

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

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In re	)	
	)	Chapter 11
	)	
QHB HOLDINGS LLC, <u>et al.</u> , <sup>1</sup>	)	Case No. 09- <del>_____</del> <u>14312</u> (PJW)
	)	
	)	<u>Jointly Administered</u>
Debtors.	)	Joint Administration Requested
	)	

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**JOINT PREPACKAGED CHAPTER 11 PLAN OF REORGANIZATION  
FOR QHB HOLDINGS LLC AND ITS AFFILIATED DEBTORS**

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Dated: November ~~[ ]~~, 2009 January 13, 2010      WHITE & CASE LLP

Thomas E Lauria  
Fernando J. Menéndez, Jr.  
Kevin M. McGill  
Wachovia Financial Center  
200 South Biscayne Boulevard,  
49<sup>th</sup> Floor  
Miami, Florida 33131  
(305) 371-2700

FOX ROTHSCHILD LLP  
Jeffrey M. Schlerf (No. 3047)  
Eric M. Suttly (No. 4007)  
John H. Strock (No. 4965)

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<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: New QHB Generation Brands Holdings, Inc. (0247), Quality Home Brands Holdings LLC (0532), QHB Holdings LLC (0554), Generation Brands LLC (1825), Murray Feiss Import LLC (0556), Locust GP LLC (0565), LPC Management, LLC, L.C. (35961619), Light Process Company, L.P. (2730), Sea Gull Lighting Products LLC (8003), WoodCo Woodco LLC (1169), Tech L Enterprises, Inc. (7690), Tech Lighting LLC, L.C. (2152), LBL Lighting LLC (1784), and Tech L Holdings, Inc. (0613).

919 Market Street, Suite 1600  
Wilmington, Delaware 19801  
(302) 654-7444

PROPOSED ATTORNEYS FOR THE  
DEBTORS AND DEBTORS IN  
POSSESSION

## TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I. DEFINITIONS AND INTERPRETATION .....	1
1.1. Definitions .....	1
1.2. Interpretation .....	1
1.3. Application of Definitions and Rules of Construction Contained in the Bankruptcy Code .....	1
1.4. Other Terms.....	1
1.5. Appendices and Plan Documents .....	1
ARTICLE II. CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS .....	2
2.1. Administrative Claims and Priority Tax Claims .....	2
2.2. Claims and Equity Interests .....	2
2.3. Non-Consolidated Plan .....	3
2.4. Intercompany Claims .....	3
ARTICLE III. IDENTIFICATION OF IMPAIRED CLASSES OF CLAIMS AND EQUITY INTERESTS .....	3
3.1. Unimpaired Classes of Claims and Equity Interests .....	3
3.2. Impaired Classes of Claims and Equity Interests .....	3
3.3. Impairment Controversies .....	3
ARTICLE IV. PROVISIONS FOR TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN.....	4
4.1. Claims and Equity Interests .....	4
ARTICLE V. PROVISIONS FOR TREATMENT OF UNCLASSIFIED CLAIMS UNDER THE PLAN .....	5
5.1. Unclassified Claims .....	5
5.2. Treatment of Administrative Claims .....	5
5.3. Treatment of Priority Tax Claims.....	7
ARTICLE VI. ACCEPTANCE OR REJECTION OF THE PLAN; EFFECT OF REJECTION BY ONE OR MORE CLASSES OF CLAIMS OR EQUITY INTERESTS .....	7
6.1. Classes Entitled to Vote .....	7
6.2. Class Acceptance Requirement .....	7
6.3. Cramdown .....	8
ARTICLE VII. MEANS FOR IMPLEMENTATION OF THE PLAN .....	8
7.1. Operations Between the Confirmation Date and the Effective Date.....	8
7.2. Corporate Action .....	8
7.3. Termination of Certain Debt Obligations .....	9
7.4. Continued Corporate Existence of the Debtors .....	9
7.5. Re-Vesting of Assets .....	9
7.6. Initial Boards of Directors.....	9
7.7. Management and Officers .....	10

7.8.	Director and Officer Liability Insurance.....	10
7.9.	Management Incentive Compensation.....	11
7.10.	Causes of Action.....	11
7.11.	Appointment of the Disbursing Agent.....	11
7.12.	New First Lien Credit Agreement .....	11
7.13.	Sources of Cash for Plan Distributions.....	11
7.14.	Investment of Funds Held by the Disbursing Agent; Tax Reporting by the Disbursing Agent .....	12
7.15.	Releases by the Debtors .....	12
7.16.	Releases by Creditors.....	13
ARTICLE VIII. PLAN DISTRIBUTION PROVISIONS .....		13
8.1.	Plan Distributions .....	13
8.2.	Timing of Plan Distributions.....	13
8.3.	Address for Delivery of Plan Distributions/Unclaimed Plan Distributions.....	14
8.4.	De Minimis Plan Distributions.....	14
8.5.	Time Bar to Cash Payments .....	14
8.6.	Manner of Payment under the Plan .....	14
8.7.	Expenses Incurred on or after the Effective Date and Claims of the Disbursing Agent.....	14
8.8.	Fractional Plan Distributions.....	15
8.9.	Special Plan Distribution Provisions for Equity Interests.....	15
8.10.	Special Distribution Provisions Concerning the Prepetition Credit Facilities .....	15
8.11.	Surrender and Cancellation of Instruments.....	16
ARTICLE IX. CAPITAL RAISING TRANSACTIONS .....		16
9.1.	Issuance of New Preferred Stock.....	16
ARTICLE X. PROCEDURES FOR RESOLVING AND TREATING CONTESTED CLAIMS .....		17
10.1.	Objection Deadline .....	17
10.2.	Prosecution of Contested Claims.....	17
10.3.	Claims Settlement.....	17
10.4.	Entitlement to Plan Distributions upon Allowance .....	17
10.5.	Estimation of Claims .....	17
ARTICLE XI. CONDITIONS PRECEDENT TO CONFIRMATION OF THE PLAN AND THE OCCURRENCE OF THE EFFECTIVE DATE .....		18
11.1.	Conditions Precedent to Confirmation .....	18
11.2.	Conditions Precedent to the Occurrence of the Effective Date.....	18
11.3.	Waiver of Conditions.....	19
11.4.	Effect of Non-Occurrence of the Effective Date.....	19
ARTICLE XII. THE DISBURSING AGENT .....		19
12.1.	Powers and Duties .....	19
12.2.	Plan Distributions .....	20
12.3.	Exculpation.....	20

ARTICLE XIII. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES.....	20
13.1. Assumption and Rejection of Executory Contracts and Unexpired Leases.....	20
13.2. Cure.....	21
13.3. Claims Arising from Rejection, Expiration or Termination .....	22
ARTICLE XIV. RETENTION OF JURISDICTION.....	22
ARTICLE XV. MISCELLANEOUS PROVISIONS.....	24
15.1. Payment of Statutory Fees .....	24
15.2. Satisfaction of Claims.....	24
15.3. Special Provisions Regarding Insured Claims .....	24
15.4. Third Party Agreements; Subordination .....	24
15.5. Exculpation.....	25
15.6. Discharge of Liabilities.....	25
15.7. Discharge of Debtors .....	25
15.8. Notices .....	26
15.9. Headings.....	26
15.10. Governing Law .....	26
15.11. Expedited Determination .....	27
15.12. Exemption from Transfer Taxes.....	27
15.13. Retiree Benefits .....	27
15.14. Notice of Entry of Confirmation Order and Relevant Dates.....	27
15.15. Interest and Attorneys' Fees.....	27
15.16. Modification of the Plan .....	27
15.17. Revocation of Plan.....	28
15.18. Setoff Rights.....	28
15.19. Compliance with Tax Requirements .....	28
15.20. Rates.....	28
15.21. Dissolution of the Creditors' Committee .....	29
15.22. Injunctions.....	29
15.23. Binding Effect .....	29
15.24. Severability.....	30
15.25. No Admissions .....	30

**EXHIBITS**

Glossary of Defined Terms..... Exhibit A  
List of Debtors ..... Exhibit B  
Terms of New Common Stock ..... Exhibit C

QHB Holdings LLC and its affiliated debtors and debtors in possession in the above-captioned chapter 11 cases hereby collectively and jointly propose the following chapter 11 plan of reorganization:

## **ARTICLE I.**

### **DEFINITIONS AND INTERPRETATION**

#### **1.1. Definitions**

The capitalized terms used herein shall have the respective meanings set forth in the Glossary of Defined Terms attached hereto as Exhibit "A."

#### **1.2. Interpretation**

Unless otherwise specified, all section, article, and exhibit references in the Plan are to the respective section in, article of, or exhibit to the Plan, as the same may be amended, waived, or modified from time to time. Words denoting the singular number shall include the plural number and vice versa, as appropriate, and words denoting one gender shall include the other gender. The Disclosure Statement may be referred to for purposes of interpretation to the extent any term or provision of the Plan is determined by the Bankruptcy Court to be ambiguous.

#### **1.3. Application of Definitions and Rules of Construction Contained in the Bankruptcy Code**

Words and terms defined in section 101 of the Bankruptcy Code shall have the same meanings when used in the Plan, unless a different definition is given in the Glossary of Defined Terms. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan.

#### **1.4. Other Terms**

The words "herein," "hereof," "hereto," "hereunder," and others of similar import refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan.

#### **1.5. Appendices and Plan Documents**

All appendices to the Plan and the Plan Documents are incorporated into the Plan by this reference and are a part of the Plan as if set forth in full herein. All Plan Documents shall be filed with the Bankruptcy Court not less than fifteen (15) days prior to the commencement of the Confirmation Hearing; provided, however, that the New First Lien Credit Agreement will be made available to holders of First Lien Lender Claims prior to the Plan voting deadline. Holders of Claims and Equity Interests may obtain a copy of the Plan Documents, once filed, by a written request sent to the following address:

White & Case LLP  
Wachovia Financial Center  
200 South Biscayne Boulevard  
Suite 4900  
Miami, Florida 33131  
Attention: Mark B. Fuhr  
Telephone: (305) 371-2700  
Facsimile: (305) 358-5744

## ARTICLE II.

### **CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS**

For the purposes of organization, voting and all confirmation matters, except as otherwise provided herein, all Claims against and all Equity Interests in each of the Debtors shall be classified as set forth in this Article II.

#### **2.1. Administrative Claims and Priority Tax Claims**

As provided by section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims shall not be classified under the Plan, and shall instead be treated separately as unclassified Claims on the terms set forth in Article V.

#### **2.2. Claims and Equity Interests**

The classes of Claims against and the Equity Interests in the Debtors shall be classified under the Plan as follows:

Class 1 – Priority Claims. Class 1 shall consist of all Priority Claims, other than Priority Tax Claims, against the Debtors.

Class 2 – First Lien Lender Claims. Class 2 shall consist of all First Lien Lender Claims against the Debtors.

Class 3 – Second Lien Lender Claims. Class 3 shall consist of all Second Lien Lender Claims against the Debtors.

Class 4 – Other Secured Claims. Class 4 shall consist of all Other Secured Claims against the Debtors.

Class 5 – Noteholder Claims. Class 5 shall consist of the Noteholder Claims against the Debtors.

Class 6 – General Unsecured Claims. Class 6 shall consist of all General Unsecured Claims against the Debtors.

Class 7 – New QHB Equity Interests. Class 7 shall consist of all Equity Interests in New QHB.

Class 8 – Other Equity Interests. Class 8 shall consist of all Equity Interests in the Debtors other than New QHB Equity Interests.



**2.3. Non-Consolidated Plan**

Although the Plan has been filed as a joint Plan for each of the Debtors for purposes of administrative convenience and efficiency, the Plan does not provide for the substantive consolidation of the Debtors. Accordingly, the Debtors shall be considered a single estate solely for purposes of voting on the Plan, confirmation of the Plan and making Plan Distributions in respect of Claims against and Equity Interests in the Debtors under the Plan. Such joint administration shall not affect any Debtor's status as a separate legal entity, change the organizational structure of the Debtors' business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger or consolidation of any legal entities, nor cause the transfer of any assets and, except as otherwise provided by or permitted in the Plan, all Debtors shall continue to exist as separate legal entities. This joint administration serves only as a mechanism to effect a fair distribution of value to the Debtors' constituencies.

**2.4. Intercompany Claims**

Except as otherwise provided in the Plan, Administrative Claims and Intercompany Claims between and among the Debtors (and their Affiliates, excluding the Quad-C Parties) shall, solely for purposes of receiving Plan Distributions, be deemed resolved and therefore not entitled to any Plan Distribution and shall not be entitled to vote on the Plan.

**ARTICLE III.**

**IDENTIFICATION OF IMPAIRED  
CLASSES OF CLAIMS AND EQUITY INTERESTS**

**3.1. Unimpaired Classes of Claims and Equity Interests**

Class 1 – Priority Claims, Class 4 – Other Secured Claims, Class 6 – General Unsecured Claims, Class 7 – New QHB Equity Interests and Class 8 – Other Equity Interests are not impaired under the Plan.

**3.2. Impaired Classes of Claims and Equity Interests**

Class 2 – First Lien Lender Claims, Class 3 – Second Lien Lender Claims and Class 5 – Noteholder Claims are impaired under the Plan.

**3.3. Impairment Controversies**

If a controversy arises as to whether any Claim or Equity Interest, or any class of Claims or Equity Interests, is impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy.

## ARTICLE IV.

### **PROVISIONS FOR TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN**

#### **4.1. Claims and Equity Interests**

The classes of Claims against the Debtors and Equity Interests in the Debtors shall be treated under the Plan as follows:

(a) Class 1 – Priority Claims

Each holder of an Allowed Priority Claim shall be unimpaired under the Plan, and, pursuant to section 1124 of the Bankruptcy Code, all of the legal, equitable and contractual rights to which such Claim entitles such holder in respect of such Claim shall be fully reinstated and retained as against the applicable Debtor or its successor under the Plan, and such Allowed Priority Claim (including any amounts to which such holder is entitled pursuant to section 1124(2) of the Bankruptcy Code) shall be paid in full in accordance with such reinstated rights on the Distribution Date.

