of any Creditor or Creditor representative under the Bankruptcy Code as a Debtor in Possession, including but not limited to all Avoidance Actions and actions under Bankruptcy Code section 510 to subordinate Claims, and all proceeds of and recoveries of same.

1.16. “Claim” shall have the meaning provided in Bankruptcy Code section 101(5).

1.17. “Collateral” means any property or interest in property of the Debtor’s Estate that is subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable non-bankruptcy law.

1.18. “Confirmation Date” means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order.

1.19. “Confirmation Hearing” means the hearing held by the Bankruptcy Court pursuant to Bankruptcy Code section 1128, scheduled to commence on _____, 2009, at _____.m. Eastern Time, and as may be adjourned or continued from time to time, to consider confirmation of the Plan.

1.20. “Confirmation Order” means the order of the Bankruptcy Court confirming the Plan under Bankruptcy Code section 1129.

1.21. “Creditor” means any Person who holds a Claim against one the Debtor.

1.22. “Cure Claim” means a Claim arising from the assumption of an Executory Contract under Bankruptcy Code section 365(b).

1.23. “Debtor” means Il Lugano, LLC, including, as the context may require, Il Lugano, LLC as reorganized pursuant to the Plan from and after the Effective Date.

1.24. “Disallowed,” when used with respect to a Claim or Interest, shall mean a Claim or Interest, or a portion thereof, that (a) has been disallowed by a Final Order, (b) is listed in the Schedules in an amount of zero or as contingent, unliquidated or disputed and as to which no proof of Claim or Interest has been filed by the applicable Bar Date or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or a Final Order or under applicable law, or (c) is not listed in the Schedules and as to which (y) no proof of Claim or Interest has been filed by the applicable Bar Date or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or a Final Order or under applicable law, or (ii) no request for the allowance of an Administrative Claim or a Fee Claim has been filed by the deadline in section 2.01 of the Plan or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or a Final Order or under applicable law.

1.25. “Disclosure Statement” means the disclosure statement (including all exhibits and schedules thereto) relating to this Plan, distributed contemporaneously with this Plan in accordance with Bankruptcy Code sections 1125 and 1126(b) and Bankruptcy Rule 3018, as it may be altered, amended or modified from time to time in accordance with the provisions of the Bankruptcy Code and the Bankruptcy Rules.

1.26. “Disputed” means, with respect to a Claim or Interest, a Claim against or Interest in a Debtor, or any portion thereof, that has not been Allowed pursuant to the Plan or a Final Order and (a) that is listed in the Schedules as disputed, contingent, or unliquidated; (b) that is listed in the Schedules as undisputed, liquidated, and not contingent and as to which a proof of Claim or Interest has been timely filed or deemed timely filed with the Bankruptcy Court, to the extent the amount asserted in the proof of Claim or Interest exceeds the scheduled amount; (c) as to which any party in interest has timely filed an objection or request for estimation in accordance with the Plan, the Bankruptcy Code, the Bankruptcy Rules or any order of the Bankruptcy Court, or which is otherwise disputed by a Debtor in accordance with applicable law, which objection, request for estimation, or dispute has not been withdrawn or resolved or determined by a Final Order; or (d) that is the subject of a pending action in a forum other than the Bankruptcy Court unless such Claim or Interest has been determined by Final Order in such other forum and Allowed by Final Order of the Bankruptcy Court. To the extent an objection related to the allowance of only a part of a Claim or Interest has been timely filed, such Claim or Interest shall be a Disputed Claim only to the extent of the objection.

1.27. “Disputed Amount” means (a) if a liquidated amount is set forth in a proof of Claim or Interest relating to a Disputed Claim or Interest, (i) the liquidated amount set forth in the proof of Claim or Interest relating to the Disputed Claim or Interest, (ii) an amount agreed to by the Debtor and the Holder of such Disputed Claim or Interest, or (iii) if a request for estimation is filed by any party, the amount at which such Claim or Interest is estimated by the Bankruptcy Court; (b) if no liquidated amount is set forth in the proof of Claim or Interest relating to a Disputed Claim or Interest, (i) an amount agreed to by the Debtor and the Holder of such Disputed Claim or Interest, or (ii) the amount estimated by the Bankruptcy Court with respect to such Disputed Claim or Interest; or (c) if the Claim or Interest was not listed on the Schedules or was listed on the Schedules as unliquidated, contingent or unliquidated and no proof of Claim or Interest was filed, or deemed to have been filed, by the applicable Bar Date and the Claim or Interest has not been resolved by written agreement of the Debtor and the Holder of such Claim or Interest or an order of the Bankruptcy Court, zero.

1.28. “Distribution” means the property, if any, required by the Plan to be distributed to the Holders of Allowed Claims or Holders of Allowed Interests.

1.29. “Distribution Date” means the date upon which a Distribution is made by the Debtor in accordance with the Plan to Holders of Allowed Claims or Allowed Interests entitled to receive Distributions under the Plan.

1.30. “Distribution Reserve Account(s)” means the segregated account or accounts established and maintained by the Debtor from the assets to be distributed to or for the benefit of the Holders of Allowed Claims or Interests in the Bankruptcy Case.

1.31. “Effective Date” means the first Business Day on which no stay or motion for a stay of the Confirmation Order is in effect that is after ten (10) days (as calculated in accordance with Federal Rule of Bankruptcy Procedure 9006(a)) following the Confirmation Date and all conditions to the Effective Date have been met or waived. The Debtor will file and serve notice of the Effective Date within five (5) Business Days after its occurrence.

1.32. “Entity” shall have the meaning provided in Bankruptcy Code section 101(15).

1.33. “Estate” means the estate of the Debtor created under Bankruptcy Code section 541.

1.34. “Executory Contract” means any prepetition executory contract or unexpired lease governed by Bankruptcy Code section 365.

1.35. “Face Amount” means (a) when used in reference to a Disputed Claim or Interest, the Disputed Amount and (b) when used in reference to an Allowed Claim or Interest, the Allowed amount of such Claim or Interest.

1.36. “Fee Application” means an application for the allowance and/or payment of a Fee Claim.

1.37. “Fee Claim” means a Claim by a Professional or any other party pursuant to Bankruptcy Code sections 327, 328, 330, 331, 363, 503(b) or 1103 or otherwise for compensation for services rendered or reimbursement of costs, expenses, or other charges incurred after the Petition Date and prior to and including the Effective Date.

1.38. “Final Decree” means the final decree entered by the Bankruptcy Court pursuant to Bankruptcy Rule 3022, which shall, among other things, close the Bankruptcy Case.

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

1.40. “General Unsecured Claim” means a Claim other than an Administrative Claim, a Secured Claim, a Priority Tax Claim, or a Non-Tax Priority Claim.

1.41. “GMAC Loan Documents” means the two (2) Retail Installment Sale Contracts, dated November 28, 2007 and December 18, 2007, respectively, entered into under the GMAC Flexible Finance Plan by the Debtor, as buyer, to purchase two (2) Cadillac Escalade vehicles identified by vehicle identification numbers 1GYFK66858R109365 and 1GYFK66888R145955, respectively.

1.42. “GMAC Secured Claim” means a Secured Claim arising under the GMAC Loan Documents.

1.43. “Holder” means a Person that is the beneficial owner of a Claim or an Interest. For purposes of voting to accept or reject the Plan, a Person must be a Holder as of the Voting Record Date.

1.44. “Initial Distribution Date” means the first Distribution Date following the Effective Date, which date shall be no later than thirty (30) days after the Effective Date.

1.45. “Interest” means the legal, equitable, contractual, and other rights of any Person with respect to any capital stock or other ownership or membership interest in the Debtor, whether or not transferable, and any option, warrant or right to purchase, sell, or subscribe for an ownership interest or other equity security in the Debtor.

1.46. “Lien” has the meaning ascribed to such term in Bankruptcy Code section 101(37) and shall include a “statutory lien” as defined in section 101(53) of the Bankruptcy Code.

1.47. “Miscellaneous Secured Claim” means a Secured Claim against the Debtor other than a Secured Tax Claim, the SC Vegas Secured Claim, or a GMAC Secured Claim.

1.48. “Net Proceeds” means any amounts collected from the sale or liquidation of the Debtor’s assets after payment of all costs and expenses of such sale or liquidation, including, without limitation, attorney fees.

