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Counsel for Co-Proponent, East West Bank

**UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SAN FERNANDO VALLEY DIVISION**

14 In re:  
15  
16 MERUELO MADDUX PROPERTIES, INC.,  
17 et al.,  
18 Debtors.

Case No. 1:09-bk-13356-KT

Chapter 11

(Jointly Administered)

- 19  Affects all Debtors  
20  Affects the following Debtor(s):

**LEGENDARY INVESTORS GROUP NO. 1,  
LLC'S AND EAST WEST BANK'S  
MODIFIED SECOND AMENDED JOINT  
CHAPTER 11 PLAN OF  
REORGANIZATION DATED SEPTEMBER  
3, 2010**

Plan Confirmation Hearing:

Hearing Date:

Time:

Place: 21041 Burbank Blvd.  
Courtroom 301  
Woodland Hills, CA

Judge: Hon. Kathleen Thompson

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**IMPORTANT DATES**

- Date by which Ballots must be received: \_\_\_\_\_, at \_\_\_\_\_.m. Pacific Time
  - Date by which objections to Confirmation of the Plan must be filed and served:  
\_\_\_\_\_, at \_\_\_\_\_.m. Pacific Time
  - Hearing on Confirmation of the Plan: \_\_\_\_\_, at \_\_\_\_\_.m. Pacific Time.
- 

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Dated: September 10, 2010

PACHULSKI STANG ZIEHL & JONES LLP  
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I.

**INTRODUCTION**

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Legendary Investors Group No. 1, LLC (“Legendary”) and East West Bank (“EWB” and collectively with Legendary, the “Proponents”) hereby jointly propose the following modified second amended chapter 11 plan of reorganization dated September 3, 2010 (the “Plan”) for Meruelo Maddux Properties, Inc., a Delaware corporation (“MMPI”), and its 53 related debtor entities (collectively, the “Debtors”). The Proponents’ Disclosure Statement for Legendary Investors Group No. 1, LLC’s and East West Bank’s Modified Second Amended Chapter 11 Plan of Reorganization Dated September 3, 2010 (the “Disclosure Statement”) provides a history of the Debtors and its Chapter 11 Cases as well as a summary of the Plan and certain related matters. The Disclosure Statement sets forth information (a) concerning the Plan and alternatives to the Plan, (b) advising the Holders of Claims and Interests of their rights under the Plan, (c) assisting the Holders of Claims and Interests in making an informed judgment regarding whether they should vote to accept or reject the Plan, and (d) assisting the Bankruptcy Court in determining whether the Plan complies with the provisions of the Bankruptcy Code and should be confirmed. The Disclosure Statement has been approved by the Bankruptcy Court and is provided to help you understand the Plan.

The Plan’s foundation is a \$70 million recapitalization via a \$5 million cash infusion by Legendary and conversion of \$65 million of the Proponents’ debt to equity. (This conversion and cash infusion will result in the Proponents owning 80% of Reorganized MMPI if no Holders of MMPI Existing Common Stock exercise their Subscription Rights, and 70% of the stock of Reorganized MMPI in the event that the Subscription Rights are fully exercised.) In addition to retaining an aggregate 20% interest in Reorganized MMPI on account of their existing holdings (which percentage interest will not be diluted by exercise of the Subscription Rights or issuance of any of the Subscription Shares), Holders of MMPI Existing Common Stock<sup>1</sup> of record as of the Effective Date will be offered the right to invest up to \$10 million to purchase additional shares of Reorganized MMPI, equal to a 10% stake in Reorganized MMPI (which rights, if fully subscribed

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Proponents’ concurrently filed *Definitions for Plan and Disclosure Statement*.

1 to, will reduce the Proponents' interest in Reorganized MMPI from 80% to 70% but will increase the  
2 percentage interest of Holders of MMPI Existing Common Stock to 30%). In any event, the  
3 occurrence of the Effective Date is not conditioned or contingent upon the Rights Offering. As set  
4 forth in Section V.E.1 of the Disclosure Statement, Legendary will backstop the Rights Offering for  
5 up to \$10 million. This backstop eliminates any concerns regarding the Plan's feasibility in the  
6 event the Rights Offering does not occur as the net result to the Reorganized Debtors will be the  
7 same.

8  
9 This restructuring will greatly reduce the Reorganized Debtors' debt service load permitting  
10 them to meet all of their obligations both in the short term and over the life of the Plan. Legendary's  
11 cash contribution combined with the proceeds of the rights offering and the Debtors' cash from  
12 operations will provide more than sufficient funds for the payment of all amounts due on or around  
13 the Plan's Effective Date.

14 Except to the extent that the Holder of an Allowed General Unsecured Claim accepts, or has  
15 accepted, less favorable treatment, the Holder of an Allowed General Unsecured Claim will receive  
16 one of the following treatments:

17 (i) If a Class of Holders of General Unsecured Claims votes to accept the Plan in accordance  
18 with Section 1126(c) of the Bankruptcy Code, each Holder of an Allowed General Unsecured Claim  
19 in such Class shall receive a cash payment equal to 100% of the amount of its Allowed Claim on the  
20 Effective Date, plus simple interest at 5% per annum for the period from the Petition Date through  
21 the date each Allowed Claim is paid; *provided, however*, if a Claim is not Allowed as of the  
22 Effective Date but becomes Allowed thereafter interest shall not accrue during the initial 30-day  
23 period following the Effective Date but shall resume accruing thereafter.

24 (ii) If a Class of Holders of General Unsecured Claims votes to reject the Plan in accordance  
25 with Section 1126(c) of the Bankruptcy Code, each Holder of an Allowed General Unsecured Claim  
26 in such Class shall receive a cash payment equal to 100% of the amount of its Allowed Claim on the  
27 Effective Date, plus (x) simple interest for the period from the Petition Date through the Effective  
28 Date at the Federal Judgment Rate in effect as of the Petition Date and (y) in the event the Claim is

1 not Allowed as of the Effective Date but becomes Allowed thereafter, simple interest at 5% per  
2 annum for the period from the 31st day after the Effective Date through the date the Claim is paid.

3 Unless they have agreed to alternative treatment with the Debtors pursuant to a Bankruptcy  
4 Court-approved settlement, Holders of Secured Claims will receive 5.5% interest-only payments on  
5 a quarterly basis, with repayment of all principal on or before the fourth anniversary of the Effective  
6 Date. Unless they have agreed to alternative treatment with the Debtors pursuant to a Bankruptcy  
7 Court-approved settlement, Holders of Allowed Unsecured Guaranty Claims will have their Allowed  
8 Guaranty Claims reinstated but modified with respect to the restructured underlying secured debt.  
9 Holders of Secured Claims that have entered into Bankruptcy Court-approved settlements with the  
10 Debtors regarding repayment of their Secured Claims shall have those settlements honored in the  
11 form approved by the Bankruptcy Court. The Plan does not place these Secured Claims in classes as  
12 the Holders' rights under their respective settlements will not be modified or altered in any way by  
13 the Plan.

14 The Plan provides for the cancellation of MMPI Existing Common Stock and the issuance of  
15 approximately 22,025,000 shares of Reorganized MMPI Common Stock as follows.

16 In exchange for converting \$65 million of their debt, release of their guarantee claims against  
17 MMPI and MMPLP relating to this debt,<sup>2</sup> and Legendary's \$5 million equity contribution, the  
18 Proponents shall receive between 15,417,500 and 17,620,000 shares of Reorganized MMPI  
19 Common Stock, equal to a stake of between 70% and 80% of Reorganized MMPI, dependent upon  
20 the outcome of the Rights Offering described below.

21 Holders of MMPI Existing Common Stock, who hold approximately 88.1 million shares in  
22 total, shall be issued one share of Reorganized MMPI Common Stock in exchange for every twenty  
23 shares of MMPI Existing Common Stock they hold on the Effective Date. Thus, Holders of MMPI  
24 Existing Common Stock shall be diluted to an aggregate 20% stake in Reorganized MMPI via  
25 issuance to them of 4,405,000 shares of Reorganized MMPI (which percentage interest will not be  
26 further diluted by issuance of the Subscription Shares). Holders of less than twenty shares of MMPI  
27 Existing Common Stock shall be cashed out on a pro-rata basis.

28 <sup>2</sup> See footnote 7 herein.

1           However, for each share of Reorganized MMPI Common Stock received pursuant to the  
2 Plan, holders of MMPI Existing Common Stock as of the Effective Date will also receive one  
3 Subscription Right. Subject to all of the terms and conditions of the Subscription Right (as more  
4 fully set forth in Section IV.E.2 below), the Holder thereof shall be entitled, during the Subscription  
5 Period to subscribe for the purchase of a number of Subscription Shares equal to up to 0.95 times the  
6 number of shares of Reorganized MMPI Common Stock distributed to such Holder under the Plan,  
7 at a price of \$4.54 per share. However, the number of Subscription Shares available to those  
8 exercising Subscription Rights shall be limited to 2,202,500 shares of Reorganized MMPI Common  
9 Stock. In the event that Holders of MMPI Existing Common Stock as of the Effective Date  
10 subscribe for more than the number of Subscription Shares, each Holder shall be limited to a share of  
11 the Subscription Shares equal to its Subscription Share Pro Rata Allocation. This offering shall  
12 comply with all rules necessary to ensure its exemption, under Section 1145 of the Bankruptcy  
13 Code, from federal, state and local security registration requirements; alternatively, it shall be made  
14 available only to Holders of MMPI Existing Common Stock who are “accredited investors.”

15           Claims held by the Debtors’ estates that may be asserted against Insider Shareholders  
16 (defined herein as Insider Causes of Action) shall be controlled by a Litigation Trustee on behalf of  
17 present non-Insider MMPI Equity Holders and Reorganized MMPI. However, Insider Shareholders  
18 may vote under the Plan to enter into complete, mutual, general releases with the Reorganized  
19 Debtors conditioned upon cancellation and forfeiture of all of their MMPI Existing Common Stock,  
20 rights under the Rights Offering and other interests in the Debtors held by such electing Insider  
21 Shareholder. In the event that all Insider Shareholders accept the foregoing Insider Shareholder  
22 Settlement Offer, the Litigation Trust will not be formed under the Plan.

23           Legendary’s principals, Surjit Soni and Dilip Bhavnani, bring extensive executive experience  
24 to the management of the Reorganized Debtors. As described at length in the Disclosure Statement,  
25 they bring the necessary capabilities, financial acumen and development experience required to  
26 execute the Proponents’ Plan.

27           The Proponents will seek confirmation of the Plan in the MMPI case immediately prior to  
28 seeking confirmation of the Plan in the remaining Debtors’ cases. Confirmation of the Plan in the

1 MMPI case is an express condition to confirmation of the Plan in each of the other Debtors' cases.  
2 In the event the Proponents are unable to confirm the Plan in the MMPI case, the Proponents will not  
3 seek to confirm the Plan with respect to the remaining Debtors. The Plan does not substantively  
4 consolidate the Debtors' estates. Each of the Debtors will remain a separate entity if the Plan is  
5 confirmed in whole or in part, and the debts and liabilities of each Debtor will remain attributable to  
6 that Debtor alone. Accordingly, the Plan classifies the Debtors' Claims and Interests on a Debtor-  
7 by-Debtor basis, votes will be tabulated on a Debtor-by-Debtor basis, and the Plan will be confirmed  
8 on a Debtor-by-Debtor basis.

9 All Holders of Impaired Claims and Interests entitled to vote on the Plan are encouraged to  
10 read this Plan and the Disclosure Statement in their entireties before voting to accept or reject the  
11 Plan. No materials, other than the Disclosure Statement, have been approved by the Bankruptcy  
12 Court for use in soliciting acceptances or rejections of the Plan.

13 **OTHER THAN AS SET FORTH IN THE DISCLOSURE STATEMENT, NO**  
14 **REPRESENTATIONS CONCERNING THE DEBTORS, THEIR FINANCIAL CONDITION,**  
15 **OR ANY ASPECT OF THE PLAN ARE AUTHORIZED BY ANY PARTY IN THESE**  
16 **CASES. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE**  
17 **ACCEPTANCE OR REJECTION OF THE PLAN, WHICH ARE OTHER THAN AS**  
18 **CONTAINED IN, OR INCLUDED WITH, THIS PLAN OR THE DISCLOSURE**  
19 **STATEMENT, SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR**  
20 **DECISION.**

21 **THE FINANCIAL INFORMATION CONTAINED HEREIN, UNLESS OTHERWISE**  
22 **INDICATED, IS UNAUDITED. THE PROPONENTS DID NOT PREPARE THE**  
23 **DEBTORS' FINANCIAL INFORMATION. THE PROPONENTS ARE UNABLE TO**  
24 **WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN**  
25 **CONCERNING THE DEBTORS IS WITHOUT ANY INACCURACIES. GREAT EFFORT,**  
26 **HOWEVER, HAS BEEN MADE TO ENSURE THAT ALL SUCH INFORMATION IS**  
27 **PRESENTED FAIRLY.**  
28

1                   **THE PROPONENTS BELIEVE THAT THE PLAN REPRESENTS THE BEST**  
2 **POSSIBLE RETURN TO HOLDERS OF CLAIMS AND INTERESTS. THE PROPONENTS**  
3 **STRONGLY URGE YOU TO READ THE DISCLOSURE STATEMENT AND VOTE IN**  
4 **FAVOR OF THE PLAN.**

5  
6                   **II.**

7                   **DEFINITION OF TERMS AND RULES OF INTERPRETATION**

8           **A.     Definition of Terms**

9           The definitions for capitalized terms used in the Plan and Disclosure Statement may be found  
10 in Exhibit 2 to the Disclosure Statement and shall have the respective meanings set forth therein.  
11 Any capitalized term used in the Plan or Disclosure Statement that is not defined in Exhibit 2 or  
12 elsewhere, but that is used in the Bankruptcy Code, the Bankruptcy Rules or the Local Bankruptcy  
13 Rules, shall have the meaning assigned to that term in the Bankruptcy Code, the Bankruptcy Rules  
14 or the Local Bankruptcy Rules, as the case may be.