(b) Class 2 – First Lien Lender Claims

Each holder of an Allowed First Lien Lender Claim shall, in full satisfaction of such holders' Allowed First Lien Lender Claims against any of the Debtors, receive its Pro Rata Share of (i) the Cash-Pay Term Loans and (ii) the PIK Term Loans. The First Lien Lender Claims shall be Allowed in the aggregate amount of \$230,668,467, plus PIK amounts and accrued and unpaid interest as of the Petition Date.

(c) Class 3 – Second Lien Lender Claims

Each holder of an Allowed Second Lien Lender Claim shall, on the Distribution Date in full satisfaction of such holders' Allowed Second Lien Lender Claims against any of the Debtors, receive its Pro Rata Share of 91.75% of the New Common Stock, excluding, for this purpose, shares issuable upon conversion of the New Preferred Stock and shares issuable under the Management Incentive Plan. The Second Lien Lender Claims shall be Allowed in the aggregate amount of \$101,155,243, plus accrued and unpaid interest as of the Petition Date.

(d) Class 4 – Other Secured Claims

Each holder of an Allowed Other Secured Claim shall be unimpaired under the Plan, and, pursuant to section 1124 of the Bankruptcy Code, all of the legal, equitable and contractual rights to which such Claim entitles such holder in respect of such Claim shall be fully reinstated and retained as against the applicable Debtor or its successor under the Plan, and such Allowed Other Secured Claim (including any amounts to which such holder is entitled pursuant to section 1124(2) of the Bankruptcy Code) shall be paid in full in accordance with such reinstated rights as and when such payment is due.

(e) Class 5 – Noteholder Claims

Each holder of an Allowed Noteholder Claim shall, on the Distribution Date in full satisfaction of such holders' Allowed Noteholder Claims against any of the Debtors,

receive its Pro Rata Share of 7.5% of the New Common Stock, excluding, for this purpose, shares issuable upon conversion of the New Preferred Stock and shares issuable under the Management Incentive Plan. The Noteholder Claims shall be Allowed in the aggregate amount of \$54,697,428.

(f) Class 6 – General Unsecured Claims

Each holder of an Allowed General Unsecured Claim shall be unimpaired under the Plan, and, pursuant to section 1124 of the Bankruptcy Code, all of the legal, equitable and contractual rights to which such Claim entitles such holder in respect of such Claim shall be fully reinstated and retained as against the applicable Debtor or its successor under the Plan, and such Allowed General Unsecured Claim (including any amounts to which such holder is entitled pursuant to section 1124(2) of the Bankruptcy Code) shall be paid in full in accordance with such reinstated rights as and when such payment is due and final satisfaction of such holder's Allowed General Unsecured Claim in Cash on the later of (a) the Effective Date, (b) the date on which such General Unsecured Claim becomes Allowed, and (c) such other date as may be mutually agreed upon between the Debtors and the holder of such General Unsecured Claim, or, in each case, as soon thereafter as practicable. An Allowed General Unsecured Claim that is not due and payable on or before the Effective Date shall be paid thereafter (i) in the ordinary course of business in accordance with the terms of any agreement governing or other documents relating to such Allowed General Unsecured Claim or (ii) in accordance with the course of practice between the Debtors and such holder with respect to such Allowed General Unsecured Claim.

(g) Class 7 – New QHB Equity Interests

Each holder of an Allowed New QHB Equity Interest shall, on the Distribution Date in full satisfaction of such holders' Allowed New QHB Equity Interest, retain its equity interest in New QHB, which equity interest will be diluted by the issuance of New Common Stock, so that the holders of Allowed New QHB Equity Interests shall represent 0.75% of the New Common Stock, excluding, for this purpose, shares issuable upon conversion of the New Preferred Stock and shares issuable under the Management Incentive Plan. Each holder of an Allowed New QHB Equity Interest in the Debtors shall be unimpaired under the Plan, and, pursuant to section 1124 of the Bankruptcy Code, all of the legal, equitable and contractual rights to which such New QHB Equity Interests entitle such holder in respect of such New QHB Equity Interests shall be fully reinstated and retained on and after the Effective Date.

(h) Class 8 – Other Equity Interests

Each holder of an Allowed Other Equity Interest in the Debtors shall be unimpaired under the Plan, and, pursuant to section 1124 of the Bankruptcy Code, all of the legal, equitable and contractual rights to which such Other Equity Interests entitle such holder in respect of such Other Equity Interests shall be fully reinstated and retained on and after the Effective Date.

## ARTICLE V.

### PROVISIONS FOR TREATMENT OF UNCLASSIFIED CLAIMS UNDER THE PLAN

#### 5.1. Unclassified Claims

Administrative Claims and Priority Tax Claims are treated in accordance with sections 1129(a)(9)(A) and 1129(a)(9)(C) of the Bankruptcy Code, respectively. Such Claims are not designated as classes of Claims for the purposes of this Plan or for the purposes of sections 1123, 1124, 1125, 1126 or 1129 of the Bankruptcy Code.

#### 5.2. Treatment of Administrative Claims

All Administrative Claims shall be treated as follows:

##### (a) Time for Filing Administrative Claims

The holder of an Administrative Claim, other than (i) a DIP Lender Claim, (ii) a Fee Claim, (iii) a liability incurred and payable in the ordinary course of business by a Debtor (and not past due), or (iv) an Administrative Claim that has been Allowed on or before the Effective Date, must file with the Bankruptcy Court and serve on the Debtors, the Creditors' Committee, if any, and the Office of the United States Trustee, notice of such Administrative Claim within forty (40) days after service of Notice of Confirmation. Such notice must include at a minimum (i) the name of the Debtor(s) purported to be liable for the Claim, (ii) the name of the holder of the Claim, (iii) the amount of the Claim and (iv) the basis of the Claim. **Failure to file and serve such notice timely and properly shall result in the Administrative Claim being forever barred and discharged.**

##### (b) Time for Filing Fee Claims

Each Professional Person who holds or asserts a Fee Claim shall be required to file with the Bankruptcy Court, and serve on all parties required to receive notice, a Fee Application within forty-five (45) days after the Effective Date. **The failure to timely file and serve such Fee Application shall result in the Fee Claim being forever barred and discharged.**

##### (c) Allowance of Administrative Claims/Fee Claims

An Administrative Claim with respect to which notice has been properly filed and served pursuant to Section 5.2(a) shall become an Allowed Administrative Claim if no objection is filed within thirty (30) days after the later of (i) the Effective Date, (ii) the date of service of the applicable notice of Administrative Claim or (iii) such later date as may be (A) agreed to by the holder of such Administrative Claim or (B) approved by the Bankruptcy Court on motion of a party in interest, without notice or a hearing. If an objection is filed within such thirty (30) day period (or any extension thereof), the Administrative Claim shall become an Allowed Administrative Claim only to the extent allowed by Final Order. A Fee Claim in respect of which a Fee Application has been properly filed and served pursuant to Section 5.2(b) shall become an Allowed Administrative Claim only to the extent allowed by order of the Bankruptcy Court.

Notwithstanding the foregoing, an Administrative Claim with respect to (a) the reasonable and documented out-of-pocket professional expenses incurred by or on behalf of Apollo, the Quad-C Parties, and the First Lien Agent in connection with the Restructuring and the Equity Reorganization and (b) an aggregate of up to \$100,000 of the reasonable and documented out-of-pocket professional expenses incurred by or on behalf of the Second Lien Lenders (other than Apollo) in connection with the Restructuring and the Equity Reorganization shall become an Allowed Administrative Claim on the Effective Date; provided, that if such reasonable and documented out-of-pocket professional expenses of the Second Lien Lenders (other than Apollo) exceed \$100,000 in the aggregate, each such Second Lien Lender shall be entitled to its Pro Rata Share of such expense reimbursement.

(d) Payment of Allowed Administrative Claims

On the Plan Distribution Date, each holder of an Allowed Administrative Claim, other than an Allowed DIP Lender Claim, shall receive (i) the amount of such holder's Allowed Administrative Claim in one Cash payment or (ii) such other treatment as may be agreed upon in writing by the Debtors and such holder; provided, that such treatment shall not provide a return to such holder having a present value as of the Effective Date in excess of such holder's Allowed Administrative Claim; provided, further, that an Administrative Claim representing a liability incurred in the ordinary course of business of the Debtors may be paid at the Debtors' election in the ordinary course of business.

(e) Allowance and Payment of DIP Lender Claims

Each holder of an Allowed DIP Lender Claim shall receive, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed DIP Lender Claim, on the Effective Date, (i) Cash equal to the full amount of such holder's Allowed DIP Lender Claim or (ii) such other treatment as to which the Debtors and such holder shall have agreed upon in writing. The holder(s) of DIP Lender Claims shall be deemed to have an Allowed Claim as of the Effective Date in such amount as may be (i) agreed upon by such Claimholder(s) and the Debtors or (ii) fixed by the Bankruptcy Court.

**5.3. Treatment of Priority Tax Claims**

At the election of the Debtors, each holder of an Allowed Priority Tax Claim shall receive in full satisfaction of such Allowed Priority Tax Claim (a) payments in Cash, in regular installments over a period ending not later than five (5) years after the Petition Date, of a total value, as of the Effective Date, equal to the Allowed amount of such Claim; (b) a lesser amount in one Cash payment as may be agreed upon in writing by the Debtors and such holder; or (c) such other treatment as may be agreed upon in writing by the Debtors and such holder; provided, that such agreed upon treatment may not provide such holder with a return having a present value as of the Effective Date that is greater than the amount of such holder's Allowed Priority Tax Claim or that is less favorable than the treatment provided to the most favored nonpriority General Unsecured Claims under the Plan. The Confirmation Order shall enjoin any holder of an Allowed Priority Tax Claim from commencing or continuing any action or proceeding against any responsible person, officer or director of the Debtors that otherwise would be liable to such holder for payment of a Priority Tax Claim so long as the Debtors are in compliance with this Section. So long as the holder of an Allowed Priority Tax Claim is enjoined from commencing or continuing any action or proceeding against any responsible person, officer or director under this Section or pursuant to the

Confirmation Order, the statute of limitations for commencing or continuing any such action or proceeding shall be tolled.

## ARTICLE VI.

### **ACCEPTANCE OR REJECTION OF THE PLAN; EFFECT OF REJECTION BY ONE OR MORE CLASSES OF CLAIMS OR EQUITY INTERESTS**

#### **6.1. Classes Entitled to Vote**

Only holders of Class 2 – First Lien Lender Claims, Class 3 – Second Lien Lender Claims and Class 5 – Noteholder Claims are entitled to vote on the Plan.

#### **6.2. Class Acceptance Requirement**

A class of Claims shall have accepted the Plan if it is accepted by the holders of at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in such class that have voted on the Plan.

#### **6.3. Cramdown**

If all applicable requirements for confirmation of the Plan are met as set forth in section 1129(a)(1) through (16) of the Bankruptcy Code, except subsection (8) thereof, then the Plan shall be treated as a request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code, notwithstanding the failure to satisfy the requirements of section 1129(a)(8), on the basis that the Plan is fair and equitable and does not discriminate unfairly with respect to each class of Claims that is impaired under, and has not accepted, the Plan.

## ARTICLE VII.

### **MEANS FOR IMPLEMENTATION OF THE PLAN**

#### **7.1. Operations Between the Confirmation Date and the Effective Date**

During the period from the Confirmation Date through and until the Effective Date, the Debtors shall continue to operate their businesses as debtors in possession, subject to the oversight of the Bankruptcy Court as provided in the Bankruptcy Code, the Bankruptcy Rules and all orders of the Bankruptcy Court that are then in full force and effect.

#### **7.2. Corporate Action**

The entry of the Confirmation Order shall constitute authorization for the Reorganized Debtors, the Debtors and their Affiliates to take or cause to be taken all corporate actions necessary or appropriate to implement all provisions of, and to consummate, the Plan prior to, on and after the Effective Date and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act or action under any applicable law, order, rule or regulation, including, without limitation, any action required by the stockholders or directors of Reorganized New QHB, the Reorganized Debtors, the Debtors and their Affiliates, including, among other things, (a) the adoption of the Reorganized Debtors' Constituent

Documents; (b) all transfers of Assets that are to occur pursuant to the Plan; (c) the incurrence of all obligations contemplated by the Plan and the making of Plan Distributions; (d) the issuance of the New Common Stock and the New Preferred Stock; (e) the execution and delivery of the New First Lien Credit Agreement; (f) the execution and delivery of the Preferred Stock Purchase Agreement; (g) the implementation of all settlements and compromises as set forth in or contemplated by the Plan; (h) the resolution of all intercompany accounts of the Debtors through capital contributions, compromise, or in any other reasonable fashion; and (i) the execution and delivery or consummation of any and all transactions, contracts, or arrangements permitted by applicable law, order, rule or regulation. On the Effective Date, the officers of the Debtors and the Reorganized Debtors are authorized and directed to do all things and to execute and deliver all agreements, documents, instruments, notices and certificates as are contemplated by the Plan and to take all necessary actions required in connection therewith, in the name of and on behalf of the Debtors and the Reorganized Debtors, as applicable. All obligations of the Debtors to indemnify and hold harmless their current and former directors, officers and employees, whether arising under the Debtors' constituent documents, contract, law or equity, shall be assumed by, and assigned to, the applicable Reorganized Debtor upon the occurrence of the Effective Date with the same effect as though such obligations constituted executory contracts that are assumed (or assumed and assigned, as applicable) under section 365 of the Bankruptcy Code, and all such obligations shall be fully enforceable on their terms from and after the Effective Date. The prosecution of any so-indemnified Cause of Action shall, upon the occurrence of the Effective Date, be enjoined and prohibited, except solely for the purpose of obtaining a recovery from the issuer of any available insurance policy proceeds.