1.49. “Non-Tax Priority Claim” means any Claim that, if Allowed, would be entitled to priority in payment under Bankruptcy Code section 507(a) other than a Priority Tax Claim or an Administrative Claim.

1.50. “Objection Deadline” means the last day for filing objections to Claims or Interests, other than Administrative Claims or Fee Claims, which day shall be the later of (a) 180 days after the Effective Date or (b) such other day as the Bankruptcy Court may order. The filing of a motion to extend the Objection Deadline shall automatically extend the Objection Deadline until an order ruling on such motion becomes a Final Order. If such motion to extend the Objection Deadline is denied, the Objection Deadline shall be the later of the current Objection Deadline (as previously extended, if applicable) or thirty (30) days after the Bankruptcy Court’s order denying such motion becomes a Final Order.

1.51. “Ordinary Course of Business” shall have the meaning provided under 11 U.S.C. § 363 and judicial interpretations thereof.

1.52. “Person” means and includes Entities, natural persons, corporations, limited partnership, general partnerships, joint ventures, trusts, land trusts, business trusts, unincorporated organizations, or other organizations, irrespective of whether they are legal entities, governments and agencies and political subdivisions thereof or other entities.

1.53. “Petition Date” means August 29, 2008, the date on which the Debtor filed its petition for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Case.

1.54. “Plan” means this Plan of Reorganization, all exhibits annexed to the Plan, referenced in the Plan, or included in the Plan Supplement, as the same may be altered, amended, modified, or supplemented from time to time in accordance with the Bankruptcy Code and the Bankruptcy Rules.

1.55. “Plan Supplement” or “Plan Documents” means any exhibits, schedules, agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, which shall be filed no later than ten (10) days before the Confirmation Hearing or such later date as may be approved by the Bankruptcy Court without further notice to parties in interest, and as may be amended thereafter.

1.56. “Priority Tax Claim” means any Claim that, if Allowed, would be entitled to priority under Bankruptcy Code section 507(a)(8).

1.57. “Professional” means (a) any professional employed in the Bankruptcy Case pursuant to Bankruptcy Code sections 327, 328 or 1103 or otherwise and (b) any professional or other Person seeking compensation or reimbursement of costs and expenses in connection with the Bankruptcy Case pursuant to Bankruptcy Code section 503(b)(4) or 1129(a)(4).

1.58. “Pro Rata” means, at any time, the proportion that the Face Amount of a Claim or an Interest in a particular Class bears to the aggregate Face Amount of all Claims or Interests (including Disputed Claims or Interests, but excluding Disallowed Claims or Interests) in that Class, unless the Plan provides otherwise.

1.59. “Rejection Bar Date” means the deadline by which any Person whose Claim arises out of the rejection of an executory contract or unexpired lease (pursuant to Bankruptcy Code section 365) must file a proof of Claim, which deadline shall be the later of (a) thirty (30) days after service of a notice of the Effective Date or (b) such other date as is prescribed by the Bankruptcy Court.

1.60. “Rejection Claim” means a Claim by a party to an Executory Contract that has not been assumed by the Debtor pursuant to the Plan or a prior Final Order of the Bankruptcy Court entered in the Bankruptcy Case.

1.61. “Schedules” means the schedules of assets and liabilities, the list of Holders of Interests, and the statement of financial affairs filed by the Debtor as required by Bankruptcy

Code section 521 and the Bankruptcy Rules, as such items have been or may be modified, supplemented or amended.

1.62. “Secured Claim” means a Claim secured by a Lien that is not subject to avoidance under the Bankruptcy Code or other applicable non-bankruptcy law, on or against property in which the Estate has an interest, or a Claim that is subject to setoff under Bankruptcy Code section 553, but only to the extent of the value of the Holder’s interest in the Estate’s interest in such property or to the extent of the amount subject to setoff, as applicable; as determined by a Final Order pursuant to Bankruptcy Code section 506(a) or, in the case of setoff, pursuant to Bankruptcy Code section 553, or in either case as agreed upon in writing by the Debtor and the Holder of such Claim. Secured Claims shall include Claims secured by Liens junior in priority to other Liens, whether by operation of law, contract, or otherwise, but solely to the extent of the value, as of the Effective Date or such other date established by the Bankruptcy Court, of such Claim Holder’s interest in the Estate’s interest in such property after giving effect to all Liens that are senior in priority. The amount of any Claim that exceeds the value of the Holder’s interest in the Estate’s interest in property or the amount subject to setoff shall be treated as a General Unsecured Claim.

1.63. “Secured Tax Claim” means a Claim of a governmental unit for the payment of a tax assessed against property of the Estate and that is secured as of the Effective Date by a Lien against such property, which Lien is valid, perfected and enforceable under applicable law and is not subject to avoidance under the Bankruptcy Code or applicable non-bankruptcy law, but only to the extent of the value of the property securing such Claim.

1.64. “Unclaimed Property” means any Distribution under the Plan that, for a period of one year after the applicable Distribution Date (unless otherwise extended by an order of the Bankruptcy Court or an agreement with the Debtor), is either (a) attributable to the Holder of an Allowed Claim that has failed to prepare, execute and return to the Debtor an Internal Revenue Service Form W-9, (b) returned to the Debtor as undeliverable, or (c) otherwise unclaimed.

1.65. “Voting Record Date” means _____, 2009.

ARTICLE II

UNCLASSIFIED CLAIMS

2.01. Administrative Claims.

(a) **Time for Filing Administrative Claims.** The Holder of any Administrative Claim that is incurred, accrued or in existence prior to the Effective Date, other than (i) a Fee Claim, (ii) an Allowed Administrative Claim, or (iii) a liability in the Ordinary Course of Business must file with the Bankruptcy Court and serve on all parties required to receive such notice a request for the allowance of such Administrative Claim on or before thirty (30) days after the Effective Date. Such request must include at a minimum (i) the name of the Holder of the Claim, (ii) the amount of the Claim, and (iii) the basis of the Claim. Failure to timely and properly file and serve the request required under this Section shall result in the Administrative Claim being forever barred and discharged. Objections to such requests must be filed and served pursuant to the Bankruptcy Rules on the requesting party and the Debtor within thirty (30) days after the filing of the applicable request for payment of an Administrative Claim.

(b) **Time for Filing Fee Claims.** Any Person who holds or asserts an Administrative Claim that is a Fee Claim for compensation for services rendered and reimbursement of expenses incurred prior to the Effective Date shall be required to file with the Bankruptcy Court and serve on all parties required to receive such notice a Fee Application within forty-five (45) days after the Effective Date. Failure to timely and properly file and serve a Fee Application as required under this Section shall result in the Fee Claim being forever barred and discharged. No Fee Claim will be deemed Allowed until an order allowing the Fee Claim becomes a Final Order. Objections to Fee Applications must be filed and served pursuant to the Bankruptcy Rules on the Debtor and the Person to whose application the objections are filed within thirty (30) days after the filing of the applicable Fee Application. No hearing may be held until the objection period has expired.

(c) **Allowance of Administrative Claims.** An Administrative Claim with respect to which notice has been properly filed pursuant to Section 2.01(a) of the Plan shall become an Allowed Administrative Claim if no timely objection is filed. If a timely objection is filed, the Administrative Claim shall become an Allowed Administrative Claim only to the extent Allowed by a Final Order. An Administrative Claim that is a Fee Claim, and with respect to which a Fee Application has been properly filed and served pursuant to Section 2.01(b) of the Plan, shall become an Allowed Administrative Claim only to the extent Allowed by a Final Order.

(d) **Payment of Allowed Administrative Claims.** Except to the extent that a Holder of an Allowed Administrative Claim has been paid prior to the Effective Date, or agrees to a different treatment, each Holder of an Allowed Administrative Claim shall receive, in full satisfaction, release and discharge of and exchange for such Administrative Claim, and after the application of any retainer held by such Holder, Cash equal to the Allowed amount of such Administrative Claim within ten (10) Business Days after the Allowance Date with respect to such Allowed Administrative Claim.