15           **B.     Interpretation of Terms And Computation Of Time**

16                   **1.     Rules of Interpretation**

17           For purposes of the Plan: (a) whenever it appears appropriate from the context, each term,  
18 whether stated in the singular or the plural, shall include both the singular and the plural; (b) any  
19 contract, instrument, release or other agreement or document entered into by a Reorganized Debtor  
20 in connection with the Plan which refers to “being in a particular form” or “on particular terms and  
21 conditions” means that such document shall be substantially in such form or substantially on such  
22 terms and conditions; provided, however, that any change to such form, terms, or conditions which  
23 is material to a party to such document shall not be made without such party’s consent or an order of  
24 the Bankruptcy Court: (c) any reference in the Plan to an existing document or exhibit Filed or to be  
25 Filed means such document or exhibit, as it may have been or (to the extent otherwise permitted,  
26 hereafter) may be amended, modified or supplemented from time to time; (d) unless otherwise  
27 specified in a particular reference, all references in the Plan to paragraphs, Articles and Exhibits are  
28 references to paragraphs, Articles and Exhibits of or to the Plan; (e) the words “herein”, “hereof,”  
“hereto,” “hereunder” and others of similar import refer to the Plan in its entirety rather than to only



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1 a particular portion of the Plan; (f) captions and headings to Articles and paragraphs are inserted for  
2 convenience of reference only and are not intended to be a part of or to affect the interpretations of  
3 the Plan; (g) the rules of construction set forth in Section 102 of the Bankruptcy Code shall apply;  
4 and (h) all exhibits to the Plan are incorporated into the Plan, and shall be deemed to be included in  
5 the Plan, provided that they are Filed no later than the commencement of the Confirmation Hearing.

6 **2. Time Periods**

7 In computing any period of time prescribed or allowed by the Plan, the provisions of  
8 Bankruptcy Rule 9006(a) shall apply.

9 **III.**

10 **CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS**

11 The following is a schedule designating the Classes of Claims and Interests under the Plan.  
12 In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority  
13 Tax Claims have not been classified and are excluded from the following Classes. The below  
14 schedule includes Claims that are or may be disputed.<sup>3</sup> No Distribution shall be made on account of  
15 any Claim or Interest which is not an Allowed Claim or an Allowed Interest and then only to the  
16 extent that the Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not  
17 been paid, released or otherwise satisfied before the Effective Date.

18 **A. Summary of Plan Treatment for Claims and Interests Against Each Debtor**

19 The categories of Claims and Interests listed in the chart below classify Claims (except for  
20 Administrative Claims and Priority Tax Claims) and Interests in each of the Estates<sup>4</sup> for all purposes,  
21 including voting, Confirmation and Distribution pursuant to this Plan.

22

CLASS	DESCRIPTION OF CLASS	IMPAIRED? VOTING?	TREATMENT
23 24 25 <b>Class A-1</b> in the following cases: 21, 54	Secured Claim – RoofCorp of CA, Inc.	Unimpaired Not Voting	On the Effective Date, the claim shall be reinstated and the Holder shall retain its lien, if any.
26 <b>Class A-2</b> in the following case:	Secured Tax Claims (Other than Los Angeles)	Unimpaired Not Voting	Common Secured Tax Claim Treatment

27 \_\_\_\_\_  
28 <sup>3</sup> The schedule was adopted from a similar schedule in the Debtors' disclosure statement. The Proponents make no representations regarding the accuracy or completeness of the Debtors' information.

<sup>4</sup> See Exhibit "2" to Disclosure Statement – Key to Debtors' Estates and Secured Claims.

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CLASS	DESCRIPTION OF CLASS	IMPAIRED? VOTING?	TREATMENT
42	County)		
<b>Class A-2</b> in the following cases: 1-9, 17, 19, 23, 31 and 42	Los Angeles County Secured Tax Claims	Impaired Voting	The treatment of Los Angeles County’s Secured Tax Claims shall be consistent in all regards with its Bankruptcy Court-approved settlement.
<b>Class A-3</b> in the following cases: 16, 26, 32, 33, 39, 40, 43, 49, 50, 53, 54	Non-Settled Secured Lender Claims (Includes Legendary Secured Claims in Merco Group secured by Sci-Arc Real Property and Sky-Arc Real Property in Case 50)	Impaired Voting	Common Secured Lender Claim Treatment
<b>Class A-3</b> in the following case: 29	Grand Avenue Lofts, LLC / CIM Urban RE Fund GP II, LLC Secured Claim	Impaired Voting	<u>Grand Avenue Lofts’ (“GAL”) Position.</u> GAL asserts that it does not have a claim that is subject to modification or discharge. Rather, GAL asserts a current right in the real property that cannot be extinguished through bankruptcy, that when it conveyed property to MM 336 W. 11th Street, it reserved a power of termination, as reflected in the grant deed. GAL asserts that MM 336 W. 11th Street never had title free and clear of GAL’s property right. GAL asserts that an attempted discharge of Grand Avenue’s power of termination would, in effect, be a forced conveyance of a property interest, beyond the scope of a discharge that would ultimately give the estate a property interest it did not have before filing bankruptcy. <u>Proponents’ Position.</u> The Plan Proponents believe GAL holds a disputed, unliquidated, and contingent Secured Claim. If it is found that GAL holds a valid covenant running with the underlying land it will “ride through” confirmation of the Plan or GAL shall receive its indubitable equivalent under section 1129(b)(2)(A)(iii) of the Bankruptcy Code; to the extent not, it will be extinguished. Any related breach of contract claim is disputed, unliquidated, and contingent; accordingly, it shall not receive a Distribution under the Plan.
<b>Class A-4</b> in the following case: 48	Secured Lender Claims (Legendary Secured Claims – MM Little J)	Unimpaired Not Voting	On the Effective Date, the claim shall be reinstated and the Holder shall retain its lien, if any.
<b>Class A-4</b> in the following cases: 28, 29, 30, 37, 44,	Secured Lender Claims (All other Legendary Secured Claims)	Impaired Voting	In exchange for its approximately \$33 million in Secured Claims, its release of guaranties against MMPI and MMPLP relating to these Secured

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CLASS	DESCRIPTION OF CLASS	IMPAIRED? VOTING?	TREATMENT
45, and 46			Claims, and its \$5 million equity contribution, Legendary shall receive between 8,369,500 and 9,565,458 shares of Reorganized MMPI, equal to a stake of between 38% and 43% of Reorganized MMPI, dependent upon the outcome of the Reorganized MMPI rights offering described in the treatment for Class E in case 1 (MMPI).
<b>Class A-4</b> in the following cases: 41 and 52	Lender Secured Claims (EWB)	Impaired Voting	In exchange for its approximately \$32 million in Secured Claims and its release of guaranties against MMPI relating to these Secured Claims, EWB shall receive between 7,048,000 and 8,054,543 shares of Reorganized MMPI, equal to a stake of between 32% and 37% of Reorganized MMPI, dependent upon the outcome of the Reorganized MMPI rights offering described in the treatment for Class E in case 1 (MMPI).
<b>Class B</b> in the following cases: 1, 5, 32, 33, 36, 52	Other Priority Claims (Non-Tax)	Unimpaired Not Voting	Common Other Priority Claims Treatment
<b>Class C-1</b> in all cases	Unsecured Claims – General	Impaired <sup>5</sup> Voting	Common General Unsecured Claim Treatment
<b>Class C-2</b> in the following cases: 1, 2	Unsecured Claims – Guaranty Claims against MMPI or MMPLP <i>except for</i> Legendary and EWB Guaranty Claims where underlying secured claim will be converted to equity. These Classes include Legendary’s Guaranty Claims relating to Merco Group	Impaired Voting	Common Unsecured Guaranty Claim Treatment
<b>Class C-2</b> in the following cases: 1, 2	Unsecured Claims – Legendary and EWB Guaranty Claims against MMPI or MMPLP (but excluding Legendary’s Guarantees relating to Legendary Secured Claims in Merco Group secured by Sci-Arc Real Property and Sky-Arc Real Property in Case	Impaired Voting	Converted to equity of Reorganized MMPI as part of Plan treatment of Legendary Secured Claims in Cases 28, 29, 30, 37, 44, 45, and 46 and EWB Secured Claims in Cases 41 and 52.

<sup>5</sup> The Proponents reserve their right to assert at the Confirmation Hearing that Class C-1 is Unimpaired. The Proponents are soliciting Class C-1 in all cases in the event the Court determines that this class is Impaired under the Plan.

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CLASS	DESCRIPTION OF CLASS	IMPAIRED? VOTING?	TREATMENT
	50).		
<b>Class C-3</b> in the following cases: 11, 12, 14, 15, 21, 25-28, 30, 32-41, 43, 44, 46, 48, 49 52, 54	Unsecured Claims – Tenant Security Deposits	Unimpaired Not Voting	Common Tenant Security Deposits Treatment
<b>Class D</b> in the following cases: 2-7, 9-35, and 37-53	Intercompany Claims	Unimpaired Not Voting	Common Intercompany Claim Treatment
<b>Class E</b> in all cases <i>except</i> 1 and 2	Equity Interests in all Cases <i>except</i> MMPI and MMPLP	Unimpaired Not Voting	Common Equity Interest Treatment
<b>Class E-1</b> in case 1	Equity Interests in MMPI held by Insider Shareholders	Impaired Voting	<p>On the Effective Date, all MMPI Existing Common Stock shall be cancelled. Holders of record as of the Effective Date shall receive one share of Reorganized MMPI Common Stock and one Subscription Right for every 20 shares of MMPI Existing Common Stock they held on the Effective Date. Holders of less than twenty shares of MMPI Existing Common Stock, and excess shares following the 20-to-1 conversion, shall be cashed out at \$0.227 per share. Such shares of Reorganized MMPI Common Stock shall in the aggregate total 4,405,000 in number and shall constitute in the aggregate a 20% interest in Reorganized MMPI. The Rights Offering shall comply with all rules necessary to ensure its exemption under Section 1145 of the Bankruptcy Code, from federal, state and local security regulation requirements; alternatively, it shall be made available only to Holders of Existing MMPI Common Stock who are “accredited investors.”</p> <p>As provided in the Ballot, each Insider Shareholder may elect to enter into complete, mutual, general releases with the Reorganized Debtors, including the complete release of the Insider Causes of Action, conditioned upon cancellation and forfeiture of all MMPI Existing Common Stock, LTIP Units, rights under the Rights Offering and other interests in the Debtors held by such electing Insider Shareholder.</p>
<b>Class E-2</b> in case 1	Non-Insider Equity Interests in MMPI	Impaired Voting	On the Effective Date, all MMPI Existing Common Stock shall be cancelled. Holders of record as of the Effective Date shall receive one

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CLASS	DESCRIPTION OF CLASS	IMPAIRED? VOTING?	TREATMENT
			<p>share of Reorganized MMPI Common Stock and one Subscription Right for every 20 shares of MMPI Existing Common Stock they held on the Effective Date. Holders of less than twenty shares of MMPI Existing Common Stock, and excess shares following the 20-to-1 conversion, shall be cashed out at \$0.227 per share. Such shares of Reorganized MMPI Common Stock shall in the aggregate, total 4,405,000 in number and shall constitute in the aggregate a 20% interest in Reorganized MMPI. The Rights Offering shall comply with all rules necessary to ensure its exemption under Section 1145 of the Bankruptcy Code, from federal, state and local security regulation requirements; alternatively, it shall be made available only to Holders of Existing MMPI Common Stock who are “accredited investors.” In the event that one or more members of Class E-1 in Case 1 accept the Insider Shareholder Settlement Offer, the Reorganized MMPI Common Stock and Subscription Rights that would otherwise be distributed to such settling Insider Shareholder shall be distributed, on a Pro Rata basis, to the Holders of MMPI Existing Common Stock as of the Effective Date who are members of Class E-2 in Case 1.</p> <p>On the Effective Date, each of the Debtors will transfer all of its Insider Causes of Action to a Litigation Trust controlled by a Litigation Trustee on behalf of the members of Class E-2 in Case 1 of record as of the Effective Date. However, such Insider Causes of Action may be released pursuant to the treatment for Class E-1. In the event that all members of Class E-1 in Case 1 elect to accept the Insider Shareholder Settlement Offer, the Litigation Trust shall not be formed.</p>
<b>Class E-1</b> in case 2	Equity Interests in MMPLP held by MMPI	Unimpaired Not Voting	On the Effective Date, the Equity Interests in MMPLP held by MMPI shall be extinguished by the merger of MMPLP with or into MMPI. The rights of the Holders of such Equity Interests shall be Unimpaired.
<b>Class E-2</b> in case 2	LTIP Units in MMPLP	Impaired Voting	On the Effective Date, the Holders of the LTIP Units shall be entitled to receive, at the election of MMPI, either cash or shares of Reorganized MMPI Common Stock with a value equal to the value of the LTIP Units (vested as of the Petition Date) as of the Effective Date. Such value shall be determined either by agreement

CLASS	DESCRIPTION OF CLASS	IMPAIRED? VOTING?	TREATMENT
			by and between MMPI and the Holders of the LTIP Units or by the Bankruptcy Court. As provided in the Ballot, each Insider Shareholder may elect to enter into complete, mutual, general releases with the Reorganized Debtors as of the Effective Date conditioned upon cancellation and forfeiture of all MMPI Existing Common Stock, LTIP Units, rights under the Rights Offering and other interests in the Debtors held by such electing Insider Shareholder.