### **7.3. Termination of Certain Debt Obligations**

Upon the occurrence of the Effective Date, all notes, instruments, certificates and other documents evidencing the First Lien Lender Claims, the Second Lien Lender Claims and the Noteholder Claims shall be cancelled and annulled, except for the rights of the holders of First Lien Lender Claims, Second Lien Lender Claims and Noteholder Claims, respectively, to receive the treatment provided under the Plan.

### **7.4. Continued Corporate Existence of the Debtors**

Each of the Debtors shall continue to exist after the Effective Date as a separate entity, with all the powers available to such legal entity, in accordance with applicable law and pursuant to its certificate of incorporation and bylaws or other organizational documents in effect prior to the Effective Date, except to the extent such certificate of incorporation and bylaws or other organizational documents are amended and restated by this Plan; provided, that the Reorganized Debtors' Constituent Documents shall become effective upon the occurrence of the Effective Date. Nothing in this Section 7.4 shall prejudice any right to terminate the existence of any Debtor or Reorganized Debtor under applicable law after the Effective Date. On or after the Effective Date, the Reorganized Debtors may, within their sole and exclusive discretion, take such action as permitted by applicable law and their constituent documents, as they determine is reasonable and appropriate.

### **7.5. Re-Vesting of Assets**

Upon the occurrence of the Effective Date, except as otherwise expressly provided in the Plan or the Confirmation Order, title to all of the Assets of the Debtors and their respective Estates shall vest in the Debtors and in the Reorganized Debtors, as applicable,

free and clear of all liens, Claims, Causes of Action, interests, security interests and other encumbrances and without further order of the Bankruptcy Court. On and after the occurrence of the Effective Date, except as otherwise provided in the Plan, the Debtors and the Reorganized Debtors may operate their businesses and may use, acquire and dispose of their Assets free of any restrictions of the Bankruptcy Code.

#### **7.6. Initial Boards of Directors**

(a) On the Effective Date, the initial board of directors (or managers, as applicable) of each Debtor, except Reorganized New QHB, shall be comprised of the individuals who hold such positions as of the Effective Date.

(b) On the Effective Date, the initial board of directors of Reorganized New QHB shall consist of seven (7) members comprised of the following individuals:

- (1) the Chief Executive Officer of Reorganized New QHB;
- (2) four (4) individuals to be selected by the Quad-C Entity in its sole discretion;
- (3) one (1) individual to be nominated and elected by the Second Lien Lenders, in their sole discretion; and
- (4) one (1) individual to be selected by Apollo, in its sole discretion.

(c) The identities of the members of the board of directors of Reorganized New QHB will be disclosed prior to the conclusion of the Confirmation Hearing.

(d) From and after the Effective Date, the board of directors of Reorganized New QHB shall consist of seven (7) members selected and determined in accordance with the provisions of the Reorganized Debtors' Constituent Documents and applicable law. The Reorganized Debtors' Constituent Documents shall provide that: (i) the Chief Executive Officer of Reorganized New QHB will be a member of the board of directors of Reorganized New QHB; (ii) the holders of New Preferred Stock and the New Common Stock into which it is converted, voting together as a class, shall have the right to nominate and elect four (4) members of the board of directors of Reorganized New QHB and shall maintain that right only for such time as the original holders of such New Preferred Stock that is issued under the Plan and their Affiliates, in the aggregate, continue to hold shares representing or convertible into at least 50% of the New Common Stock into which such New Preferred Stock has been converted or is convertible (calculated, for this purpose, on an "as-converted" basis); (iii) the Second Lien Lenders, voting together as a class, shall have the right to nominate and elect one (1) member of the board of directors of Reorganized New QHB and shall maintain that right only for such time as such holders, and their Affiliates in the aggregate, continue to hold at least 50% of the New Common Stock originally issued to such Second Lien Lenders under the Plan; provided, that Apollo shall not be entitled to participate in the nomination of such director, but shall be entitled to a vote on the election of such director; (iv) Apollo shall have the right to nominate and elect one (1) member of the board of directors of Reorganized New QHB and shall maintain that right only for such time as Apollo and its Affiliates in the aggregate continue to hold at least 50% of the New Common Stock originally issued to it under the Plan; and (v) the holders of the New Common Stock and the New Preferred Stock, voting together as a single class on an as-converted basis, shall



have the right to vote on and elect any director not elected pursuant to the special voting rights described above either because of the lapse of such special voting rights or otherwise.

**7.7. Management and Officers**

Except as set forth in Section 7.6 hereof, upon the occurrence of the Effective Date, the management and operation of each of the entities comprising the Reorganized Debtors shall be the general responsibility of each of such entity's then current board and management. Entry of the Confirmation Order shall ratify and approve all actions taken by each of the Debtors from the Petition Date through and until the Effective Date.

**7.8. Director and Officer Liability Insurance**

The Debtors' coverage under its director and officer liability insurance policies (including any tail coverage) shall remain in full force and effect after the Effective Date for the term provided under such policies. To the extent executory, such policies shall be deemed assumed pursuant to Article XIII of the Plan.

**7.9. Management Incentive Compensation**

Up to 12.5% of the New Common Stock shall be reserved for distribution under the Management Incentive Plan. The terms of and allocations of New Common Stock under the Management Incentive Plan shall be determined by the board of directors of Reorganized New QHB from time to time following the Effective Date.

**7.10. Causes of Action**

Except as otherwise set forth in the Plan, all Causes of Action of any of the Debtors and their respective Estates shall, upon the occurrence of the Effective Date, be transferred to, and be vested in, the Reorganized Debtors for the benefit of holders of Allowed Claims under the Plan. Except as otherwise provided in the Plan, the rights of the Reorganized Debtors to commence, prosecute or settle such Causes of Action, in their sole discretion, shall be preserved notwithstanding the occurrence of the Effective Date.

**No Person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against them as any indication that the Reorganized Debtors will not pursue any and all available Causes of Action against them. The Reorganized Debtors and the Estates expressly reserve all rights to prosecute any and all Causes of Action against any Person, except as otherwise provided in the Plan. Unless any Causes of Action against a Person are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or a Final Order, the Debtors and the Reorganized Debtors expressly reserve all Causes of Action for later adjudication, and, therefore, no preclusion doctrine, including without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such Causes of Action upon or after the confirmation or consummation of the Plan.**

**7.11. Appointment of the Disbursing Agent**

Upon the occurrence of the Effective Date, Reorganized New QHB shall be appointed to serve as the Disbursing Agent and shall have all powers, rights, duties and protections afforded the Disbursing Agent under the Plan.

#### **7.12. New First Lien Credit Agreement**

On the Effective Date, the Debtors shall enter into the New First Lien Credit Agreement. Upon the occurrence of the Effective Date, each holder of an Allowed First Lien Lender Claim shall be deemed a party to the New First Lien Credit Agreement without further act or action by the Reorganized Debtors, the administrative agent under the New First Lien Credit Agreement, or any holder of an Allowed First Lien Lender Claim.

#### **7.13. Sources of Cash for Plan Distributions**

All Cash necessary for the Disbursing Agent to make payments and Plan Distributions shall be obtained from the proceeds of the Exit Revolver, the sale of the New Preferred Stock, and the Debtors' existing Cash balances.

#### **7.14. Investment of Funds Held by the Disbursing Agent; Tax Reporting by the Disbursing Agent**

The Disbursing Agent may, but shall not be required to, invest any funds held by the Disbursing Agent pending the distribution of such funds pursuant to the Plan in investments that are exempt from federal, state and local taxes. Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by the Disbursing Agent of a private letter ruling if the Disbursing Agent so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Disbursing Agent), the Disbursing Agent may (a) treat the funds and other property held by it as held in a single trust for federal income tax purposes in accordance with the trust provisions of the Internal Revenue Code (sections 641, et seq.), and (b) to the extent permitted by applicable law, report consistently with the foregoing for state and local income tax purposes.

#### **7.15. Releases by the Debtors**

**As of the Effective Date, for good and valuable consideration, the Debtors and the Reorganized Debtors in their individual capacities and as Debtors in Possession shall be deemed to release and forever waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Reorganized Debtors, the Chapter 11 Cases, the Plan or the Disclosure Statement, and that could have been asserted by or on behalf of the Debtors or their Estates or the Reorganized Debtors against (a) the Debtors' and their non-Debtor affiliates' present and former officers and directors, (b) the attorneys, accountants, investment bankers, bankruptcy and restructuring advisors and financial advisors of each of the Debtors; except, that nothing in this section shall be construed to release any party or entity from (a) willful misconduct or gross negligence as determined by a Final Order or (b) any objections by the Debtors or the Reorganized Debtors to Claims filed by such party or entity against any Debtor and/or its Estate. Notwithstanding the foregoing, nothing contained herein shall release from Avoidance Actions any attorneys, accountants, investment bankers, bankruptcy and restructuring advisors and financial advisors of each of the Debtors that were not employed by the Debtors after the Petition Date.**

As of the Effective Date, for good and valuable consideration, the Debtors and the Reorganized Debtors in their individual capacities and as Debtors in Possession also shall be deemed to release and forever waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Reorganized Debtors, the Chapter 11 Cases, the Plan or the Disclosure Statement, or the Prepetition Credit Facilities or Note Purchase Agreement and that could have been asserted by or on behalf of the Debtors or their Estates or the Reorganized Debtors against the Prepetition Lenders, the Prepetition Agents, the DIP Lenders, the DIP Agent, Apollo or the Quad-C Parties, including, but not limited to, all Avoidance Actions against such Prepetition Lenders, Prepetition Agents, DIP Lenders, DIP Agent, Apollo or the Quad-C Parties and each of their respective agents, attorneys, advisors, accountants, restructuring consultants, financial advisors and investment bankers; except that nothing in this Section shall be construed to release any party from willful misconduct or gross negligence as determined by a Final Order.

#### **7.16. Releases by Creditors**

Except as provided in the Plan, subject to the occurrence of the Effective Date, any holder of a Claim that is impaired under the Plan shall be presumed conclusively to have released the Debtors, the Reorganized Debtors, their non-Debtor affiliates and each of their respective present and former officers and directors, their respective successors, assigns, the Prepetition Lenders, the Prepetition Agents, the DIP Lenders, the DIP Agent, Apollo, and the Quad-C Parties, and each of their respective agents, attorneys, advisors, accountants, restructuring consultants, financial advisors and investment bankers, as well as the Debtors' officers, directors and employees who hold such positions on the Confirmation Date and any Person claimed to be liable derivatively through any of the foregoing, from any Cause of Action based on the same subject matter as such Claim; except that nothing in this Section shall be construed to release any party from willful misconduct or gross negligence as determined by a Final Order; except, further, that the foregoing releases shall not apply to any holder of a Claim if such holder "opts out" of the releases provided in this Section by a timely written election pursuant to such holder's ballot; except, further, however, that each holder of a Second Lien Lender Claim who executed that certain Standstill Agreement, dated October 2, 2009, entered into by and among any such holder and QHB Holdings and Quality Home Brands is presumed conclusively to have elected to provide the foregoing release to the Debtors, and each of their domestic subsidiaries, directors, managers, officers, shareholders, partners, members, advisors, representatives and agents, irrespective of such holder's ballot.

### **ARTICLE VIII.**

#### **PLAN DISTRIBUTION PROVISIONS**

##### **8.1. Plan Distributions**

The Disbursing Agent shall make all Plan Distributions. In the event a Plan Distribution shall be payable on a day other than a Business Day, such Plan Distribution shall instead be paid on the immediately succeeding Business Day, but shall be deemed to have been made on the date otherwise due. For federal income tax purposes, except to the extent a Plan Distribution is made in connection with reinstatement of an obligation pursuant to section 1124 of the Bankruptcy Code, a Plan Distribution shall be allocated first to the

principal amount of a Claim and then, to the extent the Plan Distribution exceeds the principal amount of the Claim, to the portion of the Claim representing accrued but unpaid interest.

#### **8.2. Timing of Plan Distributions**

Except for Plan Distributions that shall be made on the Effective Date in accordance with the Plan, each Plan Distribution shall be made on the relevant Plan Distribution Date therefor and shall be deemed to have been timely made if made on such date or within ten (10) days thereafter.

#### **8.3. Address for Delivery of Plan Distributions/Unclaimed Plan Distributions**

Subject to Bankruptcy Rule 9010, any Plan Distribution or delivery to a holder of an Allowed Claim shall be made at the address of such holder as set forth (a) in the Schedules, (b) on the proof of Claim filed by such holder, (c) in any notice of assignment filed with the Bankruptcy Court with respect to such Claim pursuant to Bankruptcy Rule 3001(e), and (d) in any notice served by such holder giving details of a change of address. If any Plan Distribution is returned to the Disbursing Agent as undeliverable, no Plan Distributions shall be made to such holder unless the Disbursing Agent is notified of such holder's then current address within ninety (90) days after such Plan Distribution was returned. After such date, if such notice was not provided, a holder shall have forfeited its right to such Plan Distribution, and the undeliverable Plan Distributions shall be returned to Reorganized New QHB.

#### **8.4. De Minimis Plan Distributions**

No Plan Distribution of less than fifty dollars (\$50.00) shall be made by the Disbursing Agent to the holder of any Claim unless a request therefor is made in writing to the Disbursing Agent. If no request is made as provided in the preceding sentence within ninety (90) days of the Effective Date, all such Plan Distributions shall revert to Reorganized New QHB.

#### **8.5. Time Bar to Cash Payments**

Checks issued in respect of Allowed Claims shall be null and void if not negotiated within one hundred and eighty (180) days after the date of issuance thereof. Requests for reissuance of any voided check shall be made directly to the Disbursing Agent by the holder of the Allowed Claim to whom such check was originally issued. Any claim in respect of such a voided check shall be made within one hundred and eighty (180) days after the date of issuance of such check. If no request is made as provided in the preceding sentence, any claims in respect of such voided check shall be discharged and forever barred and such unclaimed Plan Distribution shall revert to Reorganized New QHB.