(e) **Ordinary Course of Business Claims.** Holders of Administrative Claims based on liabilities incurred in the Ordinary Course of Business of the Debtor during the Bankruptcy Case (other than Claims of governmental units for taxes or other amounts and/or interest and penalties related to such taxes or other amounts, or alleged Administrative Claims arising in tort) shall not be required to file any request for payment of such Claims. Liabilities incurred in the Ordinary Course of Business will be paid by the Debtor pursuant to the terms and conditions of the transaction giving rise to such Administrative Claim, without any further action by the Holders of such Administrative Claim. The Debtor reserves the right to object before the Objection Deadline to any claim arising, or asserted as arising, in the Ordinary Course of Business and to withhold payment of such claim until such time as any objection is resolved pursuant to a settlement or a Final Order of the Bankruptcy Court.

2.02. Priority Tax Claims.

Except to the extent that an Allowed Priority Tax Claim has been paid prior to the Initial Distribution Date, each Holder of an Allowed Priority Tax Claim, in full satisfaction, release, settlement, and discharge of and exchange for such Claim, shall receive (a) deferred Cash payments over a period not exceeding five (5) years after the Petition Date in an aggregate

principal amount equal to the Allowed amount of such Priority Tax Claim, plus interest, from the Petition Date through the date such Claim is paid in full, on the unpaid portion thereof at the rate of interest determined under applicable nonbankruptcy law as of the calendar month in which the Confirmation Date occurs, in equal annual installments with the first payment to be due on the later of (i) the Initial Distribution Date or (ii) five (5) Business Days after the date a Priority Tax Claim becomes an Allowed Priority Tax Claim, and subsequent payments to be due on each anniversary of the Initial Distribution Date, or (b) such other, less favorable treatment to which such Holder and the Debtor agree in writing. Notwithstanding the foregoing, (a) the Holder of an Allowed Priority Tax Claim shall not be entitled to receive any payment on account of any penalty arising with respect to or in connection with the Allowed Priority Tax Claim (any such penalty, if Allowed, shall be treated as a Class 5 General Unsecured Claim), and (b) the Debtor shall have the right to pay any Allowed Priority Tax Claim, or any unpaid balance of such Claim, in full, at any time after the Effective Date, without premium or penalty.

2.03. U.S. Trustee Fees.

The Debtor shall timely pay to the United States Trustee all quarterly fees incurred pursuant to 28 U.S.C. § 1930(a)(6). Any fees due as of the most recent quarterly invoice before the Confirmation Date will be paid in full within thirty (30) days after the Effective Date. After the Effective Date, the Debtor shall pay United States Trustee quarterly fees as they accrue until the Bankruptcy Case is closed. The Debtor shall serve on the United States Trustee a quarterly financial report for each quarter (or portion thereof) that the Bankruptcy Case remains open.

ARTICLE III **CLASSIFICATION OF CLAIMS AND INTERESTS**

3.01. Introduction.

All Claims and Interests, except Administrative Claims and Priority Tax Claims, are placed in the Classes set forth below. In accordance with Bankruptcy Code section 1123(a)(1), Administrative Claims and Priority Tax Claims have not been classified.

Section 3.02 of the Plan sets forth a designation of classes of Claims against and Interests in the Debtor in accordance with Bankruptcy Code section 1122(a). A Claim or Interest is classified in a particular Class only to the extent any portion of the Claim or Interest qualifies within the description of the Class and is classified in a different Class to the extent any portion of the Claim or Interest qualifies within the description of that different Class. If a Claim or Interest is acquired or transferred, the Claim or Interest shall be placed in the Class in which it would have been placed if it were owned by the original Holder of such Claim or Interest. A Claim is also placed in a particular Class for the purpose of receiving Distributions under the Plan only to the extent that such Claims is an Allowed Claim in that Class and such Claim has not been paid or released prior to the Effective Date.

3.02. Claims Against and Interests in the Debtor.

- (a) Class 1: Non-Tax Priority Claims
- (b) Class 2: Secured Tax Claims

- (c) Class 3: SC Vegas Secured Claim
- (d) Class 4: GMAC Secured Claim
- (e) Class 5: Miscellaneous Secured Claims
- (f) Class 6: General Unsecured Claims
- (g) Class 7: Interests in the Debtor

ARTICLE IV
**IDENTIFICATION OF UNIMPAIRED AND IMPAIRED
CLAIMS AND INTERESTS**

4.01. Unimpaired Claims and Interests

Claims against the Debtor in Classes 1, 2, and 4 and Interests in Class 7 are not impaired under the Plan, and the Holders of those Claims and Interests are conclusively presumed to have accepted the Plan under Bankruptcy Code section 1126(f) and are thus not entitled to vote on the Plan.

4.02. Impaired Claims and Interests

Claims against the Debtor in Classes 3, 5, and 6 are impaired under the Plan and the Holders of those Claims and Interests are entitled to vote to accept or reject the Plan.

4.03. Controversy Concerning Impairment

In the event of a controversy as to whether any Claim or Interest or any Class of Claims or Interests is impaired under the Plan, the Bankruptcy Court will determine the controversy, after notice and a hearing.

ARTICLE V
TREATMENT OF CLAIMS AND INTERESTS

5.01. Non-Tax Priority Claims – Class 1

On or as soon as reasonably practicable after the later of (a) the Initial Distribution Date or (b) the Allowance Date with respect to an Non-Tax Priority Claim, the Holder of such Allowed Non-Tax Priority Claim shall receive from the Debtor, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Non-Tax Priority Claim, (a) Cash in an amount equal to the Allowed amount of its Non-Tax Priority Claim, or (b) such other, less favorable treatment to which such Holder and the Debtor agree in writing. To the extent an Allowed Non-Tax Priority Claim entitled to priority treatment under 11 U.S.C. §§ 507(a)(4) and (5) exceeds the statutory cap applicable to such Claim, such excess shall be treated as a Class 5 General Unsecured Claim.

5.02. Secured Tax Claims – Class 2

With respect to any Allowed Secured Tax Claim for tax years prior to 2009, to the extent not already paid, on or as soon as reasonably practicable after the later of (a) the Initial

Distribution Date or (b) the Allowance Date with respect to a Secured Tax Claim, the Holder of such Allowed Secured Tax Claim shall receive from the Debtor, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Secured Tax Claim, (y) Cash equal to the value of its Allowed Secured Tax Claim, including interest thereon at the rate provided under applicable non-bankruptcy law pursuant to 11 U.S.C. § 511 from the Petition Date through the date such Claim is paid in full, or (z) such other, less favorable treatment as may be agreed upon in writing by the Debtor and such Holder.

The Holder of a Secured Tax Claim for ad valorem taxes for any tax year from 2009 and thereafter shall retain all rights and remedies for payment thereof in accordance with applicable non-bankruptcy law.

Notwithstanding any other provision of the Plan, each Holder of an Allowed Secured Tax Claim shall retain its Lien in the Collateral that secures its Claim or the proceeds of such Collateral (to the extent such Collateral is sold (or abandoned as to Collateral in which the Holder holds a first priority Lien) by the Debtor free and clear of such Lien) to the same extent and with the same priority as such Lien held as of the Petition Date until (a) the Holder of such Allowed Secured Tax Claim (i) has been paid Cash equal to the value of its Allowed Secured Tax Claim or (ii) has been afforded such other, less favorable treatment as to which the Debtor and such Holder agree upon in writing, or (b) such purported Lien has been determined by a Final Order of the Bankruptcy Court to be invalid or otherwise avoidable. To the extent that a Secured Tax Claim exceeds the value of the interest of the Estate in the property that secured such Claim, such Claim shall be deemed Disallowed pursuant to Bankruptcy Code section 502(b)(3).

If the Debtor fails to timely pay any payment required under this Section 5.02, the affected Holder of an Allowed Secured Tax Claim shall send written notice of default to the Debtor. If the default is not cured within twenty-one (21) days after notice of default is mailed, such Holder may proceed with any remedies for collection of all amounts due under applicable non-bankruptcy law without further order of the Bankruptcy Court.

5.03. SC Vegas Secured Claim – Class 3

The Holder of the Allowed SC Vegas Secured Claim shall receive from the Debtor, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Claim, a Cash payment equal to the Allowed amount of such Claim within thirty (30) days after the later of (a) the closing on a sale of the Collateral that secures the Allowed SC Vegas Secured Claim or (b) the Allowance Date with respect to the Allowed SC Vegas Secured Claim. The timing of the sale of the Collateral that secures the Allowed SC Vegas Secured Claim shall be within the sole discretion of the Debtor. Notwithstanding any other provision of the Plan, the Holder of the Allowed SC Vegas Secured Claim shall retain its Lien in the Collateral that secures its Claim or the proceeds of such Collateral (to the extent such Collateral is sold (or abandoned as to Collateral in which the Holder holds a first priority Lien) by the Debtor free and clear of such Lien) to the same extent and with the same priority as such Lien held as of the Petition Date until (a) the Holder of the Allowed SC Vegas Secured Claim has been paid Cash equal to the value of the Allowed SC Vegas Secured Claim, or (b) such purported Lien has been determined by a Final Order of the Bankruptcy Court to be invalid or otherwise avoidable.