**B. General Provisions For Treatment Of Claims And Interests**

**1. Unclassified Claims**

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

**(a) Administrative Claims**

Administrative Claims are claims for costs or expenses of administering the Debtors' Chapter 11 Cases which are allowed under Section 507(a)(2) of the Bankruptcy Code. The Bankruptcy Code requires that all Administrative Claims be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

**(1) General**

Subject to the bar date provisions herein and additional requirements for professionals and certain other entities set forth below, the surviving Reorganized Debtor shall pay to each Holder of an Allowed Administrative Claim, on account of its Administrative Claim and in full satisfaction thereof, Cash equal to the Allowed amount of such Administrative Claim on the Effective Date or as soon as practicable thereafter, unless the Holder agrees or shall have agreed to other treatment of such Claim. Payment on and Administrative Claim which arose in the ordinary course of each Debtor's business, including Ordinary Course Professionals, will be made when such payment

1 would have become due in the ordinary course of each Debtor's business or under the terms of the  
2 Claim in the absence of the Chapter 11 Cases.

3 (b) Claims The Treatment Of Which Has Already Been Settled And Approved  
4 Pursuant To Order Of The Bankruptcy Court.

5 The Claims of Creditors the treatment of which has already been settled and resolved by  
6 Order entered by the Bankruptcy Court (including the settled Claims of Cathay, FNBN, Imperial,  
7 PCB and Stanford) are not classified, or separately classified under the Plan. The terms and  
8 conditions of such Bankruptcy Court-approved settlements are assumed by the relevant Reorganized  
9 Debtors and shall be unaltered and unmodified by the terms and conditions of the Plan. The Holders  
10 of such Claims are not entitled to vote under the Plan.

11 (1) Payment of Statutory Fees

12 On or before the Effective Date, all fees payable pursuant to 28 U.S.C. § 1930, as determined  
13 by the Bankruptcy Court at the hearing on Confirmation, shall be paid in Cash equal to the amount  
14 of such Administrative Claim.

15 (2) Bar Date for Administrative Claims

16 (a) *General Provisions*

17 Except as provided below for (i) non-tax liabilities incurred in the ordinary course of  
18 business by each Debtor and (ii) Postpetition Tax Claims, requests for payment of Administrative  
19 Claims must be Filed and served on counsel for the Reorganized Debtors no later than forty-five (45)  
20 days after the Effective Date, or such later date, if any, as the Bankruptcy Court shall order upon  
21 application made prior to the end of such 45-day period. Holders of Administrative Claims  
22 (including, without limitation, professionals requesting compensation or reimbursement of expenses  
23 and the Holders of any Claims for federal, state or local taxes) that are required to File a request for  
24 payment of such Claims and that do not File such requests by the applicable bar date shall be forever  
25 barred from asserting such Claims against any of the Debtors or the Reorganized Debtors or any of  
26 their respective properties.

27 (b) *Professionals*

1 All professionals or other Persons requesting compensation or reimbursement of expenses  
2 pursuant to any of Sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code for services  
3 rendered on or before the Effective Date (including, inter alia, any compensation requested by any  
4 professional or any other Person for making a “substantial contribution” in the Reorganization  
5 Case)<sup>6</sup> shall File and serve on the Proponents, the Reorganized Debtors, the Equity Holders  
6 Committee and the Creditors Committee an application for final allowance of compensation and  
7 reimbursement of expenses no later than (i) forty-five (45) days after the Effective Date, or (ii) such  
8 later date as the Bankruptcy Court shall order upon application made prior to the end of such 45-day  
9 period. Objections to applications of professionals for compensation or reimbursement of expenses  
10 must be Filed and served on the Proponents, the Reorganized Debtors, the Equity Holders  
11 Committee, the Creditors Committee and the professionals to whose application the objections are  
12 addressed on or before (i) fourteen days after such application is Filed and served or (ii) such later  
13 date as the Bankruptcy Court shall order or upon agreement between the Reorganized Debtors and  
14 the affected professional.

15 Any professional fees and reimbursements of expenses incurred by the Reorganized Debtors  
16 subsequent to the Effective Date may be paid by the Reorganized Debtors without application to or  
17 Order of the Bankruptcy Court.

18 (c) *Ordinary Course Liabilities*

19 Holders of Administrative Claims based on liabilities incurred post-petition in the ordinary  
20 course of the Debtors’ businesses, including Ordinary Course Professionals, (other than Claims of  
21 governmental units for taxes or Claims and/or penalties related to such taxes) shall not be required to  
22 File any request for payment of such Claims. Such Administrative Claims shall be assumed and  
23 paid by such Reorganized Debtor pursuant to the terms and conditions of the particular transaction  
24 giving rise to such Administrative Claim, without any further action by the Holders of such Claims.

25 (d) *Tax Claims*

26  
27  
28 <sup>6</sup> The Proponents reserve their right to assert a “substantial contribution” claim pursuant to Section 503(b)(3) of the Bankruptcy Code against the Estates for fees and expenses incurred in connection with proposing and obtaining approval of the Plan.



1 All requests for payment of Post petition Tax Claims, for which no bar date has otherwise  
2 been previously established, must be Filed on or before the later of (i) forty-five (45) days following  
3 the Effective Date; and (ii) 120 days following the filing of the tax return for such taxes for such tax  
4 year or period with the applicable governmental unit. Any Holder of any Postpetition Tax Claim  
5 that is required to File a request for payment of such taxes and that does not File such a Claim by the  
6 applicable bar date shall be forever barred from asserting any such Postpetition Tax Claim against  
7 any of the Debtors or Reorganized Debtor, or any of their respective properties, whether any such  
8 Postpetition Tax Claim is deemed to arise prior to, on, or subsequent to, the Effective Date. The  
9 Debtors are paying all Postpetition Tax Claims as they come due; however, certain taxing authorities  
10 conduct audits which may result in a postpetition tax liability of which the Debtors are currently  
11 unaware. The County of Los Angeles has filed administrative priority claims against MMPI and  
12 MMP 12385 San Fernando Road for \$229,193 and \$6,864 respectively. The Debtors have asserted  
13 that these taxes have been paid and, in any event, are resolved pursuant to the terms of the settlement  
14 between the Debtors and the County of Los Angeles.

15 Allowed Secured Tax Claims will be paid timely in the ordinary course of business with all  
16 costs, fees, charges and interest as required by sections 506(b) and 511 of the Bankruptcy Code, if  
17 applicable.

18 **(3) Inter-Debtor Administrative Claims**

19 The Debtors' cash management system provides for funds to flow to and from a cash  
20 concentration account maintained by MMPLP. The concentration account is linked to the operating  
21 bank accounts of each of the Debtors, which bank accounts are maintained as zero balance accounts.  
22 When needed to fund payment on checks issued by a particular affiliate, funds are transferred from  
23 the concentration account to the operating account of that affiliate. Excess funds, if any, are invested  
24 in interest bearing accounts pending their utilization. The cash management system produces inter-  
25 Debtor account receivables and account payables. Transactions occurring after the Petition Date and  
26 prior to the Effective Date produce inter-Debtor Administrative Claims owed to MMPLP. MMPLP  
27 shall retain such Administrative Claims and all rights, interests, and obligations related thereto,  
28

1 which, post-Effective Date, shall be paid and settled in accordance with the Debtors' ordinary course  
2 of business with respect to the settlement and payment of intercompany obligations.

3 (c) Priority Tax Claims

4 Priority Tax Claims are certain unsecured income, employment and other taxes described by  
5 Section 507(a)(8) of the Bankruptcy Code. The Bankruptcy Code requires that each holder of such a  
6 507(a)(8) Priority Tax Claim receive the present value of such claim in deferred cash payments, over  
7 a period not exceeding five years after the Petition Date. The chart attached as Exhibit 8 to the  
8 Disclosure Statement is the Debtors' Section 507(a)(8) priority Tax Claims (as represented to the  
9 Bankruptcy Court by the Debtors in their Disclosure Statement). Holders of Priority Tax Claims  
10 shall receive a cash payment equal to 100% of the amount of their Allowed Claims on the Effective  
11 Date (or after a Final Order of the Bankruptcy Court allowing such Claims).

12 **2. Common Class Treatments for Classified Claims**

13 The following are Common Class Treatments for the following classes of Claims and  
14 Interests: (i) Secured Tax Claims, (ii) Secured Lender Claims, (iii) Other Priority Claims, (iv)  
15 Unsecured Tenant Security Deposit Claims, (v) General Unsecured Claims, (vi) Unsecured Guaranty  
16 Claims (vii) Intercompany Claims, and (vii) Equity Interests. The Classes of Claims and Interests  
17 for each Debtor will either receive the Common Treatment or a treatment specific to a particular  
18 Class and Debtor. For each Class and for each Debtor, the chart in Section III.A. will specify  
19 whether such class will receive the common treatment set forth herein or another treatment.

20 The Proponents expressly reserve the right, at any time during the term of the Plan, to  
21 refinance the obligations secured by any of their real properties or to sell such any or all of such real  
22 properties and satisfy the full amount of the Allowed Secured Claims against such real properties  
23 from the proceeds of such refinancing.

24 (a) Common Secured Tax Claim Treatment

25 Except to the extent that the Holder of an Allowed Secured Tax Claim accepts, or has  
26 accepted, less favorable treatment, the Holder of an Allowed Secured Tax Claim will receive one of  
27 the following treatments:  
28

1 (i) If a Class of Holders of Secured Tax Claims votes to accept the Plan in accordance with  
2 Section 1126(c) of the Bankruptcy Code, each Holder of an Allowed Secured Tax Claim in such  
3 Class shall receive a cash payment equal to 100% of the amount of its Allowed Claim on the  
4 Effective Date, plus simple interest at 5% per annum for the period from the Petition Date through  
5 the date each Allowed Claim is paid; *provided, however*, if a Claim is not Allowed as of the  
6 Effective Date but becomes Allowed thereafter interest shall not accrue during the initial 30-day  
7 period following the Effective Date but shall resume accruing thereafter.

8 (ii) If a Class of Holders of Secured Tax Claims votes to reject the Plan in accordance with  
9 Section 1126(c) of the Bankruptcy Code, each Holder of an Allowed Secured Tax Claim in such  
10 Class shall receive a cash payment equal to 100% of the amount of its Allowed Claim on the  
11 Effective Date, plus (x) simple interest for the period from the Petition Date through the Effective  
12 Date at the Federal Judgment Rate in effect as of the Petition Date and (y) in the event the Claim is  
13 not Allowed as of the Effective Date but becomes Allowed thereafter, simple interest at 5% per  
14 annum for the period from the 31st day after the Effective Date through the date the Claim is paid.

15 *Under all circumstances for all purposes*, the foregoing treatment shall not supersede  
16 treatment specified in Bankruptcy Court-approved agreements where the Secured Tax Claims have  
17 been conditionally resolved pending plan confirmation (e.g., Los Angeles County). The treatment of  
18 those Holders' Secured Tax Claims shall be consistent in all regards with their Bankruptcy Court-  
19 approved settlements.

20 (b) Common Secured Lender Claim Treatment

21 The Holders shall receive quarterly Cash payments over a period of four years from the  
22 Effective Date in an aggregate amount equal to the amount of their Allowed Secured Claims, plus  
23 interest from the Effective Date on the unpaid portion of the Allowed Secured Claim, at the rate  
24 prescribed below.

25 Payments shall be made in the amount of the accruing interest, with the principal balance and  
26 any unpaid interest due and payable at the Maturity Date. The first installment shall be payable on  
27 the thirty-first (31<sup>st</sup>) day after the Effective Date, or in the event such day is not a Business Day than  
28 it shall be payable on the next Business Day. Each installment shall be payable quarterly thereafter

1 in the amount equal to interest on the Allowed Claim at the rate of 5.5% per annum or as otherwise  
2 established by the Bankruptcy Court, provided, however, that in the event such Claim is not an  
3 allowed Claim at the Effective Date then interest shall be payable on the undisputed portion of such  
4 Claim until the Claim is allowed pursuant to a Final Order of the Bankruptcy Court. Once a Claim is  
5 an Allowed Claim pursuant to a Final Order, then on the next interest payment date, the Holder shall  
6 receive a payment equal to the unpaid interest due and owing on the disputed portion of the Claim  
7 from the Effective Date.