#### **8.6. Manner of Payment under the Plan**

Unless the Person receiving a Plan Distribution agrees otherwise, any Plan Distribution to be made in Cash under the Plan shall be made, at the election of the Disbursing Agent, by check drawn on a domestic bank or by wire transfer from a domestic bank. Cash payments to foreign creditors may, in addition to the foregoing, be made at the option of the Disbursing Agent in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

**8.7. Expenses Incurred on or after the Effective Date and Claims of the Disbursing Agent**

Except as otherwise ordered by the Bankruptcy Court or as provided herein, the amount of any reasonable fees and expenses incurred (or to be incurred) by the Disbursing Agent on or after the Effective Date (including, but not limited to, taxes) shall be paid when due. Professional fees and expenses incurred by the Disbursing Agent from and after the Effective Date in connection with the effectuation of the Plan shall be paid in the ordinary course of business. Any dispute regarding compensation shall be resolved by agreement of the parties, or if the parties are unable to agree, as determined by the Bankruptcy Court.

**8.8. Fractional Plan Distributions**

Notwithstanding anything to the contrary contained herein, no Plan Distributions of fractional shares or fractions of dollars (whether in Cash or notes) will be made. Fractional shares and fractions of dollars (whether in Cash or notes) shall be rounded to the nearest whole unit (with any amount equal to or less than one-half share or one-half dollar, as applicable, to be rounded down).

**8.9. Special Plan Distribution Provisions for Equity Interests**

For the purpose of making Plan Distributions, the transfer ledger or similar register in respect of the New QHB Equity Interests shall be closed as of the close of business on the Effective Date, and the Disbursing Agent shall be entitled to recognize and deal for all purposes herein with only those holders of record stated on the transfer ledger or similar register maintained by New QHB as of the close of business on the Effective Date. The stock of Reorganized New QHB shall be restricted and may be transferred only as permitted under the Securities Act and other applicable securities laws, and in accordance with the restrictions described under “Securities Law Matters” in Article XV of the Disclosure Statement.

**8.10. Special Distribution Provisions Concerning the Prepetition Credit Facilities**

The following additional provisions shall apply specifically to Plan Distributions to be made to the holders of Allowed Prepetition Lender Claims under the Plan:

(a) Service of Prepetition Agents. The Prepetition Agents and their agents, successors and assigns or such entity appointed by the Prepetition Lenders shall facilitate the making of Plan Distributions to the holders of Allowed Prepetition Lender Claims for which they serve as agent and upon the completion thereof, shall be discharged of all their respective obligations associated with the Prepetition Credit Facilities. The rights of holders of Allowed Prepetition Lender Claims shall continue in effect for the sole purpose of allowing and requiring the Prepetition Agents to make Plan Distributions on account of such Claims. Any actions taken by the Prepetition Agents with respect to Allowed Prepetition Lender Claims that are not for the purposes authorized herein shall be null and void.

(b) Substitution of the Prepetition Agents; Distributions. Upon the occurrence of the Effective Date, the Claims of the applicable Prepetition Agents shall be, for all purposes under the Plan, including, without limitation, the right to receive distributions hereunder, substituted for all Claims of individual holders of Allowed Prepetition Lender Claims. On the Plan Distribution Date, which for the purposes of this Section shall be the Effective Date, all Prepetition Lender Claims shall be settled and compromised in exchange for the distribution to the Prepetition Agents of the applicable Plan Distributions to the holders of

Allowed Prepetition Lender Claims as specified in Section 4.1(b) and 4.1(c); provided, that the Prepetition Agents shall return to the Disbursing Agent any Plan Distributions held on account of any Allowed Prepetition Lender Claims as to which the requirements of Section 8.11 are not satisfied by the first (1st) anniversary of the Effective Date.

(c) Enforcement of Rights of Prepetition Agents. The rights, liens (including the charging liens), and Claims of the Prepetition Agents with respect to the collection of their fees and expenses from the holders of Allowed Prepetition Lender Claims shall survive confirmation of the Plan and may be fully enforced by the Prepetition Agents. All distributions to the Prepetition Agents on behalf of the holders of Allowed Prepetition Lender Claims shall be applied by the Prepetition Agents as provided by the applicable agreement.

#### **8.11. Surrender and Cancellation of Instruments**

As a condition to receiving any Plan Distribution, on or before the Plan Distribution Date, the holder of an Allowed Claim evidenced by a certificate, instrument or note, other than any such certificate, instrument or note that is being reinstated or being left unimpaired under the Plan, shall (i) surrender such certificate, instrument or note representing such Claim, including, without limitation, any guaranties except to the extent assumed by the Debtors, and (ii) execute and deliver such other documents as may be necessary to effectuate the Plan. Such certificate, instrument or note, including any such guaranties, shall thereafter be cancelled and extinguished. The Disbursing Agent shall have the right to withhold any Plan Distribution to be made to or on behalf of any holder of such Claims unless and until (1) such certificates, instruments or notes, including any such guaranties, are surrendered, or (2) any relevant holder provides to the Disbursing Agent an affidavit of loss or such other documents as may be required by the Disbursing Agent together with an appropriate indemnity in the customary form. Any such holder who fails to surrender such certificates, instruments or notes, including any such guaranties, or otherwise fails to deliver an affidavit of loss and indemnity prior to the second (2nd) anniversary of the Effective Date, shall be deemed to have forfeited its Claims and shall not participate in any Plan Distribution. All property in respect of such forfeited Claims shall revert to the Reorganized Debtors.

Notwithstanding the foregoing, on the Effective Date, all notes, stock, instruments, certificates, and other documents evidencing the First Lien Lender Claims, the Second Lien Lender Claims and the Noteholder Claims, shall be cancelled, and the obligations of the Debtors thereunder or in any way related thereto shall be fully released and discharged except to the extent provided in this Article VIII.

### **ARTICLE IX.**

#### **CAPITAL RAISING TRANSACTIONS**

##### **9.1. Issuance of New Preferred Stock**

(a) Private Placement. On the terms and subject to the conditions of the Preferred Stock Purchase Agreement, Reorganized New QHB will raise \$20,000,000 from the issuance of New Preferred Stock to the Quad-C Entity pursuant to the Plan in a Private Placement that is exempt from registration under the Securities Act by virtue of Section 4(2) thereof and Regulation D promulgated thereunder. The transactions contemplated by the Preferred Stock Purchase Agreement will be conditioned on, among other things, the completion of the Restructuring as contemplated in the Disclosure Statement.

(b) Use of Proceeds from the Private Placement

Reorganized New QHB shall apply the net proceeds from the sale of the New Preferred Stock in the Private Placement to fund the payment of Allowed Claims and Allowed Administrative Claims as provided in the Plan, and for working capital requirements and general corporate purposes.

(c) Distribution of New Preferred Stock

On or as soon as reasonably practicable after the Effective Date, the Disbursing Agent shall distribute the New Preferred Stock to the Quad-C Entity pursuant to the terms of the Preferred Stock Purchase Agreement.

**ARTICLE X.**

**PROCEDURES FOR RESOLVING  
AND TREATING CONTESTED CLAIMS**

**10.1. Objection Deadline**

As soon as practicable, but in no event later than one hundred and eighty (180) days after the Effective Date (subject to being extended by the order of the Bankruptcy Court upon motion of the Disbursing Agent without notice or a hearing), objections to Claims shall be filed with the Bankruptcy Court and served upon the holders of each of the Claims to which objections are made.

**10.2. Prosecution of Contested Claims**

The Disbursing Agent may object to the allowance of Claims filed with the Bankruptcy Court with respect to which liability is disputed in whole or in part. All objections that are filed and prosecuted as provided herein shall be litigated to Final Order or compromised and settled in accordance with Section 10.3.

**10.3. Claims Settlement**

Notwithstanding any requirements that may be imposed pursuant to Bankruptcy Rule 9019, from and after the Effective Date, the Disbursing Agent shall have authority to settle or compromise all Claims and Causes of Action without further review or approval of the Bankruptcy Court, other than (a) the settlement or compromise of a Claim where the difference between the amount of the Claim listed on the Debtors' Schedules and the amount of the Claim proposed to be Allowed under the settlement is in excess of \$500,000 or (b) any settlement or compromise of a Claim or Cause of Action that involves an Insider.

**10.4. Entitlement to Plan Distributions upon Allowance**

Notwithstanding any other provision of the Plan, no Plan Distribution shall be made with respect to any Claim to the extent it is a Contested Claim, unless and until such Contested Claim becomes an Allowed Claim, subject to the setoff rights as provided in Section 15.18. When a Claim that is not an Allowed Claim as of the Effective Date becomes an Allowed Claim (regardless of when) the holder of such Allowed Claim shall thereupon become entitled to receive the Plan Distributions in respect of such Claim, the same as though such Claim had been an Allowed Claim on the Effective Date.

## **10.5. Estimation of Claims**

The Disbursing Agent may, at any time, request that the Bankruptcy Court estimate any Contested Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Disbursing Agent has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Contested Claim, that estimated amount shall constitute the Allowed amount of such Claim for all purposes under the Plan. All of the objection, estimation, settlement, and resolution procedures set forth in the Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

## **ARTICLE XI.**

### **CONDITIONS PRECEDENT TO CONFIRMATION OF THE PLAN AND THE OCCURRENCE OF THE EFFECTIVE DATE**

#### **11.1. Conditions Precedent to Confirmation**

The following are conditions precedent to confirmation of the Plan:

(a) The Clerk of the Bankruptcy Court shall have entered an order or orders (i) approving the Disclosure Statement as containing “adequate information” pursuant to section 1125 of the Bankruptcy Code, (ii) determining that all votes are binding and have been properly tabulated as acceptances or rejections of the Plan, (iii) confirming and giving effect to the terms and provisions of the Plan, (iv) determining that all applicable tests, standards and burdens in connection with the Plan have been duly satisfied and met by the Debtors and the Plan, (v) approving the Plan Documents, and (vi) authorizing the Debtors to execute, enter into, and deliver the Plan Documents and to execute, implement, and to take all actions otherwise necessary or appropriate to give effect to the transactions and transfer of Assets contemplated by the Plan and the Plan Documents;

(b) The Confirmation Order, the Plan Documents and the Plan are consistent in all material respects with the Restructuring Term Sheet;

(c) The Confirmation Order, the Plan Documents and the Plan are each in a form satisfactory to the Debtors;

(d) The New First Lien Credit Agreement is in a form satisfactory to the First Lien Agent and DIP Agent, whose consent shall not be unreasonably withheld, and, to the extent that the provisions of the Confirmation Order, the Plan Documents and the Plan would affect the First Lien Lenders, such provisions shall be in a form satisfactory to the First Lien Agent and DIP Agent, whose consent shall not be unreasonably withheld;

(e) The Debtors shall have received fully executed commitments from all of the Exit Revolver Lenders, which shall not have been terminated or repudiated, to provide the financing contemplated by the Exit Revolver; and



(f) The Quad-C Entity shall have executed and delivered the Preferred Stock Purchase Agreement, which shall not have been terminated or repudiated.

#### **11.2. Conditions Precedent to the Occurrence of the Effective Date**

The following are conditions precedent to the occurrence of the Effective Date:

(a) The Confirmation Order shall have been entered by the Bankruptcy Court, be in full force and effect and not be subject to any stay or injunction;

(b) All necessary consents, authorizations and approvals shall have been given for the transfers of property and the payments provided for or contemplated by the Plan;

(c) All conditions to (i) the obligations of the Debtors under the Plan and the Plan Documents, (ii) the obligations of all parties under the New First Lien Credit Agreement and (iii) the obligations of all parties under the Preferred Stock Purchase Agreement, shall have been satisfied or waived in accordance with the terms of the Plan or the applicable Plan Document, New First Lien Credit Agreement or Preferred Stock Purchase Agreement;

(d) The New First Lien Credit Agreement shall have become effective;

(e) The transactions contemplated by the Preferred Stock Purchase Agreement shall have been completed; and

(f) The DIP Lender Claim, if any, shall have been paid in full.

#### **11.3. Waiver of Conditions**

The Debtors may waive, without notice to any parties in interest or order of the Bankruptcy Court, any one or more of the conditions set forth in Section 11.1 or Section 11.2, except (i) Section 11.1(b) shall not be waived; (ii) Sections 11.1(d) and 11.2(d) shall not be waived without the written consent of the First Lien Agent, which shall not be unreasonably withheld; and (iii) Section 11.2(f) shall not be waived without the written consent of the DIP Agent, which shall not be unreasonably withheld.

#### **11.4. Effect of Non-Occurrence of the Effective Date**

If the Effective Date shall not occur, the Plan shall be null and void and nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims against or Equity Interests in a Debtor; (b) prejudice in any manner the rights of the Debtors, including, without limitation, any right to seek a further extension of the exclusivity periods under section 1121(d) of the Bankruptcy Code; or (c) constitute an admission, acknowledgement, offer or undertaking by the Debtors.

### **ARTICLE XII.**

#### **THE DISBURSING AGENT**

##### **12.1. Powers and Duties**

Pursuant to the terms and provisions of the Plan, the Disbursing Agent shall be empowered and directed to (a) take all steps and execute all instruments and documents necessary to make Plan Distributions to holders of Allowed Claims; (b) comply with the Plan

and the obligations thereunder; (c) employ, retain or replace professionals to represent it with respect to its responsibilities; (d) object to Claims as specified in Article X, and prosecute such objections; (e) compromise and settle any issue or dispute regarding the amount, validity, priority, treatment or Allowance of any Claim as provided in Article X; (f) make annual and other periodic reports regarding the status of distributions under the Plan to the holders of Allowed Claims that are outstanding at such time, with such reports to be made available upon request to the holder of any Contested Claim; and (g) exercise such other powers as may be vested in the Disbursing Agent pursuant to the Plan, the Plan Documents or order of the Bankruptcy Court.

## **12.2. Plan Distributions**

Pursuant to the terms and provisions of the Plan, the Disbursing Agent shall make the required Plan Distributions specified under the Plan on the relevant Plan Distribution Date therefor.