If the Allowed SC Vegas Secured Claim exceeds the value of the Collateral pursuant to Bankruptcy Code section 506(a), any such excess shall be separately classified as a Class 6 General Unsecured Claim.

5.04. GMAC Secured Claims – Class 5

On or as soon as practicable after the later of (a) the Initial Distribution Date or (b) the Allowance Date with respect to the GMAC Secured Claims, the Holder of the Allowed GMAC Secured Claims shall receive from the Debtor a payment of Cash in an amount sufficient to cure any default that occurred at any time on or before the Effective Date (other than a default under Bankruptcy Code section 365(b)(2), which default(s), if any, shall be waived), as such amount may be determined by a written agreement by the Debtor and GMAC or determined by a Final Order of the Bankruptcy Court.

Further, as of the Effective Date, the maturity of each Allowed GMAC Secured Claim shall be reinstated as such maturity existed before any default by the Debtor under the GMAC Loan Documents on or before the Effective Date. From and after the Effective Date, the Debtor shall timely perform all payment and other obligations due under the GMAC Loan Documents in accordance with the terms thereof, and the Holder of the Allowed GMAC Secured Claims shall retain all Liens and other legal, equitable, and contractual rights to which it is entitled under the terms of the GMAC Loan Documents.

5.05. Miscellaneous Secured Claims – Class 6

Class 6 shall contain a separate subclass for each Miscellaneous Secured Claim. Each subclass is deemed to be a separate class for all purposes under the Bankruptcy Code and the Plan.

On or as soon as practicable after the later of (a) the Initial Distribution Date or (b) the Allowance Date with respect to a Miscellaneous Secured Claim, the Holder of an Allowed Miscellaneous Secured Claim shall receive from the Debtor, in full satisfaction, settlement, release and discharge of and in exchange for such Claim, (a) Cash equal to the value of its Allowed Miscellaneous Secured Claim, (b) the Collateral securing the Allowed Secured Tax Claim, or (c) such other, less favorable treatment as to which such Holder and the Debtor agree upon in writing. Any Holder of an Allowed Miscellaneous Secured Claim shall retain its Lien in the Collateral that secures its Claim or the proceeds of such Collateral (to the extent such Collateral is sold (or abandoned as to Collateral in which the Holder holds a first priority Lien) by the Debtor free and clear of such Lien) to the same extent and with the same priority as such Lien held as of the Petition Date until (a) the Holder of such Allowed Miscellaneous Secured Claim has been (i) paid Cash equal to the value of its Allowed Miscellaneous Secured Claim or (ii) has received a return of the Collateral securing its Allowed Miscellaneous Secured Claim, or (iii) has been afforded such other, less favorable treatment as to which the Debtor and such Holder agree upon in writing, or (b) such purported Lien has been determined by a Final Order of the Bankruptcy Court to be invalid or otherwise avoidable

If any Allowed Miscellaneous Secured Claim exceeds the value of the Collateral pursuant to Bankruptcy Code section 506(a), any such excess shall be separately classified as a Class 6 General Unsecured Claim.

5.06. General Unsecured Claims – Class 6

Each Holder of an Allowed General Unsecured Claim shall receive from the Debtor, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Claim, a Cash payment equal to the Allowed amount of such Claim within thirty (30) days after the later of (a) the closing on a sale of the Collateral that secures the Allowed SC Vegas Secured Claim or (b) the Allowance Date with respect to an Allowed General Unsecured Claim. The Allowed amount of an Allowed General Unsecured Claim shall include interest at the Case Interest Rate from the Petition Date through the date such Allowed General Unsecured Claim is paid in full.

5.07. Interests in the Debtor – Class 7

Each Holder of an Interest in the Debtor in Class 7 shall retain its Interest in the Debtor from and after the Effective Date.

ARTICLE VI

MEANS FOR EXECUTION AND IMPLEMENTATION OF THIS PLAN

6.01. Plan Funding

The sources of Cash necessary for the payment of Allowed Claims that are to be paid in Cash under the Plan will be Cash on hand as of the Effective Date from the operations of the Debtor, the Net Proceeds from the sale of the Debtor's assets, and any Cash generated or received by the Debtor after the Effective Date from any other source.

6.02. Debtor's Activities Post-Effective Date

From and after the Effective Date, the Debtor shall retain title, ownership, possession, and control over the management of all assets in its Estate. Between the Effective Date and the liquidation of the Debtor's assets, funding for the Debtor's operating and capital costs and expenses shall continue to be provided by SC Finance and SageCrest Holdings Limited (the debtor in Bankruptcy Case 08-50763 pending in the Bankruptcy Court) in proportion to their respective economic interests in the Debtor. The Debtor shall liquidate its assets as expeditiously as possible consistent with the goal of maximizing their value for the benefit of all creditors and interest holders

6.03. Effectuating Documents; Further Transactions

From and after the Effective Date, the Debtor and its employees, agents, attorneys and professionals shall be authorized and directed, without further Order of the Bankruptcy Court, to execute, deliver, file, and record all agreements, instruments and contracts, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions, and consummate, the Plan or to otherwise comply with applicable law.

ARTICLE VII
TREATMENT OF EXECUTORY CONTRACTS

7.01. General Treatment of Executory Contracts: Rejected

The Plan constitutes and incorporates a motion by the Debtor to reject, as of the Effective Date, all Executory Contracts to which the Debtor is a party, except for any Executory Contract that (a) has been assumed or rejected pursuant to Final Order of the Bankruptcy Court, or (b) is the subject of a separate motion to assume pursuant to section 365 of the Bankruptcy Code to be filed and served by the Debtor no later than ten (10) Business Days before the Confirmation Hearing (which motion shall include the amount of all applicable Cure Claims, if any, proposed by the Debtor). The Confirmation Order shall constitute an order of the Bankruptcy Court under section 365 of the Bankruptcy Code approving the rejection or assumption, as applicable, of such Executory Contracts as of the Effective Date. Notice of the Confirmation Hearing shall constitute notice to any non-debtor party to an Executory Contract that is to be rejected under the Plan of the intent to reject such Executory Contract.

7.02. Cure Payments and Release of Liability

Except as otherwise provided in a Final Order of the Bankruptcy Court, pursuant to Bankruptcy Code sections 365(a), (b), (c) and (f), all Cure Claims that may require payment under Bankruptcy Code section 365(b)(1) under any Executory Contract that is assumed pursuant to a Final Order of the Bankruptcy Court shall be paid by the Debtor within fifteen (15) Business Days after (a) such order becomes a Final Order with respect to undisputed Cure Amounts or (b) a Disputed Cure Amount is resolved by agreement of the parties or a Final Order of the Bankruptcy Court. If a party to an assumed Executory Contract has not filed an appropriate pleading on or before the date of the Confirmation Hearing disputing the amount of any Cure Claim proposed by the Debtor, the cure of any other defaults, the promptness of the Cure Claim payments, or the provisions of adequate assurance of future performance, then such party shall be deemed to have waived its right to dispute such matters. Any party to an assumed Executory Contract that receives full payment of a Cure Claim shall waive the right to receive any payment on a Class 6 General Unsecured Claim that relates to or arises out of such assumed Executory Contract.

7.03. Bar to Rejection Claims

If the rejection of an Executory Contract pursuant to section 7.01 above gives rise to a Claim by any other party or parties to such Executory Contract, such Claim shall be forever barred and shall not be enforceable against the Debtor or its Estate, agents, successors, or assigns, unless a proof of such Claim is filed with the Bankruptcy Court and served upon the Debtor on or before the Rejection Bar Date. Any Holder of a Claim arising out of the rejection of an Executory Contract that fails to file a proof of such Claim on or before the Rejection Bar Date shall be forever barred, estopped, and enjoined from asserting such Claim against the Debtor, the Estate or any of its assets and properties. Nothing contained herein shall extend the time for filing a proof of Claim for rejection of any Executory Contract rejected before the Confirmation Date.