8 The terms and conditions of the agreements or instruments between the Holder and the  
9 Debtor shall be restructured and amended as of the Effective Date pursuant to Loan Modification  
10 Provisions, the form of which are attached to the Disclosure Statement as Exhibit 9. Except as  
11 provided in this section, and notwithstanding Section 1141(c) or any other provision of the  
12 Bankruptcy Code, all valid, enforceable and perfected prepetition liens of the Holder in its Collateral  
13 shall survive the Effective Date and continue in accordance with the contractual terms of the  
14 underlying agreements with such Holder and/or applicable law until the Holder's Allowed Secured  
15 Claim is satisfied pursuant to this Plan; provided however, that the Holder shall be prohibited from  
16 exercising rights or remedies pursuant to such underlying agreements so long as the Reorganized  
17 Debtor is in compliance with this Plan. Any lien or interest granted to the Holder by the Bankruptcy  
18 Court as adequate protection shall be released and extinguished upon confirmation.

19 Holders of settled Secured Claims shall not be entitled to vote on the Plan on account of such  
20 claims as they will ride through Confirmation of the Plan.

21 (c) Common Other Priority Claim Treatment

22 This Class includes Other Priority Claims for an amount entitled to priority under Sections  
23 507(a)(4), 507(a)(5), 507(a)(6) or 507(a)(7) of the Bankruptcy Code, and does not include any  
24 Administrative Claim or Tax Claim. These Other Priority Claims are for accrued wages, salary or  
25 commissions, including vacation, severance, and sick leave pay earned by an employee within 180  
26 days prior to the Petition Date, to the extent of \$10,950 per employee.

27 Except to the extent that (x) the Holder of an Allowed Other Priority Claim accepts, or has  
28 accepted, less favorable treatment, or (y) the Allowed Other Priority Claim includes accrued

1 vacation or sick pay and the Holder remains employed with the Reorganized Debtors after the  
2 Effective Date, the Holder of an Allowed Other Priority Claim will receive one of the following  
3 treatments:

4 (i) If a Class of Holders of Other Priority Claims votes to accept the Plan in accordance with  
5 Section 1126(c) of the Bankruptcy Code, each Holder of an Allowed Other Priority Claim in such  
6 Class shall receive a cash payment equal to 100% of the amount of its Allowed Claim on the  
7 Effective Date, plus simple interest at 5% per annum for the period from the Petition Date through  
8 the date each Allowed Claim is paid; *provided, however*, if a Claim is not Allowed as of the  
9 Effective Date but becomes Allowed thereafter interest shall not accrue during the initial 30-day  
10 period following the Effective Date but shall resume accruing thereafter.

11 (ii) If a Class of Holders of Other Priority Claims votes to reject the Plan in accordance with  
12 Section 1126(c) of the Bankruptcy Code, each Holder of an Allowed Other Priority Claim in such  
13 Class shall receive a cash payment equal to 100% of the amount of its Allowed Claim on the  
14 Effective Date, plus (x) simple interest for the period from the Petition Date through the Effective  
15 Date at the Federal Judgment Rate in effect as of the Petition Date and (y) in the event the Claim is  
16 not Allowed as of the Effective Date but becomes Allowed thereafter, simple interest at 5% per  
17 annum for the period from the 31st day after the Effective Date through the date the Claim is paid.

18 In the event an Other Priority Claim includes accrued vacation or sick pay and the Holder  
19 remains employed with the Reorganized Debtors after the Effective Date, the vacation or sick pay  
20 shall be reinstated and the Holder shall be authorized to use such amounts for vacation or sick time  
21 following the Effective Date.

22 (d) Common Tenant Security Deposits Treatment

23 Unsecured Tenant Security Deposit Claims are those unsecured claims asserted by tenants of  
24 the Debtors relating to security deposits made to their respective landlord Debtor. The Allowed  
25 Claims of the Holders of such claims shall be Reinstated as of the Effective Date (i.e. such claims  
26 shall be unaffected by confirmation of the Plan).

27 (e) Common General Unsecured Claim Treatment  
28

1 Except to the extent that the Holder of an Allowed General Unsecured Claim accepts, or has  
2 accepted, less favorable treatment, the Holder of an Allowed General Unsecured Claim will receive  
3 one of the following treatments:

4 (i) If a Class of Holders of General Unsecured Claims votes to accept the Plan in accordance  
5 with Section 1126(c) of the Bankruptcy Code, each Holder of an Allowed General Unsecured Claim  
6 in such Class shall receive a cash payment equal to 100% of the amount of its Allowed Claim on the  
7 Effective Date, plus simple interest at 5% per annum for the period from the Petition Date through  
8 the date each Allowed Claim is paid; *provided, however*, if a Claim is not Allowed as of the  
9 Effective Date but becomes Allowed thereafter interest shall not accrue during the initial 30-day  
10 period following the Effective Date but shall resume accruing thereafter.

11 (ii) If a Class of Holders of General Unsecured Claims votes to reject the Plan in accordance  
12 with Section 1126(c) of the Bankruptcy Code, each Holder of an Allowed General Unsecured Claim  
13 in such Class shall receive a cash payment equal to 100% of the amount of its Allowed Claim on the  
14 Effective Date, plus (x) simple interest for the period from the Petition Date through the Effective  
15 Date at the Federal Judgment Rate in effect as of the Petition Date and (y) in the event the Claim is  
16 not Allowed as of the Effective Date but becomes Allowed thereafter, simple interest at 5% per  
17 annum for the period from the 31st day after the Effective Date through the date the Claim is paid.

18 Holders who have agreed to other treatments in court-approved settlements (including, but  
19 not limited to, FNBN) shall receive the treatments provided in those settlements notwithstanding the  
20 Allowance of some or all of their Claims as General Unsecured Claims.

21 (f) Common Unsecured Guaranty Claim Treatment

22 Claims in this Class consist of Guaranty Claims on obligations for which another one of the  
23 Debtors is the principal obligor and for which the principal obligation is provided for under this Plan  
24 or under the plan filed by MM 845 S. Flower and Chinatown.

25 Such claims shall be cured and reinstated, provided, however, they shall be amended to  
26 conform to the restructuring of the underlying obligation owed to such Holder under the Common  
27 Non-Settled Secured Lender Claim Treatment in Section III.B.2.(b) of this Plan.  
28

1 The foregoing treatment shall not supersede treatment specified in Bankruptcy Court-  
2 approved settlements where the Guaranty Claims have been resolved. The treatment of those  
3 Holders' Guaranty Claims shall be consistent in all regards with their Bankruptcy Court-approved  
4 settlements.

5 (g) Common Intercompany Claim Treatment

6 The Allowed Claims of the Holders of such claims shall be Unimpaired.

7 (h) Common Equity Interest Treatment

8 The Holders of the Interests in these Classes shall retain their Interests in the Debtor.

9 **IV.**

10 **MEANS FOR IMPLEMENTATION OF THE PLAN**

11 **A. Overview of Plan Implementation**

12 Except as otherwise provided in the Plan or the Confirmation Order, all Cash necessary for  
13 the Reorganized Debtors to make payments pursuant to the Plan will be obtained from the  
14 Proponents' infusion of \$5 million in cash, the proceeds received from the Rights Offering, the  
15 Reorganized Debtors' cash balances existing on the Effective Date and, thereafter, from the  
16 operations of the Reorganized Debtors' business, the sale or refinancing of assets of the Reorganized  
17 Debtors, as deemed necessary and appropriate by the Reorganized Debtors, and from any other  
18 lawful source. The Reorganized Debtors' restructured balance sheet on account of the Proponents'  
19 debt conversion will significantly reduce the Debtors' secured debt load.

20 **B. Vesting of Assets**

21 Except as otherwise provided in any provision of the Plan, on the Effective Date, all legal  
22 and equitable interests of the Debtors in property of their respective estates shall be vested in such  
23 Reorganized Debtors, free and clear of all Claims, Liens, encumbrances and Interests except to the  
24 extent and only as is expressly provided for otherwise in the Plan. On the Effective Date of the Plan,  
25 each of the Debtors will transfer all of its Insider Causes of Action to a Litigation Trust controlled by  
26 a Litigation Trustee and the Equity Holders Committee for the benefit of present non-Insider MMPI  
27 Equity Holders and Reorganized MMPI. All settlements reached with Holders of Secured Lender  
28

1 Claims and other Claims shall be enforced by and against the Reorganized Debtors in the form  
2 approved by the Bankruptcy Court.

3 **C. Reorganized Debtors' Business Operations**

4 From and after the Effective Date, the Reorganized Debtors may operate their business and  
5 use, acquire, and dispose of property and settle and compromise Claims or Interests arising post-  
6 Confirmation without supervision by the Bankruptcy Court and free of any restrictions of the  
7 Bankruptcy Code, the Bankruptcy Rules or the Local Bankruptcy Rules, other than those restrictions  
8 expressly imposed by the Plan and the Confirmation Order.

9 **D. Sale and/or Refinance of Certain of Assets**

10 As of the Effective Date, the Reorganized Debtors will continue to operate their businesses.  
11 In order to meet their operational needs and payment obligations under the Plan, the Reorganized  
12 Debtors will sell some of their assets and refinance other of their assets as necessary during the term  
13 of the Plan. After the payment of the costs of sale and the satisfaction of any Liens fixed by the Plan  
14 against the asset, the remaining proceeds will be available for the payment of the costs of operating  
15 the business and funding the Reorganized Debtors' obligations under this Plan.

16 **E. Issuance of New Equity and Rights Offering**

17 The Plan provides for the cancellation of MMPI Existing Common Stock and the issuance of  
18 approximately 22,205,000 shares of Reorganized MMPI Common Stock to stakeholders. All shares  
19 of Reorganized MMPI issued pursuant to the Plan shall be duly authorized, validly issued, fully paid  
20 and non-assessable.

21 Holders of MMPI Existing Common Stock, whom hold approximately 88.1 million shares in  
22 total, shall be issued one share of Reorganized MMPI Common Stock in exchange for every twenty  
23 shares of MMPI Existing Common Stock they hold on the Effective Date.

24 Holders of MMPI Existing Common Stock shall be diluted to a combined 20% stake in  
25 Reorganized MMPI. In exchange for converting \$65 million of their debt, releasing their guarantee  
26 claims against MMPI and MMPLP relating to this debt and Legendary's \$5 million equity  
27 contribution, the Proponents shall receive between 15,417,500 and 17,620,000 shares of  
28 Reorganized MMPI Common Stock, equal to a stake of between 70% and 80% of Reorganized



1 MMPI, dependent upon the outcome of the Rights Offering described below which will vest up to  
2 10% of the equity of Reorganized MMPI in those who subscribe.

3 **1. Issuance of Equity for Proponents' Converted Debt**

4 On the Effective Date, between approximately 15,417,500 and 17,620,000 shares of  
5 Reorganized MMPI Common Stock shall be issued to the Proponents on account of their secured  
6 claims (and Legendary's equity contribution) in each of the Debtors' cases *except* Merco Group.<sup>7</sup>  
7 The details of the New Equity distribution on account of the debt-to-equity conversion and  
8 Legendary's cash infusion are as follows:

9 (a) Legendary Investors

10 In exchange for its approximately \$33 million in Secured Claims, its release of its guarantee  
11 claims against MMPI and MMPLP as noted in footnote 7 and its \$5 million equity contribution,  
12 Legendary shall receive between 8,369,500 and 9,565,458 shares of Reorganized MMPI Common  
13 Stock, equal to a stake of between 38% and 43% of Reorganized MMPI dependent upon the  
14 outcome of the Rights Offering described in Section IV.E.2 herein.

15 (b) East West Bank

16 In exchange for its approximately \$32 million in Secured Claims and its release of its  
17 guarantee claims against MMPI as noted in footnote 7, EWB shall receive between 7,048,000 and  
18 8,054,543 shares of Reorganized MMPI Common Stock, equal to a stake of between 32% and 37%  
19 of Reorganized MMPI, dependent upon the outcome of the Rights Offering described in Section  
20 IV.E.2 herein.

21 **2. Rights Offering to Holders of MMPI Existing Common Stock**

22 Holders of MMPI Existing Common Stock of record as of the Effective Date shall each  
23 receive one (1) share of Reorganized MMPI Common Stock and one Subscription Right for each  
24 twenty (20) shares of MMPI Existing Common Stock held by such Holder of record as of the  
25

26 <sup>7</sup> Legendary's Secured Claim in the Merco Group case shall receive the Common Secured Lender Treatment. Legendary  
27 is converting its debt and/or releasing MMPI and MMPLP for its guarantee with respect to the following Debtors: (a)  
28 MM 3rd and Omar Street, (b) MM 336 W. 11th Street, (c) MM – 420 Boyd Street, (d) MG – 1500 Griffith, (e) MG – 4th  
Street Center, (f) MG – 425 W. 11th Street, and (g) MG – 620 Gladys Avenue. EWB is converting its debt and/or  
releasing MMPI for its guarantee with respect to the following Debtors: (a) 2640 Washington Boulevard and (b) Meruelo  
Wall Street.