## **12.3. Exculpation**

**Except as otherwise provided in this Section, the Disbursing Agent, together with its officers, directors, employees, agents and representatives, are exculpated pursuant to the Plan by all Persons, holders of Claims and Equity Interests, and all other parties in interest, from any and all Causes of Action arising out of the discharge of the powers and duties conferred upon the Disbursing Agent (and each of its respective paying agents), by the Plan, any Final Order of the Bankruptcy Court entered pursuant to or in furtherance of the Plan, or applicable law, except solely for actions or omissions arising out of the Disbursing Agent's willful misconduct or gross negligence. No holder of a Claim or an Equity Interest, or representative thereof, shall have or pursue any Cause of Action (a) against the Disbursing Agent or its respective officers, directors, employees, agents and representatives for making Plan Distributions in accordance with the Plan, or (b) against any holder of a Claim for receiving or retaining Plan Distributions as provided for by the Plan. Nothing contained in this Section shall preclude or impair any holder of an Allowed Claim or Allowed Equity Interest from bringing an action in the Bankruptcy Court against any Debtor to compel the making of Plan Distributions contemplated by the Plan on account of such Claim or Equity Interest.**

# **ARTICLE XIII.**

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

### **13.1. Assumption and Rejection of Executory Contracts and Unexpired Leases**

(a) On the Effective Date, all executory contracts and unexpired leases of the Debtors shall be assumed pursuant to the provisions of section 365 of the Bankruptcy Code, except: (i) any executory contracts and unexpired leases that are the subject of separate motions to reject, assume, or assume and assign filed pursuant to section 365 of the Bankruptcy Code by the Debtors before the Effective Date; (ii) contracts and leases listed in any "Schedule of Rejected Executory Contracts and Unexpired Leases" to be filed by the Debtors with the Bankruptcy Court prior to the Confirmation Hearing; (iii) all executory contracts and unexpired leases rejected under this Plan or by order of the Bankruptcy Court entered before the Effective Date; (iv) any executory contract or unexpired lease that is the subject of a dispute over the amount or manner of cure pursuant to the next section hereof

and for which the Debtors make a motion to reject such contract or lease based upon the existence of such dispute filed at any time; and (v) any agreement, obligation, security interest, transaction or similar undertaking that the Debtors believe is not executory.

(b) Inclusion of a contract, lease or other agreement on any "Schedule of Rejected Executory Contracts and Unexpired Leases" shall constitute adequate and sufficient notice that (i) any Claims arising thereunder or related thereto shall be treated as General Unsecured Claims under the Plan, and (ii) the Debtors are no longer bound by, or otherwise obligated to perform, any such obligations, transactions, or undertakings relating thereto or arising thereunder.

(c) The Plan shall constitute a motion to reject such executory contracts and unexpired leases set forth in any "Schedule of Rejected Executory Contracts and Unexpired Leases" filed by the Debtors with the Bankruptcy Court prior to the Confirmation Hearing, and the Debtors shall have no liability thereunder except as is specifically provided in the Plan. Entry of the Confirmation Order by the Clerk of the Bankruptcy Court shall constitute approval of such rejections pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such rejected agreement, executory contract or unexpired lease is burdensome and that the rejection thereof is in the best interests of the Debtors and their Estates.

(d) The Plan shall constitute a motion to assume such executory contracts and unexpired leases assumed pursuant to Section 13.1(a). Entry of the Confirmation Order by the Clerk of the Bankruptcy Court shall constitute approval of such assumptions pursuant to sections 365(a) and (b) of the Bankruptcy Code. Any non-Debtor counterparty to an agreement designated as being assumed in Section 13.1(a) who disputes the assumption of such executory contract or unexpired lease must file with the Bankruptcy Court, and serve upon the Debtors, a written objection to the assumption, which objection shall set forth the basis for the dispute by no later than ten (10) Business Days prior to the Confirmation Hearing. The failure to timely object shall be deemed a waiver of any and all objections to the assumption of executory contracts and unexpired leases designated as being assumed in Section 13.1(a).

### **13.2. Cure**

At the election of the Debtors, any monetary defaults under each executory contract and unexpired lease to be assumed under this Plan shall be satisfied pursuant to section 365(b)(1) of the Bankruptcy Code: (a) by payment of the default amount in Cash on the Effective Date or as soon thereafter as practicable; or (b) on such other terms as agreed to by the parties to such executory contract or unexpired lease. In the event of a dispute regarding: (i) the amount of any cure payments; (ii) the ability to provide adequate assurance of future performance under the contract or lease to be assumed or assigned; or (iii) any other matter pertaining to assumption or assignment, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving the dispute and approving assumption or assignment, as applicable. The Debtors believe that they are current on all obligations under all of the executory contracts and unexpired leases to be assumed pursuant to Section 13.1(a), and thus the Debtors do not believe that any cure obligations are owed. Any non-Debtor counterparty to an executory contract or unexpired lease who disputes whether the Debtors have any cure obligations with respect to the executory contract or unexpired lease to which they are a party must file with the Bankruptcy Court, and serve upon the Debtors and the Creditors' Committee, a written objection

regarding the cure obligation, which objection shall set forth the basis for the dispute, the alleged correct cure obligation, and any other objection related to the assumption of the relevant agreement by no later than ten (10) Business Days prior to the Confirmation Hearing. If a non-Debtor counterparty fails to file and serve an objection which complies with the foregoing, the non-Debtor counterparty shall be deemed to have waived any and all objections to the assumption of the relevant agreement as proposed by the Debtors, including the lack of any cure obligations.

### **13.3. Claims Arising from Rejection, Expiration or Termination**

Claims created by the rejection of executory contracts and unexpired leases or the expiration or termination of any executory contract or unexpired lease prior to the Confirmation Date must be filed with the Bankruptcy Court and served on the Debtors (a) in the case of an executory contract or unexpired lease rejected by the Debtors prior to the Confirmation Date, in accordance with the Bar Date Notice, or (b) in the case of an executory contract or unexpired lease that (i) was terminated or expired by its terms prior to the Confirmation Date, or (ii) is rejected pursuant to this Section 13, no later than thirty (30) days after the Confirmation Date. Any such Claims for which a proof of claim is not filed and served by the deadlines set forth in the Bar Date Notice or this Section 13.3, as applicable, shall be forever barred from assertion and shall not be enforceable against the Debtors, the Reorganized Debtors, their respective Estates, Affiliates or Assets. Unless otherwise ordered by the Bankruptcy Court, all such Claims that are timely filed as provided herein shall be treated as General Unsecured Claims under the Plan subject to objection by the Disbursing Agent.

## **ARTICLE XIV.**

### **RETENTION OF JURISDICTION**

Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall retain and shall have exclusive jurisdiction over any matter (a) arising under the Bankruptcy Code, (b) arising in or related to the Chapter 11 Cases or the Plan or (c) that relates to the following:

(i) To hear and determine any and all motions or applications pending on the Confirmation Date or thereafter brought in accordance with Article XIII hereof for the assumption, assumption and assignment or rejection of executory contracts or unexpired leases to which any of the Debtors is a party or with respect to which any of the Debtors may be liable, and to hear and determine any and all Claims and any related disputes (including, without limitation, the exercise or enforcement of setoff or recoupment rights, or rights against any third party or the property of any third party resulting therefrom or from the expiration, termination or liquidation of any executory contract or unexpired lease);

(ii) To determine any and all adversary proceedings, applications, motions, and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by the Disbursing Agent or the Debtors, as applicable, after the Effective Date;

(iii) To hear and determine any objections to the allowance of Claims, whether filed, asserted, or made before or after the Effective Date, including, without express or implied limitation, to hear and determine any objections to the

classification of any Claim and to allow, disallow or estimate any Contested Claim in whole or in part;

(iv) To issue such orders in aid of execution of the Plan to the extent authorized or contemplated by section 1142 of the Bankruptcy Code;

(v) To consider any modifications of the Plan, remedy any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(vi) To hear and determine all Fee Applications and applications for allowances of compensation and reimbursement of any other fees and expenses authorized to be paid or reimbursed under the Plan or the Bankruptcy Code;

(vii) To hear and determine all controversies, suits and disputes that may relate to, impact upon or arise in connection with the Plan, the Plan Documents or their interpretation, implementation, enforcement or consummation;

(viii) To hear and determine all controversies, suits and disputes that may relate to, impact upon, or arise in connection with the Confirmation Order (and all exhibits to the Plan) or its interpretation, implementation, enforcement or consummation;

(ix) To the extent that Bankruptcy Court approval is required, to consider and act on the compromise and settlement of any Claim or Cause of Action by, on behalf of, or against the Estates;

(x) To determine such other matters that may be set forth in the Plan, or the Confirmation Order, or that may arise in connection with the Plan, or the Confirmation Order;

(xi) To hear and determine matters concerning state, local and federal taxes, fines, penalties or additions to taxes for which the Reorganized Debtors, the Debtors, the Debtors in Possession, or the Disbursing Agent may be liable, directly or indirectly, in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

(xii) To hear and determine all controversies, suits and disputes that may relate to, impact upon, or arise in connection with any setoff and/or recoupment rights of the Debtors or any Person under the Plan;

(xiii) To hear and determine all controversies, suits, and disputes that may relate to, impact upon, or arise in connection with Causes of Action of the Debtors (including Avoidance Actions) commenced by the Disbursing Agent, the Debtors or any third parties, as applicable, before or after the Effective Date;

(xiv) To enter an order or final decree closing the Chapter 11 Cases;

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

(xvi) To hear and determine any other matters related hereto and not inconsistent with chapter 11 of the Bankruptcy Code.

## ARTICLE XV.

### MISCELLANEOUS PROVISIONS

#### **15.1. Payment of Statutory Fees**

All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid by the Debtors on or before the Effective Date.

#### **15.2. Satisfaction of Claims**

The rights afforded in the Plan and the treatment of all Claims and Equity Interests herein shall be in exchange for and in complete satisfaction, discharge and release of all Claims and Equity Interests of any nature whatsoever against the Debtors and the Debtors in Possession, or any of their Estates, Assets, properties or interests in property. Except as otherwise provided herein, on the Effective Date, all Claims against and Equity Interests in the Debtors and the Debtors in Possession shall be satisfied, discharged and released in full. Neither the Reorganized Debtors nor the Debtors shall be responsible for any pre-Effective Date obligations of the Debtors or the Debtors in Possession, except those expressly assumed by the Reorganized Debtors or any such Debtor, as applicable. Except as otherwise provided herein, all Persons shall be precluded and forever barred from asserting against the Reorganized Debtors, the Debtors, their respective successors or assigns, or their Estates, Affiliates, Assets, properties, or interests in property any event, occurrence, condition, thing, or other or further Claims or Causes of Action based upon any act, omission, transaction, or other activity of any kind or nature that occurred or came into existence prior to the Effective Date, whether or not the facts of or legal bases therefor were known or existed prior to the Effective Date.

#### **15.3. Special Provisions Regarding Insured Claims**

Plan Distributions to each holder of an Allowed Insured Claim against any Debtor shall be made in accordance with the treatment provided under the Plan for the Class in which such Allowed Insured Claim is classified; except, that there shall be deducted from any Plan Distribution on account of an Insured Claim, for purposes of calculating the Allowed amount of such Claim, the amount of any insurance proceeds actually received by such holder in respect of such Allowed Insured Claim. Nothing in this Section 15.3 shall constitute a waiver of any Claim, right, or Cause of Action the Debtors or their Estates may hold against any Person, including any insurer. Pursuant to section 524(e) of the Bankruptcy Code, nothing in the Plan shall release or discharge any insurer from any obligations to any Person under applicable law or any policy of insurance under which a Debtor is an insured or a beneficiary.

#### **15.4. Third Party Agreements; Subordination**

The Plan Distributions to the various classes of Claims and Equity Interests hereunder shall not affect the right of any Person to levy, garnish, attach, or employ any other legal process with respect to such Plan Distributions by reason of any claimed subordination rights

or otherwise. All such rights and any agreements relating thereto shall remain in full force and effect, except as otherwise compromised and settled pursuant to the Plan. Plan Distributions shall be subject to and modified by any Final Order directing distributions other than as provided in the Plan. The right of the Debtors or the Creditors' Committee to seek subordination of any Claim or Equity Interest pursuant to section 510 of the Bankruptcy Code is fully reserved, and the treatment afforded any Claim or Equity Interest that becomes a Subordinated Claim or subordinated Equity Interest at any time shall be modified to reflect such subordination.

#### **15.5. Exculpation**

**None of the Debtors, the Reorganized Debtors, the Prepetition Lenders, the Prepetition Agents, the DIP Lenders, the DIP Agent, Apollo, or the Quad-C Parties, or any of their respective officers, directors, members, equity holders, employees, agents, representatives, advisors, attorneys or successors and assigns shall have or incur any liability to any Person for any act or omission in connection with, or arising out of, the pursuit of confirmation of the Plan, the consummation of the Plan, or the implementation or administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence as finally determined by the Bankruptcy Court, and, in all respects shall be entitled to rely upon the advice of counsel and all information provided by other exculpated persons herein without any duty to investigate the veracity or accuracy of such information with respect to their duties and responsibilities under the Plan.**

#### **15.6. Discharge of Liabilities**

Except as otherwise provided in the Plan, upon the occurrence of the Effective Date, the Debtors and the Reorganized Debtors shall be discharged from all Claims and Causes of Action to the fullest extent permitted by section 1141 of the Bankruptcy Code, and all holders of Claims and Equity Interests shall be precluded from asserting against the Reorganized Debtors and their Affiliates, the Debtors, their Assets, or any property dealt with under the Plan, any further Claim or other Cause of Action based upon any act or omission, transaction, event, thing or other activity of any kind or nature that occurred or came into existence prior to the Effective Date.

**EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, NEW QHB AND ITS AFFILIATES SHALL NOT HAVE OR BE CONSTRUED TO HAVE OR MAINTAIN ANY LIABILITY, CLAIM OR OBLIGATION THAT IS BASED IN WHOLE OR IN PART ON ANY ACT, OMISSION, TRANSACTION, EVENT, OTHER OCCURRENCE OR THING OCCURRING OR IN EXISTENCE ON OR PRIOR TO THE EFFECTIVE DATE OF THE PLAN AND NO SUCH LIABILITY, CLAIM OR OBLIGATION FOR ANY ACTS SHALL ATTACH TO NEW QHB OR ITS AFFILIATES.**

#### **15.7. Discharge of Debtors**

Except as otherwise provided in the Plan or the Confirmation Order, on the Effective Date, without further notice or order, all Claims of any nature whatsoever shall be automatically discharged forever. Except as otherwise provided in the Plan or the Confirmation Order, on the Effective Date, the Debtors, the Reorganized Debtors, their Estates, and all successors thereto shall be deemed fully discharged and released from any and all Claims, including, but not limited to, demands and liabilities that arose before the

Effective Date, and all debts of the kind specified in sections 502(g), 502(h), and 502(i) of the Bankruptcy Code, whether or not (a) a proof of claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code; (b) a Claim based upon such debt is allowed under section 502 of the Bankruptcy Code; or (c) the holder of a Claim based upon such debt has accepted the Plan. The Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtors, the Reorganized Debtors, their Estates, and all successors thereto. As provided in section 524 of the Bankruptcy Code, such discharge shall void any judgment against the Debtors, the Reorganized Debtors, their Estates, or any successor thereto at any time obtained to the extent it relates to a discharged Claim, and operates as an injunction against the prosecution of any action against the Debtors, the Reorganized Debtors or property of the Debtors or the Reorganized Debtors or their Estates to the extent it relates to a discharged Claim.

#### **15.8. Notices**

Any notices, requests, and demands required or permitted to be provided under the Plan, in order to be effective, shall be in writing (including, without express or implied limitation, those delivered by facsimile transmission), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

QHB Holdings LLC  
Attention: T. Tracy Bilbrough  
1100 Crescent Green, Suite 105  
Cary, NC 27518  
Telephone: (856) 764-4126  
Facsimile: (919) 852-0700

White & Case LLP  
Attention: Thomas E Lauria, Esq.  
Wachovia Financial Center  
200 South Biscayne Boulevard, Suite 4900  
Miami, FL 33131  
Telephone: (305) 371-2700  
Facsimile: (305) 358-5744

Fox Rothschild LLP  
Attention: Jeffrey M. Schlerf, Esq.  
919 N. Market St, 16th floor  
Wilmington, DE 19801  
Telephone: (302) 622-4212  
Facsimile: (302) 656-8920

#### **15.9. Headings**

The headings used in the Plan are inserted for convenience only, and neither constitutes a portion of the Plan nor in any manner affect the construction of the provisions of the Plan.



#### **15.10. Governing Law**

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules), the laws of the State of New York, without giving effect to the conflicts of laws principles thereof, shall govern the construction of the Plan and any agreements, documents and instruments executed in connection with the Plan, except as otherwise expressly provided in such instruments, agreements or documents.

#### **15.11. Expedited Determination**

The Disbursing Agent is hereby authorized to file a request for expedited determination under section 505(b) of the Bankruptcy Code for all tax returns filed with respect to the Debtors.

#### **15.12. Exemption from Transfer Taxes**

Pursuant to section 1146 of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust, lien, pledge or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax. The Bankruptcy Court may enter any order necessary or appropriate to implement this Section of the Plan.

#### **15.13. Retiree Benefits**

Pursuant to section 1129(a)(13) of the Bankruptcy Code, on and after the Effective Date, all retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

#### **15.14. Notice of Entry of Confirmation Order and Relevant Dates**

Promptly upon entry of the Confirmation Order, the Debtors shall publish as directed by the Bankruptcy Court and serve on all known parties in interest and holders of Claims and Equity Interests, notice of the entry of the Confirmation Order and all relevant deadlines and dates under the Plan, including, but not limited to, the deadline for filing notice of Administrative Claims, and the deadline for filing rejection damage Claims.

#### **15.15. Interest and Attorneys' Fees**

Interest accrued after the Petition Date shall accrue and be paid on Claims only to the extent specifically provided for in this Plan, the Plan Documents, the Confirmation Order, the DIP Order, or as otherwise required by the Bankruptcy Court or by applicable law. No award or reimbursement of attorneys' fees or related expenses or disbursements shall be allowed on, or in connection with, any Claim, except as set forth in the Plan, the Plan Documents or as otherwise required by the Bankruptcy Court or as ordered by the Bankruptcy Court.

#### **15.16. Modification of the Plan**

As provided in section 1127 of the Bankruptcy Code, modification of the Plan may be proposed in writing by the Debtors at any time before confirmation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the

Debtors shall have complied with section 1125 of the Bankruptcy Code. The Debtors may modify the Plan at any time after confirmation and before substantial consummation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modifications. A holder of a Claim that has accepted the Plan shall be deemed to have accepted such Plan as modified if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such holder.

#### **15.17. Revocation of Plan**

The Debtors reserve the right to revoke and withdraw the Plan and/or to adjourn the Confirmation Hearing with respect to any one or more of the Debtors prior to the occurrence of the Effective Date. If the Debtors revoke or withdraw the Plan with respect to any one or more of the Debtors, or if the Effective Date does not occur as to any Debtor, then, as to such Debtor, the Plan and all settlements and compromises set forth in the Plan and not otherwise approved by a separate Final Order shall be deemed null and void and nothing contained herein and no acts taken in preparation for consummation of the Plan shall be deemed to constitute a waiver or release of any Claims against or Equity Interests in such Debtor or to prejudice in any manner the rights of any of the Debtors or any other Person in any other further proceedings involving such Debtor.

In the event that the Debtors choose to adjourn the Confirmation Hearing with respect to any one or more of the Debtors, the Debtors reserve the right to proceed with confirmation of the Plan with respect to those Debtors in relation to which the Confirmation Hearing has not been adjourned. With respect to those Debtors for which the Confirmation Hearing has been adjourned, the Debtors reserve the right to amend, modify, revoke or withdraw the Plan and/or submit any new plan of reorganization at such times and in such manner as they consider appropriate, subject to the provisions of the Bankruptcy Code.

#### **15.18. Setoff Rights**

In the event that any Debtor has a Claim of any nature whatsoever against the holder of a Claim against such Debtor, then such Debtor may, but is not required to, setoff against the Claim (and any payments or other Plan Distributions to be made in respect of such Claim hereunder) such Debtor's Claim against such holder, subject to the provisions of sections 553, 556 and 560 of the Bankruptcy Code. Neither the failure to setoff nor the allowance of any Claim under the Plan shall constitute a waiver or release of any Claims that any Debtor may have against the holder of any Claim.

#### **15.19. Compliance with Tax Requirements**

In connection with the Plan, the Debtors and the Disbursing Agent, as applicable, shall comply with all withholding and reporting requirements imposed by federal, state, local and foreign taxing authorities and all Plan Distributions hereunder shall be subject to such withholding and reporting requirements. Notwithstanding the above, each holder of an Allowed Claim that is to receive a Plan Distribution shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any government unit, including income, withholding and other tax obligations, on account of such Plan Distribution. The Disbursing Agent has the right, but not the obligation, to not make a Plan Distribution until such holder has made arrangements satisfactory to the Disbursing Agent for payment of any such tax obligations.

#### **15.20. Rates**

The Plan does not provide for the change of any rate that is within the jurisdiction of any governmental regulatory commission after the occurrence of the Effective Date. Where a Claim has been denominated in foreign currency on a proof of Claim, the Allowed amount of such Claim shall be calculated in legal tender of the United States based upon the conversion rate in place as of the Petition Date and in accordance with section 502(b) of the Bankruptcy Code.

#### **15.21. Dissolution of the Creditors' Committee**

Upon the Effective Date, the Creditors' Committee, if any, shall dissolve automatically, whereupon its members, professionals and agents shall be released from any further duties and responsibilities in the Chapter 11 Cases and under the Bankruptcy Code, except with respect to (a) applications for Fee Claims or reimbursement of expenses incurred as a member of the Creditors' Committee, and (b) any motions or other actions seeking enforcement or implementation of the provisions of the Plan or the Confirmation Order or pending appeals of orders entered in the Chapter 11 Cases.

#### **15.22. Injunctions**

**On the Effective Date and except as otherwise provided herein, all Persons who have been, are, or may be holders of Claims against or Equity Interests in the Debtors shall be permanently enjoined from taking any of the following actions against or affecting the Reorganized Debtors or their Affiliates, the Debtors or their Affiliates, the Estates, the Assets, or the Disbursing Agent, or any of their current or former respective members, directors, managers, officers, employees, agents, and professionals, successors and assigns or their respective assets and property with respect to such Claims or Equity Interests (other than actions brought to enforce any rights or obligations under the Plan):**

(a) **commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including, without limitation, all suits, actions and proceedings that are pending as of the Effective Date, which must be withdrawn or dismissed with prejudice);**

(b) **enforcing, levying, attaching, collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order;**

(c) **creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance; and**

(d) **asserting any setoff, right of subrogation or recoupment of any kind; provided, that any defenses, offsets or counterclaims which the Debtors may have or assert in respect of the above referenced Claims are fully preserved in accordance with Section 15.18.**

#### **15.23. Binding Effect**

The Plan shall be binding upon the Reorganized Debtors, the Debtors, the holders of all Claims and Equity Interests, parties in interest, Persons and their respective successors and

assigns. To the extent any provision of the Disclosure Statement or any other solicitation document may be inconsistent with the terms of the Plan, the terms of the Plan shall be binding and conclusive.

**15.24. Severability**

**IN THE EVENT THE BANKRUPTCY COURT DETERMINES THAT ANY PROVISION OF THE PLAN IS UNENFORCEABLE EITHER ON ITS FACE OR AS APPLIED TO ANY CLAIM OR EQUITY INTEREST OR TRANSACTION, THE DEBTORS MAY MODIFY THE PLAN IN ACCORDANCE WITH SECTION 15.16 SO THAT SUCH PROVISION SHALL NOT BE APPLICABLE TO THE HOLDER OF ANY SUCH CLAIM OR EQUITY INTEREST OR TRANSACTION. SUCH A DETERMINATION OF UNENFORCEABILITY SHALL NOT (A) LIMIT OR AFFECT THE ENFORCEABILITY AND OPERATIVE EFFECT OF ANY OTHER PROVISION OF THE PLAN OR (B) REQUIRE THE RESOLICITATION OF ANY ACCEPTANCE OR REJECTION OF THE PLAN.**

**15.25. No Admissions**

**AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER CAUSES OF ACTION OR THREATENED CAUSES OF ACTION, THIS PLAN SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS PLAN SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, AND OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, AND EQUITY INTERESTS IN, NEW QHB OR ANY OF ITS SUBSIDIARIES AND AFFILIATES, AS DEBTORS AND DEBTORS IN POSSESSION IN THESE CHAPTER 11 CASES.**

Dated: November ~~\_\_\_~~, 2009 January 13, 2010

Respectfully submitted,

[NEW QHB]  
GENERATION BRANDS HOLDINGS, INC.

By:

\_\_\_\_\_  
Name: Daniel S. Macsherry  
Title: Executive Vice President and CFO

QUALITY HOME BRANDS HOLDINGS LLC

By:

\_\_\_\_\_  
Name: Daniel S. Macsherry  
Title: Executive Vice President and CFO

QHB HOLDINGS LLC

By:

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Name: Daniel S. Macsherry  
Title: Executive Vice President and CFO

GENERATION BRANDS LLC

By:

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Name: Daniel S. Macsherry  
Title: Executive Vice President and CFO

MURRAY FEISS IMPORT LLC

By:

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Name: Daniel S. Macsherry  
Title: Vice President

LOCUST GP LLC

By: Generation Brands LLC, its sole member

By:

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Name: Daniel S. Macsherry  
Title: Vice President

LPC MANAGEMENT, L.L.C.

By:

---

Name: Daniel S. Macsherry  
Title: Vice President

LIGHT PROCESS COMPANY, L.P.

By: LPC Management, L.L.C.,  
its general partner

By:

---

Name: Daniel S. Macsherry  
Title: Vice President

SEA GULL LIGHTING PRODUCTS LLC

By:

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Name: Daniel S. Macsherry  
Title: Executive Vice President

WOODCO LLC

By:

---

Name: Daniel S. Macsherry  
Title: Vice President

TECH L ENTERPRISES, INC.

By:

---

Name: Daniel S. Macsherry  
Title: Vice President

TECH LIGHTING L.L.C.

By:

---

Name: Daniel S. Macsherry  
Title: Vice President

LBL LIGHTING LLC

By:

---

Name: Daniel S. Macsherry  
Title: Executive Vice President

TECH L HOLDINGS, INC.

By:

---

Name: Daniel S. Macsherry  
Title: Vice President

## EXHIBIT "A"

### GLOSSARY OF DEFINED TERMS

1. "Administrative Claim" means a Claim incurred by a Debtor (or its Estate) on or after the Petition Date and before the Effective Date for a cost or expense of administration in the Chapter 11 Cases entitled to priority under sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, (i) Fee Claims, (ii) DIP Lender Claims, (iii) the reasonable and documented out-of-pocket professional expenses incurred by or on behalf of Apollo, the Quad-C Parties, and the First Lien Agent in connection with the Restructuring and the Equity Reorganization; and (iv) an aggregate of up to \$100,000 of the reasonable and documented out-of-pocket professional expenses incurred by or on behalf of the Second Lien Lenders (other than Apollo) in connection with the Restructuring and the Equity Reorganization; provided, that if such reasonable and documented out-of-pocket professional expenses of the Second Lien Lenders (other than Apollo) exceed \$100,000 in the aggregate, each such Second Lien Lender shall be entitled to its Pro Rata Share of such expense reimbursement.
2. "Affiliate" means, with respect to any Person, all Persons that would fall within the definition assigned to such term in section 101(2) of the Bankruptcy Code, if such Person was a debtor in a case under the Bankruptcy Code.
3. "Allowed," when used
  - (a) with respect to any Claim, except for a Claim that is an Administrative Claim or a Letter of Credit Claim, means such Claim to the extent it is not a Contested Claim or a Disallowed Claim;
  - (b) with respect to an Administrative Claim, means such Administrative Claim to the extent it has become fixed in amount and priority pursuant to the procedures set forth in Section 6.2(c) of this Plan;
  - (c) with respect to a Letter of Credit Claim, means such Letter of Credit Claim to the extent the Debtors' reimbursement obligation to the holder of the Letter of Credit Claim has become noncontingent and fixed as a result of a draw on the underlying letter of credit by the counterparty thereto; and
  - (d) with respect to Equity Interests in any Debtor, means the Equity Interests in any Debtor as reflected in the stock transfer ledger or similar register of such Debtor as of the Effective Date.
4. "Allowed Prepetition Lender Claim" means the Allowed Claim of the Prepetition Lenders arising under the Prepetition Credit Facilities.
5. "Apollo" means Apollo Investment Corporation.
6. "Assets" means, with respect to any Debtor, all of such Debtor's right, title and interest of any nature in property of any kind, wherever located, as specified in section 541 of the

Bankruptcy Code. For the avoidance of doubt, with respect to any Debtor, all of such Debtor's rights and benefits under any license, permit, development order, zoning approval or other governmental or quasi-governmental undertaking or action shall constitute an interest in property.