7.04. Rejection Claims

Any Rejection Claim arising from the rejection of an Executory Contract shall be treated as a General Unsecured Claim pursuant to the Plan, except as limited by the provisions of Bankruptcy Code sections 502(b)(6) and 502(b)(7) and mitigation requirements under applicable law. Nothing contained herein shall be deemed an admission by the Debtor that such rejection gives rise to or results in a Rejection Claim or shall be deemed a waiver by the Debtor or any other party in interest of any objections to such Rejection Claim if asserted.

ARTICLE VIII **CONDITIONS TO CONFIRMATION DATE AND EFFECTIVE DATE; EFFECT OF PLAN CONFIRMATION**

8.01. Conditions Precedent to Confirmation Date

The occurrence of the Confirmation Date of the Plan is subject to satisfaction or waiver of each of the following conditions:

- (a) The Bankruptcy Court shall have approved the Disclosure Statement by a Final Order in form and substance acceptable to the Debtor in its sole and absolute discretion;
- (b) The Confirmation Order shall be in form and substance acceptable to the Debtor in its sole and absolute discretion; and
- (c) All provisions, terms and conditions of the Plan shall be approved in the Confirmation Order.

8.02. Conditions Precedent to the Effective Date

The occurrence of the Effective Date of the Plan is subject to the occurrence or waiver of the following conditions precedent:

- (a) The 10-day period under Bankruptcy Rule 8002(a) for filing a notice of appeal of the Confirmation Order shall have expired (whether or not any such notice of appeal is actually filed) and no stay or injunction of the Confirmation Order shall then be in effect; and
- (b) All Plan Documents, if any, shall be in form and substance reasonably acceptable to the Debtor and shall have been executed and delivered by the parties thereto, and all conditions to the effectiveness of such documents shall have been satisfied or waived as provided therein.

The foregoing conditions to the Effective Date may be waived in whole or in part by the Debtor without notice to any other parties in interest or the Bankruptcy Court, and without any hearing or order of the Bankruptcy Court. Without limiting the foregoing, the Effective Date may occur notwithstanding the pendency of an appeal of the Confirmation Order so long as there is no stay in effect, if the Debtor so elects in writing. The Effective Date may occur before the expiration of time to take an appeal or to seek reconsideration of the Confirmation Order without the giving of any notice to any objecting party, if the Debtor so elects in writing. In the event of any such appeal, the Debtor or any other party in interest may seek the dismissal of such appeal

on any grounds. The failure of the Debtor to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time. The Debtor will file with the Bankruptcy Court, and serve a copy on all parties in interest, a notice of the Effective Date within five (5) Business Days after its occurrence.

8.03. Consequences of Non-Occurrence of Effective Date

If the Effective Date does not timely occur, the Debtor reserves all rights to seek an order from the Bankruptcy Court directing that the Confirmation Order be vacated and/or that the Plan be null and void in all respects. If the Bankruptcy Court enters an order vacating the Confirmation Order, the time within which the Debtor may assume and assign, or reject, all Executory Contracts not previously assumed, assumed and assigned, or rejected shall be extended for a period of thirty (30) days after the date the Confirmation Order is vacated or as further extended by the Bankruptcy Court.

ARTICLE IX

EFFECT OF PLAN CONFIRMATION AND EFFECTIVE DATE

9.01. Binding Effect

From and after the Effective Date, the Plan shall be binding upon and inure to the benefit of the Debtor, all former, present and future Holders of Claims and Interests, and their respective successors and assigns, and all other parties in interest in the Bankruptcy Case. Confirmation of the Plan binds each Holder of a Claim or an Interest to the terms and conditions of the Plan, whether or not such Holder has accepted the Plan.

9.02. Vesting of Assets

Except as otherwise provided in the Plan, the property and assets of the Debtor's Estate shall revert in the Debtor on the Effective Date free and clear of all Claims and Interests, but subject to the obligations of the Debtor as set forth in the Plan and the Confirmation Order. Commencing on the Effective Date, the Debtor may deal with its assets and property and conduct its businesses without any supervision by, or permission from, the Bankruptcy Court or the Office of the United States Trustee, and free of any restriction imposed on the Debtor by the Bankruptcy Code or by the Bankruptcy Court during the Bankruptcy Case.

9.03. Discharge of Debtor

Except as provided in the Bankruptcy Code, the Plan or the Confirmation Order, all consideration distributed under the Plan will be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims against and Interests in the Debtor of any nature whatsoever, whether known or unknown, or against the assets or properties of the Debtor that arose before the Effective Date. Except as provided in the Bankruptcy Code, the Plan or the Confirmation Order, upon the Effective Date, entry of the Confirmation Order acts as a discharge and release under Bankruptcy Code section 1141(d)(1)(A) of all Claims against and Interests in the Debtor and the Debtor's assets and properties, arising at any time before the Effective Date, regardless of whether a proof of Claim or Interest was filed, whether the Claim or Interest is Allowed, or whether the Holder of the Claim or Interest votes to accept the Plan or is entitled to

receive a Distribution under the Plan. Except as provided in the Plan or the Confirmation Order, upon the Effective Date, any Holder of a discharged Claim or Interest will be precluded from asserting against the Debtor or any of its assets or properties any other or further Claim or Interest based on any document, instrument, act, omission, transaction or other activity of any kind or nature that occurred before the Effective Date. Except as provided in the Plan or the Confirmation Order, and subject to the occurrence of the Effective Date, the Confirmation Order will be a judicial determination of discharge of all liabilities of the Debtor to the extent allowed under section 1141, and the Debtor will not be liable for any Claims or Interests and will only have the obligations as are specifically provided for in the Plan.

9.04. Injunction

Except as otherwise provided in the Plan, the Confirmation Order shall provide, among other things, that from and after the Effective Date, all Holders of Claims against and Interests in the Debtor are permanently enjoined from taking any of the following actions against the Debtor or any of its property on account of any such Claim or Interest: (a) commencing or continuing in any manner or in any place, any action or other proceeding; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order; (c) creating, perfecting, or enforcing any encumbrance or Lien; (d) asserting a setoff, subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtor; and (e) commencing or continuing, in any manner or in any place, any action that does not conform to or comply with, or is inconsistent with, the provisions of the Plan; provided, however, that nothing contained herein shall preclude such Persons from exercising their rights pursuant to and consistent with the terms of the Plan or the Confirmation Order. If allowed by the Bankruptcy Court, any Person injured by any willful violation of such injunction shall recover actual damages, including costs and attorneys' and experts' fees and disbursements, and, in appropriate circumstances, may recover punitive damages, from the willful violator.

9.05. Exculpation

The Debtor and the Debtor's Professionals, and any of their respective present or former members, officers, directors, employees, advisors, representatives, successors, and assigns, shall not have or incur any liability or obligation, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, and whether asserted or assertable directly or derivatively, in law, equity, or otherwise, to any Holder of a Claim or Interest or any other Person for any act or omission originating or occurring on or after the Petition Date through and including the Effective Date in connection with, relating to, or arising out of the Debtor, the Estate, the administration of the Bankruptcy Case, the operation of the Debtor's business during the Bankruptcy Case, the formulation, negotiation, preparation, filing, dissemination, approval, or confirmation of the Plan, the Disclosure Statement, the solicitation of votes for or confirmation of the Plan, the consummation or administration of the Plan, or the property to be liquidated and or distributed under the Plan, except for their willful misconduct or gross negligence as determined by a Final Order of a court of competent jurisdiction. The foregoing parties will be entitled to rely reasonably upon the advice of counsel in all respects regarding their duties and responsibilities under the Plan.

9.06. Term of Bankruptcy Injunction or Stays

Unless otherwise provided herein or an order of the Bankruptcy Court (including without limitation the Confirmation Order), all injunctions or stays provided in the Bankruptcy Case under Bankruptcy Code section 105 or 362, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. Upon the Effective Date, the injunction provided in Section 9.04 of the Plan shall apply.

ARTICLE X

OBJECTIONS TO CLAIMS AND INTERESTS; DISTRIBUTIONS

10.01. Objections to Claims and Interests

Any party in interest, including the Debtor, may file objections to Claims and Interests (other than Claims that have been previously Allowed or that are Allowed under the Plan). The Debtor and its designees, successors and assigns are not obligated to object to any Claim or Interest, but will nevertheless have standing to object to any such Claim or Interest from and after the Effective Date, if they so elect in their absolute discretion. Nothing in this Section is intended to limit the right of any party to object to Claims or Interests.