1 Effective Date. The Subscription Right shall entitle the Holder thereof to subscribe for the purchase  
2 of a number of Subscription Shares equal to up to 0.95 times the number of shares of Reorganized  
3 MMPI Common Stock distributed to such Holder under the Plan, at a purchase price of \$4.54 per  
4 share, provided such Holder makes a written election to exercise such Subscription Right and timely  
5 delivers such written election, together with the purchase price of the Reorganized MMPI Common  
6 Stock to be purchased pursuant to the exercise of the Subscription Right, to the Transfer Agent on or  
7 before the end of the Subscription Period. The number of Subscription Shares available to be  
8 purchased pursuant to the exercise of the Subscription Rights shall be limited to 2,202,500 shares  
9 (i.e. shares with an aggregate purchase price of \$10 million). In the event that the Rights Offering is  
10 oversubscribed, each holder of a Subscription Right that has been properly and timely exercised  
11 shall receive a number of Subscription Shares equal to 2,202,500 (the total number of Subscription  
12 Shares available) multiplied by its Subscription Share Pro Rata Allocation. In the event of such  
13 oversubscription, excess subscription funds shall promptly be reimbursed to subscribing parties.

14 The foregoing transaction pursuant to which Holders of MMPI Existing Common Stock may  
15 acquire additional MMPI Common Stock is referred to in this Plan as the “Rights Offering.” The  
16 Rights Offering is subject to and conditioned upon the confirmation of the Plan for MMPI. The  
17 Rights Offering shall comply with all rules necessary to ensure its exemption, under Section 1145 of  
18 the Bankruptcy Code, from federal, state and local security registration requirements or shall be  
19 made available only to current equity owners who are “accredited investors.”

20 **F. Cancellation Of LTIP Units and Related Agreements; Certificate of Incorporation and**  
21 **Bylaws**

22 **1. LTIP Units and Related Agreements**

23 On the Effective Date, (a) the LTIP Units; all warrants, options or other rights for the  
24 purchase or other acquisition from any Debtor of any MMPI Existing Common Stock or LTIP Units;  
25 all securities convertible into or redeemable or exchangeable for any MMPI Existing Common Stock  
26 or LTIP Units; and all warrants, rights or options for the purchase or other acquisition from any  
27 Debtor of any MMPI Existing Common Stock or LTIP Units or any such warrants, options, other  
28 rights or securities, and any interest or participation in any of the foregoing and any other ownership

1 or profit interest or participation in MMPI or MMPLP (to the extent not held directly or indirectly by  
2 MMPI) will be cancelled and extinguished, and (ii) the obligations of, Claims against, and/or  
3 Interests in MMPI under, relating or pertaining to any agreements (including without limitation,  
4 registration rights agreements, merger, contribution and similar agreements and voting, shareholders  
5 and similar agreements), indentures, certificates of designation, bylaws, or certificates or articles of  
6 incorporation or similar documents governing the MMPI Existing Common Stock and any other  
7 instrument or document evidencing or creating ownership interest in MMPI (including without  
8 limitation, provisions of the agreement of limited partnership of MMPLP and award agreements  
9 relating to the LTIP Units) will be released and discharged.

10 The LTIP Units shall be extinguished by the merger of MMPLP with or into MMPI and the  
11 Holders of Interests in the LTIP Units shall receive the treatment provided for Holders of Interests in  
12 Class E-2 in Case 2. Insider Shareholders may elect to enter into complete, mutual, general releases  
13 with the Reorganized Debtors conditioned upon cancellation and forfeiture of all MMPI Existing  
14 Common Stock, LTIP Units, rights under the Rights Offering and other interests in the Debtors held  
15 by such electing Insider Shareholder.

16 **2. Amended and Restated Certificate of Incorporation and Bylaws**

17 On and after the Effective Date, pursuant to and by virtue of this Plan, the certificate of  
18 incorporation of Reorganized MMPI will be amended and restated until thereafter changed or  
19 amended as provided therein or by applicable law, and the bylaws will be amended and restated for  
20 Reorganized MMPI until thereafter changed or amended as provided therein or by applicable law.

21 **G. Issuance of New Equity**

22 Subject at all times to Section VIII.E. herein, on the Effective Date, the shares of New Equity  
23 shall be issued to the Holders of Existing Common Stock, the Proponents and those Holders of  
24 MMPI Existing Common Stock whom subscribe to purchase additional shares of Reorganized  
25 MMPI in accordance with the Rights Offering, which issuance will then represent all of the issued  
26 and outstanding equity interests in MMPI.  
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1 Nothing herein shall prevent Reorganized MMPI from adopting a new name. All shares of  
2 Reorganized MMPI issued pursuant to the Shareholder Plan shall be duly authorized, validly issued,  
3 fully paid and non-assessable.

4 **H. Merger of MMPLP and MMPI**

5 Upon the terms and subject to the conditions set forth in the agreement and plan of merger,  
6 the form of which is attached hereto as Exhibit M, MMPLP shall be merged with and into MMPI  
7 one day after the Effective Date if not earlier accomplished (the "Merger"). Following the Merger,  
8 the separate corporate existence of MMPLP shall cease, and MMPI shall continue as the surviving  
9 company and shall succeed to and assume all the rights and obligations of MMPLP.

10 If not earlier accomplished, as promptly as practicable but at least one day after the Effective  
11 Date, the parties shall file with the Secretary of State of the State of Delaware a certificate of merger  
12 (the "Certificate of Merger") executed and acknowledged by the parties in accordance with the  
13 relevant provisions of the DGCL and the RULPA and, as promptly as practicable on or after the  
14 Effective Date, the parties to the Merger shall make all other filings or recordings required by the  
15 Bankruptcy Court and under the DGCL and the RULPA. If not earlier accomplished, the Merger  
16 shall become effective one day after the Effective Date and the filing of the Certificate of Merger  
17 with the Secretary of State of the State of Delaware, or at such later date and time as MMPI and  
18 MMPLP shall agree and shall specify in the Certificate of Merger.

19 Once the Merger becomes effective, all the property, rights, privileges, powers and franchises  
20 of MMPLP shall vest in MMPI, and all debts, liabilities and duties of MMPLP shall become the  
21 debts, liabilities and duties of MMPI.

22 **I. Retained Claims and Defenses and Reservation of Rights**

23 **1. No Waiver and Retention of Claims and Defenses**

24 Unless otherwise expressly set forth in the Plan or the Confirmation Order, pursuant to  
25 Section 1123(b)(3)(B), all Retained Claims and Defenses of any kind or nature whatsoever against  
26 third parties arising before the Effective Date and belonging to the Debtors or their Estates shall  
27 become property of the Reorganized Debtors. Notwithstanding any otherwise applicable principle  
28 of law or equity, including, without limitation, any principles of judicial estoppel, *res judicata*,

1 collateral estoppel, issue preclusion, or any similar doctrine, the failure to list, disclose, describe,  
2 identify, analyze or refer to any such Retained Claims and Defenses in this Plan, the Disclosure  
3 Statement, or any other document filed with the Bankruptcy Court will in no manner waive,  
4 eliminate, modify, release, or alter the Reorganized Debtors' right to commence, prosecute, defend  
5 against, settle, and realize upon any Retained Claims and Defenses that the Debtors or the Estates  
6 have or may have as of the Effective Date. Retained Claims and Defenses shall include, without  
7 limitation:

- 8 • All claims and defenses pursuant to applicable non-bankruptcy law and Sections 502,  
9 506, 524 and 553 of the Bankruptcy Code against any Creditor regarding the amount  
10 of such Holder's Allowed Claim (whether prepetition or postpetition), to enforce the  
11 discharge of any Secured Creditors' Claims;
- 12 • All claims and defenses pursuant to applicable non-bankruptcy law and Sections 502,  
13 506, 510, 524, 542 and 553 of the Bankruptcy Code including, without limitation,  
14 claims and defenses based on any Creditors' assertion of unreasonable professionals'  
15 fees, costs, charges and penalties (whether disguised as interest, or otherwise);
- 16 • All avoidance causes of action and objections to Claims under Sections 105, 502,  
17 506, 510, 542 through 551 and 553 of the Bankruptcy Code that belong to the  
18 Debtors or to the Estates.
- 19 • All claims and defenses related to the recovery of professionals' fees and expenses by  
20 the Debtor or Reorganized Debtor from Creditors;
- 21 • All Insider Causes of Action, including, but not limited to, claims against the  
22 Debtors' Insiders, employees, and/or agents relating to pre-confirmation and/or pre-  
23 petition conduct, including without limitation, claims for fraud, breach of fiduciary  
24 duty or negligence; and
- 25 • All claims and defenses attributable to the filing of personal Chapter 7 or Chapter 11  
26 bankruptcy petitions by an Insider who is a natural person, including without  
27 limitation, claims or defenses related to the diminution of security for the Company's  
28 debts if an Insider obtains a discharge of their personal guaranty obligations.

1 From and after the Effective Date, the Reorganized Debtors are authorized to assert the  
2 Retained Claims and Defenses including, but not limited to, for purposes of objection to the  
3 allowance of any Claim. Nothing contained in the Plan or the Confirmation Order shall be deemed  
4 to be a waiver or the relinquishment of any of the Debtors' rights with respect to the Retained  
5 Claims and Defenses and Reorganized Debtors shall be entitled to assert the Retained Rights and  
6 Defenses as fully as if the Chapter 11 Cases had not been commenced.

7 **2. Unknown Retained Claims and Defenses / No Preclusion**

8 Unless otherwise expressly set forth in the Plan or the Confirmation Order, the reservation of  
9 rights and Retained Claims and Defenses set forth above shall include, without limitation, any  
10 Retained Claims and Defenses of which the Debtors may presently be unaware, or which may arise  
11 or exist by reason of additional facts or circumstances unknown to the Debtors at this time or facts or  
12 circumstances that may change or be different from those the Debtors now believe to exist including,  
13 without limitation, claims based on theories of construction defect, breach of warranty, negligence,  
14 indemnification and contribution. Therefore, no preclusion doctrine, including, without limitation,  
15 the doctrines of *res judicata*, collateral estoppel, waiver, estoppel (judicial, equitable or otherwise),  
16 or laches will apply to the Reorganized Debtors with respect to the Retained Claims and Defenses  
17 upon or after the Confirmation of the Plan based on the Plan, the Disclosure Statement or the  
18 Confirmation Order.

19 **J. Insider Litigation Trust**

20 Unless the Insider Shareholder Settlement Offer is accepted by all members of Class E-1 in  
21 Case 1, as of the Effective Date, the a Litigation Trustee will retain all rights on behalf of a  
22 Litigation Trust to commence, pursue and settle, as appropriate, any and all Insider Causes of Action  
23 assigned to the Litigation Trust in any court or other tribunal, including, without limitation, an  
24 adversary proceeding filed in the Chapter 11 Cases. The failure to explicitly list any Insider Causes  
25 of Action is not intended to limit the rights of the Litigation Trust, through the Litigation Trustee, to  
26 pursue any and all Insider Causes of Action, including Insider Causes of Action not so identified  
27 herein. Notwithstanding any otherwise applicable principle of law or equity, including, without  
28 limitation, any principles of judicial estoppel, *res judicata*, collateral estoppel, issue preclusion, or

1 any similar doctrine, the failure to list, disclose, describe, identify, analyze or refer to any Insider  
2 Cause of Action in this Plan, the Disclosure Statement, or any other document filed with the  
3 Bankruptcy Court will in no manner waive, eliminate, modify, release, or alter the Reorganized  
4 Debtors' or the Litigation Trustee's right to commence, prosecute, defend against, settle, and realize  
5 upon any Insider Cause of Action that the Debtors or the Estates have or may have as of the  
6 Effective Date. The Litigation Trustee may commence Insider Litigation, prosecute Insider  
7 Litigation, recover on account of Insider Causes of Action, and settle Insider Causes of Action  
8 assigned to the Litigation Trust in accordance with the best interests, and for the benefit of, the  
9 Litigation Trust, subject to the terms of any applicable Litigation Trust Agreement.

10 Unless a Cause of Action against a Person is expressly waived, relinquished, released,  
11 compromised in writing, or settled in the Plan or any Final Order, the Debtors and their Estates, for  
12 the benefit of beneficiaries of the Litigation Trust in which such Insider Causes of Action shall vest,  
13 expressly reserve such Insider Causes of Action for later adjudication (including, without limitation,  
14 Insider Causes of Action of which the Debtors, the Equity Holders Committee, the Creditors  
15 Committee or any party in interest may presently be unaware, or which may arise or exist by reason  
16 of additional facts or circumstances unknown to the Debtors, the Equity Holders Committee, the  
17 Creditors Committee or any party in interest at this time, or facts or circumstances which may  
18 change or be different from those which the Debtors, the Equity Holders Committee, the Creditors  
19 Committee or any party in interest now believe to exist) and, therefore, no preclusion doctrine,  
20 including, without limitation, the doctrines of *res judicata*, collateral estoppel, issue preclusion,  
21 claim preclusion, waiver, estoppel (judicial, equitable, or otherwise), or laches will apply to Insider  
22 Causes of Action upon, or after, the Confirmation or consummation of the Plan based on their  
23 description or lack of identification or description in the Disclosure Statement, the Plan, or the  
24 Confirmation Order, except where such Insider Causes of Action have been expressly released by  
25 virtue of the Plan or other Final Order.