7. "Avoidance Actions" means all Causes of Action of the Estates that arise under section 544, 545, 547, 548, 550, 551 and/or 553 of the Bankruptcy Code.

8. "Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as codified at title 11 of the United States Code, as amended from time to time and applicable to the Chapter 11 Cases.

9. "Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware, or such other court having jurisdiction over the Chapter 11 Cases.

10. "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as prescribed by the United States Supreme Court pursuant to section 2075 of title 28 of the United States Code and as applicable to the Chapter 11 Cases.

11. "Bar Date Notice" means any notice of establishment of a bar date for filing proofs of claim against the Estates that is approved pursuant to, and served in accordance with, a Bar Date Order.

12. "Bar Date Order" means any Order pursuant to Bankruptcy Rule 3003(c): (i) establishing a bar date for filing certain proofs of claim; (ii) establishing ramifications for failure to comply therewith; (iii) approving proof of claim form and notice of bar date; and (iv) approving notice and publication procedures, entered by the Bankruptcy Court in the Chapter 11 Cases.

13. "Business Day" means any day other than a Saturday, a Sunday or any other day on which commercial banks are required or authorized to close for business in New York, New York.

14. "Cash" means legal tender of the United States of America or readily marketable direct obligations of, or obligations guaranteed by, the United States of America.

15. "Cash-Pay Term Loans" means the principal amount of \$125,600,000 in Term Loans to be continued as cash-pay term loans under the New First Lien Credit Agreement.

16. "Causes of Action" means all claims, rights, actions, causes of action, liabilities, obligations, suits, debts, remedies, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages or judgments, whether known or unknown, liquidated or unliquidated, fixed or contingent, matured or unmatured, foreseen or unforeseen, asserted or unasserted, arising in law, equity or otherwise.

17. "Chapter 11 Cases" means the cases commenced under chapter 11 of the Bankruptcy Code pending before the Bankruptcy Court with respect to each of the Debtors.



18. “Claim” means (a) any right to payment, whether or not such right is known or unknown, reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (b) any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment, whether or not such right to an equitable remedy is known or unknown, reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured. For avoidance of doubt, “Claim” includes, without limitation, a right to payment, or equitable relief that gives rise to a right to payment, that has or has not accrued under non-bankruptcy law that is created by one or more acts or omissions of the Debtors if: (a) the act(s) or omission(s) occurred before or at the time of the Effective Date; (b) the act(s) or omission(s) may be sufficient to establish liability when injuries/damages are manifested; and (c) at the time of the Effective Date, the Debtors have received one or more demands for payment for injuries or damages arising from such acts or omissions.

19. “Claims Agent” means the Person designated by order of the Bankruptcy Court to process proofs of claim.

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

21. “Confirmation Hearing” means the hearing held by the Bankruptcy Court, as it may be continued from time to time, to consider confirmation of the Plan.

22. “Confirmation Order” means the order of the Bankruptcy Court confirming the Plan.

23. “Contested” (a) when used with respect to a Claim, means such Claim (i) to the extent it is listed in the Schedules as disputed, contingent, or unliquidated, in whole or in part, and as to which no proof of claim has been filed; (ii) if it is listed in the Schedules as undisputed, liquidated, and not contingent and as to which a proof of claim has been filed with the Bankruptcy Court, to the extent (A) the proof of claim amount exceeds the amount indicated in the Schedules, or (B) the proof of claim priority differs from the priority set forth in the Schedules, in each case as to which an objection was filed on or before the Objection Deadline, unless and to the extent allowed in amount and/or priority by a Final Order of the Bankruptcy Court or the Plan; (iii) if it is not listed in the Schedules or was listed in the Schedules as disputed, contingent or unliquidated, in whole or in part, but as to which a proof of claim has been filed with the Bankruptcy Court, in each case as to which an objection was filed on or before the Objection Deadline, unless and to the extent allowed in amount and/or priority by a Final Order of the Bankruptcy Court or the Plan; or (iv) as to which an objection has been filed on or before the Effective Date; provided, that a Claim that is fixed in amount and priority pursuant to the Plan or by Final Order on or before the Effective Date shall not be a Contested Claim; and (b) when used with respect to an Equity Interest, means such Equity Interest to the extent it is not reflected on the applicable Debtor’s stock transfer register as of the Effective Date.

24. “Creditors’ Committee” means the Official Committee of Unsecured Creditors, if any, appointed by the Office of the United States Trustee in the Chapter 11 Cases.

25. “Debtor” means any of New QHB and its direct and indirect subsidiaries listed on Exhibit “B” to the Plan.
26. “Debtor in Possession” means any Debtor, in its capacity as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.
27. “DIP Agent” means BNP Paribas, in its capacity as administrative agent and collateral agent under the DIP Credit Agreement.
28. “DIP Credit Agreement” means that certain post-petition, superpriority credit agreement, which has the terms set forth on the Restructuring Term Sheet at Schedule 2 of the Disclosure Statement, as approved and amended by the DIP Orders, entered into between the Debtors as borrowers and the DIP Lenders, together with all documents, instruments and agreements executed or entered into in connection therewith, and any amendments thereto.
29. “DIP Lender Claims” means the Claims of the DIP Lenders under the DIP Credit Agreement and the DIP Orders.
30. “DIP Lenders” means each of the Revolver Lenders.
31. “DIP Orders” means, collectively, the orders of the Bankruptcy Court approving the DIP Credit Agreement and amendments, if any, thereto, authorizing the Debtors that are parties thereto to enter into the DIP Credit Agreement, granting certain rights, protections and liens to and for the benefit of the DIP Lenders as set forth therein, and authorizing the Debtors to make borrowings under the DIP Credit Agreement.
32. “Disallowed” when used with respect to a Claim, means a Claim, or such portion of a Claim, that has been disallowed by a Final Order.
33. “Disbursing Agent” means Reorganized New QHB or any agent selected by Reorganized New QHB, as applicable, acting on behalf of the Debtors in (a) making the Plan Distributions contemplated under the Plan, the Confirmation Order, or any other relevant Final Order, and (b) performing any other act or task that is or may be delegated to the Disbursing Agent under the Plan.
34. “Disclosure Statement” means the disclosure statement filed with respect to the Plan, as it may be amended, supplemented, or otherwise modified from time to time, and the exhibits and schedules thereto.
35. “Effective Date” means a date selected by the Debtors which shall be a Business Day that is no later than five (5) days after all of the conditions specified in Section 11.2 have been satisfied or waived (to the extent waivable).
36. “Equity Interest” means any outstanding ownership interest in any of the Debtors, including, without limitation, interests evidenced by common or preferred stock, membership interests, options, stock appreciation rights, restricted stock, restricted stock units, or their equivalents, or other rights to purchase or otherwise receive any ownership interest in any of the Debtors and any right to payment or compensation based upon any such interest, whether or not

such interest is owned by the holder of such right to payment or compensation.

37. “Estate” means the estate of any Debtor created by section 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases.

38. “Exit Revolver” means that certain senior secured revolving credit facility to be provided by the Exit Revolver Lenders pursuant to the terms of the New First Lien Credit Agreement.

39. “Exit Revolver Lenders” means each of the Revolver Lenders.

40. “Fee Application” means an application for allowance and payment of a Fee Claim (including Claims for “substantial contribution” pursuant to section 503(b) of the Bankruptcy Code).

41. “Fee Claim” means a Claim of a Professional Person.

42. “Final Order” means (a) an order or judgment of the Bankruptcy Court or any other court or adjudicative body as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending, or (b) in the event that an appeal, writ of certiorari, reargument, or rehearing thereof has been taken or sought, such order of the Bankruptcy Court or any other court or adjudicative body shall have been affirmed by the highest court to which such order was appealed, or certiorari has been denied, or from which reargument or rehearing was sought, and the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall have expired; provided, that no order shall fail to be a Final Order solely because of the possibility that a motion pursuant to section 502(j) of the Bankruptcy Code, Rule 59 or Rule 60 of the Federal Rules of Civil Procedure or Bankruptcy Rule 9024 may be filed with respect to such order.

43. “First Lien Agent” means BNP Paribas, in its capacity as administrative agent and collateral agent under the First Lien Credit Agreement.

44. “First Lien Credit Agreement” means that certain First Lien Credit Agreement, dated as of June 20, 2006, by and among QHB Holdings, Quality Home Brands, the lenders party thereto, and BNP Paribas, as the First Lien Agent, together with all documents, instruments and agreements executed or entered into in connection therewith, and any amendments thereto.

45. “First Lien Lender Claim” means all Term Lender Claims.

46. “First Lien Lenders” means the Term Lenders and the Revolver Lenders.

47. “General Unsecured Claim” means any Claim against a Debtor other than an Administrative Claim, a DIP Lender Claim, a Priority Claim, a Priority Tax Claim, a Fee Claim, a Secured Claim, a Prepetition Lender Claim or a Noteholder Claim.

48. “Insider” means a Person that would fall within the definition assigned to such term in section 101(31) of the Bankruptcy Code.

49. “Insured Claim” means any Claim against a Debtor for which the Debtor or the holder of a Claim is entitled to indemnification, reimbursement, contribution or other payment under a policy of insurance wherein a Debtor is an insured or beneficiary of the coverage of any of the Debtors.
50. “Intercompany Claim” means a Claim held by any Debtor against any other Debtor based on any fact, action, omission, occurrence or thing that occurred or came into existence prior to the Petition Date.
51. “Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, and any applicable rulings, regulations (including temporary and proposed regulations) promulgated thereunder, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or the IRS.
52. “IRS” means the United States Internal Revenue Service.
53. “Letter of Credit Claim” means a Claim against a Debtor that is covered in whole or in part by a letter of credit issued at the request of any Debtor with respect to which an actual draw on such letter of credit has been made.
54. “Management Incentive Plan” means that certain incentive plan covering certain members of the senior management of the Reorganized Debtors to be adopted by the Reorganized Debtors as set forth in Section 7.9 hereof.
55. “New Common Stock” means the shares of common stock to be issued by Reorganized New QHB on or after the Effective Date pursuant to the Plan the terms of which will substantially conform to the terms set forth on Exhibit “C” hereto.
56. “New First Lien Credit Agreement” means the credit agreement among the Reorganized Debtors, the First Lien Lenders, and BNP Paribas, as administrative agent and collateral agent thereunder, governing the Cash-Pay Term Loans, the PIK Term Loans and the Exit Revolver, in accordance with the terms set forth on the Restructuring Term Sheet. The New First Lien Credit Agreement shall be in substantially the form filed with the Bankruptcy Court as a Plan Document.
57. “New Preferred Stock” means the Series A Convertible Preferred Stock to be issued and sold by Reorganized New QHB to the Quad-C Entity on the Effective Date under the Plan, in accordance with the terms set forth on the Restructuring Term Sheet. The certificate of designation for the New Preferred Stock shall be in substantially the form filed with the Bankruptcy Court as a Plan Document.
58. “New QHB” means Generation Brands Holdings, Inc., the legal entity that is the ultimate parent of the Debtors.
59. “New QHB Equity Interests” means Equity Interests in New QHB.
60. “Note Purchase Agreement” means that certain Note Purchase Agreement, dated as of June 20, 2006, by and between QHB Holdings and Apollo.

61. “Noteholder Claim” means all Claims arising under or based upon the Notes.
62. “Notes” means those certain 13.50% Senior Notes in the initial aggregate principal amount of \$35 million, issued by QHB Holdings pursuant to the Note Purchase Agreement.
63. “Notice of Confirmation” means the notice of entry of the Confirmation Order to be filed with the Bankruptcy Court and mailed to holders of Claims and Equity Interests.
64. “Objection Deadline” means the deadline for filing objections to Claims as set forth in Section 10.1 of the Plan.
65. “Other Equity Interests” means Equity Interests in the Debtors other than New QHB.
66. “Other Secured Claims” means any Secured Claim other than a Prepetition Lender Claim or a DIP Lender Claim.
67. “Person” means an individual, corporation, partnership, limited liability company, joint venture, trust, estate, unincorporated association, unincorporated organization, governmental entity, or political subdivision thereof, or any other entity.
68. “Petition Date” means, with respect to any Debtor, the date on which the Chapter 11 Case of such Debtor was commenced.
69. “PIK” means payment in kind.
70. “PIK Term Loans” means the approximately \$105.5 million in Term Loans to be converted to PIK term loans under the New First Lien Credit Agreement.
71. “Plan” means this chapter 11 plan, either in its present form or as it may be amended, supplemented, or otherwise modified from time to time, and the exhibits and schedules hereto, as the same may be in effect at the time such reference becomes operative.
72. “Plan Distribution” means the payment or distribution under the Plan of Cash, Assets, securities or instruments evidencing an obligation under the Plan to the holder of an Allowed Claim or Allowed Equity Interest.
73. “Plan Distribution Date” means with respect to any Claim or Equity Interest, (a) the Effective Date or a date that is as soon as reasonably practicable after the Effective Date, if such Claim or Equity Interest is then an Allowed Claim or an Allowed Equity Interest, or (b) if not Allowed on the Effective Date, a date that is as soon as reasonably practicable after the date such Claim or Equity Interest becomes Allowed, but is not earlier than thirty (30) days following the previous Plan Distribution Date.
74. “Plan Documents” means the documents that aid in effectuating the Plan filed with the Bankruptcy Court pursuant to Section 1.5 of the Plan including, without limitation, the Reorganized Debtors’ Constituent Documents, the New First Lien Credit Agreement, the certificate of designations for the New Preferred Stock and the Preferred Stock Purchase Agreement.