10.02. Objection Deadline

Except as set forth in Sections 2.01(a) and 2.01(b) of the Plan with respect to Administrative Claims and Fee Claims, any objections to Claims and Interests must be filed no later than the Objection Deadline.. An objection to a Claim or Interest will be deemed properly served on the Holder thereof if service is effected by any of the following methods: (a) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004; (b) to the extent counsel for a Holder is unknown, by first class mail, postage prepaid, on the signatory on the proof of Claim or Interest or other representative identified on the proof of Claim or Interest or any attachment thereto; (c) by first class mail, postage prepaid, on any counsel that has appeared on the behalf of the Holder in the Bankruptcy Case; or (d) if no proof of Claim or Interest has been filed, by first class mail, postage prepaid, on the Holder of such Claim or Interest at the address set forth in the Schedules.

10.03. Settlement of Objections to Claims or Interests

From and after the Effective Date, the Debtor is authorized to approve compromises of all Claims or Interests, Disputed Claims or Interests, and Liens and to execute necessary documents, including Lien releases (subject to the written consent of the party having such Lien) and stipulations of settlement, compromise or release, without further order of the Bankruptcy Court or notice to any party.

10.04. No Interest on Claims

Unless otherwise specifically provided for in the Plan or the Confirmation Order, or required by applicable bankruptcy law, post-petition interest shall not accrue or be paid on any Claim, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Disputed Claim for the period from the Petition Date to the date a Distribution is made when

and if such Disputed Claim becomes an Allowed Claim. To the extent any Holder of an Allowed Claim is entitled to interest accruing on or after the Petition Date, such interest shall accrue and be payable at the Case Interest Rate.

10.05. Setoffs and No Waiver

(a) **By the Debtor.** The Debtor may, pursuant to Bankruptcy Code sections 553 or 558 or any other applicable law, but shall not be required to, set off against any Claim or any payment or Distribution to be made pursuant to the Plan in respect of such Claim, any Claims or Causes of Action of any nature whatsoever that the Debtor may have against the Holder of such Claim. Neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor of any such Claims or Causes of Action that the Debtor may have against such Holder.

(b) **By Non-Debtors.** Any Holder of a Claim may assert any setoff rights against a Claim or Cause of Action by the Debtor against such Holder, subject to any defenses of the Debtor, until the earlier of the time when (a) such Holder's Claim becomes Allowed, in whole or in part, or (b) the Claim is disallowed by a Final Order of the Bankruptcy Court, or such Holder will be deemed to have waived and forever be barred from asserting any right to setoff against a Claim or Cause of Action by the Debtor notwithstanding any statement to the contrary in a Proof of Claim or any other pleading or document filed with the Bankruptcy Court or delivered to the Debtor.

10.06. Procedures for Treating and Resolving Disputed and Contingent Claims

(a) **No Distributions Pending Allowance.** Notwithstanding any other provision of the Plan, the Debtor shall make Distributions only to Holders of Allowed Claims. No Holder of a Disputed Claim will receive any Distribution on account thereof until and to the extent that its Disputed Claim becomes an Allowed Claim. To the extent a Claim is not a Disputed Claim but is held by a Holder that is or may be liable to the Debtor on account of a Cause of Action, no payments or Distributions shall be made with respect to all or any portion of such Claim unless and until such Cause of Action has been settled, withdrawn, or determined by a Final Order of the Bankruptcy Court or such other court having jurisdiction over the matter.

In determining the amount of a Pro Rata Distribution due to the Holders of Allowed Claims, the Debtor may, in its sole discretion, make the Pro Rata calculation as if all Disputed Claims were Allowed in the full amount claimed or in the amount estimated under Section 10.06(b) hereof. The Debtor, in its sole discretion, may withhold Distributions otherwise due hereunder to the Holder of a Disputed Claim until the Objection Deadline, to enable the Debtor to file a timely objection thereto.

(b) **Claim Estimation.** The Debtor may request estimation or limitation of any Claim pursuant to Bankruptcy Code section 502(c) regardless of whether that Claim was previously objected to or whether the Bankruptcy Court has ruled on any such objection; *provided, however*, that the Bankruptcy Court will determine (i) whether such Claims are subject to estimation pursuant to Bankruptcy Code section 502(c) and (ii) the timing and procedures for such estimation proceedings, if any. The Bankruptcy Court will retain jurisdiction to estimate

any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates any Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Debtor may pursue supplementary proceedings to object to the allowance of such Claim. All of the aforementioned objection, estimation, and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Plan or the Bankruptcy Court.

(c) **Distribution Reserve Accounts.** On or after the Effective Date, the Debtor may, in its sole discretion, create one or more separate Distribution Reserve Accounts from the assets to be distributed to or for the benefit of the Holders of Disputed Claims pending the allowance thereof, the amount of which will be adjusted from time to time as appropriate. Each Distribution Reserve Account may be segregated by Class or, as applicable, by Administrative Claims and Priority Tax Claims. A Holder of a Claim will not be entitled to receive or recover any amount in excess of the amount provided in the Distribution Reserve Account to pay such Claim unless permitted by a Final Order of the Bankruptcy Court. As stated above, nothing in the Plan will be deemed to entitle the Holder of a Disputed Claim to post-petition interest on such Claim, if Allowed, unless otherwise required under the Plan.

(d) **Distributions After Allowance of Disputed Claim or Interest.** Distributions to each Holder of a Disputed Claim, to the extent it becomes an Allowed Claim, will be made in accordance with the provisions of the Plan that govern Distributions to such Holders of Claims in the applicable Class. Unless otherwise provided in the Plan, as promptly as practicable after the date on which a Disputed Claim becomes an Allowed Claim, and in any event not later than ten (10) Business Days after the Disputed Claim becomes an Allowed Claim, the Debtor shall distribute to the Holder thereof from the applicable Distribution Reserve Account, if any, any Distribution that would have been made to such Holder had its Claim been an Allowed Claim on the date that Distributions were previously made to Holders of Allowed Claims in the applicable Class, without interest (except as otherwise provided by the Plan) and net of any setoff and/or any required withholding of applicable taxes. After all Disputed Claims have been resolved by a Final Order or other final resolution, any remaining property in a relevant Distribution Reserve Account will be distributed in accordance with the other provisions of the Plan.

(e) **Allowance of Claims Subject to Bankruptcy Code Section 502(d).** Allowance of Claims will in all respects be subject to the provisions of Bankruptcy Code section 502(d), except as provided by a Final Order of the Bankruptcy Court or a settlement among the relevant parties.

10.07. Distributions Under the Plan

(a) **Distributions to be Pro Rata Within a Class.** Except as otherwise provided in the Plan, all Distributions constituting a partial payment to Holders of Allowed

Claims within a specific Class shall be made on a Pro Rata basis to the Holders of Allowed Claims in such Class.

(b) **Means of Cash Payment.** Cash payments made pursuant to the Plan will be in U.S. dollars and shall be made, at the option of and in the sole discretion of the Debtor, by checks drawn on or wire transfers from a domestic bank selected by the Debtor. In the case of foreign Holders of Allowed Claims, Cash payments may be made, at the option of and in the sole discretion of the Debtor, in such funds and by such means as are necessary or customary in a particular jurisdiction.

(c) **Delivery of Distributions.** All Distributions to any Holder of an Allowed Claim shall be made at the address of each such Holder as set forth on the proof of Claim filed by such Holder (or at the last address of such a Holder known to the Debtor if no proof of Claim is filed or if the Debtor has been notified in writing of a change of address). If any Holder's Distribution is returned as undeliverable, no further Distributions to such Holder shall be made unless and until the Debtor is notified in writing of such Holder's then current address, at which time all missed Distributions shall be made to such Holder without interest. Any Holder of an Allowed Claim whose Distribution is undeliverable must make demand for such Distribution to the Debtor in writing on or before 120 days after the date such undeliverable Distribution was initially made, after which the Distribution shall be deposited into a pool for redistribution to other Holders of Allowed Claims in the same Class as the intended recipient of the undeliverable Distribution, and any claim by such intended recipient with respect to such undeliverable Distribution shall be discharged and forever barred. The Debtor may employ or contract with other Persons to assist in or make the Distributions required under the Plan. **The Debtor and its agents and professionals are under no duty to take any action to either attempt to locate any Holder of a Claim, or obtain an executed Internal Revenue Service Form W-9 from any Holder of a Claim.**

(d) **Fractional Dollars; De Minimis Distributions.** Any other provision of the Plan notwithstanding, payments of fractions of dollars will not be made. Whenever any payment of a fraction of a dollar under the Plan would otherwise be called for, the actual payment made will reflect a rounding of the fraction to the nearest whole dollar (up or down), with half dollars being rounded down. The Debtor will not make any payment of less than one hundred dollars (\$100.00) with respect to any Allowed Claim, and the Debtor shall retain any such payment.