26 As of the Effective Date, subject to any Litigation Trust Agreement, the Litigation Trustee,  
27 on behalf of the Litigation Trust, will be authorized to exercise and perform the rights, powers and  
28 duties held by the Debtors' Estates under the Insider Causes of Action, including, without limitation,

1 the authority under Section 1123(b)(3) of the Bankruptcy Code to provide for the settlement,  
2 adjustment, retention and enforcement of claims and interests of the estate, without the consent or  
3 approval of any third party, and without any further order of the Bankruptcy Court, except as  
4 otherwise provided in the Plan.

5 Subject to the Litigation Trust Agreement, the Litigation Trustee will make the decision of  
6 whether or not to pursue Insider Litigation or otherwise prosecute Insider Causes of Action. The  
7 Litigation Trust shall be initially funded in accordance with the terms of an agreement to be  
8 negotiated between Reorganized MMPI and the Equity Holders Committee at such time as is  
9 appropriate.

10 Any and all Net Proceeds derived by the Litigation Trust from the prosecution of the Insider  
11 Causes of Action shall be distributed on a Pro Rata basis to the Holders of record of MMPI Existing  
12 Common Stock as of the Effective Date.

13 **K. Objections to Claims**

14 Except as otherwise provided in the Plan, objections to Claims, including without limitation  
15 Administrative Claims (other than objections to Administrative Claims of Professionals), shall be  
16 Filed and served upon the Holder of such Claim or Administrative Claim no later than the later of:  
17 (a) one hundred eighty (180) days after the Effective Date, (b) one hundred eighty (180) days after a  
18 proof of Claim or request for payment of such Claim is Filed, and (c) a deadline set by the  
19 Bankruptcy Court after the extension of the one hundred eighty (180)-day deadline; such extension  
20 may be granted on an ex parte basis without notice or hearing. After the Confirmation Date, only the  
21 Reorganized Debtors or the Litigation Trustee, as the case may be, will have the authority to File  
22 objections, settle, compromise, withdraw or litigate to judgment objections to Claims and Interests.  
23 From and after the Confirmation Date, the Reorganized Debtors or the Litigation Trustee, as the case  
24 may be, may settle or compromise any Disputed Claim or Disputed Interest without approval of the  
25 Bankruptcy Court.  
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1 **L. Management of the Reorganized Debtors**

2 **1. Board of Directors**

3 The Board will be comprised of seven directors, as follows: two directors will be designated  
4 by Legendary, one will be designated by EWB, one will be designated by the Equity Holders  
5 Committee and three shall be independently named by the board based upon the Proponents'  
6 recommendations.

7 **2. Officer Biographies**

8 The Reorganized Debtors will be managed by a team assembled by Legendary  
9 Developments, LLC, an affiliate of Legendary. Surjit P. Soni and Dilip Bhavnani will serve as co-  
10 CEOs. Soni and Bhavnani have worked together for over 15 years on a variety of projects and  
11 businesses. They share the position of Managing Member for Legendary Development, LLC and its  
12 several subsidiaries, as well as for Legendary. Soni will also assume the function of general counsel  
13 for the Reorganized Debtors. A CFO with public company and real estate experience will be  
14 recruited through a search if management cannot secure an agreement to retain the Debtors' current  
15 CFO. The Proponents expect to retain select current employees with company history, asset and  
16 systems knowledge. However, the Proponents do not believe the size of the corporate staffing  
17 maintained by the Debtors is justified and staffing will be appropriately down-sized.

18 (a) Surjit P. Soni

19 Mr. Soni is licensed to practice law in the State of California and is the principal of The Soni  
20 Law Firm. Prior to formation of his law firm, Mr. Soni was a Senior Partner and head of the  
21 Litigation Group at the law firm of Sheldon & Mak. He obtained his Juris Doctor cum laude from  
22 the University of Miami School of Law. He earned his Bachelor's of Science degree from the  
23 University of Toronto. Mr. Soni is a nationally-recognized, well-respected business and intellectual  
24 property attorney. He serves clients in their transactional and litigation needs locally, nationally and  
25 internationally. Mr. Soni also has over a decade of business management and marketing experience,  
26 including extensive experience in finance, manufacturing, international trade, marketing in the  
27 transportation, fashion and other industries, real estate construction, and development. As a result of  
28 his activities as a real estate investor and advisor over the last 10 years, the Bankruptcy Court

1 permitted him to offer testimony concerning trends in Greater Los Angeles area real estate values.  
2 Mr. Soni also is highly skilled at corporate finance, reorganizations, work-outs and strategic business  
3 growth planning having assisted his clients for over 20 years in these endeavors.

4 (b) Dilip K. Bhavnani

5 Mr. Bhavnani earned his bachelor's degree in economics from UCLA. Aside from a variety  
6 of real estate investment and development projects, Mr. Bhavnani and his family own several  
7 businesses involved in promotional products, telecommunications, travel, food products distribution,  
8 leather goods and plastic products manufacture and supply. Mr. Bhavnani holds the position of  
9 Chief Operating Officer for Affinity Business Accessories LLC, Premium Shapes USA,  
10 Values4Less.com, Inc, Geo Group Communications Inc, and Salus Creative Inc, and SunMost LLC.  
11 Mr. Bhavnani is also the Chief Operating Officer of Sun Coast Merchandise Corp. which was  
12 formed in 1943. The Company's annual revenues were just \$2.7 million when Mr. Bhavnani joined  
13 and were \$24.8 million when he assumed his position as COO. Under Mr. Bhavnani's management,  
14 revenues grew to over \$162 million in the U.S. and over \$312 million worldwide. Mr. Bhavnani's  
15 sophistication with purchasing, logistics and fulfillment ensure that projects stay on time and on  
16 budget.

17 **3. Asset Management and Property Management**

18 The Proponents have secured the services of Voit Real Estate Services ("VRES") to provide  
19 asset management and property management services for the Debtors' property portfolio. VRES is a  
20 full service commercial real estate services firm that provides strategic property solutions scaled to  
21 clients' needs. VRES combines its nearly four decades of experience in real estate operations,  
22 ownership, investment advisory services, financial analysis, market research, asset management,  
23 development, tenant advisory and brokerage services to provide clients with forward looking  
24 strategies that create value for their assets.

25 VRES is privately held, debt-free and has owned, developed and managed over 26 million  
26 square feet of commercial real estate, participated in \$1.3 billion of construction projects and  
27 completed over \$32 billion in brokerage transaction volume. VRES offers asset management,  
28 project management, property and association management, financial analysis, asset valuation,

1 receivership, brokerage, asset, business plan strategies, market research, environmental assessment  
2 and development and construction management services. In unrelated engagements, VRES is  
3 currently advising Wells Fargo, GE Finance, Chase Commercial Bank, California Bank & Trust,  
4 Lehman Brothers, TriMont, Midland/Trigild, US Bank (including Cal National Bank assets), Zions  
5 & Wachovia Bank.

6 **M. Discharge Of The Debtors And Injunction**

7 **1. Discharge**

8 Except as otherwise provided in the Plan, the Confirmation Order or Section 1141(d)(6) of  
9 the Bankruptcy Code: (i) on the Effective Date, each Debtor shall be deemed discharged and  
10 released to the fullest extent permitted by Section 1141 of the Bankruptcy Code from all Claims and  
11 Interests, including, but not limited to, demands, liabilities, Claims and Interests that arose before the  
12 Confirmation Date and all debts of the kind specified in Sections 502(g), 502(h) or 502(i) of the  
13 Bankruptcy Code, whether or not: (A) a proof of Claim or proof of Interest based on such debt or  
14 Interest is Filed or deemed Filed pursuant to Section 501 of the Bankruptcy Code, (B) a Claim or  
15 Interest based on such debt or Interest is allowed pursuant to Section 502 of the Bankruptcy Code or  
16 (C) the Holder of a Claim or Interest based on such debt or Interest has accepted the Plan; and (ii) all  
17 Persons shall be precluded from asserting against each Reorganized Debtor, its successors, or its  
18 assets or properties any other or further Claims or Interests based upon any act or omission,  
19 transaction, or other activity of any kind or nature that occurred prior to the Confirmation Date.

20 Except as otherwise provided in the Plan or the Confirmation Order, the Confirmation Order shall  
21 act as a discharge of any and all Claims against and all debts and liabilities of the Debtor, as  
22 provided in Sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any  
23 judgment against each Debtor at any time obtained to the extent that it relates to a Claim discharged.

24 **2. Injunction**

25 All Persons that have held, currently hold or may hold a Claim or other debt or liability or an  
26 Interest or other right of an Equity Holder, are permanently enjoined from taking any of the  
27 following actions on account of any such Claims, debts or liabilities or terminated Interests or rights  
28 discharged pursuant to Section N.1. immediately above: (a) commencing or continuing in any

1 manner any action or other proceeding against any of the Debtors; (b) enforcing, attaching,  
2 collecting or recovering in any manner any judgment, award, decree or order against any of the  
3 Debtors; (c) creating, perfecting or enforcing any lien or encumbrance against any of the Debtors;  
4 (d) asserting a setoff, right of subrogation or recoupment of any kind against any obligation due to  
5 any of the Debtors; and (e) commencing or continuing any action, in any manner, in any place that  
6 does not comply with or is inconsistent with the provisions of the Plan. The injunction described  
7 herein does not apply to and shall not enjoin or otherwise prevent the Reorganized Debtors or its  
8 representatives from commencing or continuing any action against the Debtors' current or former  
9 officers, directors, or employees for claims arising before or after the commencement of the Debtors'  
10 bankruptcy cases.

11 Any Person injured by any willful violation of such injunction shall recover actual damages,  
12 including costs and attorneys' fees, and, in appropriate circumstances, may recover punitive  
13 damages, from the willful violator.

14 **N. No Liability For Solicitation Or Participation**

15 As specified in Section 1125(e) of the Bankruptcy Code, Persons that solicit acceptances or  
16 rejections of the Plan and/or that participate in the offer, issuance, sale, or purchase of securities  
17 offered or sold under the Plan, in good faith and in compliance with the applicable provisions of the  
18 Bankruptcy Code, shall not be liable, on account of such solicitation or participation, for violation of  
19 any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the  
20 Plan or the offer, issuance, sale, or purchase of securities.

21 **O. Limitation of Liability**

22 Neither (a) the Proponents or any of their employees, officers, directors, agents,  
23 representatives, affiliates, attorneys or any other professional persons employed by any of them, nor  
24 (b) Legendary Developments, LLC or any of its employees, officers, directors, agents,  
25 representatives, affiliates, attorneys or any other professional persons employed by it, nor (c) the  
26 Equity Holders Committee or any of their respective postpetition members, agents, employees,  
27 directors, officers representatives, attorneys or other professional advisors, nor (d) the Creditors  
28 Committee or any of their respective postpetition members, agents, employees, directors, officers

1 representatives, attorneys or other professional advisors, in each case, shall have any responsibility,  
2 or have or incur any liability, to any Person whatsoever, under any theory of liability (except for any  
3 Claim based upon willful misconduct or gross negligence), for any act taken or omission made in  
4 good faith directly related to formulating, implementing, confirming, or consummating the Plan, the  
5 Disclosure Statement, or any contract, instrument, release, or other agreement or document created  
6 in connection with the Plan, provided that nothing in this paragraph shall limit the liability of any  
7 Person for breach of any express obligation it has under the terms of this Plan or under any post-  
8 petition agreement or other postpetition document entered into by such Person or in accordance with  
9 the terms of this Plan or for any breach of a duty of care owed to any other Person occurring after the  
10 Effective Date.

11 **P. Certificate of Incorporation and Certificates of Organization**

12 On the Effective Date, the Reorganized Debtors shall adopt amended certificates pursuant to  
13 applicable non-bankruptcy law and Section 1123(a)(5)(I) of the Bankruptcy Code. Each amended  
14 certificate will, among other provisions prohibit the issuance of nonvoting equity securities to the  
15 extent required by Section 1123(a)(6) of the Bankruptcy Code and will become effective upon the  
16 occurrence of the Effective Date.

17 **Q. Other Documents And Actions**

18 The Debtors and the Reorganized Debtors may, and shall, execute such documents and take  
19 such other actions as are necessary to effectuate the transactions provided for in the Plan.

20 **R. Corporate Action**

21 The adoption of the amended certificates of incorporation, certificates of organization, or  
22 certificate of limited partnership, as the case may be, and all other matters under the Plan involving  
23 the corporate structure of the Reorganized Debtors, shall be deemed to have occurred and be  
24 effective on and after the Effective Date without any requirement of further action by the  
25 stockholders, directors, managers, members, or limited partners, as the case may be, of each Debtor.  
26 Without limiting the foregoing, upon entry of the Confirmation Order by the Clerk, the filing by any  
27 of the Reorganized Debtors of the amended certificates shall be authorized and approved in all  
28 respects, including amendments to eliminate any special purpose entity provisions.

1 On the Effective Date or as soon thereafter as is practicable, pursuant to applicable law, the  
2 bylaws, operating agreements, or partnership agreement, as the case may be, of each Debtor shall be  
3 the bylaws, operating agreements or partnership agreement of such Reorganized Debtor.