75. “Preferred Stock Purchase Agreement” means that certain Series A Convertible Preferred Stock purchase agreement to be entered into among the Quad-C Entity and Reorganized New QHB.
76. “Prepetition Agents” means the First Lien Agent and the Second Lien Agent.
77. “Prepetition Credit Facilities” means the First Lien Credit Agreement and the Second Lien Credit Agreement.
78. “Prepetition Lender Claim” means a Claim of the Prepetition Lenders arising under the Prepetition Credit Facilities.
79. “Prepetition Lenders” means the First Lien Lenders and the Second Lien Lenders.
80. “Priority Claim” means any Claim to the extent such Claim is entitled to priority in right of payment under section 507(a) of the Bankruptcy Code, other than Secured Claims, Administrative Claims and Priority Tax Claims.
81. “Priority Tax Claim” means a Claim against any of the Debtors that is of a kind specified in section 507(a)(8) of the Bankruptcy Code.
82. “Private Placement” means the issuance and sale of New Preferred Stock to the Quad-C Entity under section 4(2) of the Securities Act and Regulation D promulgated thereunder, as set forth in Section 9.1 of the Plan.
83. “Pro Rata Share” means the proportion that an Allowed Claim bears to the aggregate amount of all Claims in a particular class, including Contested Claims, but excluding Disallowed Claims, (a) as calculated by the Disbursing Agent; or (b) as determined or estimated by the Bankruptcy Court.
84. “Professional Person” means a Person retained or to be compensated for services rendered or costs incurred on or after the Petition Date and on or prior to the Effective Date pursuant to sections 327, 328, 329, 330, 331, 503(b), or 1103 of the Bankruptcy Code in these Chapter 11 Cases.
85. “QHB Holdings” means QHB Holdings LLC.
86. “Quad-C Entity” means Quad-C Partners VI, L.P. or its designee.
87. “Quad-C Parties” means the Quad-C Entity, Quad-C Management, Inc., Quad-C Partners VI, L.P., Quad-C Principals LLC, QHB Investors Real Estate Holdings, Inc. and each of their respective affiliates, current and former officers, current and former directors, principals, shareholders, parents, subsidiaries, members, auditors, accountants, financial advisors, predecessors, successors, servants, employees, agents, counsel, attorneys and partners.
88. “Quality Home Brands” means Quality Home Brands Holdings LLC.
89. “Regulation D” means 17 C.F.R. §§ 230.501–230.508.

90. “Reorganized Debtors” means Reorganized New QHB together with its affiliated Debtors as reorganized on and after the Effective Date.
91. “Reorganized Debtors’ Constituent Documents” means the by-laws, certificates of incorporation, or limited liability company membership agreements, as applicable, for Reorganized New QHB and the other members of the Reorganized Debtors, as of the Effective Date. The Reorganized Debtors’ Constituent Documents shall be in substantially the form filed with the Bankruptcy Court as Plan Documents.
92. “Reorganized New QHB” means New QHB as reorganized pursuant to the Plan and the issuer of the New Common Stock and New Preferred Stock.
93. “Restructuring Term Sheet” means that certain term sheet that is annexed to the Disclosure Statement as Schedule 2.
94. “Revolver Lender Claims” means Claims of the Revolver Lenders under the Revolving Facility.
95. “Revolver Lenders” means those lenders under the Revolving Facility.
96. “Revolving Facility” means the senior secured revolving credit facility under the First Lien Credit Agreement.
97. “Schedules” means, unless otherwise stated, the schedules of assets and liabilities and list of Equity Interests and the statements of financial affairs filed by each of the Debtors with the Bankruptcy Court, as required by section 521 of the Bankruptcy Code and in conformity with the Official Bankruptcy Forms of the Bankruptcy Rules, as such schedules and statements have been or may be amended or supplemented by the Debtors in Possession from time to time in accordance with Bankruptcy Rule 1009.
98. “Second Lien Agent” means The Bank of New York, in its capacity as administrative agent and collateral agent under the Second Lien Credit Agreement.
99. “Second Lien Credit Agreement” means that certain Second Lien Credit Agreement, dated as of June 20, 2006, by and among QHB Holdings, Quality Home Brands, the lenders party thereto, and The Bank of New York, as Second Lien Agent, together with all documents, instruments and agreements executed or entered into in connection therewith, and any amendments thereto.
100. “Second Lien Lender Claim” means all Claims arising under or based upon the Second Lien Credit Agreement.
101. “Second Lien Lenders” means the lenders under the Second Lien Credit Agreement.
102. “Secured Claim” means (a) a Claim secured by a lien on any Assets, which lien is valid, perfected, and enforceable under applicable law and is not subject to avoidance under the Bankruptcy Code or applicable non-bankruptcy law, and which is duly established in the Chapter 11 Cases, but only to the extent of the value of the holder’s interest in the collateral that secures

payment of the Claim; (b) a Claim against the Debtors that is subject to a valid right of recoupment or setoff under section 553 of the Bankruptcy Code, but only to the extent of the Allowed amount subject to recoupment or setoff as provided in section 506(a) of the Bankruptcy Code; and (c) a Claim deemed or treated under the Plan as a Secured Claim; provided, that, to the extent that the value of such interest is less than the amount of the Claim which has the benefit of such security, the unsecured portion of such Claim shall be treated as a General Unsecured Claim unless, in any such case the class of which such Claim is a part makes a valid and timely election in accordance with section 1111(b) of the Bankruptcy Code to have such Claim treated as a Secured Claim to the extent Allowed.

103. "Securities Act" means the Securities Act of 1933, 15 U.S.C. §§ 77a, et seq.
104. "Term Lender Claims" means Claims of the Term Lenders under the Term Loans.
105. "Term Lenders" means the lenders under the Term Loans.
106. "Term Loans" means the senior secured term loans under the First Lien Credit Agreement.



**EXHIBIT "B"****LIST OF DEBTORS****List of the Debtors and Tax Identification Numbers**

<b>Case No.</b>	<b>Debtor</b>	<b>Tax ID Number</b>
To-Be DeterminedCase No. 09-14325 (PJW)	<u>Generation Brands Holdings, Inc.</u> (New QHB)	27-1280247
To-Be DeterminedCase No. 09-14321 (PJW)	Quality Home Brands Holdings LLC	20-5100532
To-Be DeterminedCase No. 09-14312 (PJW)	QHB Holdings LLC	04-3790554
To-Be DeterminedCase No. 09-14315 (PJW)	Generation Brands LLC	20-8831825
To-Be DeterminedCase No. 09-14316 (PJW)	Murray Feiss Import LLC	04-3790556
To-Be DeterminedCase No. 09-14320 (PJW)	Locust GP LLC	04-3790565
To-Be DeterminedCase No. 09-14326 (PJW)	<u>LPC Management, LLC</u>	<u>3222-21335963571619</u>
To-Be DeterminedCase No. 09-14323 (PJW)	Light Process Company, L.P.	74-1882730
To-Be DeterminedCase No. 09-14318 (PJW)	Sea Gull Lighting Products LLC	22-2928003
To-Be DeterminedCase No. 09-14322 (PJW)	<del>WoodCo</del> <u>Woodco</u> LLC	23-1861169
To-Be DeterminedCase No. 09-14324 (PJW)	Tech L Enterprises, Inc.	20-0947690
To-Be DeterminedCase No. 09-14317 (PJW)	Tech Lighting <u>LLC</u>	36-4242152
To-Be DeterminedCase No. 09-14319 (PJW)	LBL Lighting LLC	36-2751784

Case No.	Debtor	Tax ID Number
<del>To-Be</del> <del>Determined Case</del> <u>No. 09-14314</u> (PJW)	Tech L Holdings, Inc.	20-5100613

## EXHIBIT “C”

### TERMS OF NEW COMMON STOCK

*Set forth below is a summary of indicative terms for the New Common Stock to be issued in the Restructuring. No party shall be bound by the terms hereof and only execution and delivery of definitive documentation relating to the transaction shall result in any binding or enforceable obligations of any party relating to the transaction.*

<b>Issuer:</b>	New QHB, a corporation organized under the laws of Delaware, as the direct owner of 100% of the equity interests in QHB Holdings.
<b>Securities to be Authorized:</b>	<del>_____ million</del> 600,000 shares of New Common Stock.
<b>Par Value:</b>	\$0.01 per share.
<b>Securities to be Issued upon the Restructuring:</b>	Approximately <del>_____ million</del> 100,000 shares of New Common Stock. The New Common Stock shall initially be issued in four (4) series: (i) Common Stock Series A; (ii) Common Stock Series 2L; (iii) Common Stock Series H; and (iv) Basic Common Stock. These are collectively referred to as New Common Stock. Each series of New Common Stock shall be identical in all respects except with respect to <u>automatic conversion and the nomination and voting for directors as described below.</u>
<b>Automatic Conversion:</b>	Each share of <del>Common Stock Series A, Common Stock Series 2L and Common Stock Series H</del> shall automatically convert, without any action by any party, into a share of Basic Common Stock as soon as it is transferred by the original holder to which such share was issued upon the Restructuring <del>(or, in the case of Common Stock Series A, by the original holder of the New Preferred Stock which was converted into such Common Stock Series A)</del> to any person or entity other than an affiliate of such original holder. <u>Each share of Common Stock Series A shall automatically convert, without any action by any party, into a share of Basic Common Stock at such time as the original holder of the New Preferred Stock and its affiliates no longer own shares of New Preferred Stock and Common Stock Series A that, in the aggregate, represent or are convertible into at least fifty percent (50%) of the shares of Common Stock Series A into which such New Preferred Stock has been converted or is convertible (calculated, for this purpose, on an “as-converted” basis).</u>
<b>Dividends:</b>	Subject to the rights of holders of preferred stock, if any, holders of New Common Stock are entitled to receive such dividends as may be lawfully declared from time to time with respect to the New Common Stock by the board of directors of New QHB.
<b>Liquidation:</b>	Upon any liquidation, dissolution or winding up of New QHB, whether voluntary or involuntary, holders of New Common Stock will be entitled to receive such assets as are available for distribution to stockholders after there shall have been paid or set apart for payment the full amounts necessary to satisfy any preferential or participating rights to which the holders of each outstanding series of preferred stock are entitled by the express terms of such series.
<b>Voting Rights:</b>	The holders of shares of New Common Stock shall be entitled to one (1) vote for each such share upon all matters and proposals presented to the stockholders on which the holders of New Common Stock are entitled to vote. Notwithstanding the foregoing, the shares of Common Stock Series 2L, Common Stock Series H and Common Stock Series A shall have the following rights with respect to nomination and election of directors: (i) shares of Common Stock Series 2L shall be entitled, voting together as a class, to nominate and elect one (1) director; provided, that any holder of Common Stock Series 2L that is also a holder of Common Stock Series H shall not be entitled to participate in the nomination of such director but shall be entitled to vote on such director; (ii) shares of Common Stock Series H shall be entitled, voting together as a class, to nominate and elect one (1) director; and (iii) shares of Common

	<p>Stock Series A shall be entitled, voting together as a class with the New Preferred Stock, to nominate and elect four (4) directors. The right of shares of Common Stock Series 2L to nominate and elect one (1) director shall be maintained only so long as at least 50% of the Common Stock Series 2L issued upon the Restructuring continues to be outstanding (adjusted appropriately for any stock splits or consolidations). The right of shares of Common Stock Series H to nominate and elect one (1) director shall be maintained only so long as at least 50% of the Common Stock Series H issued upon the Restructuring continues to be outstanding (adjusted appropriately for any stock splits or consolidations). The right of shares of Common Stock Series A to nominate and elect four (4) directors shall be maintained only so long as at least 50% of the Common Stock Series A issued upon the Restructuring (assuming for this purpose, the conversion of the New Preferred Stock into New Common Stock in accordance with its terms) continue to be outstanding (adjusted appropriately for any stock splits or consolidations). Any director who is not specifically nominated and elected by a particular series of New Common Stock shall be elected by all of the New Common Stock.</p> <p>Except as otherwise provided by law or by New QHB's certificate of incorporation or by any certificate of designation for preferred stock (a "<u>Preferred Stock Designation</u>"), the holders of shares of New Common Stock shall have the exclusive right to vote for the election of directors and on all other matters or proposals presented to the stockholders; <u>provided, however</u>, that the holders of shares of New Common Stock, as such, shall not be entitled to vote on any amendment of New QHB's certificate of incorporation (including any amendment of any provision of any Preferred Stock Designation) that (i) relates to the amendment of the powers, privileges, preferences or other rights pertaining to one or more outstanding classes or series of preferred stock, or the number of shares of any such class or series, and (ii) does not affect the powers, privileges or rights pertaining to the New Common Stock, if the holders of any of such class or series of preferred stock are entitled, separately or together with the holders of any other class or series of preferred stock, to vote thereon pursuant to New QHB's certificate of incorporation (including any Preferred Stock Designation) or pursuant to the General Corporation Law of the State of Delaware, unless a vote of holders of shares of New Common Stock is otherwise required by any provision of any Preferred Stock Designation or any other provision of New QHB's certificate of incorporation or is otherwise required by law.</p>
<b>Other Rights:</b>	The New Common Stock will not have any preemptive, subscription or conversion rights.