(e) **Unclaimed Property.** Any Distributions that become Unclaimed Property shall be retained by the Debtor, free and clear of any claims or restrictions thereon, and any entitlement of any Holder of any Claim to such Distributions shall be extinguished and forever barred. Unclaimed Property shall be deposited into a pool for redistribution to other Holders of Allowed Claims in the same Class as the intended recipient of the Unclaimed Property.

(f) **Withholding and Reporting Requirements.** In accordance with Bankruptcy Code section 346 and in connection with the Plan and all Distributions thereunder, the Debtor shall, to the extent applicable, comply with all withholding and reporting requirements imposed by any U.S. federal, state or local taxing authority or any non-U.S. taxing

authority. The Debtor shall be authorized to take any and all actions necessary and appropriate to comply with such requirements. All Distributions under the Plan may be subject to withholding and reporting requirements. As a condition for making any Distribution under the Plan, the Debtor may require the Holder of an Allowed Claim to provide such Holder's taxpayer identification number and such other information, certification, or forms necessary to comply with applicable tax reporting and withholding laws. Notwithstanding any other provision of the Plan, each Person receiving a Distribution under the Plan shall have sole and exclusive responsibility for the satisfaction and payment of tax obligations on account of any such Distribution.

10.08. Duty to Disgorge Overpayments

To the extent the Holder of any Allowed Claim receives more than what such Holder is permitted to receive under the Plan, such Holder shall immediately return such excess payment(s) to the Debtor, failing which, the Debtor may sue such Holder for the return of the overpayment in the Bankruptcy Court or any other court of competent jurisdiction.

ARTICLE XI **ACCEPTANCE OR REJECTION OF THE PLAN**

11.01. Impaired Classes Entitled to Vote

Each impaired Class entitled to vote to accept or reject the Plan will vote separately. A Holder of a Claim or Interest as to which an objection has been filed and that has not been temporarily allowed for purposes of voting on the Plan may not vote. A Holder of a contingent or unliquidated Claim or Interest may vote on the Plan in an amount based on the portion, if any, of the Claim or Interest shown as non-contingent, liquidated and undisputed in the Schedules, or equal to \$1.00 if not so shown.

11.02. Acceptance by an Impaired Class

A Class of Claims that is entitled to vote to accept or reject the Plan shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in such Class that have voted on the Plan. A Class of Interests that is entitled to vote to accept or reject the Plan shall have accepted the Plan if it is accepted by the Holders of at least two-thirds (2/3) in amount of the Allowed Interests in such Class that have voted on the Plan. Any Ballot that is not properly completed and timely received by the Ballot Deadline will not be counted.

11.03. Section 1129(b) Cramdown

If any impaired Class of Claims or Interests fails to accept the Plan in accordance with Bankruptcy Code section 1129(a), the Debtor will seek confirmation of the Plan by the Bankruptcy Court pursuant to the "cramdown" provisions in Bankruptcy Code section 1129(b). The Debtor asserts that the Plan provides for fair and equitable treatment of all Classes of Claims and Interests. The Debtor reserves the right to amend the Plan as may be necessary to obtain confirmation of the Plan under Bankruptcy Code section 1129(b).

ARTICLE XII

RETENTION OF JURISDICTION

12.01. Jurisdiction

Until the Bankruptcy Case is closed, the Bankruptcy Court will retain the fullest and most extensive jurisdiction as is legally permissible under applicable law, including under Bankruptcy Code sections 105(a) and 1142, including that which is necessary to ensure that the purpose and intent of the Plan are carried out and to hear and determine all objections thereto that could have been brought before the entry of the Confirmation Order. The Bankruptcy Court will retain jurisdiction to hear and determine all Claims against and Interests in the Debtor and to enforce all Causes of Action and any related counterclaims, cross-claims, and/or third-party claims over which the Bankruptcy Court otherwise has jurisdiction. Nothing contained in the Plan will prevent the Debtor from taking any action as may be necessary to enforce any Cause of Action that may exist on behalf of the Debtor and that may not have been enforced or prosecuted by the Debtor.

12.02. Examination of Claims

Following the Confirmation Date, the Bankruptcy Court will retain jurisdiction to decide disputes concerning the classification and allowance of any Claim or Interest and the reexamination of Claims and Interests that have been allowed for the purposes of voting, and the determination of any objections as may be filed to Claims and Interests. The failure by the Debtor to object to, or to examine, any Claim or Interest for the purposes of voting will not be deemed a waiver of its right to object to, or to re-examine, the Claim or Interest in whole or in part.

12.03. Determination of Disputes

The Bankruptcy Court will retain jurisdiction after the Confirmation Date to determine (a) all questions and disputes regarding title to the assets of the Estate, (b) disputes concerning the allowance of Claims and Interests, and (c) all Causes of Action, controversies, disputes, or conflicts, whether or not subject to any pending action, as of the Confirmation Date, for the Debtor to recover assets pursuant to the provisions of the Bankruptcy Code.

12.04. Additional Purposes

Under Bankruptcy Code sections 105(a) and 1142, and notwithstanding entry of the Confirmation Order, occurrence of the Effective Date and/or substantial consummation of the Plan, the Bankruptcy Court will retain exclusive jurisdiction over all matters arising out of or related to the Bankruptcy Case and the Plan to the fullest extent permitted by applicable law, including but not limited to jurisdiction to:

(a) hear and determine any modification of the Plan or the Plan Documents pursuant to Bankruptcy Code section 1127, to cure any defect or omission or reconcile any inconsistency in the Plan, the Plan Documents, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary or appropriate to carry out the purposes and effects thereof;

(b) hear and determine disputes, issue injunctions, enter and implement other orders and take such other actions as may be necessary or appropriate to execute, interpret, implement, consummate, or enforce the terms and conditions of the Plan and the Plan Documents and the transactions contemplated thereunder, the Confirmation Order, the Disclosure Statement, or any other order of the Bankruptcy Court, or to maintain the integrity of the Plan following confirmation;

(c) hear and determine any and all adversary proceedings, motions, applications, and contested or litigated matters arising out of or related to the Bankruptcy Case or the Plan;

(d) enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered or approved in the Bankruptcy Case;

(e) hear and determine all disputes involving the existence, nature, or scope of the discharge, injunctions, releases, exculpations, and indemnifications granted pursuant to the Plan or the Confirmation Order;

(f) hear and determine disputes arising in connection with the execution, interpretation, implementation, consummation, or enforcement of the Plan, the Confirmation Order, any transactions, performance or payments contemplated hereby, or any agreement, instrument or other document governing or relating to any of the foregoing;

(g) construe and apply any findings of fact and/or conclusions of law made in or in connection with the Confirmation Order;

(h) adjudicate matters arising in the Bankruptcy Case, including matters relating to the formulation and consummation of the Plan;

(i) enter any orders, including injunctions, as are necessary to enforce title, rights, and powers of the Debtor and to impose any limitations, restrictions, terms and conditions on such title, rights, and powers as the Bankruptcy Court may deem necessary;

(j) hear and determine all questions and disputes regarding title to or recovery of the assets and property of the Debtor;

(k) enter a Final Decree closing the Bankruptcy Case;

(l) correct any defect, cure any omission, or reconcile any inconsistency in the Plan, the Plan Documents, or the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan, the Plan Documents, and the Confirmation Order including the adjustment of the date(s) of performance under the Plan, the Plan Documents, and any other documents related thereto if the Effective Date does not occur as provided herein, so that the intended effect of the Plan, the Plan Documents, and such other documents may be substantially realized thereby;

(m) enter, implement or enforce such orders as may be appropriate if the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