4 **S. Retiree Benefits**

5 The Debtors do not have any present obligations to pay retiree benefits within the meaning of  
6 Section 1129(a)(13).

7 **T. The Creditors Committee**

8 The Creditors Committee shall be dissolved 30 days after the Effective Date and its members  
9 shall be released and discharged from all further rights and duties arising from or related to the  
10 Chapter 11 Cases. The professionals retained by such committee and the members thereof shall not  
11 be entitled to compensation or reimbursement of expenses incurred for services rendered after the  
12 dissolution of the Creditors Committee.

13 **U. The Equity Holders Committee**

14 The Equity Holders Committee shall be dissolved upon the wind down of its activities on  
15 behalf of the Litigation Trust. The Litigation Trustee and the professionals retained by such  
16 committee and the Litigation Trustee shall not be entitled to compensation or reimbursement of  
17 expenses incurred for services rendered after the dissolution of the Equity Holders Committee.

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19 **V.**

20 **TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

21 The Plan constitutes a motion to assume or reject all executory contracts and nonresidential  
22 real property leases, except for those executory contracts and nonresidential real property leases that  
23 have already been assumed or rejected pursuant to an earlier Order of the Bankruptcy Court or that  
24 are the subject of a motion for such an Order pending as of the Confirmation Hearing. Prior to the  
25 Confirmation Hearing, the Proponents will file a schedule of all real property leases and executory  
26 contracts to be rejected; any contract or lease not on that schedule shall be deemed assumed by the  
27 applicable Debtor as of the Effective Date. Prior to the date of hearing on the Disclosure Statement,  
28 the Proponents will file a schedule of all real property leases and executory contracts to be assumed

1 listing the cure amount, if any, under such unexpired lease or executory contract. Unless the non-  
2 Debtor party to any such executory contract or unexpired lease to be assumed files and serves on  
3 counsel for the Proponents an objection to the cure amount specified on that schedule on or before  
4 the last date established by the Bankruptcy Court to file and serve objections to confirmation of the  
5 Plan, such cure amount shall be forever binding on such non-debtor party to said executory contract  
6 or unexpired lease.

7           Except as otherwise agreed by the parties to an executory contract or unexpired lease, each  
8 Reorganized Debtor will cure any and all undisputed defaults within thirty days of the Effective Date  
9 under any executory contract or unexpired lease assumed pursuant to the Plan and to which it is a  
10 party, in accordance with Section 365 of the Bankruptcy Code. All disputed defaults that are  
11 required to be cured shall be cured either within thirty days of the entry of a Final Order determining  
12 the amount, if any, of such Debtor's or Reorganized Debtor's liability with respect thereto, or as may  
13 be agreed otherwise by the parties. The Confirmation Order shall state that all pre-petition contracts  
14 and unexpired leases that are listed on the schedule described herein are deemed assumed under the  
15 Plan.

16           Any Claim for damages arising from the rejection of an executory contract or unexpired lease  
17 must be Filed and served on counsel for the Proponents within thirty (30) days after the order of the  
18 Bankruptcy Court approving such rejection becomes a Final Order or be (i) forever barred and  
19 unenforceable against any Debtor, its Estate, the Reorganized Debtor and their respective property,  
20 and (ii) barred from receiving any Distribution under the Plan. All Allowed Claims arising from the  
21 rejection of executory contracts or unexpired leases shall be treated as a Class "C-1" General  
22 Unsecured Claim against the respective Debtor who is a party to such executory contract or  
23 unexpired lease.

24           Any election of rights by a lessee under Section 365(h)(1) of the Bankruptcy Code must be  
25 Filed and served on counsel for the Proponents within thirty (30) days after the order of the  
26 Bankruptcy Court approving such rejection becomes a Final Order or lessee shall be deemed to have  
27 waived any and all of its rights under Section 365(h)(1).  
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**VI.**

**CONFIRMATION DATE AND EFFECTIVE DATE CONDITIONS**

**A. Conditions to Confirmation**

The Confirmation of the Plan in the MMPI case is subject to the following conditions precedent:

(1) the Clerk of the Bankruptcy Court shall have entered an order granting approval of the Disclosure Statement and finding that it contains adequate information pursuant to section 1125 of the Bankruptcy Code and that order shall have become a Final Order; and

(2) the Confirmation Order shall have been signed by the Bankruptcy Court and duly entered on the docket for the Case by the Clerk of the Bankruptcy Court.

The Confirmation of the Plan in all cases *except* the MMPI case is subject to the foregoing conditions as well as the entry of a Confirmation Order in the MMPI case.

**B. The Effective Date**

The Plan will not be consummated or become binding unless and until the Effective Date occurs. Provided that the conditions to the Effective Date, as set forth below, have been fulfilled, the Effective Date will be the later of:

(1) the first (1st) business day after the fourteenth (14<sup>th</sup>) day following the Confirmation Date; and

(2) the first business day after such date under clause (a) on which there is not in force any stay or injunction against the enforcement of the Plan or the Confirmation Order.

**C. Conditions to the Effective Date**

The Effective Date shall be subject to the following conditions precedent:

(1) the conditions to Confirmation have been met; and

(2) the New Equity issuance shall have been completed.

**D. Waiver of Conditions**

The Proponents may waive any or all of the other conditions set forth in the Plan without leave of or order of the Bankruptcy Court and without any formal action. The Proponents reserve



1 the right to amend or revoke the Plan. Although this Plan is styled as a joint plan, the Proponents  
2 reserve the right to proceed with Confirmation under this Plan for one Debtor, or a combination of  
3 Debtors, and not the others.

4 **E. Effect of Failure of Conditions**

5 In the event that the Effective Date does not occur, upon notification submitted by the  
6 Proponents to the Bankruptcy Court: (a) the Confirmation Order shall be vacated, (b) no  
7 Distributions under the Plan shall be made, (c) the Debtors and all Holders of Claims and Interests  
8 shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as  
9 though the Confirmation Date had never occurred, and (d) the Debtors' obligations with respect to  
10 the Claims and Interests shall remain unchanged and nothing contained in the Plan shall constitute or  
11 be deemed a waiver or release of any Claims or Interests by or against the Debtors or any other  
12 person or to prejudice in any manner the rights of the Debtors or any person in any further  
13 proceedings involving the Debtors.

14 **F. Vacatur of Confirmation Order**

15 If an order denying confirmation of the Plan is entered, then the Plan shall be null and void in  
16 all respects, and nothing contained in the Plan shall (a) constitute a waiver or release of any Claims  
17 against or Interests in the Debtors; (b) prejudice in any manner the rights of the Holder of any Claim  
18 against, or Interest in, the Debtors; (c) prejudice in any manner any right, remedy or claim of the  
19 Debtors; or (d) be deemed an admission against interest by the Debtors.

20 **VII.**

21 **CONFIRMABILITY OF PLAN AND CRAM DOWN**

22 In the event at least one Impaired Class of Claims votes to accept the Plan (and at least one  
23 Impaired Class either votes to reject the Plan or is deemed to have rejected the Plan), the Proponents  
24 shall request the Bankruptcy Court to confirm the Plan under the cram down provisions of the  
25 Bankruptcy Code.  
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**VIII.**

**VOTING AND DISTRIBUTIONS UNDER THE PLAN AND TREATMENT OF DISPUTED,  
CONTINGENT AND UNLIQUIDATED CLAIMS AND INTERESTS**

**A. Voting of Claims and Interests**

Each Holder of an Allowed Claim or an Allowed Interest in an Impaired Class of Claims or Interests shall be entitled to vote separately to accept or reject the Plan as provided in such order as may be entered by the Bankruptcy Court establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, or any other order or orders of the Bankruptcy Court.

**B. Method of Distributions Under the Plan**

**1. Distributions Under the Plan**

The Disbursing Agent will make all distributions of cash and securities required to be distributed under the applicable provisions of the Plan. The Disbursing Agent may employ or contract with other entities to assist in or make the distributions required by the Plan. The Disbursing Agent will serve without bond, and the Disbursing Agent will not receive additional compensation for distribution services rendered pursuant to the Plan.

**2. Timing and Methods of Distribution**

**(a) Compliance with Tax Requirements**

In connection with the Plan, to the extent applicable, the Disbursing Agent must comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant to the Plan will be subject to such withholding and reporting requirements. The Disbursing Agent will be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements.

Notwithstanding any other provision of the Plan: (i) each Holder of an Allowed Claim or Interest that is to receive a distribution of Cash pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such distribution; and (ii) no distribution will be made to or on behalf of such Holder pursuant to the Plan unless and until

1 such Holder has made arrangements satisfactory to the Disbursing Agent for the payment and  
2 satisfaction of such tax obligations. Any Cash to be distributed pursuant to the Plan will, pending the  
3 implementation of such arrangements, be treated as an undeliverable Distribution pursuant to the  
4 Plan.

5 (b) Distribution Discharge Allocation

6 All Distributions in respect of an Allowed Claim will be allocated first to any portion of such  
7 Claim for principal, with any excess allocated to the accrued interest amount of such Claim to the  
8 extent thereof, and then to all other amounts. However, there is no assurance that the IRS will  
9 respect such allocation for federal income tax purposes.

10 (c) Distribution Recipients

11 Distributions under the Plan shall be made by the Reorganized Debtors or their designee to  
12 the Holders of Allowed Administrative Claims and Allowed Claims at the addresses set forth on the  
13 Schedules, unless such addresses are superseded by addresses listed on proofs of claim or transfers  
14 of claims filed pursuant to Bankruptcy Rule 3001, or at the last known address of such Holders if the  
15 Debtors or Reorganized Debtors have been notified in writing of a change of address.

16 **C. Undeliverable or Unclaimed Distributions**

17 Any Person that is entitled to receive a cash distribution under the Plan but that fails to cash a  
18 check within 90 days of its issuance shall be entitled to receive a reissued check from the  
19 Reorganized Debtors for the amount of the original check, without any interest, if such person  
20 requests the Disbursing Agent to reissue such check and provides the Disbursing Agent with such  
21 documentation as the Disbursing Agent requests to verify that such Person is entitled to such check,  
22 prior to the first anniversary of the Effective Date. If a Person fails to cash a check within 90 days of  
23 its issuance and fails to request reissuance of such check prior to the first anniversary of the date the  
24 check was issued, such Person shall not be entitled to receive any further distribution under this Plan.  
25 If the distribution to any Holder of an Allowed Claim or Allowed Interest is returned to a Disbursing  
26 Agent as undeliverable, no further distributions will be made to such Holder unless and until the  
27 applicable Disbursing Agent is notified in writing of such Holder's then-current address.  
28 Undeliverable distributions will remain in the possession of the Disbursing Agent pursuant to the

1 Plan until such time as a distribution becomes deliverable. Undeliverable cash will be held in trust  
2 in segregated bank accounts in the name of the Disbursing Agent for the benefit of the potential  
3 claimants of such funds, and will be accounted for separately. The Disbursing Agent holding  
4 undeliverable cash shall invest such cash in a manner consistent with the Reorganized Debtors'  
5 investment and deposit guidelines. Any distribution which is not claimed within six months of the  
6 Effective Date shall be deemed property of the Reorganized Debtors.

7 **D. Disputed Claims/Interests and Estimations**

8 **1. Treatment of Disputed Claims and Interests**

9 Notwithstanding any other provisions of the Plan, no payments or distributions will be made  
10 on account of any Claim or Interest until such Claim or Interest becomes an Allowed Claim or  
11 Allowed Interest. The Proponents may, at any time, request that the Bankruptcy Court estimate any  
12 contingent or unliquidated Claim pursuant to Section 502(c) of the Bankruptcy Code, irrespective of  
13 whether the Reorganized Debtors previously objected to such Claim or whether the Bankruptcy  
14 Court has ruled on any such objection. The Bankruptcy Court will retain jurisdiction to estimate any  
15 contingent or unliquidated Claim at any time during litigation concerning any objection to the Claim,  
16 including during the pendency of any appeal relating to any such objection. If the Bankruptcy Court  
17 estimates any contingent or unliquidated Claim, that estimated amount will constitute either the  
18 Allowed Amount of such Claim or a maximum limitation on such Claim, as determined by the  
19 Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the  
20 Proponents and/or the Reorganized Debtors may elect to pursue any supplemental proceedings to  
21 object to any ultimate payment on account of such Claim. All of these Claims objection, estimation  
22 and resolution procedures are cumulative and not necessarily exclusive of one another. In addition  
23 to seeking estimation of Claims as provided in the Plan, the Proponents and/or the Reorganized  
24 Debtors may resolve or adjudicate certain Disputed Claims of Holders in Unimpaired Classes in the  
25 manner in which the amount of such Claim and the rights of the Holder of such Claim would have  
26 been resolved or adjudicated if the Reorganization Cases had not been commenced, subject to any  
27 applicable discharge and limitations on amounts of claims and remedies available under bankruptcy  
28

1 law. Claims may be subsequently compromised, settled, withdrawn or resolved by the Proponents  
2 and/or the Reorganized Debtors.

3 **2. Distributions on Account of Disputed Claims Once They Are Allowed**

4 Within 30 days after the date a Disputed Claim becomes an Allowed Claim, the Disbursing  
5 Agent will commence making distributions on account of any Disputed Claim or Disputed Interest  
6 that has become an Allowed Claim or Allowed Interest during the preceding calendar quarter. Such  
7 distributions will be made pursuant to the provisions of the Plan governing the applicable Class.  
8 Holders of Disputed Claims or Disputed Interests that are ultimately allowed will also be entitled to  
9 receive, on the basis of the amount ultimately allowed, matured and payable interest, if any, at the  
10 rate provided for the Class to which such Claim belongs.

11 **3. Allowance of Claims Subject to Bankruptcy Code Section 502(d)**

12 Allowance of Claims shall be in all respects subject to the provisions of Section 502(d) of the  
13 Bankruptcy Code.

14 **E. Setoffs**

15 Except with respect to claims of the Debtors and Reorganized Debtors released pursuant to  
16 the Plan or any contract, instrument, release, indenture or other agreement or document created in  
17 connection with the Plan, the Reorganized Debtors may, pursuant to Section 553 of the Bankruptcy  
18 Code or applicable non-bankruptcy law, set off against any Allowed Claim or Interest and the  
19 Distributions to be made pursuant to the Plan on account of such Claim or Interest (before any  
20 Distribution is made on account of such Claim or Interest), the claims, rights and causes of action of  
21 any nature that the Reorganized Debtors may hold against the Holder of such Allowed Claim or  
22 Interest; provided, however, that neither the failure to effect such a setoff nor the allowance of any  
23 Claim or Interest hereunder will constitute a waiver or release by Reorganized Debtors of any such  
24 claims, rights and causes of action that the Debtors and the Reorganized Debtor may possess against  
25 such Holder.  
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IX.

**RETENTION OF JURISDICTION**

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2  
3 Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective  
4 Date, the Bankruptcy Court will retain such jurisdiction over the Chapter 11 Cases after the Effective  
5 Date to the full extent permitted by law, including, without limitation, jurisdiction to:

6 (a) *Allow, disallow, determine, liquidate, classify, subordinate, estimate or*  
7 *establish the priority or secured or unsecured status of any Claim or Interest, including the*  
8 *resolution of any request for payment of any Administrative Claim, the resolution of any objections*  
9 *to the allowance or priority of Claims or Interests and the resolution of any dispute as to the*  
10 *treatment necessary to reinstate a Claim pursuant to the Plan*

11 (b) *Grant or deny any applications for allowance of compensation or*  
12 *reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods*  
13 *ending before the Effective Date;*

14 (c) *Resolve any matters related to the assumption or rejection of any executory*  
15 *contract or unexpired lease to which any Debtor is a party or with respect to which the any Debtor*  
16 *may be liable, and to hear, determine and, if necessary, liquidate any Claims arising there from;*

17 (d) *Ensure that distributions to Holders of Allowed Claims or Allowed Interests*  
18 *are accomplished pursuant to the provisions of the Plan;*

19 (e) *Decide or resolve any motions, adversary proceedings, contested or litigated*  
20 *matters and any other matters and grant or deny any applications involving the Debtors, the*  
21 *Reorganized Debtors, the Litigation Trustee, or the Chapter 11 Cases that may be pending on the*  
22 *Effective Date;*

23 (f) *Enter such Orders as may be necessary or appropriate to implement or*  
24 *consummate the provisions of the Plan and all contracts, instruments, releases, indentures and other*  
25 *agreements or documents created in connection with the Plan, the Disclosure Statement or the*  
26 *Confirmation Order, except as otherwise provided herein;*

27 (g) *Resolve any cases, controversies, suits or disputes that may arise in*  
28 *connection with the consummation, interpretation or enforcement of the Plan or the Confirmation*

1 *Order, including the release and injunction provisions set forth in and contemplated by the Plan and*  
2 *the Confirmation Order, or any entity's rights arising under or obligations incurred in connection*  
3 *with the Plan or the Confirmation Order;*

4 (h) *Subject to any restrictions on modifications provided in any contract,*  
5 *instrument, release, indenture or other agreement or document created in connection with the Plan,*  
6 *modify the Plan before or after the Effective Date pursuant to Section 1127 of the Bankruptcy Code*  
7 *or modify the Disclosure Statement, the Confirmation Order or any contract, instrument, release,*  
8 *indenture or other agreement or document created in connection with the Plan, the Disclosure*  
9 *Statement or the Confirmation Order; or remedy any defect or omission or reconcile any*  
10 *inconsistency in any Bankruptcy Court Order, the Plan, the Disclosure Statement, the Confirmation*  
11 *Order or any contract, instrument, release, indenture or other agreement or document created in*  
12 *connection with the Plan, the Disclosure Statement or the Confirmation Order, in such manner as*  
13 *may be necessary or appropriate to consummate the Plan, to the extent authorized by the*  
14 *Bankruptcy Code;*

15 (i) *Issue injunctions, enter and implement other Orders or take such other*  
16 *actions as may be necessary or appropriate to restrain interference by any entity with*  
17 *consummation, implementation or enforcement of the Plan or the Confirmation Order;*

18 (j) *Enter and implement such Orders as are necessary or appropriate if the*  
19 *Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;*

20 (k) *Determine any other matters that may arise in connection with or relating to*  
21 *the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release,*  
22 *indenture or other agreement or document created in connection with the Plan, the Disclosure*  
23 *Statement or the Confirmation Order, except as otherwise provided in the Plan; and*

24 (l) *Enter an Order concluding the Chapter 11 Cases.*

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26 The foregoing list is illustrative only and not intended to limit in any way the Bankruptcy  
27 Court's exercise of jurisdiction. If the Bankruptcy Court abstains from exercising jurisdiction or is  
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1 otherwise without jurisdiction over any matter arising out of the Chapter 11 Cases, including without  
2 limitation the matters set forth in this Article, this Article shall have no effect upon and shall not  
3 control, prohibit, or limit the exercise of jurisdiction by any other court having competent  
4 jurisdiction with respect to such matter.

5 **X.**

6 **MISCELLANEOUS PROVISIONS**

7 **A. Exemption from Transfer Taxes**

8 Pursuant to Section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of  
9 notes or equity securities under the Plan, the creation of any mortgage, deed of trust or other security  
10 interest, the making or assignment or any lease or sublease, or the making or delivery of any deed or  
11 other instrument of transfer under, in furtherance of, or in connection with the Plan, including,  
12 without limitation, any agreements of consolidation, deeds, bills of sale or assignments executed in  
13 connection with any of the transactions contemplated under the Plan shall not be subject to any  
14 stamp, real estate transfer, mortgage recording, license transfer or other similar tax. For the  
15 avoidance of doubt, the transactions contemplated under the Plan include, among other things, the  
16 transactions and transfers contemplated in Section III of the Plan under, in furtherance of, or in  
17 connection with the Plan including, without limitation, the transfer of the Debtors' right, title and  
18 interest in property of the Estates to the Reorganized Debtors.

19 **B. Payment of Statutory Fees**

20 All fees payable on or before the Effective Date pursuant to Section 1930 of Title 28 of the  
21 United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be  
22 paid on or before the Effective Date.

23 **C. Modification or the Plan**

24 In accordance with Section 1127 of the Bankruptcy Code, the Proponents and reserve the  
25 right to alter, amend or modify the Plan or any Plan exhibit or schedule, prior to Confirmation  
26 including amending or modifying it to satisfy the requirements of the Bankruptcy Code. The  
27 Proponents or the Reorganized Debtors may modify the Plan at any time after confirmation and  
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1 before substantial consummation of the Plan, but only if circumstances warrant such modification  
2 and after notice and hearing.

3 **D. Revocation of the Plan**

4 The Proponents reserve the right to withdraw or revoke the Plan at any time before the entry  
5 of the Confirmation Order.

6 At the option of the Proponents, the Plan shall be deemed null and void if any of the  
7 following events occur: (i) the Plan is revoked or withdrawn; (ii) the Confirmation Order is not  
8 entered; (iii) the Effective Date does not occur; (iv) consummation of the Plan is not substantially  
9 achieved; or (v) the Confirmation Order is reversed or revoked.

10 **E. Governing Law**

11 Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code  
12 and Bankruptcy Rules), the laws of the State of California (without reference to the conflicts of laws  
13 provisions thereof) shall govern the construction and implementation of the Plan and any  
14 agreements, documents and instruments executed in connection with the Plan.

15 **F. Filing or Execution of Additional Documents**

16 On or before the Effective Date, the Reorganized Debtor shall file with the Bankruptcy Court  
17 or execute, as appropriate, such agreements and other documents as may be necessary or appropriate  
18 to effectuate and further evidence the terms and conditions of the Plan.

19 **G. Withholding and Reporting Requirements**

20 In connection with the Plan and all instruments issued in connection therewith and  
21 distributions thereon, the Reorganized Debtors shall comply with all withholding and reporting  
22 requirements imposed by any federal, state, local or foreign taxing authority and all distributions  
23 there under shall be subject to any such withholding and reporting requirements.

24 **H. Waiver of Rule 7062 of the Federal Rules of Bankruptcy Procedure**

25 The Debtors may request that the Confirmation Order include (a) a finding the Rule 62(a) of  
26 the Federal Rules of Civil Procedure, made applicable by Rule 7062 of the Federal Rules of  
27 Bankruptcy Procedure, shall not apply to the Confirmation Order, and (b) authorization for the  
28 Debtors to consummate the Plan immediately after the entry of the Confirmation Order.

1 **I. Headings**

2 Headings used in the Plan are for convenience and reference only and shall not constitute a  
3 Part of the Plan for any purpose.

4 **J. Exhibits and Schedules**

5 All Exhibits and Schedules to the Plan and Disclosure Statement are incorporated into and  
6 constitute a part of the Plan as if set forth herein.

7 **K. Notices**

8 All notices, requests and demand hereunder to be effective shall be in writing and unless  
9 otherwise expressly provided herein, shall be deemed to have been duly given or made when  
10 actually delivered by U.S. mail or email, addressed as follows:

11 [TO FOLLOW]

12 **L. Conflict**

13 The terms of this Plan shall govern in the event of any inconsistency with the summaries of  
14 the Plan set forth in the Disclosure Statement.

15 **M. Successors and Assigns**

16 The rights, benefits and obligations of any Person named or referred to in the Plan shall be  
17 binding on, and shall inure to the benefit of, any heir, executor, trustee, administrator, successor or  
18 assign of such Person.

19 **N. Saturday, Sunday or Legal Holiday**

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

24 **O. Post-Effective Date Effect of Evidences of Claims or Interests**

25 Notes, bonds, stock certificates and other evidences of Claims against or Interests in the  
26 Debtors, and all Instruments of the Debtors (in either case, other than those executed and delivered  
27 as contemplated hereby in connection with the consummation of the Plan), shall, effective upon the  
28 Effective Date, represent only the right to participate in the distributions contemplated by the Plan.

1 **P. Severability of Plan Provisions**

2 If, prior to Confirmation, any term or provision of the Plan that does not govern the treatment  
3 of Claims or Interests provided for herein or the conditions to the Effective Date is held by the  
4 Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power  
5 to alter and interpret such term or provision to make it valid or enforceable to the maximum extent  
6 practicable, consistent with the original purpose of the term or provision held to be invalid, void, or  
7 unenforceable, and such term or provision shall then be applicable as altered or interpreted.  
8 Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and  
9 provisions of the Plan will remain in full force and effect and will in no way be affected, impaired,  
10 or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute  
11 a judicial determination, and shall provide, that each term and provision of the Plan, as it may have  
12 been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its  
13 terms.

14 **Q. Balloting**

15 Balloting shall be conducted in accordance with the Solicitation Procedures Order.

16 **R. No Admissions or Waiver of Objections**

17 Notwithstanding anything herein to the contrary, nothing contained in the Plan shall be  
18 deemed as an admission by any Debtor with respect to any matter set forth herein including, without  
19 limitation, liability on any Claim or the propriety of any Claims classification. Neither the  
20 Proponents nor the Debtors are bound by any statements herein or in the Disclosure Statement as  
21 judicial admissions.

22 **S. Survival of Settlements**

23 All Bankruptcy Court-approved settlements shall survive consummation of the Plan, except  
24 to the extent that any provision of any such settlement is inconsistent with the Plan, in which case  
25 the provisions of the Plan shall supersede such inconsistent provision of such settlement.

26 **T. Post-Confirmation Status Report**

27 Within 180 days of the entry of the Confirmation Order, the Reorganized Debtors shall file a  
28 status report explaining what progress has been made toward consummation of the Plan. The initial

1 report shall be served on the United States Trustee and those parties who have requested special  
2 notice. Further reports shall be filed every 180 days thereafter and served on the same entities,  
3 unless otherwise ordered by the Bankruptcy Court.

4 **U. Final Decree**

5 Once the Estates have been fully administered within the meaning of Rule 3022 of the  
6 Federal Rules of Bankruptcy Procedure, the Reorganized Debtors shall file a motion with the  
7 Bankruptcy Court to obtain a final decree to close the Chapter 11 Cases.

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9 PACHULSKI STANG ZIEHL & JONES LLP

10  
11 By: Jeffrey W. Dulberg  
12 Jeremy V. Richards  
13 Jeffrey W. Dulberg  
14 Counsel for Co-Proponent  
15 Legendary Investors Group No. 1, LLC  
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