(n) hear and determine all applications for compensation and reimbursement of expenses of Professionals or any other Person under the Plan or under Bankruptcy Code sections 330, 331, 503(b), 1103 and 1129(a)(4) of the Bankruptcy Code; provided, however, that from and after the Effective Date, the payment of fees and expenses of professionals retained by the Debtor shall be made in the ordinary course of business and shall not be subject to approval of the Bankruptcy Court;

(o) hear and determine issues concerning federal tax reporting and withholding that arise in connection with the confirmation or consummation of the Plan;

(p) hear and determine issues concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

(q) hear and determine all matters regarding the assumption or rejection of Executory Contracts, including any disputes concerning Rejection Claims or Cure Claims;

(r) hear and determine any and all objections to any Claims (including Administrative Claims) or Interests, including the allowance, classification, priority, secured status, compromise, estimation, subordination, or payment thereof;

(s) allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Interest of any Creditor or Holder and to re-examine Claims or Interests that have been allowed for purposes of voting, and to determine objections that may be filed to Claims or Interests, including the resolution of any request for any Administrative Claim;

(t) hear and determine the Causes of Action and any collection or settlement matters related thereto;

(u) hear and determine any disputes or litigation regarding the validity, priority, or extent of any Lien and any Claim associated therewith; and

(v) hear and to determine any other matter related hereto and not inconsistent with the Plan, the Confirmation Order, the Bankruptcy Code, or Title 28 of the United States Code.

12.05. Failure of the Bankruptcy Court to Exercise Jurisdiction

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Bankruptcy Case, including the matters set forth in Article XII of this Plan, the provisions of this Article XII shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

ARTICLE XIII
MISCELLANEOUS PROVISIONS

13.01. General Notices

Any notice, request, or demand required or permitted to be given in connection with the Plan shall be (a) in writing, (b) served to the parties and addresses set forth below by certified mail, return receipt requested, hand delivery, overnight delivery, first class mail, or fax transmission, and (c) deemed to have been given or made when actually delivered or received:

–to the Debtor:

Alan Milton
Windmill Management LLC
Three Pickwick Plaza
Suite 400
Greenwich, CT 06830

–with a copy to counsel for the Debtor:

Patrick J. Neligan, Jr.
David Ellerbe
Patrick J. Neligan, Jr.
Neligan Foley LLP
325 N. St. Paul, Suite 3600
Dallas, TX 75201
Fax: 214-840-5301

13.02. Plan Supplement

No later than ten (10) days prior to the Confirmation Hearing, the Debtor shall file with the Bankruptcy Court the Plan Supplement and such exhibits, schedules, agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. Upon the filing of the Plan Supplement, (a) the Debtor will serve copies of the Plan Supplement on the Office of the United States Trustee and (b) the Plan Supplement may be 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 the Plan Supplement upon written request to the Debtor's counsel. The Plan Supplement is incorporated into, and is a part of, the Plan as if set forth in full herein, and all references to the Plan shall refer to the Plan together with all documents contained in the Plan Supplement.

13.03. Exemption From Transfer Taxes

Pursuant to Bankruptcy Code section 1146(a), the issuance, transfer, or exchange of securities or other property under the Plan; the creation, transfer, filing, or recording of any mortgage, deed of trust, financing statement, or other security interest; or the making, delivery, filing, or recording of any deed or other instrument of transfer under, in furtherance of, or in

connection with the Plan, shall not be subject to any stamp tax, real estate tax, conveyance, filing, or transfer fees, mortgage, recording, or other similar tax or other government assessment. The Confirmation Order shall direct all appropriate governmental officials or agents to forgo the collection of any such tax or assessment and to accept such documents delivered under the Plan without the imposition or payment of any charge, fee, governmental assessment, or tax.

13.04. Asserting and Curing Default Under the Plan

Except as otherwise provided in the Plan, if the Debtor defaults under the provisions of the Plan (as opposed to default under the documentation executed in implementing the terms of the Plan, which documents may provide independent bases for relief concerning the assertion and cure of defaults), any Creditor or party in interest desiring to assert a default will provide the Debtor and its counsel with written notice of the alleged default. The Debtor will have thirty (30) days from receipt of written notice to cure the alleged default. If the default is not cured, any Creditor or party in interest may then file with the Bankruptcy Court, and serve on the Debtor and its counsel, a motion to compel compliance with the applicable provision of the Plan. The Bankruptcy Court, on finding a material default, will issue orders compelling compliance with the pertinent provisions of the Plan.

13.05. Compliance with Tax Requirements

In connection with the Plan, the Debtor will comply with any withholding and reporting requirements imposed by federal, state, and local taxing authorities, and Distributions will be subject to the withholding and reporting requirements.

13.06. Revocation or Withdrawal of the Plan

The Debtor reserves the right to revoke and/or withdraw the Plan at any time before the Confirmation Date. If the Debtor revokes or withdraws this Plan, or if confirmation or the Effective Date of the Plan does not occur, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtor or any other Person or to prejudice in any manner the rights of the Debtor or any other Person in any further proceedings involving the Debtor or any other Person.

13.07. Modification of the Plan

The Debtor reserves the right to modify the Plan in writing at any time before the Confirmation Date, provided that (a) the Plan, as modified, meets the requirements of Bankruptcy Code sections 1122 and 1123 and (b) the Debtor shall have complied with Bankruptcy Code section 1125. The Debtor further reserves the right to modify the Plan in writing at any time after the Confirmation Date and before substantial consummation of the Plan, provided that (a) the Plan, as modified, meets the requirements of Bankruptcy Code sections 1122 and 1123, (b) the Debtor shall have complied with Bankruptcy Code section 1125, and (c) the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified, under Bankruptcy Code section 1129. A Holder of a Claim or Interest that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless, within the time fixed by the Bankruptcy Court, such Holder changes its previous acceptance or rejection.

13.08. Computation of Time

In computing any period of time prescribed or allowed by the Plan, unless otherwise set forth herein, the provisions of Bankruptcy Rule 9006(a) shall apply.

13.09. Due Authorization

Each and every Holder of an Allowed Claim that receives a Distribution under the Plan warrants that it is authorized to accept, in consideration of such Claim, the Distributions provided for in the Plan and that there are no outstanding commitments, agreements, or understandings, express or implied, that may or can in any way defeat or modify the rights conveyed or obligations undertaken by it under the Plan.

13.10. Implementation

The Debtor may execute such documents, take such other actions, and perform all acts necessary or appropriate to implement the terms and conditions of the Plan without the need for further Bankruptcy Court approval.

13.11. Execution of Documents

Upon application by the Debtor, the Bankruptcy Court may issue an order directing any necessary party to execute or deliver, or to join in the execution or delivery of, any instrument or document, and to perform any act, necessary for the consummation or implementation of the Plan.

13.12. Bankruptcy Restrictions

From and after the Effective Date, the Debtor shall no longer be subject to the restrictions and controls provided by the Bankruptcy Code (e.g., sections 363 or 364) except as the Bankruptcy Code may specifically provide otherwise. No monthly operating reports will be filed after the Effective Date; however, the Debtor shall provide the U.S. Trustee such financial reports as may be required by law.

13.13. Ratification

The Confirmation Order will ratify all transactions effected by the Debtor during the pendency of the Bankruptcy Case.

13.14. Integration Clause

This Plan is a complete, whole, and integrated statement of the binding agreement among the Debtor, the Holders of Claims and Interests, and other parties in interest upon the matters herein. Parol evidence shall not be admissible in an action regarding the Plan or any of its provisions.

13.15. Interpretation

Unless otherwise specified, all Section, Article and exhibit references in the Plan are to the respective Section in, Article of or exhibit to the Plan, as the same may be amended, waived, or modified from time to time. The headings of the Articles, paragraphs, and Sections of the Plan and table of contents in the Plan are inserted for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan or its interpretation. Nothing herein shall be deemed as a judicial admission by the Debtor. Likewise, any defined terms in the Plan not defined shall have the same meaning as that term has under the Bankruptcy Code.

13.16. Severability of Plan Provisions

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

13.17. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules), (a) the laws of the State of Connecticut shall govern the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan and (b) the laws of the state of incorporation, formation, or organization of the Debtor shall govern corporate or other governance matters with respect to the Debtor, in either case without giving effect to the principles of conflicts of law thereto.

IL LUGANO, LLC

By: /s/ Alan Milton
Alan Milton
Its Authorized Representative

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